

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q/A  
(Amendment No. 1)**

(Mark One)

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

For the quarterly period ended September 30, 2023

OR

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

For the transition period from to

Commission File Number: 001-39135

**SiTime Corporation**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

5451 Patrick Henry Drive  
Santa Clara, CA

(Address of principal executive offices)

02-0713868

(I.R.S. Employer  
Identification No.)

95054

(Zip Code)

**Registrant's telephone number, including area code: (408) 328-4400**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value per share	SITM	The Nasdaq Stock Market LLC

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

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

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

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

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.

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

As of January 25, 2024, the registrant had 22,692,165 shares of common stock, \$0.0001 par value per share, outstanding.

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## EXPLANATORY NOTE

SiTime Corporation (the “Company,” “we,” “us” or “our”) is filing this Amendment No. 1 to the Quarterly Report on Form 10-Q/A for the quarterly period ended September 30, 2023 (this “ Amended Quarterly Report”) to amend and restate certain items noted below in its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023, originally filed with the Securities and Exchange Commission (the “SEC”) on November 2, 2023.

### Background and Effect of Restatement

On January 25, 2024 the Company filed a Current Report on Form 8-K disclosing the non-reliance on the financial statements included in the Company’s Quarterly Reports on Form 10-Q for the periods ended March 31, June 30, and September 30, 2023, filed with the SEC on May 4, August 3, and November 2, 2023, respectively (the “Original Quarterly Reports”).

Subsequent to filing its Original Quarterly Reports, the Company identified a correction required to be made in its historical condensed consolidated statements of cash flows in each of the Original Quarterly Reports. The correction relates solely to the misclassification of “interest received upon maturity of held-to-maturity securities” as an investing activity instead of as an operating activity in the respective condensed consolidated statements of cash flows for periods ended March 31, 2023, June 30, 2023 and September 30, 2023 (the “Misclassification”).

Therefore, on January 22, 2024, the Company’s management and the audit committee of the board of directors of the Company concluded that, as a result of the Misclassification, the consolidated statements of cash flows in the Original Quarterly Reports were materially misstated and that the Company’s previously issued unaudited financial statements included in the Original Quarterly Reports should be restated and should no longer be relied upon. As such, the Company’s unaudited financial statements for the period ended September 30, 2023 are being restated to correct this error in this Amended Quarterly Report.

The Company has determined that the Misclassification did not have an impact on the Company’s overall cash position, its condensed consolidated balance sheets, its condensed consolidated statements of operations and comprehensive income (loss), or its condensed consolidated statements of stockholders’ equity as previously reported in the Original Quarterly Reports.

After re-evaluation, in light of the Misclassification, the Company’s management identified a material weakness in the Company’s internal control over financial reporting related to the misclassification of cash flows from investments, and the Company’s management determined that the Company’s disclosure controls and procedures were not effective as of September 30, 2023. For a discussion of management’s consideration of our disclosure controls and procedures and the material weakness identified, see Part I, Item 4, “Controls and Procedures.”

### Items Amended in this Quarterly Report on Form 10-Q/A

The following items of the Original Quarterly Report on Form 10-Q for the period ended September 30, 2023, which was originally filed with the Securities and Exchange Commission on November 2, 2023, are amended and restated in this Amended Quarterly Report to reflect the restatement:

- Part I, Item 1. Financial Information
- Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations
- Part I, Item 4. Controls and Procedures

The Company has also updated the signature page, the certifications of its Chief Executive Officer and Chief Financial Officer in Exhibits 31.1, 31.2, 32.1, and 32.2, and its financial statements formatted in Extensible Business Reporting Language (XBRL). No other sections were affected, but for the convenience of the reader, this Amended Quarterly Report restates in its entirety, as amended, the Company’s Original Quarterly Report for the period ended September 30, 2023. Except for the amended items and exhibits, this Amended Quarterly Report is presented as of the date of the Original Quarterly Report for the period ended September 30, 2023, and has not been updated to reflect events occurring subsequent to the filing of the Original Quarterly Report for the period ended September 30, 2023. Among other things, forward-looking statements made in the Original Quarterly Report for the period ended September 30, 2023 have not been revised

to reflect events, results or developments that occurred or facts that became known to us after the date of the Original Quarterly Report for the period ended September 30, 2023, other than the amended items and exhibits, and such forward-looking statements should be read in conjunction with our filings with the SEC, including those subsequent to the filing of the Original Quarterly Report for the period ended September 30, 2023.

## RISK FACTORS SUMMARY

Our business is subject to numerous risks, as more fully described in “Part II, Item 1A: Risk Factors” below. You should read these risks before you invest in our common stock. We may be unable, for many reasons, including those that are beyond our control, to implement or execute our business strategy. In particular, risks associated with our business include, among others:

- Global macroeconomic conditions have harmed and may continue to harm our business;
- We are subject to the cyclical nature of the semiconductor industry;
- We have historically depended on a limited number of customers for a significant portion of our revenue; if we are unable to expand or further diversify our customer base, our business, financial condition, and results of operations could suffer, and the loss of, or a significant reduction in orders from our customers, including a large customer or end customer, could significantly reduce our revenue and adversely impact our operating results;
- Because we do not typically have long-term purchase commitments with our customers, orders may be cancelled, reduced, or rescheduled with little or no notice, which in turn exposes us to inventory risk, and may cause our business and results of operations to suffer;
- Our revenue and operating results may fluctuate from period to period due to, among other factors, macroeconomic conditions, cyclical fluctuations in the semiconductor market, customer demand, product life cycles, fluctuations in inventories held by our distributors or end customers, the gain or loss of significant customers, the availability of capacity in our supply chain, research and development costs, the impact of the COVID-19 pandemic on our business as well as our suppliers and customers, and product warranty claims. This in turn could cause our stock price to decline;
- The third parties we rely upon for our raw materials, engineered materials, wafer fabrication and supply, assembly, packaging and testing may be unable to secure raw materials, reduce their resources available to us and our immediate suppliers, not meet satisfactory yields or quality, or increase pricing, which could harm our ability to ship our solutions to our customers on time and in the quantity required which could cause an unanticipated decline in our sales and loss of customers;
- A significant portion of our operations is located outside of the United States, which subjects us to additional risks, including increased complexity and costs of managing international operations and geopolitical instability;
- Our success and future revenue depend on our ability to achieve design wins and to convince our current and prospective customers to design our products into their product offerings, as well as our customers’ ability to develop products that achieve market acceptance;
- Our target customer and product markets may not grow or develop as we currently expect, and if we fail to penetrate new markets and scale successfully within those markets, our revenue and financial condition would be harmed;
- If we are not able to successfully introduce and ship in volume new products in a timely manner, our business and revenue will suffer;
- Pandemics, epidemics, or other outbreaks of disease have had and may in the future have an adverse impact upon our business, results of operations and financial condition, as well as the businesses of our suppliers and customers;
- Our gross margins may fluctuate due to a variety of factors, which could negatively impact our results of operations and our financial condition;
- Our revenue in recent periods may not be indicative of future performance and our revenue may fluctuate over time;
- Our customers require our products and our third-party contractors to undergo a lengthy and expensive qualification process, which does not assure product sales. If we are unsuccessful or delayed in qualifying any of our products with a customer, our business and operating results would suffer;
- We provide a lifetime warranty on our products and may be subject to warranty or product liability claims, which could harm our reputation, result in unexpected expenses, and cause us to lose market share;

- Defects in our products could harm our relationships with our customers and damage our reputation;
- If we fail to compete effectively, we may lose or fail to gain market share, which could negatively impact our operating results and our business;
- We may make acquisitions in the future that could disrupt our business, cause dilution to our stockholders, reduce our financial resources, and harm our business;
- We may not be able to accurately predict our future capital needs, and we may not be able to obtain additional financing to fund our operations;
- We may seek, or be required to seek debt financing in the immediate or near term;
- If significant tariffs or other trade restrictions are placed on our products or third-party suppliers, our revenue and results of operations may be materially harmed;
- Failure to comply with the laws associated with our activities outside of the United States could subject us to penalties and other adverse consequences;
- We are subject to government regulation, including import, export and economic sanctions laws and regulations that may expose us to liability and increase our costs;
- New or future changes to U.S. and non-U.S. tax laws, or tax regulatory authorities disagreeing with our positions and conclusions regarding certain tax positions, could materially adversely affect us;
- Breaches or other disruptions of our security systems may damage our reputation and adversely affect our business;
- We may fail to adequately protect our intellectual property and have received, and may in the future receive, claims of intellectual property infringement, misappropriation, or other claims, which in turn could result in significant expense, result in the loss of significant rights, and harm our relationship with our end customers and distributors;
- We may be impacted by risks associated with MegaChips' ownership of a significant portion of our stock, for instance as long as MegaChips holds a significant amount of our stock, our other shareholders' ability to influence matters requiring stockholder approval will be limited, and there could be potential conflicts of interest between us and affiliates of MegaChips, which could impact our business and operating results;
- Substantial future sales of our common stock could cause the market price of our common stock to decline; and
- Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.

## PART I—FINANCIAL INFORMATION

## Item 1. Financial Statements.

**SiTime Corporation**  
**Condensed Consolidated Balance Sheets**  
(In thousands, except per share amounts)  
(Unaudited)

	As of	
	September 30, 2023	December 31, 2022
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 16,711	\$ 34,603
Short-term investments in held-to-maturity securities	551,398	529,494
Accounts receivable, net	25,182	41,229
Inventories	64,539	57,650
Prepaid expenses and other current assets	9,071	6,091
Total current assets	666,901	669,067
Property and equipment, net	55,916	58,772
Intangible assets, net	5,665	5,205
Right-of-use assets, net	8,854	10,848
Other assets	10,351	6,724
Total assets	\$ 747,687	\$ 750,616
<b>Liabilities and Stockholders' Equity:</b>		
Current liabilities:		
Accounts payable	\$ 12,320	\$ 14,881
Accrued expenses and other current liabilities	18,960	18,913
Total current liabilities	31,280	33,794
Lease liabilities	6,065	8,149
Other non-current liabilities	—	193
Total liabilities	37,345	42,136
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Common stock, \$0.0001 par value - 200,000 shares authorized; 22,456 and 21,702 shares issued and outstanding at September 30, 2023 and December 31, 2022	2	2
Additional paid-in capital	778,742	716,343
Accumulated deficit	(68,402)	(7,865)
Total stockholders' equity	710,342	708,480
Total liabilities and stockholders' equity	\$ 747,687	\$ 750,616

The accompanying notes are an integral part of these condensed consolidated financial statements.

**SiTime Corporation**  
**Condensed Consolidated Statements Of Operations And Comprehensive Income (Loss)**  
(In thousands, except per share amounts)  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	\$ 35,520	\$ 73,095	\$ 101,590	\$ 222,766
Cost of revenue	15,603	25,799	43,195	77,563
Gross profit	19,917	47,296	58,395	145,203
Operating expenses:				
Research and development	23,647	23,878	74,671	66,490
Selling, general and administrative	21,447	19,886	63,456	56,839
Total operating expenses	45,094	43,764	138,127	123,329
Income (loss) from operations	(25,177)	3,532	(79,732)	21,874
Interest income	7,333	2,492	19,629	3,295
Other expense, net	(232)	(238)	(292)	(264)
Income (loss) before income taxes	(18,076)	5,786	(60,395)	24,905
Income tax expense	(49)	(3)	(142)	(123)
Net income (loss)	\$ (18,125)	\$ 5,783	\$ (60,537)	\$ 24,782
Net income (loss) attributable to common stockholders and comprehensive income (loss)	\$ (18,125)	\$ 5,783	\$ (60,537)	\$ 24,782
Net income (loss) per share attributable to common stockholders, basic	\$ (0.81)	\$ 0.27	\$ (2.74)	\$ 1.17
Net income (loss) per share attributable to common stockholders, diluted	\$ (0.81)	\$ 0.26	\$ (2.74)	\$ 1.09
Weighted-average shares used to compute basic net income (loss) per share	22,326	21,353	22,065	21,143
Weighted-average shares used to compute diluted net income (loss) per share	22,326	22,614	22,065	22,688

The accompanying notes are an integral part of these condensed consolidated financial statements.

