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# SiTime Corp. (SITM)

Q4 2025 Earnings Call

## CORPORATE PARTICIPANTS

**Brett Perry**

*Vice President, Shelton Group*

**Rajesh Vashist**

*Chairman & Chief Executive Officer, SiTime Corp.*

**Elizabeth Howe**

*Executive Vice President-Finance & Chief Financial Officer, SiTime Corp.*

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## OTHER PARTICIPANTS

**Tore Egil Svanberg**

*Analyst, Stifel, Nicolaus & Co., Inc.*

**Quinn Bolton**

*Analyst, Needham & Co. LLC*

**James Edward Schneider**

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**Thomas O'Malley**

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Good afternoon, and welcome to SiTime's Fourth Quarter 2025 Financial Results Conference Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions] We ask that you limit yourself to one question and one follow-up. As a reminder, this conference call is being recorded today, February 4, 2026.

I would now like to turn the conference over to Brett Perry of Shelton Group Investor Relations. Brett, please go ahead.

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### Brett Perry

*Vice President, Shelton Group*

Thank you, Tawanda. Good afternoon, and welcome to today's conference call to discuss SiTime's fourth quarter and full year 2025 financial results, as well as SiTime's proposed acquisition of Renesas' Timing Business.

Joining us on today's call from SiTime are Rajesh Vashist, Chief Executive Officer; and Beth Howe, Chief Financial Officer. Please note in addition to the respective press releases issued this afternoon, a supplemental slide deck related to the proposed acquisition is available on the Investor Relations section of the company's website at [investors.sitime.com](http://investors.sitime.com).

Before we begin, I'd like to point out that during the course of this call, the company may make forward-looking statements regarding expected future results, including financial position, strategy and plans, future operations, the timing market and other areas of discussion. It's not possible for the company's management to predict all risks, nor can the company assess the impact of all factors on its business, or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements.

In light of these risks, uncertainties and assumptions, the forward-looking events discussed during this call may not occur and actual results could differ materially and adversely from those anticipated or implied. Neither the company nor any person assumes responsibility for the accuracy and completeness of the forward-looking statements. The company undertakes no obligation to publicly update forward-looking statements for any reason after the date of today's call to conform statements to actual results, or to changes in the company's expectations.

For more detailed information on risks associated with the business, we refer you to the Risk Factors described in the company's Annual Report on Form 10-K for the year ended December 31, 2024, as well as the company's subsequent filings with the SEC, including the company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2025.

During the call, management will refer to non-GAAP financial measures, which are considered to be an important measure of company performance. These non-GAAP financial measures are provided in addition to, and not as a substitute for, nor superior to measures of financial performance prepared in accordance with US GAAP. The GAAP to non-GAAP reconciliation includes stock-based compensation expense, amortization of acquired intangibles, and acquisition related expenses, which include transaction and certain other cash costs associated with business acquisition, as well as changes in the estimated fair value of earnout liabilities and accretion of acquisition consideration payable. Please refer to the company's press release issued earlier today for a detailed reconciliation between GAAP and non-GAAP financial results.

With that, it's now my pleasure to turn the call over to SiTime's CEO, Rajesh. Please go ahead.

**Rajesh Vashist***Chairman & Chief Executive Officer, SiTime Corp.*

Thank you, Brett. Good afternoon, everyone. Thank you for joining us today. We have a lot to talk about. We announced exceptional results for 2025, and we also announced a transformational acquisition. I'll begin with our business and our performance, and then I'll turn to the transaction.

Q4 2025 was another exceptional quarter for SiTime. We delivered \$113.3 million in Q4, up 66% year-over-year, and earnings per share tripled from \$0.48 to \$1.53.

In Q4, every end customer segment grew year-on-year as did every region. Gross margins in the quarter grew significantly up, 61.2%. I'm particularly pleased about this achievement. In the beginning of 2025, we said we would exit the year at greater-than-60% gross margins and we achieved it. We predicted this expansion of gross margins because we anticipated mix changes to higher-value products and we reduced new product costs, as they moved into volume production.

For all of 2025, we delivered \$326.7 million, up 61% year-over-year. Every end customer segment and region showed growth. Earnings per share more than tripled from \$0.93 to \$3.20.

Demand remained very strong exiting the year, which is an indication of significant future growth in 2026. While we don't usually discuss our book-to-bill, we wanted to give you a metric of the demand strength across our customer base, as we go into a strong year. So, our book-to-bill was over 1.5 at the end of Q4 and we have excellent visibility for the year.

Channel health remained solid exiting 2025. Distributor and contract manufacturer inventory levels were in line with our target, reflecting strong sell-through and disciplined supply management. Design win momentum remains solid across all end customer segments and regions, another indication of growth in 2026 and beyond.

Q4 growth was again led by Comms, Enterprise, Datacenter, CED business, which grew 160% year-over-year. This marks the seventh consecutive quarter of over 100% year-over-year growth. Additionally, our 2026 CED forecast has grown since our last earnings call, driven by increases in AI CapEx spending, the 2x to 4x increase in computing power of the new XPU, GPU, CPU is driving the need for faster networking infrastructure and accelerating the adoption of 1.6 terabit optical modules.

