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Ambiq Micro, Inc.

Third Quarter 2025 Financial Results Conference Call and Webcast

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CORPORATE SPEAKERS:

Charlene Wan

Ambiq Micro, Inc.; Vice President of Corporate Marketing and Investor Relations

Fumihide Esaka

Ambiq Micro, Inc.; Chief Executive Officer

Jeff Winzeler

Ambiq Micro, Inc.; Chief Financial Officer

Scott Hanson

Ambiq Micro, Inc.; Founder and Chief Technology Officer

Aaron Grassian

Ambiq Micro, Inc.; EVP of Global Sales and Marketing

PARTICIPANTS:

Unidentified Participant

UBS; Unknown

Unidentified Participant

Bank of America; Unknown

Tore Svanberg

Stifel; Managing Director

Quinn Bolton

Needham; Analyst

PRESENTATION:

Operator^ Good afternoon and welcome to the Ambiq Micro Third Quarter 2025 Earnings Conference Call.

(Operator Instructions)

I would now like to turn the call over to M. Charlene Wan, Ambiq's Vice President of Corporate Marketing and Investor Relations.

Charlene, please go ahead.

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Charlene Wan^ On today's call, Ambiq's CEO, Fumihide Esaka will provide an overview of the company's performance and strategy. CFO Jeff Winzeler will then discuss the quarter's financial results and 4Q outlook. Following their remarks, Scott Hanson, Ambiq's Founder and CTO, and Aaron Grassian, EVP of Global Sales and Marketing will join Fumi and Jeff for Q&A.

Our earnings release is available on the Investor Relations page of our website at www.ambiq.com.

Before I turn the call over to Fumi, I'd like to remind our listeners that during the course of this conference call, management will discuss non-GAAP financial measures. These non-GAAP financial measures are in addition to and not a substitute for or superior to measure of financial performance. Prepared in accordance with GAAP.

Reconciliation between GAAP and non-GAAP financial measures and the discussion of the limitations of using non-GAAP measures versus their closest GAAP equivalent is available in our earnings release. In addition, today's call will contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements regarding our strategic priorities, financial outlook, future performance, and estimates of our market opportunities.

Forward-looking statements represent management's beliefs and assumptions only as of the date made. All forward-looking statements involve known and unknown risks and uncertainties that may cause the actual results, performance, or achievements to differ materially from those expressed or implied by the forward-looking statement. Information on the factors that may cause such differences are described in Ambiq's SEC filings from time to time, including the section titled Risk Factors in Ambiq's Form 10-Q for the quarter ended September 30th, 2025, filed with SEC today.

And now, it's my pleasure to turn the call over to Ambiq's CEO, Fumi Esaka.

Fumihide Esaka^ Good afternoon, everyone, and thank you for joining us today.

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On today's call, I will cover the key drivers for our third quarter results and our fourth quarter outlook. I will also highlight the three strategic priorities Ambiq continued to focus on before turning the call over to Jeff for financial performance.

The third quarter marked a decisive step forward for Ambiq, both financially and strategically. We exceeded net sales expectations, delivered one of our strongest gross margins to date, and closed the quarter with strengthened balance sheet following our IPO. These results underscore the success of our deliberate pivot towards high-value, A.I.-driven markets where Ambiq's ultra-low-power solution provides unique differentiation. Our design funnel is robust and increasingly diverse.

Let me give you a few examples. Industrial customers are using Edge A.I. to monitor equipment in real-time to detect issues early and prevent costly downtime. A water management customer has reduced their cloud budget by 95% using an Apollo3-based A.I. solution to analyze leaks right at the sensor. And A.I.-enabled headsets are being deployed in retail and medical settings with the ability to listen for commands in multiple languages and accents.

Our SPOT platform was recently recognized by Time Magazine as one of the best A.I. invention of 2025, and we'll continue to build on this strong foundation as we introduce new energy-efficient hardware and software products.