**SiTime Corporation**  
**Condensed Consolidated Statements Of Stockholders' Equity**  
(In thousands)  
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
<b>Balances at June 30, 2023</b>	22,210	\$ 2	\$ 758,542	\$ (50,277)	\$ 708,267
Stock-based compensation expense	—	—	19,316	—	19,316
Net loss	—	—	—	(18,125)	(18,125)
Issuance of common stock in connection with At-The-Market offering net of underwriting discounts and commissions and other offering costs	100	—	12,535	—	12,535
Issuance of shares upon vesting of restricted stock units, net of tax withholdings	146	—	(11,651)	—	(11,651)
<b>Balances at September 30, 2023</b>	<u>22,456</u>	<u>\$ 2</u>	<u>\$ 778,742</u>	<u>\$ (68,402)</u>	<u>\$ 710,342</u>
<b>Balances at June 30, 2022</b>	21,286	\$ 2	\$ 692,402	\$ (12,120)	\$ 680,284
Stock-based compensation expense	—	—	16,400	—	16,400
Net income	—	—	—	5,783	5,783
Issuance of common stock in connection with At-The-Market offering net of underwriting discounts and commissions and other offering costs	25	—	2,919	—	2,919
Issuance of shares upon vesting of restricted stock units, net of tax withholdings	125	—	(10,944)	—	(10,944)
<b>Balances at September 30, 2022</b>	<u>21,436</u>	<u>\$ 2</u>	<u>\$ 700,777</u>	<u>\$ (6,337)</u>	<u>\$ 694,442</u>
<b>Balances at December 31, 2022</b>	21,702	\$ 2	\$ 716,343	\$ (7,865)	\$ 708,480
Stock-based compensation expense	—	—	59,493	—	59,493
Net loss	—	—	—	(60,537)	(60,537)
Issuance of common stock in connection with At-The-Market offering net of underwriting discounts and commissions and other offering costs	300	—	33,898	—	33,898
Issuance of shares upon vesting of restricted stock units, net of tax withholdings	454	—	(30,992)	—	(30,992)
<b>Balances at September 30, 2023</b>	<u>22,456</u>	<u>\$ 2</u>	<u>\$ 778,742</u>	<u>\$ (68,402)</u>	<u>\$ 710,342</u>
<b>Balances at December 31, 2021</b>	20,825	\$ 2	\$ 663,614	\$ (31,119)	\$ 632,497
Stock-based compensation expense	—	—	42,051	—	42,051
Net income	—	—	—	24,782	24,782
Issuance of common stock in connection with At-The-Market offering net of underwriting discounts and commissions and other offering costs	125	—	22,998	—	22,998
Issuance of shares upon vesting of restricted stock units, net of tax withholdings	486	—	(27,886)	—	(27,886)
<b>Balances at September 30, 2022</b>	<u>21,436</u>	<u>\$ 2</u>	<u>\$ 700,777</u>	<u>\$ (6,337)</u>	<u>\$ 694,442</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**SiTime Corporation**  
**Condensed Consolidated Statements Of Cash Flows**  
(In thousands)  
(Unaudited)

	Nine Months Ended September 30,	
	2023	2022
	As Restated	
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ (60,537)	\$ 24,782
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization expense	11,736	8,497
Stock-based compensation expense	59,225	41,795
Net change in unrealized interest on held to maturity securities	(797)	(2,241)
Changes in assets and liabilities:		
Accounts receivable, net	16,047	(6,520)
Inventories	(6,889)	(21,755)
Prepaid expenses and other assets	(6,608)	(949)
Accounts payable	(2,850)	(2,729)
Accrued expenses and other liabilities	135	(5,935)
Net cash provided by operating activities	9,462	34,945
<b>Cash flows from investing activities</b>		
Purchase of held to maturity securities	(925,089)	(519,937)
Proceeds from maturity of held to maturity securities	903,981	—
Purchase of property and equipment	(6,106)	(25,004)
Cash paid for intangibles	(3,046)	(2,969)
Net cash used in investing activities	(30,260)	(547,910)
<b>Cash flows from financing activities</b>		
Tax withholding paid on behalf of employees for net share settlement	(30,992)	(27,886)
Proceeds from public offering	34,818	23,685
Payments for offering costs	(920)	(687)
Net cash provided by (used in) financing activities	2,906	(4,888)
Net decrease in cash and cash equivalents	(17,892)	(517,853)
<b>Cash and cash equivalents</b>		
Beginning of period	34,603	559,461
End of period	\$ 16,711	\$ 41,608
<b>Supplemental disclosure of cash flow information</b>		
Income taxes paid	159	40
<b>Supplemental disclosure of noncash investing and financing activities</b>		
Unpaid property and equipment	1,641	1,830
Right-of-use assets acquired under operating leases	—	4,599

The accompanying notes are an integral part of these condensed consolidated financial statements.

**SiTime Corporation**  
**Notes To Unaudited Condensed Consolidated Financial Statements**

**Note 1. The Company and Basis of Presentation**

SiTime Corporation (the “Company”) was incorporated in the State of Delaware in December 2003. The Company is a leading provider of precision timing solutions to the global electronics industry, providing the timing functionality that is needed for electronics to operate reliably and correctly. The Company's products have been designed to address a wide range of applications across a broad array of end markets. The Company operates a fables business model and leverages its global network of distributors to address the broad set of end markets that it serves.

The accompanying interim condensed consolidated financial statements have been prepared in conformity with United States (U.S.) generally accepted accounting principles (GAAP) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X, and should be read in conjunction with the Company's audited consolidated financial statements and related notes thereto filed with the U.S. Securities and Exchange Commission (SEC) on Form 10-K for the fiscal year ended December 31, 2022. The interim financial statements are unaudited, but reflect all adjustments which are, in the opinion of management, of a normal, recurring nature necessary to provide a fair statement of results for the interim periods presented. The results of operations for the interim periods shown in this report are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2023, for any future year, or for any other future interim period.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Coronavirus Disease (“the COVID-19 pandemic”)**

The COVID-19 pandemic continued to impact the Company's workforce and the operations of its customers and suppliers during 2022. In response to the COVID-19 pandemic and related government measures, the Company implemented safety measures to protect its employees and contractors at its locations around the world. The COVID-19 pandemic has not had a significant impact on the Company in 2023.

**Principles of Consolidation**

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

**Significant Accounting Policies**

The Company's significant accounting policies are disclosed in the Company's audited consolidated financial statements and related notes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2022. There have been no changes to these accounting policies through September 30, 2023.

**Recent Accounting Pronouncements**

There are currently no new accounting pronouncements with a future effective date that are considered material, or could be material, to us.

**Restatement**

The Company's previously issued interim condensed consolidated financial statements as of and for the three and nine months ended September 30, 2023 contained a misclassification of “interest received upon maturity of held-to-maturity securities” as an investing activity instead of as an operating activity within the statement of cash flows for the nine months ended September 30, 2023.

A summary of the impact on condensed consolidated statements of cash flows for the nine months ended September 30, 2023 is as follows:

	Nine Months Ended September 30, 2023		
	As Reported	Adjustment	As Restated
	(in thousands)		
<b>Cash flows from operating activities:</b>			
Net change in unrealized interest on held to maturity securities	\$ (19,181)	\$ 18,384	\$ (797)
Net cash provided by (used in) operating activities	\$ (8,922)	\$ 18,384	\$ 9,462
<b>Cash flows from investing activities:</b>			
Proceeds from maturity of held to maturity securities	\$ 922,365	\$ (18,384)	\$ 903,981
Net cash used in investing activities	\$ (11,876)	\$ (18,384)	\$ (30,260)

## Note 2. Net Income (Loss) Per Share

The following table summarizes the computation of basic and diluted net income (loss) per share attributable to common stockholders of the Company:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands, except per share data)			
Net income (loss) attributable to common stockholders	\$ (18,125)	\$ 5,783	\$ (60,537)	\$ 24,782
Weighted-average shares outstanding				
Weighted average shares used to compute basic net income (loss) per share	22,326	21,353	22,065	21,143
Dilutive effect of employee equity incentive plans	—	1,261	—	1,545
Weighted average shares used to compute diluted net income (loss) per share	22,326	22,614	22,065	22,688
Net income (loss) attributable to common stockholders per share, basic	\$ (0.81)	\$ 0.27	\$ (2.74)	\$ 1.17
Net income (loss) attributable to common stockholders per share, diluted	\$ (0.81)	\$ 0.26	\$ (2.74)	\$ 1.09

Potential dilutive securities include dilutive common shares from share-based awards attributable to the assumed exercise of restricted stock unit awards using the treasury stock method. Under the treasury stock method, potential common shares outstanding are not included in the computation of diluted net income per share if their effect is anti-dilutive.

Anti-dilutive potential shares from share-based awards are excluded from the calculation of diluted earnings per share if either their exercise price exceeded the average market price during the period, or the share-based awards were determined to be anti-dilutive based on applying the treasury stock method. During the three months ended September 30, 2023 and 2022, the Company had 960,848 potential shares and 365,102 potential shares from share-based awards that are anti-dilutive, respectively. During the nine months ended September 30, 2023 and 2022, the Company had 1,143,888 and 265,235 potential shares from share-based awards that are anti-dilutive, respectively.

## Note 3. Fair Value Measurements

### Cash equivalents

On September 30, 2023 and December 31, 2022, highly liquid money market funds of \$0.5 million and \$3.0 million, respectively, were valued using Level 1 of the fair value hierarchy, quoted prices in active markets for identical assets, and are included in cash equivalents.

### Short-term investments in held-to-maturity securities

As of September 30, 2023 and December 31, 2022, the Company had invested in treasury bills with maturities of six months, which the Company intends to hold until maturity and has classified as held-to-maturity securities. The held-to-maturity securities are recorded at amortized cost totaling \$545.5 million with gross accrued interest of \$5.9 million and total carrying value of \$551.4 million as of September 30, 2023. As of December 31, 2022, the amortized cost of the held-to-maturity securities totaled \$524.4 million with gross accrued interest of \$5.1 million and total carrying value of \$529.5

million. These treasury bills were valued using Level 1 of the fair value hierarchy, quoted prices in active markets for identical assets, and are included in short-term investments. The carrying value of our investments is reviewed quarterly for changes in circumstances or the occurrence of events that suggests an investment may not be fully recoverable.

#### Note 4. Balance Sheet Components

##### Accounts Receivable, net

Accounts receivable, net consisted of the following:

	As of	
	September 30, 2023	December 31, 2022
	(in thousands)	
Accounts receivable, gross	\$ 25,232	\$ 41,279
Allowance for credit losses	(50)	(50)
Accounts receivable, net	<u>\$ 25,182</u>	<u>\$ 41,229</u>

##### Inventories

Inventories consisted of the following:

	As of	
	September 30, 2023	December 31, 2022
	(in thousands)	
Raw materials	\$ 18,725	\$ 17,518
Work in progress	36,469	33,687
Finished goods	9,345	6,445
Total inventories	<u>\$ 64,539</u>	<u>\$ 57,650</u>

##### Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

	As of	
	September 30, 2023	December 31, 2022
	(in thousands)	
Prepaid expenses	\$ 3,139	\$ 3,118
Other current assets	5,932	2,973
Total prepaid expenses and other current assets	<u>\$ 9,071</u>	<u>\$ 6,091</u>

##### Property and Equipment, net

Property and equipment, net consisted of the following:

	As of	
	September 30, 2023	December 31, 2022
	(in thousands)	
Lab and manufacturing equipment	\$ 78,622	\$ 73,220
Computer equipment	3,488	3,170
Furniture and fixtures	673	509
Construction in progress	6,357	5,967
Leasehold improvements	7,792	7,129
	<u>96,932</u>	<u>89,995</u>
Accumulated depreciation	(41,016)	(31,223)
Total property and equipment, net	<u>\$ 55,916</u>	<u>\$ 58,772</u>

Depreciation expense related to property and equipment was \$3.3 million and \$2.7 million for the three months ended September 30, 2023 and 2022, respectively, and \$9.8 million and \$7.2 million for the nine months ended September 30, 2023 and 2022, respectively.

### Intangible Assets, net

Intangible assets, net consisted of the following:

	As of					
	September 30, 2023			December 31, 2022		
	(in thousands)					
	Gross Assets	Accumulated Amortization	Net Assets	Gross Assets	Accumulated Amortization	Net Assets
Internal use software	\$ 9,434	\$ (9,133)	\$ 301	\$ 9,434	\$ (8,833)	\$ 601
Purchased software	14,839	(9,475)	5,364	12,583	(7,979)	4,604
Intangible assets	<u>\$ 24,273</u>	<u>\$ (18,608)</u>	<u>\$ 5,665</u>	<u>\$ 22,017</u>	<u>\$ (16,812)</u>	<u>\$ 5,205</u>

Amortization expense for intangible assets was \$0.7 million and \$0.5 million for the three months ended September 30, 2023 and 2022, respectively, and \$1.9 million and \$1.3 million for the nine months ended September 30, 2023 and 2022, respectively.

The estimated aggregate future amortization expense for intangible assets subject to amortization as of September 30, 2023 is summarized as below:

	(in thousands)
2023 (remainder)	\$ 660
2024	1,965
2025	954
2026	616
2027	409
2028 and beyond	1,061
	<u>\$ 5,665</u>

### Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	As of	
	September 30, 2023	December 31, 2022
	(in thousands)	
Accrued payroll and related benefits	\$ 5,754	\$ 6,109
Revenue reserves	3,047	1,840
Deferred non-recurring engineering services	3,053	2,689
Short term lease liability	2,572	2,485
Other accrued expenses	4,534	5,790
Total accrued expenses and other current liabilities	<u>\$ 18,960</u>	<u>\$ 18,913</u>

The Company recorded reductions to research and development expenses related to non-recurring engineering service arrangements in the condensed consolidated statements of operations of \$0.2 million and \$2.9 million during the three months ended September 30, 2023 and 2022, respectively, and \$1.9 million and \$7.7 million during the nine months ended September 30, 2023 and 2022, respectively.

### Note 5. Leases

The Company leases real estate property under operating leases. The Company leases office space in California, Michigan, Malaysia, Japan, Taiwan, the Netherlands, Finland, and Ukraine all under non-cancellable operating leases with various expiration dates through May 2029.

The remaining lease terms vary from a few months to 6 years. For certain of its leases the Company has options to extend the lease term for periods varying from one to five years. These renewal options are not considered in the remaining lease term unless it is reasonably certain that the Company will exercise such options. The Company also has variable lease payments that are primarily comprised of common area maintenance and utility charges.

