
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 30, 2022

Credo Technology Group Holding Ltd

(Exact name of registrant as specified in its charter)

Cayman Islands
(State or other jurisdiction
of incorporation)

001-41249
(Commission
File Number)

N/A
(IRS Employer
Identification No.)

**c/o Maples Corporate Services, Limited,
PO Box 309, Ugland House
Grand Cayman, KY1-1104, Cayman Islands**
(Address of principal executive offices)

N/A
(Zip Code)

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

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

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.

Item 2.02 Results of Operations and Financial Condition.

On November 30, 2022, Credo Technology Group Holding Ltd (the "Company") issued a press release announcing its financial results for the fiscal quarter ended October 29, 2022. A copy of the press release is furnished herewith as Exhibit 99.1.

The information in Item 2.02 of this current report on Form 8-K, including the accompanying Exhibit 99.1, shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	Press Release dated November 30, 2022
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 30, 2022

Credo Technology Group Holding Ltd

By: /s/ Daniel Fleming

Daniel Fleming
Chief Financial Officer

Credo Technology Group Holding Ltd Reports Second Quarter of Fiscal Year 2023 Financial Results

San Jose, Calif. (November 30, 2022) - Credo Technology Group Holding Ltd (NASDAQ: CRDO), an innovator in providing secure, high-speed connectivity solutions that deliver improved power and cost efficiency as data rates and corresponding bandwidth requirements increase throughout the data infrastructure market, today reported financial results for the second quarter of fiscal year 2023, ended October 29, 2022.

Q2 FY23 Financial Highlights

- Revenue of \$51.4 million, grew by 11% quarter over quarter
- GAAP gross margin of 54.4% and non-GAAP gross margin of 54.9%
- GAAP operating expenses of \$29.7 million and non-GAAP operating expenses of \$25.0 million
- GAAP net loss of \$3.4 million and non-GAAP net income of \$2.4 million
- GAAP net loss per share of \$0.02 and non-GAAP diluted net income per share of \$0.02
- Ending cash and short-term investment balance of \$240.5 million

Management Commentary

Bill Brennan, Credo's President and Chief Executive Officer, stated, "In the fiscal quarter ended October 29, 2022, Credo achieved record revenue of \$51.4 million, an increase of 94% year over year and 11% compared to the prior quarter. Due to our current solutions in production, near and mid-term opportunities we are deeply engaged in, and longer-term opportunities in emerging markets, we remain highly optimistic about our future prospects. In our fiscal 2023 we continue to expect we will achieve at least \$200 million in revenue for the full fiscal year, representing more than 88% growth compared to fiscal 2022."

Third Quarter of Fiscal 2023 Financial Outlook

- Revenue is expected to be between \$54.0 million to \$56.0 million, up 73% year over year at the midpoint
- GAAP gross margin is expected to be between 58.7%-60.7% and non-GAAP gross margin is expected to be between 59.0%-61.0%
- GAAP operating expenses are expected to be between \$30.2 million to \$32.2 million and non-GAAP operating expenses are expected to be between \$25.0 million to \$27.0 million

Conference Call

Credo will conduct a conference call on Wednesday, November 30, 2022, at 2:00 p.m. Pacific Time to discuss its financial results for the second quarter of fiscal year 2023, ended October 29, 2022. Interested parties may join the conference call beginning at 2:00 p.m. Pacific Time on Wednesday, November 30, 2022 by registering online at <https://register.vevent.com/register/BI1d1f0013511b41ae81b23e6d96eb6728>. After registering, a confirmation will be sent through email, including dial-in details and unique conference call codes for entry. It is recommended that participants register and dial in for the call at least 10 minutes before the start of the call. A live webcast of the conference call will be available on Credo's Investor Relations website at <http://investors.credosemi.com/>. A replay of the webcast will be available via the web at <http://investors.credosemi.com/>.

Discussion of Non-GAAP Financial Measures

This press release contains references to the non-GAAP financial measures of non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income (loss), non-GAAP operating income (loss) margin, non-GAAP net income (loss) and non-GAAP diluted net income (loss) per share. Reconciliation of these non-GAAP measures to its comparable GAAP measure is included below. This non-GAAP information should not be construed as an alternative to the reported results determined in accordance with GAAP.

Non-GAAP financial measures exclude the effect of share-based compensation expenses, warrant contra revenue, asset impairment charges (if applicable), and the related tax effect adjustment to the provision for income taxes.