Our customers have recently increased their 2026 forecast for our oscillators, used in 1.6T optical modules by 50%, which is over and above the increase that we reported in November. This move to 1.6T drives the need for higher clocking frequencies from our oscillators, for which we get higher ASPs or average selling prices.

The increase in 1.6T modules notwithstanding, demand for oscillators used in 800G optical module continues to remain strong. In parallel to the increase in bandwidth of networking infrastructure, the hyperscalers are deploying more XPU for training as well as getting ready for inference.

Since November, this trend has driven a 50% increase in 2026 forecast of our Super-TCXOs, which are used in both computing infrastructure and the supporting SmartNICs or network interface cards.

SiTime's goal has always been to deliver predictable revenue growth. At IPO, CED was just 12% of our revenue. And then, we created a strategic plan to expand it to 40% to 50%. Since then, our focused investments in product development as well as customer acquisition have paid off handsomely. CED today makes up 53% of our revenue and that is exactly where we want to be.

I'm also very pleased that a large portion of this revenue comes from high value products, reflecting the sustained

benefit that we bring to our customers. Our CED strategy laid the foundation of our success today and we're using this as a blueprint for rapid growth in our other businesses.

We continue to grow across all other end segments. Aerospace-defense, automotive and industrial are all benefiting from increased adoption of autonomous systems and physical AI, where systems perceive, reason and interact in the physical world in real time. These systems need accurate positioning, sensor fusion, motor control and precise synchronization, where precision timing is essential.

For example, in humanoid robots, we see up to \$20 of a precision timing product and robotaxis in Level 4 ADAS or self-driving cars require up to \$15 of precision timing content.

In defense, where worldwide spending is accelerating, our product resilience is driving adoption in a variety of applications. In the next few years, we expect that each of our automotive, defense and industrial businesses to exceed \$100 million annually.

Entering 2026, demand drivers remain firmly in place. Our strategy remains unchanged to lead in high-value precision timing applications, deliver differentiated system level solutions and scale our operating model to drive a long-term value creation. The combination of deep engagement in AI infrastructure and broad participation across diverse segments positions us exceptionally well for continued growth. I'm confident in our trajectory and excited about the opportunities ahead.

With that, I'll now turn the call over to Beth, our CFO, to review the financial details, after which we'll be happy to take your questions.

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## Elizabeth Howe

*Executive Vice President-Finance & Chief Financial Officer, SiTime Corp.*

Thanks, Rajesh. Today, I'll walk through our fourth quarter and full year 2025 results. And then, I'll provide our outlook for the first quarter of fiscal 2026. As a reminder, my remarks focus on non-GAAP financial results, which are reconciled to GAAP in our press release.

Fiscal 2025 has been a pivotal year for the company, one in which we delivered exceptional revenue growth, expanded gross margins and demonstrated meaningful operating leverage. Our results reflect the scalability of our operating model, the strength of demand across our target customer segments, and the growing strategic value of our products and solutions.

For the full year, revenue reached \$326.7 million, an increase of 61% from the prior year. Gross margins for the year were 59.3%, and operating expenses were \$135 million. Non-GAAP operating profit was \$58.6 million, an increase of \$58 million year-on-year, or 18% of revenue.

For fiscal 2025, our non-GAAP earnings per share more than tripled to \$3.20. Cash flow from operations was \$87.2 million for the year, a strong improvement, compared to \$23.2 million in 2024, reflecting the combined benefit of higher revenue, richer mix and disciplined expense management. Overall, our momentum reflects a company operating with focus, efficiency and increasing strategic impact.

Turning to our fourth quarter results. Q4 was a milestone quarter for the company, as we surpassed \$100 million in quarterly revenue for the first time and generated operating margins of 30%.

Revenue in Q4 was \$113.3 million, up 66% year-over-year and 36% sequentially. Revenue was significantly higher-than-expected as customer demand continued to strengthen in the quarter.

Communications, Enterprise and Datacenter continued to be the primary growth engine, contributing \$64.6 million, or 57% of total revenue, and rising 160% year-over-year. Growth in this segment was broad-based and driven by multiple customers across AI and datacenters.

Automotive, industrial and aerospace delivered \$24.5 million, or 22% of revenue, increasing 19% year-over-year. And consumer IoT and mobile revenue was \$24.2 million, or 21% of total revenue, up 7% year-on-year, with our largest consumer customer contributing \$17 million for the quarter.

Gross margins in Q4 were 61.2%, representing a 240 basis point improvement year-over-year and ending the year above 60%, that we had forecast at the beginning of 2025. The increase was primarily driven by continued mix shift toward higher margin products, improving manufacturing overhead absorption also contributed meaningfully to the margin expansion.

Operating expenses for the quarter were \$35.5 million, consisting of \$19 million in R&D, and \$16.5 million in SG&A. This was in line with expectations and driven by higher head count, variable compensation tied to revenue performance, and continued investments to support our long-term roadmap.

Operating income for the quarter was \$34 million, an increase of \$26 million year-over-year, demonstrating strong leverage and discipline in our cost structure as revenue scales.

Interest and other income and expense was \$7.4 million. Non-GAAP net income was \$41.3 million, or \$1.53 per share, more than triple the \$0.48 reported a year ago.