The table below presents the lease-related assets and liabilities recorded on the condensed consolidated balance sheets as of September 30, 2023 and December 31, 2022:

	As of	
	September 30, 2023	December 31, 2022
(in thousands)		
Right-of-use assets	\$ 8,854	\$ 10,848
Lease liabilities included in accrued expenses and other current liabilities	2,572	2,485
Lease liabilities - non-current	6,065	8,149
Total operating lease liabilities	<u>\$ 8,637</u>	<u>\$ 10,634</u>
Weighted-average remaining lease term (years)	3.3	4.0
Weighted-average discount rate	4.5 %	4.6 %

The table below presents certain information related to the lease costs for operating leases for the three and nine months ended September 30, 2023 and 2022:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
(in thousands)				
Operating lease cost	\$ 754	\$ 710	\$ 2,272	\$ 1,970
Short-term lease cost	209	381	521	1,213
Variable lease cost	194	212	632	566
Total lease cost	<u>\$ 1,157</u>	<u>\$ 1,303</u>	<u>\$ 3,425</u>	<u>\$ 3,749</u>

Cash paid for operating lease liabilities was \$0.8 million and \$0.6 million for the three months ended September 30, 2023 and 2022, respectively.

Cash paid for operating lease liabilities was \$2.3 million and \$1.8 million for the nine months ended September 30, 2023 and 2022, respectively.

### Operating Lease Cash Flows

The table below reconciles the undiscounted cash flows for each of the first five years and total of the remaining years to the operating lease liabilities recorded on the condensed consolidated balance sheet as of September 30, 2023:

	(in thousands)
Remainder of 2023	\$ 637
2024	3,016
2025	2,688
2026	2,167
2027	627
2028 and beyond	190
Total minimum lease payments	<u>9,325</u>
Less: amount of lease payments representing interest	(688)
Present value of future minimum lease payments	8,637
Less: current obligations under leases	(2,572)
Long-term lease liabilities	<u>\$ 6,065</u>

## Note 6. Stockholders' Equity

### At-The-Market offering

On May 4, 2022, the Company entered into a Sales Agreement ("Sales Agreement"), with Stifel, Nicolaus & Company, Incorporated ("Stifel"), under which the Company may offer and sell from time to time at its sole discretion, up to an aggregate of 800,000 shares of its common stock, par value \$0.0001 per share, through Stifel as its sales agent. The Company intends to use the net proceeds from the shares of common stock offered and sold to primarily replenish funds expended to satisfy anticipated tax withholding and remittance obligations related to the net settlement upon vesting of restricted stock unit awards ("RSU") granted to employees under the equity incentive plans. The Company has filed a prospectus supplement pursuant to the Sales Agreement for the offer and sale of up to an aggregate of 800,000 shares of its common stock. Subject to the terms and conditions of the Sales Agreement, Stifel will sell the common stock from time to time, based upon instructions from the Company. The Company agreed to pay Stifel a commission of up to 3% of the gross sales proceeds of any common stock sold through Stifel under the Sales Agreement.

During the three months ended September 30, 2023, the Company sold 100,000 shares of its common stock through Stifel under the Sales Agreement at a weighted average price of \$128.42 per share resulting in net proceeds to the Company of \$12.5 million, after deducting underwriting discounts and commissions of \$0.2 million and deferred offering costs of \$0.1 million. During the nine months ended September 30, 2023, the Company sold 300,000 shares of its common stock through Stifel under the Sales Agreement at a weighted average price of \$116.06 per share resulting in net proceeds to the Company of \$33.9 million, after deducting underwriting discounts and commissions of \$0.7 million and deferred offering costs of \$0.2 million.

### Equity Incentive Plans

The following table summarizes the RSU, performance based restricted stock units ("PRSU"), and multi-year performance restricted stock units ("MYPSU") activity for the three and nine months ended September 30, 2023:

	RSU Number of Shares	Grant Date Fair Value per share	PRSU Number of Shares	Grant Date Fair Value per share	MYPSU Number of Shares	Grant Date Fair Value per share
<b>Unvested at December 31, 2022</b>	1,717,994	\$ 73.6	58,954	\$ 261.4	311,872	\$ 88.6
Granted	368,363	123.1	122,466	145.5	—	—
Vested	(234,633)	56.6	—	—	—	—
Forfeited	(27,792)	67.4	(58,954)	261.4	—	—
<b>Unvested at March 31, 2023</b>	<u>1,823,932</u>	\$ 82.8	<u>122,466</u>	\$ 145.5	<u>311,872</u>	\$ 88.6
Granted	60,333	111.3	—	—	—	—
Vested	(254,997)	66.5	—	—	—	—
Forfeited	(55,170)	177.3	(6,106)	145.5	—	—
<b>Unvested at June 30, 2023</b>	<u>1,574,098</u>	\$ 88.9	<u>116,360</u>	\$ 145.5	<u>311,872</u>	\$ 88.6
Granted	55,099	124.7	—	—	—	—
Vested	(240,774)	54.0	—	—	—	—
Forfeited	(10,502)	162.6	—	—	—	—
<b>Unvested at September 30, 2023</b>	<u>1,377,921</u>	\$ 95.9	<u>116,360</u>	\$ 145.5	<u>311,872</u>	\$ 88.6

On August 4, 2020, the Compensation Committee of the Company adopted and approved the Executive Bonus and Retention Plan (the "Bonus and Retention Plan"). The Compensation Committee approved target bonus amounts and performance goals for the second half of the fiscal year 2022 (the "2022 Goals") in August 2022 and approved the achievement of the 2022 Goals in February 2023. Actual payouts for the 2022 Goals ranged from 44% to 89% of target, based on performance. In February 2023, the Compensation Committee approved target bonus amounts for the fiscal year 2023 (the "2023 Goals"). The 2022 Goals and the 2023 Goals are based on the achievement of revenue and Non-GAAP operating profit, as well as individual performance goals. The awards for the actual payouts are granted in the quarter following the end of the performance period. The target bonuses were granted based on a fixed dollar amount to be settled in RSUs on the vesting date and hence the awards have been classified as liability-based awards until settled. Such expense is included in the non-cash adjustment within stock-based compensation expense on the condensed consolidated cash flow statements. The liability of \$0.6 million for 2023 Goals and \$0.8 million for 2022 Goals was recorded as accrued expenses

and other current liabilities in the condensed consolidated balance sheets as of September 30, 2023 and December 31, 2022 respectively.

In December 2021, the Compensation Committee of the Company approved PRSUs with performance goals for the year 2022 (the "PRSU 2022 Goals"). The PRSU 2022 Goals were based on the achievement of a revenue goal. These grants were not earned and were cancelled in February 2023.

In February 2022, the Compensation Committee of the Company approved and granted to certain of the Company's executive officers MYPSUs with vesting based on achievement of stock price targets, which are measured based on the 60-trading day average per share closing price of the Company's common stock on the Nasdaq Global Market during the performance periods of up to six years from the date of grant, subject to the continued service of the grantee through the vest date. The grant-date fair value of each MYPSU was determined using Monte Carlo simulation model. The assumptions used in the Monte Carlo simulation included expected volatility of 44.4%, risk free rate of 1.83%, no expected dividend yield, expected term of six years and possible future stock prices over the performance period based on historical stock and market prices. The Company recognizes the expense related to the MYPSUs on a graded-vesting method over the requisite service period.

In April 2022, the Company approved a bonus plan for certain employees. The target bonuses are granted based on a fixed dollar amount to be settled in RSUs in the quarter following the end of the performance period. Due to the fixed dollar amount targets, the awards have been classified as liability-based awards until settled. Once settled, these awards are reflected as RSU granted in the above table. Such expense is included in the non-cash adjustment within stock-based compensation expense on the condensed consolidated cash flow statements. The liability of \$0.8 million and \$0.8 million was recorded as accrued expenses and other current liabilities in the condensed consolidated balance sheets as of September 30, 2023 and December 31, 2022 respectively.

In February 2023 and March 2023, the Compensation Committee of the Company approved PRSUs for the year 2023 with performance goals based on the achievement of revenue over a one year performance period (the "PRSU 2023 Goals") and achievement of relative total stockholder return with a two year performance period (the "2023 TSR PRSU Goals"). The grant-date fair value of each PRSU with 2023 TSR PRSU Goals was determined using Monte Carlo simulation model. The assumptions used in the Monte Carlo simulation included expected volatility of 84.0% and 83.8%, risk free rate of 4.67% and 4.05%, no expected dividend yield and expected term of 1.9 years and 1.8 years for the awards approved in February 2023 and March 2023 respectively. The Company recognizes the expense related to the PRSUs with PRSU 2023 Goals and PRSUs with 2023 TSR PRSU Goals on a graded-vesting method over the requisite performance period. These grants are included in the PRSU awards granted in the table above.

## Stock-Based Compensation

The following table presents the detail of stock-based compensation expense amounts included in the condensed consolidated statement of operations for each of the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
<b>Equity based awards</b>				
Cost of revenue	\$ 725	\$ 337	\$ 2,050	\$ 1,259
Research and development	7,375	6,934	24,386	16,634
Selling, general and administrative	10,385	7,199	29,940	20,740
	<u>\$ 18,485</u>	<u>\$ 14,470</u>	<u>\$ 56,376</u>	<u>\$ 38,633</u>
<b>Liability based awards - to be settled in equity</b>				
Cost of revenue	\$ 23	\$ 28	\$ 51	\$ 91
Research and development	481	663	1,484	1,550
Selling, general and administrative	540	542	1,314	1,521
	<u>\$ 1,044</u>	<u>\$ 1,233</u>	<u>\$ 2,849</u>	<u>\$ 3,162</u>
<b>Total stock-based compensation - equity and liability based</b>	<u>\$ 19,529</u>	<u>\$ 15,703</u>	<u>\$ 59,225</u>	<u>\$ 41,795</u>
Stock-based compensation expense recorded to additional paid-in capital				
Equity based awards	\$ 18,485	\$ 14,470	\$ 56,376	\$ 38,633
Liability based awards - settled in equity	831	1,930	3,117	3,418
<b>Total stock-based compensation expense recorded to additional paid-in capital</b>	<u>\$ 19,316</u>	<u>\$ 16,400</u>	<u>\$ 59,493</u>	<u>\$ 42,051</u>

The following table presents the unrecognized compensation costs and related weighted average period of recognition as of September 30, 2023:

	As of September 30, 2023	
	Unrecognized Compensation Costs (in millions)	Weighted Average Period of Recognition (in years)
RSUs	\$ 111.4	1.9
PRSUs	\$ 7.4	1.4
MYPSUs	\$ 12.2	1.3
Liability-based awards	\$ 1.1	0.2

## Note 7. Income Taxes

The quarterly provision for income taxes is based on applying the estimated annual effective tax rate to the year to date pre-tax income, plus any discrete items. The Company updates its estimate of its annual effective tax rate at the end of each quarterly period. The estimate takes into account annual forecasted income before income taxes, the geographic mix of income before income taxes and any significant permanent tax items.

The following table presents the provision for income taxes and the effective tax rates for the three and nine months ended September 30, 2023 and 2022:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Income (loss) before income taxes	\$ (18,076)	\$ 5,786	\$ (60,395)	\$ 24,905
Income tax expense	(49)	(3)	(142)	(123)
Effective tax rate	0 %	0 %	0 %	0 %

The Company's effective tax rate may vary from the U.S. federal statutory tax rate due to the change in the mix of earnings in tax jurisdictions with different statutory rates, benefits related to tax credits and the tax impact of non-deductible expenses, existence of full valuation allowance on its deferred tax assets, and other permanent differences between income before income taxes and taxable income.

A valuation allowance is established or maintained when, based on currently available information and other factors, it is more likely than not that all or a portion of the deferred tax assets will not be realized. The Company regularly assesses its valuation allowance against deferred tax assets on a jurisdiction by jurisdiction basis. The Company considers all available positive and negative evidence, including future reversals of temporary differences, projected future taxable income, tax planning strategies and recent financial results. Based on management's assessment of the realizability of deferred tax assets, the Company continues to maintain a full valuation reserve on its deferred tax assets as of September 30, 2023.

The income tax provision was less than \$0.1 million for both the three and nine months ended September 30, 2023 and 2022. The effective tax rate was less than 1% for both the three and nine months ended September 30, 2023 and 2022. The provision for income taxes primarily comes from the foreign subsidiaries' local country obligations. The U.S. effective tax rate is less than 1% and is due to minimum state tax. There is no federal provision for income taxes as the Company has sufficient carryforward of net operating losses to offset any operating income earned since inception and has projected an operating loss in the current year.

As of September 30, 2023 and December 31, 2022, the Company had \$2.3 million and \$2.3 million, respectively, of total unrecognized tax benefits. If the Company is able to eventually recognize these uncertain tax positions, none of the unrecognized benefits would reduce the Company's effective tax rate due to the full valuation allowance on the Company's deferred tax assets.

The Company's policy is to record interest and penalties related to unrecognized tax benefits as income tax expense. For the three and nine months ended September 30, 2023 and 2022, the Company recorded immaterial amounts related to the accrual of interest and penalties.

#### Note 8. Segment, Geographic and Customer Information

The Company operates in one reportable segment related to the sale of precision timing solutions to the global electronics industry.

Revenue by geographic area is presented based upon the ship-to location of the customers who purchased the Company's products which may be different from the geographic locations of the ultimate end customers. The following table sets forth revenue by country for countries with 10% or more of the Company's revenue during any of the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Taiwan	\$ 13,181	\$ 26,730	\$ 29,085	\$ 74,347
Hong Kong	8,673	16,547	21,519	48,425
United States	3,868	10,157	15,493	26,177
Singapore	3,110	5,965	10,558	17,094
Other	6,688	13,696	24,935	56,723
Total	\$ 35,520	\$ 73,095	\$ 101,590	\$ 222,766

The following table sets forth the Company's total property and equipment attributable to operations by country as of the periods presented:

	As of	
	September 30, 2023	December 31, 2022
	(in thousands)	
United States	\$ 23,614	\$ 24,211
Malaysia	15,665	18,524
Taiwan	6,453	5,570
Other	10,184	10,467
	\$ 55,916	\$ 58,772

## Note 9. Commitments and Contingencies

### Legal Matters

From time to time, the Company may be a party to various litigation claims in the normal course of business. Legal fees and other costs associated with such actions are expensed as incurred. The Company assesses, in conjunction with legal counsel, the need to record a liability for litigation and contingencies. Accrual estimates are recorded when and if it is determined that such a liability for litigation and contingencies are both probable and reasonably estimable.