Credo uses a full-year non-GAAP tax rate to compute the non-GAAP tax provision. This full-year non-GAAP tax rate is based on Credo's annual GAAP income, adjusted to exclude non-GAAP items, as well as the effects of significant non-recurring and period specific tax items which vary in size and frequency. Credo's non-GAAP tax rate is determined on an annual basis and may be adjusted during the year to take into account events that may materially affect the non-GAAP tax rate such as tax law changes, significant changes in Credo's geographic mix of revenue and expenses, or changes to Credo's corporate structure.

GAAP diluted net income (loss) per share is calculated using basic weighted average shares outstanding when there is a GAAP net loss, and calculated using diluted weighted average shares outstanding when there is a GAAP net income. Non-GAAP diluted net income per share is calculated using diluted weighted average shares outstanding.

Credo believes that the presentation of non-GAAP financial measures provides important supplemental information to management and investors regarding financial and business trends relating to Credo's financial condition and results of operations. While Credo uses non-GAAP financial measures as a tool to enhance its understanding of certain aspects of its financial performance, Credo does not consider these measures to be a substitute for, or superior to, financial measures calculated in accordance with GAAP. Consistent with this approach, Credo believes that disclosing non-GAAP financial measures to the readers of its financial statements provides such readers with useful supplemental data that, while not a substitute for GAAP financial measures, allows for greater transparency in the review of its financial and operational performance.

Externally, management believes that investors may find Credo's non-GAAP financial measures useful in their assessment of Credo's operating performance and the valuation of Credo. Internally, Credo's non-GAAP financial measures are used in the following areas:

- Management's evaluation of Credo's operating performance;
- Management's establishment of internal operating budgets; and
- Management's performance comparisons with internal forecasts and targeted business models.

Non-GAAP financial measures have limitations in that they do not reflect all of the costs associated with the operations of Credo's business as determined in accordance with GAAP. As a result, you should not consider these measures in isolation or as a substitute for analysis of Credo's results as reported under GAAP. The exclusion of the above items from our GAAP financial metrics does not necessarily mean that these costs are unusual or infrequent.

Forward-Looking Statements under the Private Securities Litigation Reform Act of 1995

This press release contains forward-looking statements within the meaning of the federal securities laws that involve risks and uncertainties. All statements other than statements of historical fact could be deemed forward-looking statements, including, but not limited to any statements regarding: launches of new or expansion of existing products or services, technology developments and innovation; our plans, strategies or objectives with respect to future operations; future financial results; expectations regarding the markets and industries in which Credo conducts business; and assumptions underlying any of the foregoing. Words such as “anticipates,” “expects,” “intends,” “plans,” “projects,” “believes,” “seeks,” “estimates,” “can,” “may,” “will,” “would,” “outlook,” “forecast,” “targets” and similar expressions may identify such forward-looking statements. These statements are not guarantees of results and should not be considered as an indication of future activity or future performance. Forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to risks and uncertainties. Actual events or results may differ materially from those described in this press release due to a number of risks and uncertainties. Readers are encouraged to review risk factors and all other disclosures appearing in the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission (SEC) on June 8, 2022, as well as Credo's other filings with the SEC, for further information on risks and uncertainties that could affect Credo's business, financial condition and results of operation. Copies of these filings are available from the SEC, the Company's website or the Company's investor relations department. Forward-looking statements speak only as of the date they are made. Credo assumes no obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date herein.

About Credo

Our mission is to deliver high-speed solutions to break bandwidth barriers on every wired connection in the data infrastructure market. Credo is an innovator in providing secure, high-speed connectivity solutions that deliver improved power and cost efficiency as data rates and corresponding bandwidth requirements increase exponentially throughout the data infrastructure market. Our innovations ease system bandwidth bottlenecks while simultaneously improving on power, security and reliability. Our connectivity solutions are optimized for optical and electrical Ethernet applications, including the emerging 100G (or Gigabits per second), 200G, 400G and 800G port markets. Our products are based on our proprietary Serializer/Deserializer (SerDes) and Digital Signal Processor (DSP) technologies. Our product families include integrated circuits (ICs), Active Electrical Cables (AECs) and SerDes Chiplets. Our intellectual property (IP) solutions consist primarily of SerDes IP licensing.