Now, let me turn to the balance sheet. Accounts receivables ended the quarter at \$45 million, with day sales outstanding at 36 days, up from 24 days in Q3 as linearity returned to more normal patterns. Inventory declined to \$81.7 million from \$86.7 million in Q3, driven by customer shipments during the quarter, and continued focus on inventory management.

During the quarter, we generated \$25.4 million in cash from operations. We also invested \$12.6 million in capital expenditures.

Finally, we paid \$42.2 million to Aura, including the final payment for die deliveries. We ended the quarter with strong liquidity position of \$808 million in cash and short-term investments.

Now, let me move to our outlook for the March quarter. Because the acquisition of Renesas' Timing Business is not expected to close in Q1, it has no impact on our guidance.

Looking ahead to Q1, we expect first quarter seasonality to be less than our historical average and that our Comms, Enterprise, and Datacenter, or CED business will grow sequentially. Since consumer is typically down seasonally sequentially in the first quarter, the higher mix of CED and the lower mix of consumer is also expected to contribute to stronger gross margins in Q1.

Thus we project revenue in the range of \$101 million to \$104 million, up roughly 70% year-over-year at the midpoint; gross margin to be approximately 62% plus/minus 0.5, given our expected product mix for Q1; operating expenses in the range of \$39 million to \$40 million; interest income of approximately \$7 million, and a share count of 27 million shares to 27.5 million shares. As a result, we expect Q1 non-GAAP earnings per share to be in the range of \$1.10 to \$1.17.

With that, I'll hand the call back to Rajesh to discuss our intent to acquire Renesas' Timing Business. Rajesh?

**Rajesh Vashist***Chairman & Chief Executive Officer, SiTime Corp.*

Thanks, Beth. To reflect a little bit, over the past two decades SiTime created the precision timing category and fundamentally transformed the timing market by delivering highly differentiated products that solve customers' tough timing problems. Along the journey, there were a handful of defining inflection points.

Acquiring Renesas' Timing Business is perhaps the largest and one of the most exciting. This business, similar to SiTime has a differentiated, broad product portfolio, except that it's in clocks where we have a small footprint.

Additionally, they have an enviable financial profile, a respected team, and a 30-year heritage that started as ICS, then IDT and finally Renesas. We are really glad to have this business as part of SiTime.

We've always said that customers need complete timing solutions which include oscillators, resonators and clocks. Our oscillators and resonators are semiconductors, MEMS-based, and we have been investing in this technology for the past 20 years. To grow SiTime's clock business, we invested in our own development.

In parallel, in 2023, we acquired Aura's clock products, which had leadership IP and 50 clock products. Now, Renesas' Timing Business takes us to scale in clocking. They are the preeminent brand with 500 highly differentiated clock products. Because they're focused on clocking in CED, industrial and automotive, they complement our high-performance oscillator revenue.

The 160 engineers that come over to site at close gives us an opportunity to build an exciting roadmap of products that would not have been previously possible.

With this acquisition, our revenue mix continues its transformation and increases scale in CED. On a pro forma basis, our 2025 CED revenue will almost double with Renesas 2025 AI, Datacenter, Comms revenue.

To this, we'll add our rapid organic growth in 2026 and combine it with their growth. The breadth and diversity of our customers will grow significantly with this acquisition, along with faster access to customers that we would have secured only several years in the future. This acceleration of customers will include 10 hyperscalers, 7 AI server leaders, 10 networking and communication vendors, and leading automotive OEMs and Tier 1s and leaders in mobile, IoT and consumer.

On Renesas and SiTime's common customers, there is minimal product overlap, and we have an opportunity to generate new revenue by selling our differentiated oscillators to them. It's an unprecedented opportunity for both SiTime and our customers to collaborate and build on our 20 and 30-year heritage to reach an extraordinary level of success in precision timing.

This is also an exceptional business with great financials. It's expected to add \$300 million in the 12 months after close, with approximately 70% in gross margins. 75% of the revenue comes from the fast growing CED segment, which is strategically important to us. It also maintains SiTime's long-term growth rate of 25% to 30%.

This acquisition is a monumental milestone towards fulfilling our vision to transform the timing market, solve our customers' toughest timing challenges, and accelerate our path to \$1 billion in revenue. We see remarkable opportunities ahead and we are more excited than ever about the future of SiTime.

I'll turn the call over to Beth to provide more details. Beth?

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**Elizabeth Howe**

*Executive Vice President-Finance & Chief Financial Officer, SiTime Corp.*

Thanks, Rajesh. Building on Rajesh's overview of the strategic rationale, I'll walk through how this acquisition strengthens our financial profile and accelerates our long-term growth trajectory.

What is most compelling is the alignment between the strategic value of this business and its financial contribution, both of which meaningfully enhance SiTime's scale, profitability and cash generation capacity.

Financially, this acquisition significantly elevates SiTime's revenue profile, margin structure, and cash flow potential. Approximately 75% of the acquired revenue comes from our Comms, Enterprise, Datacenter sector, a fast growing and strategically important segment for our long-term success. The remainder is diversified across automotive and industrial, further expanding our reach into durable, attractive applications across timing.

As we integrate the business, we intend to invest in go-to-market capabilities to fully capture these opportunities. Importantly, as Rajesh mentioned, our long-term annual revenue growth target of 25% to 30% remains firmly intact.