### Indemnification

The Company is a party to a variety of agreements pursuant to which it may be obligated to indemnify other parties to such agreements with respect to certain matters. Typically, these obligations arise in the context of contracts that the Company has entered into, under which the Company customarily agrees to hold the other party harmless against losses arising from a breach of representations and covenants or terms and conditions related to such matters as the sale and/or delivery of its products, title to assets sold, certain intellectual property claims, defective products, and specified environmental matters. Further, the Company's obligations under these agreements may be limited in terms of time, amount, or the scope of its responsibility and in some instances, the Company may have recourse against third-parties for certain payments made under these agreements. It is not possible to predict the maximum potential amount of future payments under these agreements due to the conditional nature of the Company's obligations and the unique facts and circumstances involved in each particular agreement. Historically, the Company has had no material indemnification claims under these agreements.

## Note 10. Related Party Transactions

MegaChips Corporation is the largest stockholder of the Company and held approximately 20.9% and 23.0% of the Company's outstanding common stock as of September 30, 2023 and December 31, 2022, respectively.

In May 2021, the Company signed a consulting agreement with Akira Takata, a member of the Board of Directors of the Company, to provide sales consulting services through December 31, 2021, for which he received monthly cash fees of \$5,000, reimbursement of expenses, and an equity award of 500 RSUs that fully vested on November 20, 2021. In December 2021, the Company signed an amendment to extend the consulting agreement with Mr. Takata through December 31, 2022, for which he continued to receive the monthly cash fees and reimbursement of expenses, and an equity award of 300 RSUs that fully vested on November 20, 2022.

## Note 11. Subsequent Events

On October 30, 2023, the Company entered into a Master Framework Agreement (the "Master Framework Agreement") with Ningbo Aura Semiconductor Co., Ltd., a limited liability company incorporated under the laws of People's Republic of China, Aura Semiconductor Pvt. Ltd., a company incorporated under the laws of India, Shaoxing Yuanfang Semiconductor Co Ltd., a limited liability company incorporated under the laws of People's Republic of China ("PRC"), Aura Semiconductor Limited, a limited company incorporated and existing under the laws of Hong Kong, and Aim Core Holdings Limited, a company organized and existing under the laws of British Virgin Islands (each an "Aura Entity" and collectively, the "Aura Entities"), pursuant to which the Company agreed to purchase certain assets of the Aura Entities and license certain intellectual property of the Aura Entities relating to the timing products of the Aura Entities.

The Master Framework Agreement provides the Company with an exclusive worldwide, irrevocable, perpetual, and transferable license to certain intellectual property of the Aura Entities and to use, make, have made, sell and offer for sale (whether directly or indirectly), import, and otherwise exploit, commercialize, and dispose of any product or services using

such intellectual property (the “License”). The intellectual property that is the subject of the License relates to the timing products of the Aura Entities.

The intellectual property underlying the License which will be delivered on an ongoing and periodic basis commencing on the closing date through July 2025. The purchase price for the transaction will be approximately \$148 million in cash, with approximately \$36 million being paid at closing and the remaining amounts being paid on a periodic basis upon and subject to the Aura Entities delivering to the Company products that meet certain specified criteria and contain the licensed intellectual property. The consideration payable for the transaction also includes potential earnout payments based on agreed multiples of net revenue generated by sales by the Company of products containing licensed intellectual property through calendar year 2028, up to a maximum amount of \$120 million.

The transaction is subject to closing conditions and is currently expected to close by the end of fiscal year 2023.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements and the related notes that appear elsewhere in this document.

The following information has been updated as a result of the amendment and restatement of this Quarterly Report on Form 10-Q/A as described in the “Explanatory Note” at the beginning of this Form 10-Q/A. For further detail regarding the restatement, also see Note 1 “The Company and Basis of Presentation,” in the Notes to Unaudited Condensed Consolidated Financial Statements of this Form 10-Q/A and Part I, Item 4 “Controls and Procedures.”

The information in this Quarterly Report on Form 10-Q/A contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (“Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”), which are subject to the “safe harbor” created by those sections. These forward-looking statements reflect our management’s beliefs and views with respect to future events and are based on estimates and assumptions as of the date of this report and are subject to risks and uncertainties. We may, in some cases, use words such as “anticipate,” “believe,” “could,” “continue,” “estimate,” “expect,” “intend,” “may,” “objective,” “plan,” “potential,” “predict,” “project,” “should,” “will,” “would,” or the negative of those terms, and similar expressions that convey uncertainty of future events or outcomes to identify these forward-looking statements. Forward-looking statements in this report include, but are not limited to, statements regarding:

- our plans to focus on oscillators, clock ICs, resonators and timing synchronization solutions and to expand our presence in these markets;
- our expectations regarding our ability to address market and customer demands and to develop new or enhanced solutions to meet those demands in a timely manner;
- anticipated trends, challenges and growth in our business and the markets in which we operate, including pricing expectations;
- our expectations regarding our revenue, average selling prices, gross margin, and expenses;
- our expectations regarding the effects of macroeconomic events in 2023;
- our expectations regarding dependence on a limited number of customers and end customers;
- our customer relationships and our ability to retain and expand our customer relationships and to achieve design wins;
- our expectations regarding the success, cost, and timing of new products;
- the size and growth potential of the markets for our solutions, and our ability to serve and expand our presence in those markets;
- our plans to expand sales and marketing efforts through increased collaboration with our distributors and contracted sales representatives, and our plans to grow direct online sales through our self-service online store;
- our expectations to identify new customers and deliver differentiated precision timing solutions to them;
- our goal to become the leading provider of precision timing solutions;
- our positioning of being designed into current systems as well as future products;
- our belief that our advanced packaging designs can enable the smallest footprints in the industry and provide higher system performance;
- our expectations regarding competition in our existing and future markets;
- the impact the COVID-19 pandemic will have on our business, employees, revenue and other operating results, liquidity, and cash flows, and its impact on the businesses of our suppliers and customers, and our anticipated responses thereto;
- our expectations regarding regulatory developments in the United States and foreign countries;
- our expectations regarding the performance of, and our relationships with, our third-party suppliers and manufacturers;
- our expectations regarding our and our customers’ ability to respond successfully to technological or industry developments;

- our expectations regarding our ability to attract and retain key personnel;
- our expectations regarding intellectual property and related litigation;
- our belief as to the sufficiency of our existing cash and cash equivalents and short-term investment funds to meet our cash needs for at least the next 12 months and our future capital requirements over the longer term;
- the adequacy and availability of our leased facilities;
- the accuracy of our estimates regarding capital requirements and needs for additional financing.

In addition, any statements contained herein that are statements regarding events or results that may occur in the future may be deemed to be forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those expected or referenced in these forward-looking statements. These risks and uncertainties include, but are not limited to, those risks discussed in Part II, Item 1A Risk Factors of this report. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our 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 we may make. Given these uncertainties, you should not place undue reliance on these forward-looking statements. We qualify all of the forward-looking statements in this report by these cautionary statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, levels of activity, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update publicly any forward looking statements for any reason after the date of this report to conform these statements to actual results or to changes in our expectations, except as required by law.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

## **Overview**

SiTime is a leading provider of precision timing solutions to the global electronics industry. Our precision timing solutions are the heartbeat of our customers’ electronic systems, providing the timing functionality that is needed for electronics to operate reliably and correctly. We provide precision timing solutions that are differentiated by high performance, high resilience, and high reliability, along with programmability, small size, and low power consumption. Our products have been designed into over 300 applications across our target markets, including communications and enterprise, automotive, industrial, aerospace, mobile, IoT and consumer. Our current solutions include various types of oscillators, clocks, and resonators. Our all-silicon solutions are based on three fundamental areas of expertise: micro-electro-mechanical systems (“MEMS”), analog mixed-signal circuit design, and advanced system-level integration and packaging.

The ability to accurately measure and reference time has been essential to many of humankind’s greatest inventions and technological advances. Timing technology has continued to evolve over centuries, and has been instrumental in broader technological advancement. Timing is the heartbeat of digital electronic systems, ensuring that the system runs smoothly and reliably, by providing and distributing clock signals to various critical components such as CPUs, communication and interface chips, and radio frequency components. As electronics evolve to deliver higher performance levels, even in increasingly challenging environments, while also being more complex and space-constrained, we believe they will require more sophisticated timing solutions, and precision timing, a category that SiTime created, fills this need.

At the heart of SiTime’s precision timing solutions are our micro-electro-mechanical systems (“MEMS”), analog/mixed-signal, and systems technologies. All of our oscillators and clocks contain MEMS and analog die, co-packaged in plastic, ceramic, or chip-scale packages. We have a deep understanding of mechanical, electrical, and thermal properties of materials, which is a key requirement for developing our proprietary MEMS processes. To maximize MEMS first-silicon success, we have also developed our own MEMS simulation tools. Our analog/mixed-signal die are developed using industry-standard processes and deliver high levels of performance using programmable phase-locked loops, temperature sensors, regulators, data converters, drivers and other building blocks.

Commercial shipments of SiTime’s oscillator products began in 2006. Historically, our revenue has been substantially delivered from sales of oscillators across our target end markets. In addition to oscillators, we have expanded our products to include clock IC and timing sync solutions. We seek to expand our presence in our end markets across all product categories.

We sell our products primarily through distributors in Asia, who in turn sell to our end customers. We also sell products directly to some of our end customers. Based on sell-through information provided by our distributors, we believe the majority of our end customers are headquartered in the U.S. We leverage our global network of distributors to address the broad set of end markets we serve. For our largest accounts, dedicated sales personnel work with the end customer to ensure that our solutions fully address the end customer’s timing needs. Our smaller customers can select the optimum timing solution for their needs by working directly with our sales personnel or our distributors or by shopping on our online store, SiTimeDirect™.

We operate a fabless business model, allowing us to focus on the design, sales, and marketing of our products, quickly scale production, and significantly reduce our capital expenditures by using the semiconductor industry manufacturing infrastructure. A fabless infrastructure gives us production flexibility and the ability to scale capacity up and down quickly to meet demand. Our programmable architecture also plays a key role in ensuring optimal production flexibility, as it allows us to offer shorter lead times and the ability to meet custom requirements more easily.

Since our initial public offering in November 2019, while our revenue has grown, gross margins have improved, and new opportunities for growth for our business have emerged, adverse macroeconomic events including geopolitical tensions and conflicts have substantially increased. In 2021 and the first half of 2022, there were a number of industry-wide supply constraints affecting the supply of analog circuits manufactured by certain foundries, including Taiwan Semiconductor Manufacturing Company ("TSMC"), and affecting outsourced semiconductor assembly and test providers. In addition, in 2022, macroeconomic events such as rising inflation, fear of recession, equity market volatility, geopolitical tensions, war, decreased consumer spending, lower demand for electronic products following a period of strong demand during the COVID-19 pandemic, supply chain disruptions, and the COVID-19 pandemic measures implemented in China, harmed sales of our products and results of operations and continue to negatively affect sales of our products and results of operations in 2023. We believe that many of our customers built up inventory in our products in 2022 to overcome the industry-wide supply constraints that occurred in the previous periods. We also believe that the macroeconomic events in 2022 led to reduced demand for our customers' products, which led to an inventory buildup at many of our customers, including distributors and their affiliates, partners and contract manufacturers. These inventory buildups at our customers have adversely affected sales of our products and we believe that this will continue until the inventory buildups are reduced and demand increases. The inventory buildups at many of our customers, including distributors and their affiliates, partners, and contract manufacturers could result in significant decreases in our sales, margins, and could materially harm our results of operations. The future effects of macroeconomic events on our business and results of operations, including inventory levels at our customers and their affiliates, partners, and contract manufacturers as well as demand for our products, are uncertain and difficult to predict. For additional discussion please see Part II, Item 1A Risk Factors of this report, especially the risk factor titled “Global macroeconomic conditions have harmed and may continue to harm our business” and “Our revenue and operating results may fluctuate from period to period, which could cause our stock price to fluctuate.”

We have employees in Finland, France, Germany, Japan, Korea, Malaysia, the Netherlands, Taiwan, Ukraine, and the U.S.

### **Impact of COVID-19 on our Business**

The COVID-19 pandemic continued to impact our workforce and the operations of our customers and suppliers during 2022. In response to the ongoing COVID-19 pandemic and related government measures, we implemented safety measures to protect our employees and contractors at our locations around the world. The COVID-19 pandemic has not had a significant impact on the Company in 2023.

### **Results of Operations**

#### **Revenue**

We derive revenue primarily from sales of precision timing solutions to distributors who in turn sell to our end customers. We also sell products directly to some of our end customers. Our sales are made pursuant to standard purchase orders which may be cancelled, reduced, or rescheduled, with little or no notice. We recognize product revenue upon shipment

when we satisfy our performance obligations as evidenced by the transfer of control of our products to customers. We measure revenue based on the amount of consideration we expect to be entitled to in exchange for products.