In late October, we launched Apollo510 Lite SoC Series, which will enable Edge A.I. in smaller form factors. We also launched Helia A.I. runtime products and advanced analytics tools to help customers deploy their A.I. model more easily and quickly. Our growth is accelerating with increased orders from existing customers, multiple design wins from new customers, and growing Apollo5 production ramps.

Underpinning this momentum are powerful trends in Edge A.I. that are driving growth, reshaping markets, and redefining customer expectations. For example, consumers can now use HSA and FSA accounts to buy wearables from an increasing number of companies, including WHOOP. This illustrates how the line between consumer electronics and medical-grade products are increasingly converging, and we believe this trend will be an additional driver of Edge A.I. demand as adoption continues to grow.

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Looking to the fourth quarter, we expect to deliver net sales between \$18.5 and \$19.5 million. This meaningfully exceeds consensus estimate of \$14.2 million and would mark our strongest quarterly performance of the year. This outlook reflects the increasingly vital role Ambiq plays in enabling Edge A.I. and the growing demand for our ultra-low-power solution.

Looking ahead, we believe that 2025 represents the beginning of the much larger opportunity for Ambiq. Edge A.I. is one of the fastest-growing segments in semiconductors, especially in our target markets of personal devices, healthcare, smart buildings, and industrial edge.

To fully capture the Edge A.I. opportunity, we are advancing three strategic growth priorities. First, expand aggressively into new Edge A.I. markets.

Second, introduce new products to drive the power and performance of Edge A.I. solutions.

And third, establish an IP licensing variant for SPOT.

Let's look at each one in more detail.

First, we're accelerating our expansion into high-impact, high-growth Edge A.I. markets, including healthcare, industrial, and intelligent spaces like smart homes and buildings. We have created multiple Edge A.I. solutions that are purpose-built for these markets.

Notably, both Apollo330 Plus and Apollo510 Lite are attracting additional interest. We are engaged with customers who are looking to enable more advanced A.I. and longer battery life across a variety of applications from smart rings to smart agricultural devices. Going forward, we continue to prioritize innovation as we develop more derivative products designed to support further expansion into these high-value Edge A.I. markets.

Second, we are advancing our product roadmap to drive the power and performance of our Edge A.I. solutions. Our Apollo5 family is unlocking a new generation of devices that perform advanced Edge A.I. functions. Our customers are introducing features like

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speech recognition, health monitoring, and predictive sensing, all powered by the SPOT platform.

We are also pleased to share that a major customer plans to launch a new Apollo5-based platform in 2027, serving as another driver of our future revenue. Building on Apollo5, we expect our upcoming Atomiq platform will deliver a major leap forward in Edge A.I.. With NPU, 12-nanometer manufacturing, and built-in DRAM and GPUs, we see meaningful opportunity to enable even higher-performance Edge A.I. applications.

Atomiq is in active development and already drawing strong interest from several major high-volume customers. We are excited about how this product will enable a new wave of Edge A.I. innovation from wearables and health devices to AR glasses and security cameras. We are also speeding customer adoption with tailored software solutions designed to lower technical barriers, shorten production time, and reduce power performance trade-offs. Our software team is moving quickly, delivering a steady cadence of new products alongside weekly updates that introduce new features and address customer feedback.

We're driving new use cases powered by SPOT's ultra-low energy efficiency. Increasingly, our customers are incorporating Edge A.I. to reduce noise, isolate voices, and enhance speech clarity in real-time. These capabilities extend across products including smartwatches, wireless microphones, headphones, and hearing aids.

Similarly, customers are incorporating Edge A.I. voice recognition to enable instant, reliable voice control for wearables, smart home devices, and industrial tools, helping protect data privacy and extending battery life. And for sensors, A.I.-based compression helps customers make sense of huge amounts of data. This enables smarter failure detection in industrial machines and more intelligent monitoring of smart grid at every level from infrastructure to homes.