Investor Relations Contact:

Dan O'Neil
IR@credosemi.com

Credo Technology Group Holding Ltd
Condensed Consolidated Statements of Operations (Unaudited)
(In thousands, except per share amounts)

	Three Months Ended			Six Months Ended	
	October 29, 2022	July 30, 2022	October 31, 2021	October 29, 2022	October 31, 2021
Revenue:					
Product sales	\$ 44,349	\$ 35,263	\$ 18,454	\$ 79,612	\$ 25,717
Product engineering services	3,750	824	1,355	4,574	2,674
IP license	2,084	10,380	6,142	12,464	7,172
IP license engineering services	1,186	—	476	1,186	1,588
Total revenue	<u>51,369</u>	<u>46,467</u>	<u>26,427</u>	<u>97,836</u>	<u>37,151</u>
Cost of revenue:					
Cost of product sales revenue	22,658	17,525	9,849	40,183	14,206
Cost of product engineering services revenue	418	100	532	518	1,397
Cost of IP license revenue	—	1,179	—	1,179	—
Cost of IP license engineering services revenue	334	—	92	334	414
Total cost of revenue	<u>23,410</u>	<u>18,804</u>	<u>10,473</u>	<u>42,214</u>	<u>16,017</u>
Gross profit	<u>27,959</u>	<u>27,663</u>	<u>15,954</u>	<u>55,622</u>	<u>21,134</u>
Operating expenses:					
Research and development	18,158	16,683	11,800	34,841	21,493
Selling, general and administrative	11,540	11,198	7,708	22,738	14,825
Total operating expenses	<u>29,698</u>	<u>27,881</u>	<u>19,508</u>	<u>57,579</u>	<u>36,318</u>
Operating loss	<u>(1,739)</u>	<u>(218)</u>	<u>(3,554)</u>	<u>(1,957)</u>	<u>(15,184)</u>
Other expense, net	(692)	(220)	55	(912)	10
Loss before income taxes	<u>(2,431)</u>	<u>(438)</u>	<u>(3,499)</u>	<u>(2,869)</u>	<u>(15,174)</u>
Provision (benefit) for income taxes	929	(365)	601	564	1,503
Net loss	<u>\$ (3,360)</u>	<u>\$ (73)</u>	<u>\$ (4,100)</u>	<u>\$ (3,433)</u>	<u>\$ (16,677)</u>
Net loss per share:					
Basic and diluted	<u>\$ (0.02)</u>	<u>\$ —</u>	<u>\$ (0.06)</u>	<u>\$ (0.02)</u>	<u>\$ (0.24)</u>
Weighted-average shares used in computing net loss per share:					
Basic and diluted	<u>146,012</u>	<u>145,077</u>	<u>69,094</u>	<u>145,545</u>	<u>68,751</u>

Credo Technology Group Holding Ltd
Condensed Consolidated Balance Sheets (Unaudited)
(In thousands)

	October 29, 2022	April 30, 2022
Assets		
Current Assets:		
Cash and cash equivalents	\$ 190,542	\$ 259,322
Short-term investments	50,000	—
Accounts receivable	51,768	29,524
Inventories	47,829	27,337
Contract assets	6,434	10,071
Prepaid expenses and other current assets	3,234	5,923
Total current assets	<u>349,807</u>	<u>332,177</u>
Property and equipment, net	40,664	21,844
Right of use assets	16,132	16,954
Other non-current assets	7,429	4,714
Total assets	<u>\$ 414,032</u>	<u>\$ 375,689</u>
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	\$ 23,273	\$ 8,487
Accrued compensation and benefits	5,373	4,713
Accrued expenses and other current liabilities	19,447	12,063
Deferred revenue	1,389	1,234
Total current liabilities	<u>49,482</u>	<u>26,497</u>
Non-current operating lease liabilities	14,081	14,809
Other non-current liabilities	6,365	220
Total liabilities	<u>69,928</u>	<u>41,526</u>
Shareholders' equity:		
Ordinary shares	7	7
Additional paid in capital	438,352	424,562
Accumulated other comprehensive income	(393)	23
Accumulated deficit	(93,862)	(90,429)
Total shareholders' equity	<u>344,104</u>	<u>334,163</u>
Total liabilities and shareholders' equity	<u>\$ 414,032</u>	<u>\$ 375,689</u>

Credo Technology Group Holding Ltd
Reconciliations from GAAP to Non-GAAP (Unaudited)
(In thousands, except percentages and per share amounts)