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
	(in thousands except percentage)				(in thousands except percentage)			
Revenue	\$ 35,520	\$ 73,095	\$ (37,575)	(51 %)	\$ 101,590	\$ 222,766	\$ (121,176)	(54 %)

Revenue decreased by \$37.6 million, or 51.4%, for the three months ended September 30, 2023 compared to the same period in the prior year. The decrease was primarily related to a decrease in sales volume as well as decrease in average selling prices ("ASPs") of our products. Lower sales volume was driven by excess inventory buildup at many of our customers, including our largest end customer, distributors and their affiliates, partners, and contract manufacturers, and lower demand for our products due to macroeconomic conditions. Lower ASPs of our products was related to change in mix of the products we shipped.

Revenue decreased by \$121.2 million, or 54.4%, for the nine months ended September 30, 2023 compared to the same period in the prior year. The decrease was primarily related to a decrease in sales volume as well as decrease in ASPs. Lower sales volume was driven by excess inventory buildup at many of our customers, including our largest end customer, distributors and their affiliates, partners, and contract manufacturers, and lower demand for our products due to macroeconomic conditions. Lower ASPs of our products was related to change in mix of the products we shipped.

Sales attributable to our largest end customer through multiple distributors accounted for 37% and 25% of our revenue for the three months ended September 30, 2023 and 2022, respectively, and 19% and 19% of our revenue for the nine months ended September 30, 2023 and 2022. Our end customers predominantly purchase our products from distributors. Our top three customers by revenue, which are distributors, together accounted for approximately 61% and 55% of our revenue for the three months ended September 30, 2023 and 2022, respectively, and 50% and 45% of our revenue for the nine months ended September 30, 2023 and 2022, respectively. Revenue attributable to our largest ten end customers accounted for 60% and 80% of our revenue for the three months ended September 30, 2023 and 2022, respectively, and 46% and 72% of our revenues for the nine months ended September 30, 2023 and 2022, respectively.

### Cost of Revenue, Gross Profit, and Gross Margin

Cost of revenue consists of wafers acquired from third-party foundries, assembly, packaging, and test cost of our products paid to third-party contract manufacturers, and personnel and other costs associated with our manufacturing operations. Cost of revenue also includes depreciation of production equipment, inventory write-downs, amortization of internally developed software, shipping and handling costs, and allocation of overhead and facility costs. We also include credits for rebates received from foundries to cost of revenue.

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
	(in thousands except percentage)				(in thousands except percentage)			
Cost of Revenue	\$ 15,603	\$ 25,799	\$ (10,196)	(40 %)	\$ 43,195	\$ 77,563	\$ (34,368)	(44 %)
Gross Profit	\$ 19,917	\$ 47,296	\$ (27,379)	(58 %)	\$ 58,395	\$ 145,203	\$ (86,808)	(60 %)
Gross Margin	56 %	65 %			57 %	65 %		

Gross profit decreased by \$27.4 million in the three months ended September 30, 2023 compared to the same period in the prior year. Gross profit decreased \$28.6 million mainly from lower revenue. This decrease was partially offset by lower other manufacturing and overhead costs of \$1.2 million.

Gross profit decreased by \$86.8 million in the nine months ended September 30, 2023 compared to the same period in the prior year. Gross profit decreased \$90.7 million mainly from lower revenue. This decrease was partially offset by lower other manufacturing and overhead costs of \$3.9 million.

Gross margin was lower by 9% in the three months ended September 30, 2023 compared to the same period in the prior year. Of the decrease, 6% was mainly due to lower sales causing an unfavorable absorption of our manufacturing overhead costs and the additional 3% decline was contributed by lower ASP for the quarter.

Gross margin was lower by 8% in the nine months ended September 30, 2023 compared to the same period in the prior year. Of the decrease, 6% was mainly due to lower sales causing an unfavorable absorption of our manufacturing overhead costs and the additional 2% decline was contributed by lower ASP for the nine months ended September 30, 2023.

Gross margin may fluctuate from time to time due to a variety of factors. For additional discussion please see Part I, Item 1A Risk Factors of this report, especially the risk factor titled “Our gross margins may fluctuate due to a variety of factors, which could negatively impact our results of operations and our financial condition.”

## Operating Expenses

Our operating expenses consist of research and development, sales and marketing, and general and administrative expenses. Personnel costs are the most significant component of our operating expenses and consist of salaries, benefits, bonuses, stock-based compensation, and commissions. Our operating expenses also include consulting costs, allocated costs of facilities, information technology and depreciation.

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
	(in thousands except percentage)				(in thousands except percentage)			
Operating Expenses:								
Research and development	\$ 23,647	\$ 23,878	\$ (231)	(1 %)	\$ 74,671	\$ 66,490	\$ 8,181	12 %
Selling, general and administrative	21,447	19,886	1,561	8 %	63,456	56,839	6,617	12 %
Total operating expenses	\$ 45,094	\$ 43,764	\$ 1,330	3 %	\$ 138,127	\$ 123,329	\$ 14,798	12 %

## Research and Development

Our research and development efforts are focused on the design and development of precision timing solutions. Our research and development expense consists primarily of personnel costs, which include stock-based compensation, pre-production engineering mask costs, software license and intellectual property expenses, design tools and prototype-related expenses, facility costs, supplies, professional and consulting fees, and allocated overhead costs, which may be offset by non-recurring engineering contra-expenses recorded in certain periods. There is no assurance that we will have non-recurring engineering contra-expense from period to period. We expense research and development costs as incurred. We believe that continued investment in our products and services is important for our future growth and acquisition of new customers and, as a result, we expect our research and development expenses to continue to increase in absolute dollars. However, we expect our research and development expenses to fluctuate as a percentage of revenue from period to period depending on the timing of these expenses.

Research and development expense decreased by \$0.2 million, or 1%, for the three months ended September 30, 2023 compared to the same period in the prior year, primarily due to lower engineering spend towards ongoing new product development of \$3.1 million and lower personnel costs of \$0.7 million, offset by a decrease in non-recurring engineering contra-expense recognized of \$2.7 million, an increase in depreciation and amortization of lab equipment and licenses of \$0.6 million, and an increase in stock-based compensation expense of \$0.3 million.

Research and development expense increased by \$8.2 million, or 12%, for the nine months ended September 30, 2023 compared to the same period in the prior year, primarily due to an increase in stock-based compensation expense of \$7.7 million, a decrease in non-recurring engineering contra-expense recognized of \$5.7 million, higher personnel costs of \$1.7 million due to increased headcount and an increase in depreciation and amortization of lab equipment and licenses of \$2.4 million, and offset by lower engineering spend towards ongoing new product development of \$9.3 million.

There is no guarantee we will enter into a non-recurring engineering arrangement or recognize such contra-expense in any future period.

## Sales, General and Administrative

Sales, general and administrative expense consists of personnel costs, including stock-based compensation, professional and consulting fees, accounting and audit fees, legal costs, field application engineering support, travel costs, advertising expenses and allocated overhead costs. We expect sales, general and administrative expenses to continue to increase in absolute dollars as we increase our personnel and grow our operations, although it may fluctuate as a percentage of revenue from period to period depending on the timing of these expenses.

Selling, general and administrative expense increased by \$1.6 million, or 8%, for the three months ended September 30, 2023 compared to the same period in the prior year, primarily due to higher stock-based compensation expense of \$3.2

million, partially offset by reduction in sales commission payouts by \$0.7 million due to lower sales, lower personnel costs of \$0.4 million, and lower consulting fees of \$0.6 million.

Selling, general and administrative expense increased by \$6.6 million, or 12%, for the nine months ended September 30, 2023 compared to the same period in the prior year, primarily due to higher stock-based compensation expense of \$9.0 million, higher personnel costs of \$0.4 million, offset by reduction in sales commission payouts by \$2.2 million due to lower sales and lower advertising spend of \$0.5 million.

### Interest Income

Interest income consists primarily of interest income on short term investments.

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
	(in thousands except percentage)				(in thousands except percentage)			
Interest Income	\$ 7,333	\$ 2,492	\$ 4,841	194 %	\$ 19,629	\$ 3,295	\$ 16,334	496 %

Interest income increased by \$4.8 million for the three months ended September 30, 2023, compared to the same period in the prior year due to an increase in interest rates in the current year.

Interest income increased by \$16.3 million for the nine months ended September 30, 2023, compared to the same period in the prior year as the Company started investing its cash in treasury bills only in the second quarter of fiscal year 2022 and received interest payments at higher interest rates from the treasury bills during the nine months ended September 30, 2023.

### Other Expense, net

Other expense, net consists primarily of foreign exchange gains and losses.

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
	(in thousands except percentage)				(in thousands except percentage)			
Other expense, net	\$ (232)	\$ (238)	\$ 6	(2 %)	\$ (292)	\$ (264)	\$ (28)	11 %

Other expense, net, was essentially flat for the three and nine months ended September 30, 2023, compared to the same period in the prior year and primarily related to net unrealized loss on foreign exchange rates due to increased activities in our foreign subsidiaries and unfavorable exchange rate fluctuations.

### Income Tax Expense

Income tax expense consists primarily of state income taxes and income taxes in certain foreign jurisdictions in which we conduct business. We have a full valuation allowance for deferred tax assets as the realization of the full amount of our deferred tax asset is uncertain, including NOL carryforwards, and tax credits related primarily to research and development. We expect to maintain this full valuation allowance until realization of the deferred tax assets becomes more likely than not.

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2023	2022	\$	%	2023	2022	\$	%
	(in thousands except percentage)				(in thousands except percentage)			
Income tax expense	\$ (49)	\$ (3)	\$ (46)	1610 %	\$ (142)	\$ (123)	\$ (19)	15 %

### Liquidity and Capital Resources

As of September 30, 2023 and December 31, 2022, we had cash and cash equivalents of \$16.7 million and \$34.6 million, respectively. As of September 30, 2023 and December 31, 2022 we also held \$551.4 million and \$529.5 million of short-term investments, respectively in held-to-maturity securities which consisted of treasury bills. Our principal use of cash is to fund our operations to support growth.

In May 2022, we entered into a Sales Agreement ("Sales Agreement") with Stifel, Nicolaus & Company, Incorporated ("Stifel"), under which we may offer and sell from time to time at our sole discretion, up to an aggregate of 800,000 shares of our common stock, par value \$0.0001 per share, through Stifel as our sales agent. During the nine months ended September 30, 2023, we sold 300,000 shares of our common stock under the Sales Agreement at a weighted average price of \$116.06 per share resulting in net proceeds to us of \$33.9 million, after deducting underwriting discounts and commissions and deferred offering costs. The Company intends to use the net proceeds from the shares of common stock offered and sold to primarily replenish funds expended to satisfy anticipated tax withholding and remittance obligations related to the net settlement upon vesting of restricted stock unit awards ("RSU") granted to employees under the equity incentive plans.

Our purchase obligations primarily include design and simulation licenses and non-cancelable purchase commitments from agreements with our contract manufacturers as well as a multi-year purchase agreement with commitment to purchase minimum quantities of MEMS wafers and research and development, tooling and sample cost under the agreement. For information about our contractual obligations refer to "Note 5 - Lease" of the Notes to Condensed Consolidated Financial Statements for the period ending September 30, 2023 and "Note 6 - Commitments and Contingencies" of the Notes to the Consolidated Financial Statements filed in the Company's Annual Report on Form 10-K for the year ending December 31, 2022.

We expect to continue our investing activities, primarily in the purchase of property and equipment and capitalized software, to support research and development, sales and marketing, product support, and administrative staff.

We believe that our existing cash and cash equivalents and our short-term investments will be sufficient to meet our cash needs for at least the next 12 months. Over the longer term, our future capital requirements will depend on many factors, including our growth rate, the timing and extent of our sales and marketing and research and development expenditures, and the continuing market acceptance of our solutions. In the event that we need to borrow funds or issue additional equity, we cannot provide any assurance that any such additional financing will be available on terms acceptable to us, if at all. If we are unable to raise additional capital when we need it, it would harm our business, results of operations and financial condition.

The table below summarizes our cash flows for the periods indicated:

	Nine Months Ended September 30,	
	2023	2022
	As Restated	
	(in thousands)	
Net cash provided by operating activities	\$ 9,462	\$ 34,945
Net cash used in investing activities	(30,260)	(547,910)
Net cash provided by (used in) financing activities	2,906	(4,888)
Net decrease in cash and cash equivalents	\$ (17,892)	\$ (517,853)

### ***Operating Activities***

In the nine months ended September 30, 2023, net cash provided by operating activities of \$9.5 million was primarily due to a net loss of \$60.5 million offset by depreciation and amortization, stock-based compensation expense and net change in unrealized interest on held to maturity securities for a total of \$70.2 million, and a change in operating assets and liabilities of \$0.2 million. The changes in operating assets and liabilities resulted in cash provided primarily due to lower accounts receivable due to timing of payments and lower revenue partially offset by an increase in inventories as we built our wafer inventory levels, an increase in prepaid expenses and other assets due to timing of payments, and lower accounts payable and accrued expenses primarily due to timing of accrued payroll and related benefit payments.

### ***Investing Activities***

Our investing activities consist primarily of purchase and maturities of short-term investments and capital expenditures for property and equipment purchases. Our short-term investments were primarily in treasury bills to earn interest. Our capital expenditures for property and equipment have primarily been for general business purposes, including machinery and equipment, leasehold improvements, acquired software, computer equipment used internally, and production masks to manufacture our products.

In the nine months ended September 30, 2023, net cash used in investing activities was \$30.3 million. We paid \$925.1 million to purchase short-term investments in held-to-maturity securities. We paid \$9.2 million largely to purchase test and other manufacturing equipment and intangibles to support the general business operations. All such payments were offset by \$904.0 million proceeds from the maturity of held to maturity investments.