These examples have only deepened our conviction that the new Atomiq SoC with an NPU will be a catalyst for the next generation of Edge A.I. devices. For example, next-gen smart glasses will run multiple Edge A.I. tasks, from eye tracking, gesture recognition, to real-time object identification. Cameras will operate without cloud connectivity or

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frequent battery replacement, yet still detect motion, classify objects, and identify potential threats.

And future wearables will evolve into intelligent companions that understand context, respond to follow-up questions, and provide personalized insight in real-time. These emerging use cases also set the stage for our third strategic priority, transforming SPOT into licensable platform. We're building the foundation now and expect commercialization within the next three to five years.

In support for these three priorities, we are investing purposefully in R&D and SG&A with a focus on product innovation and enhanced sales and marketing capabilities. The proceeds from our IPO are funding these efforts, laying the foundation for sustainable long-term growth as we unlock the full power of our differentiated technology.

With that, I will turn it over to Jeff to discuss the financials.

Jeff Winzeler^ Thank you, Fumi, and good afternoon, everyone.

Before discussing third-quarter results, I want to take a moment to frame 2025 performance in the broader context of 2024 strategic repositioning. We've made a deliberate decision to diversify away from the low-margin Mainland China customers to prioritize high-value markets and customers where energy efficiency and Edge A.I. performance serve as key differentiators. This change has translated to year-to-date 2025 results that reflect higher ASPs, stronger margins, and increased gross profit dollars on 7% lower net sales.

Our remaining China business reflects a small, deliberate presence in the market to support select OEM customers. Now turning to our third-quarter results, we achieved non-GAAP gross profit of \$8.1 million, an increase of 16.8% year-over-year. Non-GAAP gross margin expanded by more than 10 percentage points of 44.8%, all on net sales of \$18.2 million, down 10.4% year-over-year, which is reflective of our strategy to prioritize non-Mainland China opportunities.

In the quarter, only 6.7% of net sales were driven by customers in Mainland China, down 50% in the third quarter of 2024. Sequentially, net sales increased 1.6%, driven by

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continued strong demand from key customers. Non-GAAP gross profit dollars increased 6.6% sequentially, with non-GAAP gross margin expansion of 207 basis points, driven by stronger product mix.

Moving to operating expense, we continue to make strategic investments to support commercial expansion for our existing Apollo and next-generation Atomiq families. The breakdown of third-quarter non-GAAP operating expense is as follows. Non-GAAP R&D expense was \$6.9 million, down 7.3% year-over-year, largely due to product development timing. Non-GAAP SG&A expenses were \$6.2 million, up 12.3% year-over-year, largely due to public company costs.

Other income was \$1 million, up \$400,000 year-over-year, due to interest income earned on IPO proceeds. Third-quarter non-GAAP net loss attributable to common stockholders was \$4 million, a \$1.9 million improvement sequentially, and a \$1.8 million improvement year-over-year. Net loss per share attributable to common stockholders was \$0.22 on a pro forma basis.

We ended the quarter with no debt and \$146.5 million in cash and cash equivalents, reflecting the proceeds from the IPO. Our strengthened cash position provides the flexibility to fund growth initiatives and support our strategic priorities.

Now turning to our outlook.

For the fourth quarter of 2025, we expect revenue in the range of \$18.5 million to \$19.5 million, with non-GAAP loss per share attributable to common stockholders to be in the range of \$0.44 to \$0.34. This guidance includes increased variable expenses associated with higher revenues and a non-cash accounting adjustment to reclassify certain Q4 intellectual property costs from capital expenditures to operating expenses.

While we'll provide formal 2026 guidance on our fourth-quarter call, I want to offer some perspective to help frame the expectations for the trajectory of our performance over the next several years.

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First, with the strategic repositioning largely complete, we've reshaped the business to drive higher margins while unlocking a broader set of growth opportunities and view 2025 as the baseline from which to measure our progress going forward.

Second, we continue to see a path of continued revenue growth and gross margin expansion in 2026 and 2027, driven by multiple generations of Apollo products already in production and derivative offerings of these products designed to reach additional customers and markets. This disciplined expansion of our existing product portfolio enables us to serve a broader range of customer needs with limited incremental investment, enhancing both operating leverage and capital efficiency.