The acquired portfolio operates with approximately 70% gross margins, reflecting the value and differentiation of the products. This positions SiTime to reach the upper end of our 60% to 65% long-term gross margin target more quickly, while expanding operating margins to above 30% as we scale and benefit from increased operating leverage. The transaction is also expected to be accretive to SiTime's non-GAAP EPS in the first full year, post close.

And finally, with a combination of our organic growth and the attractive profitability of the acquired business, we expect to generate meaningful cash flow. We have structured this transaction to maintain financial strength and flexibility.

Under the terms of the agreement, SiTime will acquire certain assets related to the Renesas' timing business for \$1.5 billion in cash and approximately 4.13 million newly issued SiTime shares, subject to potential adjustments and a 15% symmetrical collar, determined by the 10-day volume-adjusted weighted average share price as of the three days prior to the execution of the agreement.

We plan to finance the cash portion using a combination of cash on hand and approximately \$900 million of committed debt financing from Wells Fargo. Given the strong free cash flow generation of the combined business, we have a clear path to reducing leverage to under 2 times within 24 months following the closing.

The transaction is expected to close by the end of 2026, subject to the satisfaction of customary closing conditions, including applicable regulatory approvals. We are thrilled to announce the intent to acquire this highly complementary, preeminent clocking business as we enter the next phase of our transformation. The combination strengthens our strategic position, accelerates our financial performance and enhances our long-term value creation potential.

With that, I'll open the call for questions. Operator?

## QUESTION AND ANSWER SECTION

**Operator:** [Operator Instructions] Our first question comes from the line of Tore Svanberg with Stifel. Your line is open.

**Tore Egil Svanberg**

*Analyst, Stifel, Nicolaus & Co., Inc.*

Q

Yes. Thank you very much, Rajesh and Beth. Congratulations on the strong results and especially on this highly strategic acquisition. I guess my first question on the core business. So, you talked about a book-to-bill of 1.5. I know you're not going to give us guidance sort of by segment, but could you give us a sense for where the most of those bookings are coming from as those bookings obviously generate revenues for the year? Thank you.

**Rajesh Vashist**

*Chairman & Chief Executive Officer, SiTime Corp.*

A

Well, it's no surprise that most of these bookings will come from CED because of the tremendous growth in CED. And I think that our customers are seeing the growth going out through the year, through 2026. And many of them are booking in advance of real demand – of demand. I don't mean they're ahead of it, I mean they're on top of it. And I think – but the others are not lagging behind. We still continue to see our diversified growth in all the other BUs as well. But it just happens to be that just because of its scale, the CED is a bigger portion.

**Tore Egil Svanberg**

*Analyst, Stifel, Nicolaus & Co., Inc.*

Q

Very good. And as a follow-up, I had a question on the acquisition and how this is going to play out. So, again, it sounds like 75% of the revenue is aligned with your CED mix, which is great. I guess that means that there's end markets or applications that Renesas is targeting that did not come with the acquisition. But you also mentioned that, you might be able to participate in some of those with your resonator products. So, I was just hoping if you could elaborate a little bit on that, especially on the timing of that potential additional growth engine? Thank you.

**Rajesh Vashist**

*Chairman & Chief Executive Officer, SiTime Corp.*

A

So, just to be clear, we're getting 100% of the timing business. Whatever is in the timing business, that's called TPD, Timing Products Division, is coming over to SiTime. And there isn't any business which is being left behind. The integration possibility that we are exploring through the MOU is a completely different one than timing. As you may know, Renesas is a prominent player in the MCU business and the microcontroller business and there's an opportunity for SiTime's resonators, the Titan family of product, to be integrated in their microcontrollers and that's the one we are exploring. There's a several billion dollar revenue that they get from their MCUs and we are exploring that and being a timing partner to Renesas.

Another way of thinking about this story is that given the fact that the CEO is joining SiTime's board at the closing, this becomes really quite a partnership. This makes sure that not only are we a supplier to them, but we are also a partner to them as we go through the integration process and the TSAs and so on. So, that's what gives me a lot of confidence in the success and the integration of this business.

**Tore Egil Svanberg**

*Analyst, Stifel, Nicolaus & Co., Inc.*

Makes a lot of sense. Thank you and congrats again.

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**Rajesh Vashist**

*Chairman & Chief Executive Officer, SiTime Corp.*

Thank you.

A

**Operator:** Please stand by for our next question. Our next question comes from the line of Quinn Bolton with Needham & Company. Your line is open.

**Quinn Bolton**

*Analyst, Needham & Co. LLC*

Hi, Rajesh and Beth. I'll offer my congratulations both on the strong results, as well as the acquisition. I guess, like Tore, I wanted to start with a question on the core business. You talked about demand strengthening through the fourth quarter. The book-to-bill of 1.5. You guys have been growing the Comms business at over 100% for seven consecutive quarters. And so, I guess, Rajesh, I know you're not guiding to 2026, but certainly feels like the growth engines are there to drive better than your long-term average 25% to 30% growth rate in the core business in 2026? And so just wondering, as you think about, what the core business can do in 2026, is there any framework you might be able to provide for sort of that overall growth rate in 2026?