### ***Financing Activities***

Our financing activities have primarily consisted of proceeds from issuance of shares and withholding of taxes on restricted stock units. During the nine months ended September 30, 2023, we sold 300,000 shares of our common stock under the Sales Agreement resulting in net proceeds to us of \$33.9 million, after deducting underwriting discounts and commissions of \$0.7 million and deferred offering costs of \$0.2 million. The net proceeds from the Sales Agreement were offset by tax withholdings paid on behalf of employees for net share settlement of \$31.0 million.

### **Off-Balance Sheet Arrangements**

During the periods presented, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

### **Critical Accounting Estimates**

Our condensed consolidated financial statements have been prepared in accordance with GAAP. The preparation of these financial statements and accompanying disclosures requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities in the consolidated financial statements and the accompanying notes. The Securities and Exchange Commission, or SEC, has defined a company's critical accounting estimates as estimates that are most important to the portrayal of a company's financial condition and results of operations, and which require a company to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based on this definition, we have identified our most critical accounting estimates to be as follows: (1) revenue recognition; (2) inventory; (3) stock-based compensation; and (4) accounting for income taxes. Although we believe that our estimates, assumptions, and judgments are reasonable, they are based upon information not presently available. Actual results may differ significantly from these estimates if the assumptions, judgments, and conditions upon which they are based turn out to be inaccurate. Management believes that there have been no significant changes to the items that we disclosed as our critical accounting estimates in Management's Discussion and Analysis of Financial Condition and Results of Operations, in our Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC on February 27, 2023.

## **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

### ***Foreign Currency Risk***

Substantially all of our revenue is denominated in U.S. dollars. Our expenses are generally denominated in the currencies in which our operations are located, which is primarily in the United States and, to a lesser extent, in Finland, France, Japan, Germany, Korea, Malaysia, the Netherlands, Taiwan, and Ukraine. Our results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates. The effect of a hypothetical 10% change in foreign currency exchange rates applicable to our business would not have a material impact on our historical consolidated financial statements. We do not currently have a hedging program with respect to foreign currency exchange risk.

### ***Interest Rate Risk***

We had cash and cash equivalents of \$16.7 million and \$34.6 million as of September 30, 2023 and December 31, 2022, respectively, consisting of bank deposits, money market funds and treasury bills. We also had short-term investments in held-to-maturity securities of \$551.4 million consisting of treasury bills as of September 30, 2023. Such interest-earning instruments carry a degree of interest rate risk. During the nine months ended September 30, 2023 we have generated \$19.6 million in interest income due to higher investment balance and rising interest rates.

We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. As of September 30, 2023, a hypothetical 10% increase or decrease in market interest rates would change the fair value and related interest income on our interest-earning instruments of \$551.4 million, by an increase or decrease of approximately \$2.0 million for the nine months ended September 30, 2023.

## **Item 4. Controls and Procedures.**

### ***Evaluation of Disclosure Controls and Procedures.***

We maintain "disclosure controls and procedures," as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to provide reasonable assurance that information required to be disclosed by us in reports

we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), as appropriate, to allow for timely decisions regarding required disclosure.

Our management, including our principal executive and chief executive officer, does not expect that our disclosure controls and procedures or our internal controls, will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within SiTime have been detected.

As required by Rules 13(a)-15(e) and 15(d)-15(e) under the Exchange Act, at the time the Original Quarterly Report for the period ended September 30, 2023 was filed, our Chief Executive Officer and Chief Financial Officer carried out evaluations of the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2023, and concluded that the procedures were effective. After filing the Original Quarterly Report for the period ended September 30, 2023, the Company identified a material weakness in internal control over financial reporting as described below. As a result, our Chief Executive Officer and Chief Financial Officer have re-evaluated the disclosure controls and procedures and concluded that our disclosure controls and procedures were not effective as of September 30, 2023 due to the material weakness in internal control over financial reporting as described below.

#### *Material Weakness in Internal Control over Financial Reporting*

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Management identified a material weakness in our internal control over financial reporting due to a deficiency in our review control over the classification of cash flows from investments within the statements of cash flows in accordance with applicable accounting guidance at each reporting period.

#### *Remediation Plan*

The Company's management, under the oversight from the Audit Committee, is implementing additional review procedures to enhance our internal control over financial reporting with respect to the statement of cash flows. These review procedures include the development of a review checklist to ensure that we will apply the applicable accounting guidance under ASC 230, Statement of Cash Flows.

#### **Changes in Internal Control Over Financial Reporting**

Other than described above, there have been no changes in our internal control over financial reporting during the three months ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings.

The information required by this item is included in Note 9 of the Notes to Condensed Consolidated Financial Statements in Part I Item 1 of this Quarterly Report on Form 10-Q/A and is incorporated herein by reference.

### Item 1A. Risk Factors.

#### Risks Related to Our Business and Our Industry

##### *Global macroeconomic conditions have harmed and may continue to harm our business.*

We are a global company and therefore our business, results of operations, and financial condition are impacted by global macroeconomic conditions. Macroeconomic events such as rising inflation, recession, equity market volatility, global banking concerns, geopolitical tensions, war, declines in income or asset values, decreased spending, changes to fuel and other energy costs, public health crises, supply chain disruptions, trade restrictions and sanctions, and the COVID-19 pandemic have caused economic volatility, which has and may continue to harm our business, financial condition, and results of operations, and may cause an extended downturn in the worldwide economy, which would further harm our business, financial condition and results of operations. Economic volatility and adverse economic conditions have affected and may continue to affect the demand for our products and our customers' products. Reduced demand for our customers' products has led to a buildup of inventory at many of our customers, including distributors and their affiliates, partners, and contract manufacturers, which has and may continue to adversely affect demand for our products. Reduced demand for our products could result in significant decreases in our sales and margins, and could materially harm our results of operations. The future effects of macroeconomic events on our business and results of operations, including inventory levels at our customers and their affiliates, partners, and contract manufacturers as well as demand for our products, are uncertain and difficult to predict.

A deterioration in credit markets as a result of macroeconomic events could also limit our ability to obtain external financing to fund our operations and capital expenditures. We may experience losses on our holdings of cash and investments due to failures of financial institutions and other parties. Further, adverse economic conditions may also result in a higher rate of losses on our accounts receivable due to credit defaults. As a result, global macroeconomic conditions have had and may continue to have a material adverse effect on our business, results of operations, and financial condition.

##### *We are subject to the cyclical nature of the semiconductor industry.*

The semiconductor industry is highly cyclical and is characterized by constant and rapid technological change, rapid product obsolescence, price erosion, evolving standards, short product life cycles, and wide fluctuations in product supply and demand. The industry experienced a significant downturn during past adverse macroeconomic events such as global recessions, and we are currently experiencing a decrease in demand for our products. These downturns have been characterized by diminished product demand, production overcapacity, high inventory levels for us and our customers, and erosion of average selling prices. Any downturns in the semiconductor industry could harm our business, financial condition, and results of operations. In the last few years, the semiconductor industry experienced an upturn. Any significant upturn in the semiconductor industry could result in increased competition for access to third-party foundry and assembly capacity. We are dependent on the availability of this capacity to manufacture and assemble our products and we can provide no assurance that adequate capacity will be available to us in the future. We cannot predict the duration or timing of any downturn or upturn in the semiconductor industry.

##### *We have historically depended on a limited number of customers for a significant portion of our revenue. If we are unable to expand or further diversify our customer base, our business, financial condition, and results of operations could suffer, and the loss of, or a significant reduction in orders from our customers, including a large customer or end customer, could significantly reduce our revenue and adversely impact our operating results.*

Historically we have derived a significant portion of our revenue from a limited number of customers. We sell our products primarily through distributors, who in turn sell to our end customers. We also sell directly to our end customers. Our top three distributors by revenue together accounted for approximately 61% and 55% of our revenue for the three months ended September 30, 2023 and 2022, respectively and 50% and 45% of our revenue for the nine months ended September 30, 2023 and 2022 respectively. Based on our shipment information, we believe that revenue attributable to our ten largest end customers accounted for 60% and 80% of our revenue for the three months ended September 30, 2023 and 2022, respectively, and 46% and 72% of our revenue for the nine months ended September 30, 2023 and 2022 respectively. Sales attributable to Apple Inc., our largest end customer accounted for approximately 37% and 25% of our revenue for the three months ended September 30, 2023 and 2022 respectively, and 19% and 19% of our revenue for the nine months ended

September 30, 2023 and 2022 respectively. We anticipate revenue attributable to this customer will fluctuate from period to period. Although we sell our products to this customer through distributors on a purchase order basis, including Pernas Electronics Co., Ltd. (“Pernas”), Arrow Electronics, Inc. (“Arrow”), and Quantek Technology Corporation (“Quantek”), we have a development and supply agreement, which provides a general framework for certain transactions with Apple. This agreement continues until either party terminates for material breach. Under this agreement, we have agreed to develop and deliver new products to this end customer at its request, provided it also meets our business purposes, and have agreed to indemnify it for intellectual property infringement or any injury or damages caused by our products. This end customer does not have any minimum or binding purchase obligations to us under this agreement and could elect to discontinue making purchases from us with little or no notice. We expect the composition of our largest end customers to vary from period to period, and that revenue attributable to our largest ten end customers in any given period may decline over time. Our relationships with existing customers may deter potential customers who compete with these customers from buying our precision timing solutions.

We believe our operating results for the foreseeable future will continue to depend to a significant extent on sales attributable to a limited number of customers and end customers. If we are unable to expand or further diversify our customer base, it could harm our business, financial condition, and results of operations.

If our end customers were to choose to work with other manufacturers or our relationships with our customers are disrupted for any reason, it could have a significant negative impact on our business. Any reduction in sales attributable to our larger customers and end customers, including our largest end customer, would have a significant and disproportionate impact on our business, financial condition, and results of operations. Geopolitical tensions are leading to an increasing trend of customers seeking domestically produced products or reducing the dependence upon or use of products from certain countries, which could limit our ability to make sales to these customers.

Because most of our sales are made pursuant to standard purchase orders, orders may be cancelled, reduced, or rescheduled with little or no notice and without penalty. Cancellations of orders could result in the loss of anticipated sales without allowing us sufficient time to reduce our inventory and operating expenses. In addition, changes in customer or end customer forecasts or the timing of orders from our customers could make demand for our products difficult for us to predict and could expose us to the risks of inventory shortages or excess inventory. This in turn could cause our operating results to fluctuate and could materially harm our results of operations.

Our end customers, or the distributors through which we sell to these customers, may choose to use products in addition to ours, use a different product altogether, or develop an in-house solution. In addition, the inability of our customers or their contract manufacturers to obtain sufficient supplies of third-party components used with our products could result in a decline in the demand of our products and a loss of sales. Any of these events could significantly harm our business, financial condition, and results of operations. Further, if our distributors’ relationships with our end customers, including our larger end customers, are disrupted for inability to deliver sufficient products or for any other reason, it could have a significant negative impact on our business, financial condition, and results of operations.

***Because we do not typically have long-term purchase commitments with our customers, orders may be cancelled, reduced, or rescheduled with little or no notice, which in turn exposes us to inventory risk, and may cause our business and results of operations to suffer.***

We sell our products primarily through distributors, usually with no long-term or minimum purchase commitments from them or their end customers. Substantially all of our sales to date have been made on a purchase order basis, which orders may be cancelled, changed, or rescheduled with little or no notice or penalty. As a result, our revenue and operating results could fluctuate materially and could be materially and disproportionately impacted by purchasing decisions of our customers, including our larger customers. In the future, our distributors or their end customers may decide to purchase fewer units than they have in the past, may alter their purchasing patterns at any time with limited or no notice, or may decide not to continue to purchase our precision timing solutions at all, any of which could cause our revenue to decline materially and materially harm our business, financial condition, and results of operations. Cancellations of, reductions in, or rescheduling of customer orders could also result in the loss of anticipated sales without allowing us sufficient time to reduce our inventory and operating expenses, as a substantial portion of our expenses are fixed at least in the short term. In addition, forecasts provided by customers or their affiliates or contract manufacturers may change or may later prove to have been inaccurate which could make demand for our products difficult for us to predict and could expose us to the risks of inventory shortages or excess inventory and materially harm our results of operations. As we no longer intend to acquire inventory to pre-build custom products, we may not be able to fulfill increased demand in the short term. Any of the foregoing events could materially and adversely affect our business, financial condition, and results of operations.

***Our revenue and operating results may fluctuate from period to period, which could cause our stock price to fluctuate.***

Our revenue and operating results have fluctuated in the past and may fluctuate from period to period in the future due to a variety of factors, many of which are beyond our control. We expect our revenue to fluctuate in the future primarily based on the volume of shipments of our products and average selling price ("ASP") changes. Factors relating to our business that may contribute to fluctuations in our operating results include the following factors, as well as other factors described elsewhere in this report:

- macroeconomic conditions;
- cyclical fluctuations in the semiconductor market;
- customer demand and product life cycles;
- the receipt, reduction, or cancellation of, or changes in the forecasts or timing of, orders by customers;
- fluctuations in the levels of inventories held by our distributors or end customers;
- the gain or loss of significant customers;
- supply chain disruptions, delays, shortages, and capacity limitations;
- market acceptance of our products and our customers' products;
- our ability to develop, introduce, and market new products and technologies on a timely basis;
- the timing and extent of product development costs;
- new product announcements and introductions by us or our competitors;
- our research and development costs and related new product expenditures and our ability to achieve cost reductions in a timely or predictable manner;
- seasonality and fluctuations in sales by product manufacturers that incorporate our precision timing solutions into their products;
- end-market demand into which we have limited insight, including cyclical, seasonality, and the competitive landscape;
- the impact of the COVID-19 pandemic on our business, suppliers, and customers;
- fluctuations in our manufacturing yields;
- significant warranty claims, including those not covered by our suppliers;
- new accounting pronouncements or changes in existing accounting standards;
- loss of one or more of our executive officers or other key employees; and
- changes in our pricing, product cost, and product mix.