	Three Months Ended			Six Months Ended	
	October 29, 2022	July 30, 2022	October 31, 2021	October 29, 2022	October 31, 2021
GAAP gross profit	\$ 27,959	\$ 27,663	\$ 15,954	\$ 55,622	\$ 21,134
Reconciling items:					
Warrant contra revenue	247	388	—	635	—
Share-based compensation	149	304	47	453	134
Total reconciling items:	396	692	47	1,088	134
Non-GAAP gross profit (A)	<u>\$ 28,355</u>	<u>\$ 28,355</u>	<u>\$ 16,001</u>	<u>\$ 56,710</u>	<u>\$ 21,268</u>
GAAP gross margin	54.4 %	59.5 %	60.4 %	56.9 %	56.9 %
Non-GAAP gross margin	<u>54.9 %</u>	<u>60.5 %</u>	<u>60.5 %</u>	<u>57.6 %</u>	<u>57.2 %</u>
Total GAAP operating expenses	\$ 29,698	\$ 27,881	\$ 19,508	\$ 57,579	\$ 36,318
Reconciling item:					
Share-based compensation	(4,742)	(5,242)	(1,260)	(9,984)	(2,248)
Total reconciling items:	(4,742)	(5,242)	(1,260)	(9,984)	(2,248)
Total Non-GAAP operating expenses (B)	<u>\$ 24,956</u>	<u>\$ 22,639</u>	<u>\$ 18,248</u>	<u>\$ 47,595</u>	<u>\$ 34,070</u>
GAAP operating loss	\$ (1,739)	\$ (218)	\$ (3,554)	\$ (1,957)	\$ (15,184)
Non-GAAP operating income (loss) (A-B)	<u>\$ 3,399</u>	<u>\$ 5,716</u>	<u>\$ (2,247)</u>	<u>\$ 9,115</u>	<u>\$ (12,802)</u>
GAAP operating loss margin	(3.4)%	(0.5)%	(13.4)%	(2.0)%	(40.9)%
Non-GAAP operating income (loss) margin	<u>6.6 %</u>	<u>12.3 %</u>	<u>(8.5)%</u>	<u>9.3 %</u>	<u>(34.5)%</u>
GAAP net loss	\$ (3,360)	\$ (73)	\$ (4,100)	\$ (3,433)	\$ (16,677)
Reconciling items:					
Warrant contra revenue	247	388	—	635	—
Share-based compensation	4,891	5,546	1,307	10,437	2,382
Pre-tax total reconciling items	5,138	5,934	1,307	11,072	2,382
Other income tax effects and adjustments	644	(424)	(521)	220	(1,138)
Non-GAAP net income/(loss)	<u>\$ 2,422</u>	<u>\$ 5,437</u>	<u>\$ (3,314)</u>	<u>\$ 7,859</u>	<u>\$ (15,433)</u>
GAAP weighted average shares - basic	146,012	145,077	69,094	145,545	68,751
GAAP weighted average shares - diluted	146,012	145,077	69,094	145,545	68,751
Non-GAAP adjustment	12,789	13,256	—	13,073	—
Non-GAAP weighted average shares - diluted	<u>158,801</u>	<u>158,333</u>	<u>69,094</u>	<u>158,617</u>	<u>68,751</u>
GAAP diluted net loss per share	\$ (0.02)	\$ —	\$ (0.06)	\$ (0.02)	\$ (0.24)
Non-GAAP diluted net income/(loss) per share	<u>\$ 0.02</u>	<u>\$ 0.03</u>	<u>\$ (0.05)</u>	<u>\$ 0.05</u>	<u>\$ (0.22)</u>

Credo Technology Group Holding Ltd
Reconciliation of GAAP Forward-Looking Estimates to Non-GAAP Forward-Looking Estimates
(In millions, except percentages)

	Three Months Ended January 28, 2023	
	Low	High
GAAP gross margin	58.7 %	60.7 %
Reconciling items:		
Warrant contra revenue	0.2 %	0.2 %
Share-based compensation	0.1 %	0.1 %
Total reconciling items:	0.3 %	0.3 %
Non-GAAP gross margin	59.0 %	61.0 %
Total GAAP operating expenses	\$ 30.2	\$ 32.2
Reconciling item:		
Share-based compensation	5.2	5.2
Total reconciling items:	5.2	5.2
Total Non-GAAP operating expenses	\$ 25.0	\$ 27.0