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**Rajesh Vashist**

*Chairman & Chief Executive Officer, SiTime Corp.*

Well, qualitatively and I'll have jump – Beth jump in to give you the level of specificity that she wants to give you. Qualitatively, that's absolutely true. We've been growing. We grew in 2024 at 40%. We grew in 2025 at north of 60%. The business continues. You see Google spending. You see Meta spending. There is no stopping in the AI datacenter world. And then there is the inference part of it or the LLMs come to physical reality, whether it's humanoid robots or other kinds of ideas around that. So, I expect that this is a series of growth years coming from the AI business, even beyond datacenters. But I'll let Beth add what she thinks.

A

**Elizabeth Howe**

*Executive Vice President-Finance & Chief Financial Officer, SiTime Corp.*

Sure. Thanks, Rajesh. Now I think, we do expect it to continue to be led by our Comms, Enterprise, Datacenter as Rajesh talked about. As he also alluded, I think we do see opportunities across automotive, industrial and aerospace and some specific opportunities, especially within aerospace off a small base. But given the increase in drones and other kinds of defense applications, we see a lot of opportunity there.

A

And then finally, in the consumer space, we do expect to see continued growth there as some of our design wins ramp in 2026. And so, those are all some of the opportunities and tailwinds we see for the year. And so, we're really excited about 2026 and where we can go from here and in terms of the opportunities.

**Quinn Bolton**

*Analyst, Needham & Co. LLC*

Excellent. The question I had on the acquisition, obviously Renesas is one of the preeminent players in the clocking business. I'm wondering on a lot of the boards or sockets where Renesas plays, are they typically paired up with quartz, oscillators representing an opportunity for you to cross-sell? Or do you feel like the

Q

SiTime MEMS oscillators are already pretty well placed on a lot of the boards where Renesas' Timing or clock products are currently used? Just trying to get a better sense for how much cross-selling opportunities do you see bringing these two businesses under one roof?

**Rajesh Vashist**

*Chairman & Chief Executive Officer, SiTime Corp.*

A

Yeah. You exactly put your finger on it, Quinn. We have very little – we have some reasonably solid overlap on customers. But typically on products, there's very little. So, to your point, they are designed in in clocking where the solution is quartz crystal. And this gives us tremendous opportunity to expose the values of our semiconductor differentiated MEMS-based solutions to the customers and see how we can get design wins for the future.

So this is the cross-selling opportunity one way. But there's also a cross-selling opportunity another way, because we have design wins in AI, in GPUs, in accelerator cards and switches, where it's not our clock that's in there, the SiTime native clocks. It is either their clock or the clock of somebody, of another competitor. So that gives us the next iteration. It gives us another opportunity to present the customer with a value proposition of an integrated solution.

It's of course, not physically integrated. It is notionally integrated or put together as making it easy for the customer to use it, as well as to get the performance they need. And of course, the source of supply, which is critical in all of these situations where they need to have one source of supply so some things are not out of whack in that. So yeah, clearly that is the case.

**Quinn Bolton**

*Analyst, Needham & Co. LLC*

Q

Thank you, Rajesh. And, one last quick one for Beth. On the regulatory front, will you expect to require China SAMR approval to close? Or do you think you do not need China SAMR to close the transaction?

**Elizabeth Howe**

*Executive Vice President-Finance & Chief Financial Officer, SiTime Corp.*

A

Thanks for the question. So, we are going through the required regulatory processes in the countries that have jurisdiction. At this point in time, we do not expect to need SAMR as part of those regulatory approvals.

**Quinn Bolton**

*Analyst, Needham & Co. LLC*

Q

Perfect. Thank you very much.

**Operator:** Thank you.

**Rajesh Vashist**

*Chairman & Chief Executive Officer, SiTime Corp.*

A

Thank you.

**Operator:** Please standby for our next question. Our next question comes from the line of Jim Schneider with Goldman Sachs. Your line is open.

**James Edward Schneider**

*Analyst, Goldman Sachs & Co. LLC*

Q

Good afternoon. Thanks for taking my question. First of all, on the synergies with Renesas, can you maybe talk a little bit more about within the Datacenter, the specific synergies between your products on the oscillator side and what Renesas is doing perhaps on the memory side or otherwise?

And beyond the cross-sell, do you expect there could be some consolidation of overall board timing content away from other suppliers toward a more holistic solution? In other words, is there a way that you could provide a more holistic solution between the two of you that maybe would be disadvantageous using another supplier?

**Rajesh Vashist**

*Chairman & Chief Executive Officer, SiTime Corp.*

A

Right. So, to be very clear, there is no product other than timing that we are going to be bringing into this. So, you mentioned memory somewhat onto the site. We have no influence on that. We have no connection with that. We're only working on one thing and one thing only, which is a timing product division, which used to belong to IDT before that to ICS.

So, it's a timing business that we are acquiring and our influence in timing. But the point that you made, Jim, is a very good one, which is that today we have products that are oscillators and resonators on one side and clocks on the other. With their 160 engineers, with our almost double that number of engineers, I think we would be able to address the issues of density, power, resilience, higher throughput by delivering solutions, by delivering products that are somehow integrated, not just physically integrated, but somehow integrated to deliver vastly superior solutions. Because the need for performance, for jitter, for high speed, for throughput, for lower latencies, for lower power, those remain undiminished, not just in AI and datacenters where they're extreme, but in all other areas, including consumer, including military, aerospace, defense.