As a result of these and other factors, you should not rely on the results of any prior quarterly or annual periods, or any historical trends reflected in such results, as indications of our future revenue or operating performance. Fluctuations in our revenue and operating results could cause our stock price to decline and, as a result, you may lose some or all of your investment.

***We depend on third parties for our wafer fabrication, assembly, packaging, and testing operations, which exposes us to certain risks that may harm our business.***

We operate an outsourced manufacturing business model. As a result, we rely on third parties for all of our manufacturing operations, including wafer fabrication, assembly, packaging, and testing. Although we use multiple third-party supplier sources, we depend on these third parties to supply us with material of a requested quantity in a timely manner that meets our standards for yield, cost, and manufacturing quality. The manufacturing processes of our third-party suppliers for our products require specialized technology that requires certain raw and engineered materials. Many major components, product equipment items, engineered materials, and raw materials, that are procured or subcontracted by our third-party suppliers for manufacturing of our products are procured or subcontracted on a single or sole-source basis. Except for our agreement with Bosch for MEMS wafers, we do not have any long-term supply agreements with any of our other

manufacturing suppliers. These third-party manufacturers often serve customers that are larger than us or require a greater portion of their services, which may decrease our relative importance and negotiating leverage with these third parties.

If market demand for wafers or production and assembly materials increases, if a supplier of our wafers fails to procure materials needed for manufacture of our products, or if a supplier of our wafers ceases or suspends operations, our supply of wafers and other materials could become limited. We currently have a ten-year supply agreement with Bosch for the fabrication of our MEMS wafers. This agreement expires in 2027 and may be terminated with three years' advance notice beginning in February 2024. We currently rely on Bosch for our MEMS fabrication, and TSMC for our analog circuits fabrication, and any disruption in their supply of wafers or any increases in their wafer or materials prices could adversely affect our gross margins and our ability to meet customer demands in a timely manner, or at all, and lead to reduced revenue. In 2021 and the first half of 2022 there were a number of industry-wide supply constraints affecting the supply of analog circuits manufactured by certain foundries, including TSMC, and affecting outsourced semiconductor assembly and test providers ("OSATs"), which in the past has limited our ability to fully satisfy an increase in demand for some of our products. Moreover, wafers constitute a large portion of our product cost. If we are unable to negotiate volume discounts or otherwise purchase wafers at favorable prices and in sufficient quantities in a timely manner, our ability to ship our solutions to our customers on time and in the quantity required could be adversely affected, which in turn could cause an unanticipated decline in our sales, harm to our customer relationships, and our gross margins to be adversely affected.

To ensure continued wafer supply, we may be required to establish alternative wafer supply sources, which could require significant expenditures and limit our negotiating leverage. We currently rely on Bosch and TSMC as our primary foundries and suppliers for our MEMS timing devices and analog circuits, respectively, and only a few foundry vendors have the capability to manufacture our most advanced solutions, in particular with respect to our MEMS solution. If we engage alternative supply sources, we may incur additional costs and encounter difficulties and/or delays in qualifying the supply sources. For example, we have a license agreement with Bosch under which Bosch granted us a license to use certain patents. Under this agreement, we are required to pay a royalty fee to Bosch if we engage third parties to manufacture, or if we decide to manufacture ourselves, certain generations of our MEMS wafers through March 31, 2024. In addition, shipments could be significantly delayed while these sources are qualified for volume production. If we are unable to maintain our relationship with Bosch or TSMC, our ability to produce high-quality products could suffer, which in turn could harm our business, financial condition, and results of operations.

We currently primarily rely on Advanced Semiconductor Engineering, Inc. ("ASE"), Carsem (M) Sdn. Bhd. ("Carsem"), and United Test and Assembly Center Ltd. ("UTAC") for assembly and testing, as well as Daishinku Corp. ("Daishinku"), UTAC, Hana Semiconductor (Ayutthaya) Co., Ltd, and ASE for ceramic packaging for some of our products. We enter into capacity agreements with certain of our OSATs from time to time which may adversely impact our gross margins and results of operations if we do not purchase required minimum quantities.

Certain of our manufacturing, packaging, assembly, and testing facilities are located outside of the United States, including Malaysia, Taiwan, and Thailand, where we are subject to increased risk of political and economic instability, difficulties in managing operations, difficulties in enforcing contracts and our intellectual property, severe weather, and employment and labor difficulties. Additionally, public health crises, such as an outbreak of contagious diseases like the COVID-19 pandemic, may affect the production capabilities of our suppliers, including as a result of quarantines, closures of production facilities, lack of supplies, or delays caused by restrictions on travel or work-from-home orders. Restrictions like these could limit our suppliers' ability to operate their manufacturing facilities.

Any of these factors could result in manufacturing and supply problems, and delays in our ability to provide our solutions to our customers on a timely basis, or at all. If we experience manufacturing problems at a particular location, we may be required to transfer manufacturing to a new location or supplier. Converting or transferring manufacturing from a primary location or supplier to a backup facility could be expensive and could take several quarters or more. During such a transition, we would be required to meet customer demand from our then-existing inventory, as well as any partially finished goods that could be modified to the required product specifications. In addition, our end customers may require requalification with a new wafer manufacturer. We typically maintain at least a three-month supply of our MEMS wafers for which Bosch is our primary supplier. We do not otherwise maintain sufficient inventory to address a lengthy transition period. As a result, we may not be able to meet customer needs during such a transition, which could damage our customer relationships. Although we maintain business disruption insurance, this insurance may not be adequate to cover any losses we may experience as a result of such difficulties.

If one or more of the third parties we rely on for our manufacturing operations terminates its relationship with us, or if we encounter any problems with our manufacturing supply chain, our ability to ship our solutions to our customers on time and in the quantity required would be adversely affected, which in turn could cause an unanticipated decline in our sales, harm to our customer relationships and loss of customers.

***A significant portion of our operations is located outside of the United States, which subjects us to additional risks, including increased complexity and costs of managing international operations and geopolitical instability.***

We outsource the fabrication and assembly of all of our products to third parties that are primarily located in Germany and Asia. In addition, we conduct research and development activities in the United States, Japan, the Netherlands, Taiwan, Ukraine, and Finland. We also conduct marketing and administrative functions in the United States, Japan, the Netherlands, China, Taiwan, Malaysia, and Ukraine. Certain of the critical functions for our business are performed in locations outside of the United States. Members of our sales force are located in various locations outside of the United States. In addition, approximately 89% and 86% of our revenue for the three months ended September 30, 2023 and 2022, respectively, and approximately 85% and 88% of our revenue for the nine months ended September 30, 2023 and 2022 was from distributors with ship-to locations outside the United States, although we believe the majority of our end customers are based in the U.S. based on sell-through information provided by these distributors. As a result of our international focus, we face numerous challenges and risks, including:

- complexity and costs of managing international operations, including manufacturing, assembly, and testing of our products and associated costs;
- geopolitical and military conflicts, including the effects of Russia's invasion of Ukraine;
- economic instability, including the effects of rising inflation and increased interest rates;
- limited protection for, and vulnerability to theft of, our intellectual property rights, including our trade secrets;
- compliance with local laws and regulations and unanticipated changes in local laws and regulations, including tax laws and regulations;
- trade and foreign exchange restrictions and higher tariffs, including the ongoing trade tensions between the U.S. and China that has resulted in higher tariffs on certain semiconductor products and increased trade restrictions;
- timing and availability of import and export licenses and other governmental approvals, permits, and licenses, including export classification requirements;
- foreign currency fluctuations and exchange losses relating to our international operating activities;
- restrictions imposed by the U.S. government or foreign governments on our ability to do business with certain companies or in certain countries as a result of international political conflicts or the COVID-19 pandemic and the complexity of complying with those restrictions;
- transportation delays and other consequences of limited local infrastructure, and disruptions, such as large scale outages or interruptions of service from utilities or telecommunications providers;
- difficulties in staffing international operations;
- changes in immigration policies which may impact our ability to hire personnel;
- local business and cultural factors that differ from our normal standards and practices;
- differing employment practices and labor relations;
- requirements in foreign countries which may impact availability of personnel, such as mandatory military service in countries such as Ukraine, Taiwan, and Finland;
- heightened risk of terrorist acts;
- regional health issues and the impact of public health epidemics on employees and the global economy, such as the worldwide COVID-19 pandemic;
- power outages and natural disasters; and
- travel, work-from-home or other restrictions or stoppages, like those imposed by governments around the world as a result of the COVID-19 pandemic.

These risks could harm our international operations, delay new product releases, increase our operating costs, and hinder our ability to grow our operations and business and, consequently, our business, financial condition, and results of

operations could suffer. For example, we rely on TSMC in Taiwan for the fabrication of our analog circuits and have engineering personnel in Taiwan and sales force personnel in China. If political tensions between China and Taiwan were to increase further, it could disrupt our business and adversely affect our financial condition and results of operations given that we rely primarily on TSMC in Taiwan for our analog circuits. In addition, given the current political and military situation in Russia and Ukraine, if the relationship between Russia and the United States worsens further, or we are restricted or precluded from continuing our operations in Ukraine, it could disrupt our business, our costs could increase, and our product development efforts, business, financial condition, and results of operations could be significantly harmed. Further, the COVID-19 pandemic led to travel, work-from-home, and other restrictions, which significantly impacted our domestic and international operations and the operations of our suppliers, distributors, partners, and customers. At this point, the extent to which the COVID-19 pandemic may further impact our business remains uncertain but it may materially adversely affect our business, financial condition, or results of operations.

***Our success and future revenue depend on our ability to achieve design wins and to convince our current and prospective customers to design our products into their product offerings. If we do not continue to win designs or our products are not designed into our customers' product offerings, our results of operations and business will be harmed.***

We sell our precision timing solutions to customers who select our solutions for inclusion in their product offerings. This selection process is typically lengthy and may require us to incur significant design and development expenditures and dedicate scarce engineering resources in pursuit of a single design win with no assurance that our solutions will be selected. If we fail to convince our current or prospective customers to include our products in their product offerings or to achieve a consistent number of design wins, our business, financial condition, and results of operations will be harmed.

Because of our extended sales cycle, our revenue in future years is highly dependent on design wins we are awarded in prior years. It is typical that a design win will not result in meaningful revenue for a year or more, if at all. If we do not continue to achieve design wins in the short term, our revenue in the following years will deteriorate.

Further, a significant portion of our revenue in any period may depend on a single product design win with a large customer. As a result, the loss of any key design win or any significant delay in the ramp of volume production of the customer's products into which our product is designed could adversely affect our business, financial condition, and results of operations. We may not be able to maintain sales to our key customers or continue to secure key design wins for a variety of reasons, and our customers can stop incorporating our products into their product offerings with limited notice to us and suffer little or no penalty.

If we fail to anticipate or respond to technological shifts or market demands, or to develop new or enhanced products or technologies in response to the same in a timely manner, it could result in decreased revenue and the loss of our design wins to our competitors. Due to the interdependence of various components in the systems within which our products and the products of our competitors operate, customers are unlikely to change to another design, once adopted, until the next generation of a technology. As a result, if we fail to introduce new or enhanced products that meet the needs of our customers or penetrate new markets in a timely manner, and our designs do not gain acceptance, we will lose market share and our competitive position.

The loss of a key customer or design win, a reduction in sales to any key customer, a significant delay or negative development in our customers' product development plans, or our inability to attract new significant customers or secure new key design wins could seriously impact our revenue and materially and adversely affect our business, financial condition, and results of operations.

***We may experience difficulties demonstrating the value to customers of newer solutions if they believe existing solutions are adequate to meet end customer expectations. If we are unable to sell new generations of our product, our business would be harmed.***

As we develop and introduce new solutions, we face the risk that customers may not value or be willing to bear the cost of incorporating these newer solutions into their product offerings, particularly if they believe their customers are satisfied with prior offerings. Regardless of the improved features or superior performance of the newer solutions, customers may be unwilling to adopt our new solutions due to design or pricing constraints. Because of the extensive time and resources that we invest in developing new solutions, if we are unable to sell new generations of our solutions, our revenue could decline and our business, financial condition, and results of operations would be negatively affected.

***Some of our customer and other third-party agreements provide for joint and/or custom product development, which subject us to a number of risks, and any failure to execute on any of these arrangements could have a material adverse effect on our business, results of operations, and financial condition.***

We have entered into development, product collaboration and technology licensing arrangements with some of our customers and other third parties, and we expect to enter into new arrangements of these kinds from time to time in the

future. These agreements may increase risks for us, such as the risks related to timely delivery of new products, risks associated with the ownership of the intellectual property developed, risks that such activities may not result in products that are commercially successful or available in a timely fashion, and risks that third parties involved may abandon or fail to perform their obligations related to such agreements. In addition, such arrangements may provide for exclusivity periods during which we may only sell specified products or technologies to that particular customer. Any failure to develop commercially successful products under such arrangements in a timely manner as a result of any of these and other challenges could have a material adverse effect on our business, results of operations, and financial condition.