In parallel, we're concentrating significant architecture, hardware, and software engineering resources on developing the Atomiq family of products. With multiple generations of Apollo contributing today and Atomiq revenues expected to contribute meaningfully in 2028, we believe we are well-positioned to accelerate revenue growth and margin expansion. We are executing on our business plan with focus to drive both top-line growth and margin expansion to deliver significant long-term value creation.

I'll now turn the call back over to Fumi before we open the call to Q&A.

Fumihide Esaka^ That opportunity ahead for Ambiq is tremendous. We are not just participating in the A.I. revolution, but enabling it. With bots, power efficiency, we are making A.I. truly mobile, secure, personal, as we define what intelligence at the edge really means. With that, I will open the call to questions.

Operator, please go ahead.

Operator^ Thank you. (Operator Instructions)

We'll go first to [Tim R. Curry] from UBS.

Unidentified Participant^ Thanks a lot.

Jeff, can you talk -- I mean, guidance was a lot better than what you thought. So, can you talk about what drove that? Is that this new customer ramping? And then can you also

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give us a sense, maybe a little clarity on the OpEx gross margin split to get to the guidance? It seems kind of like gross margin has to be down and can you speak to why? Is that just mixed related things?

Jeff Winzeler^ Yes. So, in terms of the top line growth, we see really strong demand from our existing customers. We're also seeing good revenue contribution from new customers as well. And that's really what's driving the top line of the business in Q4 and represents a big increase over Q3. In terms of profitability, you know, the gross margins in our business for the first three quarters of this year have been basically mid to low 40%. And that really is the model of our business for 2025. It increases a point or two from quarter to quarter depending on product mix. But that's really the trajectory of gross margin today.

In terms of OpEx, you know, we've raised IPO proceeds really to do one thing and that's to put a lot more infrastructure in place in terms of people, hardware, software engineers, go-to-market people to be able to capture the opportunity out in front of us. And so, this is where we expect to see increases in spending in our OpEx is to put those resources in place.

If you add all those things together, we believe that the guidance that we gave in terms of loss per share, we will land somewhere in that range.

Unidentified Participant^ Great, Jeff. I guess, can you just give us like an OpEx number for the guidance? I mean, you're talking about spending quite a bit more. So, can you just maybe break it out a little bit for us?

Jeff Winzeler^ Again, it's really increases in both R&D and SG&A. We talked a little bit about an accounting classification change that will drive approximately a million to a million and a half additional spending in our model. This is not a cash impact and it doesn't change our cash equation at all. It's simply as we contract for IP, the way the contracts are written drives the accounting treatment, whether it's capitalized or whether it's recognized as expense. We believe that the IPs that we're purchasing, specifically in Q4, will be expensed and that's driving a slightly higher OpEx number in R&D.

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Unidentified Participant^ Okay, thank you.

Operator^ Up next, we'll hear from Liam Farr from Bank of America.

Unidentified Participant^ Hi, yes, this is Liam on behalf of Vivek Arya. Thank you so much for taking our questions.

Just in terms of, you know, 3Q and 4Q, where are you seeing the most strength? Is it all unit-driven, kind of just what you, you know, said in response to Tim? Or is it, you know, some ASP benefit with more customers tending towards the, you know, Apollo5 and getting out of the lower ASP products?

Fumihide Esaka^ So, Liam, like Jeff said, existing customers are seeing very strong demand and also new customers are also seeing higher demand than they expected. And one important factor here is that Apollo5 adoption is really driving our success in Q4 as well. So, all combinations of new customer mix and also new product mix is really contributing to our great outlook for the Q4. Maybe Aaron can add a little bit of color to that. So, Aaron?

Aaron Grassian^ Yes, so let me talk about two things. One is specifically to your question, is it a mix of both quantity drive because we have the additional trends which are driving customer growth, but it also is an ASP increase because many of the new ramps that we're seeing are based on the Apollo5, which naturally has a higher ASP.