In terms of the one part of AI, where clock is not being used right now, and we'll have to see whether there's a place for it is in the whole optical networking, in the cabling, in the smart cables, in the retimers. Typically, those are not using clocks. Those are oscillators.

But either way, there's an enormous opportunity because as you know, the market is \$11 billion for all timing and SiTime is only a very small portion of it. And Renesas, large as it is in the timing business, it's still also a very small portion of it. There's a significant amount of competitors out there, and it gives us an ability to influence at the highest level, the highest differentiated, most performance centric customers allows us to influence that.

**James Edward Schneider**

*Analyst, Goldman Sachs & Co. LLC*

Q

That's helpful. Thank you. And then relative to the model for 2026, maybe give us a little bit of help on two vectors, one on the 1.5 times book-to-bill, can you give us a sense about the duration of that backlog? Is that 6, 12, 18 months or longer? And then separately talk about what the relative expected growth rate will be in the mobile and consumer business? Do you think you can sort of match the growth rate you put up in 2025? Thank you.

**Elizabeth Howe**

*Executive Vice President-Finance & Chief Financial Officer, SiTime Corp.*

A

Maybe I'll start with that one, Jim. So, in terms of the book-to-bill, I think Rajesh talked about the fact that we are seeing customers maybe book out a little longer, but typically that's well within 12 months. We see a lot of

ordering over the next couple of quarters, so we are seeing some customers book meaningfully in the second half already as well. But I would say, definitely weighted to Q1 and Q2 in terms of that. As far as our consumer business, again there's a lot of activity there, and we've got a design win that we do expect to ramp meaningfully as we go through the year. And so, I think that will drive a lot of the performance of that sector.

**James Edward Schneider**

*Analyst, Goldman Sachs & Co. LLC*

Q

Thank you.

**Operator:** Thank you. Please stand by for our next question. Our next question comes from the line of Tom O'Malley with Barclays. Your line is open.

**Thomas O'Malley**

*Analyst, Barclays Capital, Inc.*

Q

Hey, guys. Thanks for taking my question. I'm looking at your long-term gross margin model 60% to 65%. You're saying the acquisition adds potential to the high end of that? If I look at your business standalone over the last year, you've had two quarters where your incremental gross margins are dropping through at 68% and 70%. You obviously have a mix factor that's helping the gross margins in the March quarter. But as we look at 2026, should we be thinking about something a little bit ahead of that original target just because of the mix of business moving more towards AI? Anything you can help us with on the margin side, as we look through 2026?

**Elizabeth Howe**

*Executive Vice President-Finance & Chief Financial Officer, SiTime Corp.*

A

So, as we think about our – I'll start with the gross margin. So, mix will be the biggest driver of gross margins in the year. And so, I think there's a couple of factors that are contributing to that. The CED growth and mix clearly is a very favorable component of that mix. And then, the other is the consumer business. So, in quarters, where the consumer business is a lower percentage of the total, that is a tailwind to gross margins. In quarters where you see a stronger mix of consumer, that can be a bit of an offset to those strong CED gross margins. So, as we go through the year, I do expect that mix between those two to be the biggest driver of the gross margin in the quarter.

And then, as I think about operating margins, I do expect to continue to see favorable operating leverage in the model. So, I do expect to continue to grow revenue faster than operating expenses. We do want to continue to invest in the business in a disciplined way to really be able to capture all the growth that we've been talking about. And so, we do want to make investments both in our go-to-market as well as R&D to continue to have these world class platforms in order to be able to deliver value to customers. But there is still meaningful operating leverage in the business.

**Thomas O'Malley**

*Analyst, Barclays Capital, Inc.*

Q

Helpful. And then, on the acquisition, I just wanted to understand the OpEx side. Could you maybe give us the split of OpEx between R&D and SG&A of the acquired asset? And then, when you look at areas where you can see synergies, could you maybe give us some feel for COGS or OpEx where you could see some of the cost coming out? Thank you.

**Elizabeth Howe**

*Executive Vice President-Finance & Chief Financial Officer, SiTime Corp.*

A

So, in terms of the transaction that we announced today, we are acquiring the assets from Renesas of their Timing division as Rajesh talked about. So, this is a carve-out and we are acquiring just those specific assets. And once we close the acquisition, we will be integrating that into our own – our business and our manufacturing operations and taking those over. They have a similar kind of OSAT model as we do. And so that will be really the focus for us. We'll talk more about the specifics of the model and the cost structure once we get to close.

**Operator:** Thank you. Please stand by for our next question. Our next question comes from the line of Chris Caso with Wolfe Research. Your line is open.

**Chris Caso**

*Analyst, Wolfe Research LLC*

Q

Yes. Thank you. First question is on the business as you go into 2026 with regard to content. And can you speak to the content gains that you've realize on the 1.6T platforms? And then, what do you think will be the growth rate of those 1.6T platforms? How meaningful is that as a part of your business as you go through 2026, given those content gains?

**Rajesh Vashist**

*Chairman & Chief Executive Officer, SiTime Corp.*

A

Yeah. Chris, the content gains on the 1.6T, I think, is going to be pretty good. It may not be – we mentioned it's in the tens of percent up in ASP. And there is an increased number of units being deployed on that, far more than we had thought on our last call in November.