One of the big trends that has been driving this, especially in the new customers that we have, is they're using Ambiq for Edge A.I.. This is exactly what we've been talking about in the wearable space. They're starting to, with Edge A.I., be able to have more clinically relevant data, becoming more of a health device. They are able to use FSA and HSA funds, and this is really a new demand stream for them. So, that's the trend that's driving this.

Unidentified Participant^ Got it. Thank you.

And then, in terms of your customer pipeline going into '26, can you provide some commentary in terms of, you know, maybe the trajectory of revenues in '26 will be kind

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of this continued acceleration, more front half, back half, and are you seeing, you know, all these customers kind of trend more towards your premium A.I. features, or is there still demand for the kind of a little bit more legacy Apollo products as well?

Fumihide Esaka^ Well, let me tell you, I think a significant portion and majority of our customers are already taking advantage of our Edge A.I. capability, and we can tell you that pipeline is growing both for our legacy wearable customers as well as new customers. So, we're constantly optimistic that we will see a very healthy pipeline to get to the 2026.

Scott, do you have anything more to add?

Scott Hanson^ Yes. I mean, what I would add is if we use Apollo5 as a proxy for Edge A.I. interest, you know, that's the thing that is really going to be driving revenue growth next year. We're also going to see the front edge of the newly announced 330 Plus and 510 Lite and 510 BLE [ph] products that we announced earlier this year. So, those are all similarly proxies for Edge A.I..

What I will say is that the thing that really gets me personally excited is two things. I talk, one, to our customers, and I talk, two, to our sales team, and they have so many little anecdotes about new use cases that are coming up for A.I. I'm really overwhelmed by all of these. Some of them are small and subtle. Some of them are big and ambitious. In any case, it leaves me feeling really excited about where A.I. is going here.

I think Apollo5 is going to be the center of that, 330 Plus, 510 Lite. So, I'm excited to see what happens next year.

Unidentified Participant^ Thank you.

Operator^ The next question is from Tore Svanberg from Stifel.

Tore Svanberg^ Yes, thank you, and congrats for the progress here.

On Apollo5, could you give us a sense for how much of the mix that's going to be in Q4 '25? I mean, I'm sure it's going to be a little bit smaller. And the reason I'm asking the

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question is I just want to try to understand, you know, how that incrementally drives the growth throughout 2026, because I do assume we're still early days for Apollo5.

Fumihide Esaka^ Tore, great question, and yes, we are seeing very, very strong outlook for the Apollo5. Again, Q -- 2025 is just the beginning of the journey with Apollo5. I cannot talk really specifically about the percentage, but yes, we are at the very beginning of a journey with Apollo5, enabling all the HAI customers.

Aaron, do you have anything to add to that?

Aaron Grassian^ Yes, that's exactly right, and it's not just in the core customers that we've been talking about or -- though we have lots of new designs there. It's in various new applications, so let's take industrial, for example. We have a customer that's launching. It's going to be a nice part of revenue next year, and they're doing predictive maintenance with Apollo5. In fact, they're the first user of our industrial SKU.

And, again, when we talk about personal devices, it's not just wearables. We've got some really cool ramps happening with Apollo510B, one that we just announced, and that's in AR glasses.

Tore Svanberg^ Very good, and as my follow-up, and I don't know if this is a question for Fumi or Scott, but could you give us an update on Atomiq as far as, you know, development timelines? You know, when do you expect to sample products based on Atomiq?

Fumihide Esaka^ We are making great progress, but I'm going to let Scott give you a little bit more color to it.

Scott Hanson^ Yes, so what I'll say is we are deep into development on Atomiq. The majority of our engineering team is focused on that now. I would say the specification is preliminarily frozen, and I say preliminary because we have a number of customers that help guide us, and, you know, we're basically cross-checking with them.

And what I'll say is the really cool thing from my perspective is that we're working with them in a number of cases to either pull or develop proxy A.I. models or pull models

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from places like Hubby [ph] and Face [ph] to quickly prototype up their use cases. I'm personally really excited about the energy estimates that we're pulling from that work.

So, you know, we're -- I guess summaries that we're deep in development, we're not ready to comment on specific sampling timeline or production timeline, but I'll say that I'm pleased at how things are going. And then, maybe one final quick note is that, of course, the primary use of the objective of going public was to raise money to support team growth, and we've been working on that.

So, our engineering headcount is up by a double-digit percent since going public, and we're happy with the quality of team that we're recruiting to this effort.

Tore Svanberg^ Sounds good. Congrats again.

Scott Hanson^ Thank you.

(Operator Instructions)

Operator^ We'll go to Quinn Bolton from Needham.

Quinn Bolton^ Hey, guys. Let me also offer congratulations. I guess I just wanted to come back to the fourth quarter guidance and try to get some sense on gross margin. It sounds like the Apollo5 mix is going to be up nicely quarter on quarter, which I would think all things equal would probably drive a richer mix and a better margin in the fourth quarter. You also are looking for revenue growth in the quarter, which I would think would help margin.

And so, with those tailwinds, should we assume that gross margin may be flat up from the third quarter? And if it's down, what would the takes be?

Fumihide Esaka^ We can have Jeff give you a little bit of color on this one.

Jeff Winzeler^ Yes, Quinn. You know, what I would tell you is that the model for our business in 2025 has been, as I said, low to mid 40% range. And that does get -- that does vary based on product mix. In thinking about the Q -- about Q4 growth, it is true

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that we're looking upside on Atomiq and/or on Apollo5. And that typically would be a higher margin product for us.

But it doesn't account for all the growth. And so, you know, if I was going to give you a guidepost for margin for our business, I still think that kind of low to mid 43% plus or minus a point is the right number to use.

Quinn Bolton^ Got it. Okay, that's helpful. And then, you know, I guess, you know, just looking at the fourth quarter, you're certainly bucking seasonality based on the, you know, demand strength from existing and new customers. As you look into the 2026, do you have thoughts on whether seasonality holds where you would tend to see a stronger first half or do the product ramps and -- especially Apollo5 as it ramps, could that start to create a different demand pattern or seasonal pattern in 2026?

Jeff Winzeler^ From my perspective, Quinn, you know, in terms of the core business of personal wearables, you know, there is some seasonality in that business and we know that from history. I think the phenomena that you're seeing in 2025, especially proves out the fact that while there is seasonality within that core business, the fact is we're winning new business with those existing customers. And we're also ramping new customers at a rate that more than offsets that seasonality.

You know, as a result, in 2025, every quarter for a revenue perspective, given the guidance we gave for Q4 is stronger than the previous. So that's a good trend, obviously. And I think it's kind of a testament to the fact that we're winning both with existing customers as well as attracting new customers.

Quinn Bolton^ Got it. Just lastly, a quick clarification on the reclassification from CapEx to OpEx or some of the IP licenses. You mentioned it had about a million to a million and a half impact on the fourth quarter. Is that sort of the range going forward or is it going to be IP license by IP license? And so, we should think of this as perhaps more of a one-time effect on the fourth quarter rather than a step up by a million to a million and a half every quarter going forward. Thank you.

Jeff Winzeler^ Yes, sure. So, it does vary from IP to IP, and it really depends on how those contracts are written. So, you know, we're looking at this on an IP to IP basis. I

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can't give you a real guidepost for 2026 as we're right in the middle of doing our annual operating plan, looking at all of the engineering expenses that are going to be necessary to continue our product development and the timing of those expenses.

What I will say is that when that exercise is done and we come back and talk about 2026, we'll be sure to give you a much clearer guidepost in terms of that specific item.

Quinn Bolton^ Perfect. Thank you.

Operator^ At this time, there are no further questions. Ladies and gentlemen, that does conclude today's conference. We would like to thank you all for your participation today. You may now disconnect.