So, we are very optimistic about that business. But at the same time, our business in other optical modules like 800G we called out continues as well as in some of the lower ones. So, I think this is a very healthy business. We are designed into a large number of suppliers in the optical module, but also in the AECs, the active cables as well as in the re-timer business. So, the whole networking part of this business of SiTime's is very strong.

**Chris Caso**

*Analyst, Wolfe Research LLC*

Q

Thank you. As a follow-up, just a question on the transaction. And you speak about the combined business staying on your 25% to 30% growth targets for the existing business. Obviously, you've been growing at a faster rate than that now. So, as you go forward within that 25% to 30%, are you expecting – is basically each business growing at that 25% to 30% going forward?

And maybe you can talk about the growth rate of that business that had been within Renesas in the past, have that been steadily growing at that 25% to 30% rate?

**Rajesh Vashist**

*Chairman & Chief Executive Officer, SiTime Corp.*

A

Yeah. We've always maintained that oscillators are a system business, because it has a resonator and it has a clock. So, it's a system business. And in this – excuse me again, oscillators are being used in some places where clocks are not. So, for example, in military, aerospace, defense, oscillators tend to be used over that. Earlier I just mentioned, certain use cases in networking, in AI, the optical modules and such where there isn't a use case yet for clocks.

But in general, I think, therefore, clocking is a slower growth business than oscillators are. So, I think we will get a very good growth rate for the combined business, because, as you mentioned, we are indeed in our oscillator-based business, which is most of our business today is quite a high-growth business since 2024. But we think that adding the clocking business, even though it grows at a somewhat slower rate, still keeps growing at such a healthy rate that we are 25% to 30%. We're very confident on that, for the combined business that is.

**Chris Caso**

*Analyst, Wolfe Research LLC*

Right. Thank you.

Q

**Operator:** Thank you. Please stand by for our next question. Our next question comes from the line of Suji Desilva with ROTH Capital. Your line is open.

**Suji Desilva**

*Analyst, ROTH Capital Partners, LLC.*

Hi, Rajesh. Hi, Beth. Congratulations on this transaction. Great news.

Q

**Rajesh Vashist**

*Chairman & Chief Executive Officer, SiTime Corp.*

Thank you.

A

**Suji Desilva**

*Analyst, ROTH Capital Partners, LLC.*

I was curious – yeah, and I read the MOU with Renesas as part of this transaction and I guess the integration of the resonator into the microcontroller SoC products of Renesas. I'm curious, is that ahead of the rest of the industry or other folks? Are you working with other folks on similar efforts? Just curious, how that is positioned competitively?

Q

**Rajesh Vashist**

*Chairman & Chief Executive Officer, SiTime Corp.*

Yeah. So, as you know, thank you. As you know, the Titan family of products is a breakthrough family. There isn't any other resonator in any technology at that level of quality, reliability, size, power and use case. So, many customers, many semiconductor customers and many system customers are looking at designing it in. And as we have mentioned in the past, it's a somewhat slower design win particularly when it goes in into somebody else's chips, right? So, I think it takes a little bit longer to get the design win.

A

Certainly, there's nothing exclusive about this. But – and we're talking to them. But I think that they are ahead of making this commitment. And I think this is, as you see in the remarks by their CEO, Shibata, that they are using this as a way to pivot this – the sale to SiTime of the timing business and the MOU as a way to pivot deeper into what they are calling their core business in embedded compute. So, I think it's a win-win for both of us. And certainly as a potential customer of SiTime, that becomes a bit of a flagship design win, if and when it happens.

**Suji Desilva**

*Analyst, ROTH Capital Partners, LLC.*

Q

Okay. Helpful color, Rajesh. And then in CED, you've talked about it a lot. The usual suspects growing here: pluggables, AECs, re-timers. I'm wondering if there's any other applications which are emerging in growth above and beyond those that you'd call out with the strong growth there or whether it remains those kind of the ones we kind of already know roughly?

**Rajesh Vashist**

*Chairman & Chief Executive Officer, SiTime Corp.*

A

Yeah. It's the ones we know, there are no new categories. But there are new design wins, and the density, we've always maintained our growth story comes from three legs. One is whatever design wins we have, the end product sells more units, right. So that's one.

The second is, there's an upgrade in functionality from win-to-win. And there's an upgrade in density of chips used in a particular functionality. So, what we are experiencing now in some of these with our native clock products is that they were design wins along with oscillators, and there were more of clocks, and then there were more clocks being used in a design win. So, I think that trend continues. And finally, there's a new use case for our products that didn't exist. An example would be an L4, ADAS or indeed even the re-timers, which didn't need our level of performance some time back.

**Suji Desilva**

*Analyst, ROTH Capital Partners, LLC.*

Q

Okay, great. Thanks, Rajesh.

**Rajesh Vashist**

*Chairman & Chief Executive Officer, SiTime Corp.*

A

Yeah.

**Operator:** Thank you. Please standby for our next question. Our next question comes from the line of Gary Mobley with Loop Capital. Your line is open.

**Gary Mobley**

*Analyst, Loop Capital Markets LLC*

Q

Hi, everybody. Let me extend my congratulations as well. I wanted to ask about...

**Rajesh Vashist**

*Chairman & Chief Executive Officer, SiTime Corp.*

A

Thank you.

**Gary Mobley**

*Analyst, Loop Capital Markets LLC*

Q

Everybody, let me extend my congratulations as well. I wanted to ask about the strong growth that you're seeing and the ability to support that growth from a supply chain perspective. Are there any capacity constraints that you see now or on the horizon that are causing your ordered lead times to extend? And I guess, conversely, do you see a situation where some of your crystal based competitors are struggling to fill surging demand, which seems to be industry-wide? And are you able to take advantage of that with your quick turns, I guess, supply chain?

**Rajesh Vashist**

*Chairman & Chief Executive Officer, SiTime Corp.*

A

We know of no data that shows that crystal suppliers are struggling. It may be, but we don't know that. But what I can say is that just on the merits of the SiTime programmability, SiTime supply chain, the integrity of that given semiconductors, and specifically the quality and reliability of our products, SiTime is the preferred solution even when there isn't a performance requirement. In fact, we get to charge a premium on our products even when there is no performance simply based on our quality, reliability, support, programmability.

We think that we don't have to rely upon anybody's struggle or weakness. We think we rely on our strength, our value proposition is strong and sustainable, and customers are recognizing that with every passing quarter, if you will. And we keep on adding to our customer base both in existing customers and existing applications, but also new applications. So, we feel generally very confident in our supply chain. We are – we've had some challenges in the beginning of last year when we were trying to launch new products at the same time when demand was surging. But we're more than caught up in Q3, Q4, and we look forward with a lot of confidence to this year in terms of supply chain.

**Elizabeth Howe**

*Executive Vice President-Finance & Chief Financial Officer, SiTime Corp.*

A

And I think the other thing, we continue to work very closely with our supply chain partners as we see kind of the industry evolving and are mindful of our costs and working very closely with them to ensure that we can continue to secure the supply that we need and the lines that we need. And again, watch the costs as well as we see the tightening that I think everybody is seeing.

**Gary Mobley**

*Analyst, Loop Capital Markets LLC*

Q

Thanks. As my follow up, I want to ask about a few details on the acquisition or the asset carve out. Just to confirm, this is a fabless business model and related is there any foundry crossover? And I just wanted to confirm that, most of the engineering team, I presume is down the street from SiTime's headquarters, correct?

**Rajesh Vashist**

*Chairman & Chief Executive Officer, SiTime Corp.*

A

Well, starting with the engineering team, it is located mostly in North America. There is a large group in Ottawa, which was – which is the IDT Group. Ottawa seems to have a long time ago, Zarlink also. So, there's a nice pool of people that we could hire from in analog design. The next one, as you rightly point out, is right here in South San Jose and available. And the third one, which is rather large as well, is in Tempe, Arizona. And we're looking forward to that as a new location for us. We also have some people in Shanghai, which is new. And then there's people across some parts of Asia in smaller numbers.

In terms of the other question, which was around fabless, actually it's a really very good match. They are mostly, they're all IDT and therefore they are TSMC 0.18 micron, which is fantastic, since TSMC is already a great supplier to SiTime. And also, they are with Global Foundries in the 55 nanometer which is great. On the back end, there's almost complete great connection with ASE and Carsem and some of the others in Asia. So, we're very confident that we can make this the back end of the supply chain work really well.

**Gary Mobley**

*Analyst, Loop Capital Markets LLC*

Q

Thanks again.

A

## Rajesh Vashist

*Chairman & Chief Executive Officer, SiTime Corp.*

Yeah.

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**Operator:** Thank you. Ladies and gentlemen, I'm showing no further questions in the queue. I would now like to turn the call back over to Rajesh for closing remarks.

## Rajesh Vashist

*Chairman & Chief Executive Officer, SiTime Corp.*

Look, this has been a long-time coming. And we've been on this path. When we raised money, many of you asked us what it's for. And we've always been very clear that our next M&A would be in timing. It would be at scale. It would be equal to or better than our gross margins. It would be equal to or better than our net profit margins. And it would not take down the growth rate of 25% to 30% that's SiTime's long-term growth model.

I think we have fulfilled that on every count. And not only have we been able to get a clocking business, there couldn't be, there isn't one, there isn't a better clocking business than this in the world. The coming together of all of this by our standards, makes us a big company. But we'd still be a pretty small company in the large timing business. The timing business is \$10 billion, \$11 billion and it grows at 5% to 6% year-on-year. At the end of these 10 years, it will probably be \$17 to \$18 billion in size. And SiTime has a long way to go to get to be a large player.

Coincidentally, or by design, we don't intend to be a large player. We're not a market share game. We are a value, differentiation, high growth game. And so, I really look forward, given our spectacular results and our outlook for 2026, plus this new acquisition, whenever it closes to create \$1 billion company that is solely dedicated to solving tough timing problems of our customers. Timing as we know is the heartbeat of all electronics, and SiTime is dedicated to it. Thank you.

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**Operator:** Ladies and gentlemen, that concludes today's conference call. Thank you for your participation. You may now disconnect.

## Elizabeth Howe

*Executive Vice President-Finance & Chief Financial Officer, SiTime Corp.*

Thank you.

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