***The success of our products is dependent on our customers' ability to develop products that achieve market acceptance, and our customers' failure to do so could negatively affect our business.***

The success of our precision timing solutions is heavily dependent on the timely introduction, quality, and market acceptance of our customers' products incorporating our solutions, which are impacted by factors beyond our control. Our customers' products are often very complex and subject to design complexities that may result in design flaws, as well as potential defects, errors, and bugs. We have in the past been subject to delays and project cancellations as a result of design flaws in the products developed by our customers, changing market requirements, such as the customer adding a new feature, or because a customer's product fails their end customer's evaluation or field trial. In other cases, customer products are delayed due to incompatible deliverables from other vendors. We incur significant design and development costs in connection with designing our products for customers' products that may not ultimately achieve market acceptance. If our customers discover design flaws, defects, errors, or bugs in their products, or if they experience changing market requirements, failed evaluations or field trials, or incompatible deliverables from other vendors, they may delay, change, or cancel a project, and we may have incurred significant additional development costs and may not be able to recoup our costs, which in turn would adversely affect our business, financial condition, and results of operations.

***Our target customer and product markets may not grow or develop as we currently expect, and if we fail to penetrate new markets and scale successfully within those markets, our revenue and financial condition would be harmed.***

Our target markets include the communications and enterprise, automotive, industrial, aerospace, and mobile, IoT, and consumer markets. Substantially all of our revenue to date has been attributable to sales of MEMS oscillators. We have expanded our products to include clock IC and timing sync solutions. Any deterioration in our target customer or product markets or reduction in capital spending to support these markets could lead to a reduction in demand for our products, which would adversely affect our revenue and results of operations. Further, if our target customer markets, including the 5G communications or IoT and mobile markets, do not grow or develop in ways that we currently expect, demand for our technology may not materialize as expected, which would also negatively impact our business, financial condition, and results of operations.

We may be unable to predict the timing or development of trends in our target markets with any accuracy. If we fail to accurately predict market requirements or market demand for these solutions, our business will suffer. A market shift towards an industry standard that we may not support could significantly decrease the demand for our solutions.

Our future revenue growth, if any, will depend in part on our ability to expand within our existing markets and our ability to enter into new markets. Each of our end markets presents distinct and substantial challenges and risks and, in many cases, requires us to develop new customized solutions to address the particular requirements of that market. Meeting the technical requirements and securing future design wins in any of these new markets will require a substantial investment of our time and resources. We cannot assure you that we will secure future design wins from these or other new markets, or that we will achieve meaningful revenue from sales in these markets. If new markets do not develop as we currently anticipate or if we are unable to penetrate them and scale in them successfully, our revenue could decline.

***Fluctuations in exchange rates between and among the currencies of the countries in which we do business could adversely affect our results of operations.***

Our sales have been historically denominated in U.S. dollars, even when sold to customers located outside of the U.S. An increase in the value of the U.S. dollar relative to the currencies of the countries in which our customers operate could increase the real cost to our customers of our products and impair the ability of our customers to cost-effectively purchase or integrate our solutions into their product offerings, which may materially affect the demand for our solutions and cause these customers to reduce their orders, or may increase pressure on us to lower our product prices, which in each case would adversely affect our revenue and business.

If we increase operations in other currencies in the future, we may experience foreign exchange gains or losses due to the volatility of other currencies compared to the U.S. dollar. Certain of our employees are located in Malaysia, the Netherlands, Taiwan, Japan, Korea, Germany, Finland, France, and Ukraine. Accordingly, a portion of our payroll as well as certain other operating expenses are paid in currencies other than the U.S. dollar. Our results of operations are denominated in U.S. dollars, and the difference in exchange rates in one period compared to another may directly impact

period-to-period comparisons of our results of operations. Furthermore, currency exchange rates have been especially volatile in the recent past, and these currency fluctuations may make it difficult for us to predict our results of operations.

***The average selling prices of our individual products have fluctuated historically over time and may do so in the future, which could harm our revenue and gross margins.***

Although on average selling prices of our products have increased over time as we introduce higher end products, the average selling prices of our individual products generally decrease over time. Our revenue is derived from sales to large distributors and, in some cases, we have agreed in advance to price reductions, generally over a period of time ranging from two months to three years, once the specified product begins to ship in volume. However, our customers may change their purchase orders and demand forecasts at any time with limited notice due in part to fluctuating end-market demand, which can sometimes lead to price renegotiations. Although these price renegotiations can sometimes result in the average selling prices of the specified product fluctuating over the shorter term, we expect average selling prices of individual products generally to decline over the longer term as that product and our end customers' products mature.

We seek to offset the anticipated reductions in our average selling prices of individual products by reducing the cost of our products through improvements in manufacturing yields and lower wafer, assembly, and testing costs, developing new products, enhancing lower-cost products on a timely basis, and increasing unit sales. However, if we are unable to offset these anticipated reductions in our average selling prices, our business, financial condition, and results of operations could be negatively affected.

***If we are not able to successfully introduce and ship in volume new products in a timely manner, our business and revenue will suffer.***

We have developed products that we anticipate will have product life cycles of ten years or more, as well as other products in more volatile high growth or rapidly changing areas, which may have shorter life cycles. Our future success depends, in part, on our ability to develop and introduce new technologies and products that generate new sources of revenue to replace, or build upon, existing revenue streams. If we are unable to repeatedly introduce, in successive years, new products that ship in volume, or if our transition to these new products does not successfully occur prior to any decrease in revenue from our prior products, our revenue will likely decline significantly and rapidly.

***Pandemics, epidemics, or other outbreaks of disease have had and may in the future have an adverse impact upon our business, result of operations and financial condition.***

The COVID-19 pandemic has impacted our workforce and the operations of our customers and suppliers. In response to the ongoing COVID-19 pandemic and related government measures, we implemented safety measures to protect our employees and contractors at our locations around the world. The effects of the ongoing COVID-19 pandemic, including emerging variants, on our business are evolving and difficult to predict. To date, the COVID-19 pandemic has significantly and negatively impacted the global economy and it is unclear how long the pandemic will continue to do so. Among other things, the continued COVID-19 pandemic may result in:

- a global economic recession or depression that could significantly reduce demand and/or prices for our products;
- reduced productivity in our product development, operations, marketing, sales, and other activities;
- disruptions to our supply chain; or
- higher rate of losses on our accounts receivable due to credit defaults.

The COVID-19 pandemic has also caused significant uncertainty and volatility in global financial markets and the trading prices for the common stock of technology companies, including us. Further adverse economic events resulting from the COVID-19 pandemic, including a recession, depression, or other sustained economic downturn, could materially and adversely affect our business, access to capital markets, and the value of our common stock.

Though we believe the production capabilities of our suppliers have been impacted as a result of safety measures, closures of production facilities, lack of supplies, or delays caused by the COVID-19 pandemic, to date we believe we have experienced minimal impact from any delay and disruption in the manufacture, shipment, and sales of our products. However, as the COVID-19 pandemic continues, the effects of the pandemic, including timing and overall demand for our products, and availability of supply chain, may negatively and materially impact our business, results of operations, and financial condition. Further, as safety measures terminate and individuals return to work in offices, we may experience a reduction in demand for certain of our products that are incorporated in our customers' products that experienced higher demand during the COVID-19 pandemic. Any disruption in the manufacture, shipment, or sales of our products may negatively and materially impact our operating results.

Given the changing nature and continuing uncertainty surrounding COVID-19 due to public health challenges, governmental directives, and economic disruption, and the duration of the foregoing, the potential impact that the COVID-19 pandemic could have on our business, results of operations, and financial condition, and on the other risk factors described in this “Risk Factors” section, remain unclear.

***Our gross margins may fluctuate due to a variety of factors, which could negatively impact our results of operations and our financial condition.***

Our gross margins may fluctuate due to a number of factors, including customer and product mix, market acceptance of our new products, timing and seasonality of the end-market demand, yield, wafer pricing, packaging, and testing costs, competitive pricing dynamics, the impact of the COVID-19 pandemic, and geographic and market pricing strategies.

To attract new customers or retain existing customers, we have in the past and will in the future offer certain customers favorable prices, which would decrease our average selling prices and likely impact gross margins. Further, we may also offer pricing incentives to our customers on earlier generations of products that inherently have a higher cost structure, which would negatively affect our gross margins. In addition, in the event our customers, including our larger end customers, exert more pressure with respect to pricing and other terms with us, it could put downward pressure on our margins.

Because we do not operate our own manufacturing, assembly, or testing facilities, we may not be able to reduce our costs as rapidly as companies that operate their own facilities, and our costs may even increase, which could further reduce our gross margins. For instance, we continue to see increases in our manufacturing costs in fiscal year 2023 due to industry wide increases in costs. We rely primarily on obtaining yield improvements and volume-based cost reductions to drive cost reductions in the manufacture of existing products, introducing new products that incorporate advanced features and optimize die size, and other price and performance factors that enable us to increase revenue while maintaining gross margins. To the extent that such cost reductions or revenue increases do not occur at a sufficient level and in a timely manner, our business, financial condition, and results of operations could be adversely affected.

In addition, we maintain an inventory of our products at various stages of production and in some cases as finished good inventory. We hold these inventories in anticipation of customer orders. If those customer orders do not materialize in a timely manner, we may have excess or obsolete inventory which we would have to reserve or write-down, and our gross margins would be adversely affected.

***Our revenue in recent periods may not be indicative of future performance and our revenue may fluctuate over time.***

Our recent revenue should not be considered indicative of our future performance. Our revenue was \$35.5 million and \$73.1 million for the three months ended September 30, 2023 and 2022, respectively, and \$101.6 million and \$222.8 million for the nine months ended September 30, 2023 and 2022 respectively. You should not rely on our revenue for any previous quarterly or annual periods as any indication of our revenue for future fiscal periods. As we grow our business, our revenue may fluctuate in future periods due to a number of reasons, which may include macroeconomic conditions, slowing demand for our products, increasing competition, the impact of the COVID-19 pandemic, a decrease in the growth of our overall market or market saturation, or our failure to capitalize on growth opportunities.

***If we are unable to manage our growth effectively, we may not be able to execute our business plan and our operating results could suffer.***

In order to succeed in executing our business plan, we will need to manage our growth effectively as we make significant investments in research and development and sales and marketing, and expand our operations and infrastructure both domestically and internationally. If our revenue does not increase to offset these increases in our expenses, we may not achieve or maintain profitability in future periods.

To manage our growth effectively, we must continue to expand our operations, engineering, financial accounting, internal management, and other systems, procedures, and controls. This may require substantial managerial and financial resources, and our efforts may not be successful. Any failure to successfully implement systems enhancements and improvements will likely have a negative impact on our ability to manage our expected growth, as well as our ability to ensure uninterrupted operation of key business systems and compliance with the rules and regulations applicable to public companies. If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities or develop new precision timing solutions, and we may fail to satisfy customer product or support requirements, maintain the quality of our solutions, execute our business plan or respond to competitive pressures, any of which could negatively affect our business, financial condition, and results of operations.

***Our customers require our products and our third-party contractors to undergo a lengthy and expensive qualification process, which does not assure product sales. If we are unsuccessful or delayed in qualifying any of our products with a customer, our business and operating results would suffer.***

Prior to purchasing our precision timing solutions, our customers require that both our solutions and our third-party contractors undergo extensive qualification processes, which involve testing of our products in the customers' systems, as well as testing for reliability. This qualification process may continue for several months. However, qualification of a product by a customer does not assure any sales of the product to that customer. Even after successful qualification and sales of a product to a customer, a subsequent revision in our third-party contractors' manufacturing process or our selection of a new supplier may require a new qualification process with our customers, which may result in delays and in our holding excess or obsolete inventory. After our products are qualified, it can take several months or more before the customer commences volume production of components or systems that incorporate our products. Despite these uncertainties, we devote substantial resources, including design, engineering, sales, marketing, and management efforts, to qualifying our products with customers in anticipation of sales. If we are unsuccessful or delayed in qualifying any of our products with a customer, sales of those products to the customer may be precluded or delayed, which would cause our business, financial condition, and results of operations to suffer.

***We provide a lifetime warranty on our products and may be subject to warranty or product liability claims, which could result in unexpected expenses and loss of market share.***

We provide a lifetime warranty on our products and generally agree to indemnify our customers for defects in our products or failure of our products to meet our product specifications. Defects in our products could make our products unsafe and create a risk of property damage or personal injury. These risks may increase where our products are incorporated into specialized end products in industries such as automotive, aerospace, defense, and medical device. We may be subject to warranty or product liability claims. These claims may require us to make significant expenditures to defend those claims, replace our solutions, refund payments, or pay damage awards. This risk is exacerbated by the lifetime warranty of our products, which exposes us to warranty claims for the entire product lifecycle.

Our precision timing solutions have only been incorporated into end products since 2008. Accordingly, the operation of our products and technology has not been validated over longer periods. If a customer's product fails in use, the customer may incur significant monetary damages, including a product recall or associated replacement expenses as well as lost revenue. The customer may claim that a defect in our product caused the product failure and assert a claim against us to recover monetary damages. In certain situations, circumstances might warrant that we consider incurring the costs or expenses related to a recall of one of our products in order to avoid the potential claims that may be raised should a customer reasonably rely upon our product and suffer a failure due to a design or manufacturing process defect. In addition, the cost of defending these claims and satisfying any arbitration award or judgment with respect to these claims would result in unexpected expenses, which could be substantial, and could harm our business, financial condition, and results of operations. Although we carry product liability insurance, this insurance is subject to significant deductibles and may not adequately cover our costs arising from defects in our products or otherwise.

***Defects in our products or failures to meet product specifications could harm our relationships with our customers and damage our reputation.***

Our products must meet demanding specifications for quality, performance, and reliability. Defects in our products or failure of our products to meet required product specifications may cause our customers to be reluctant to buy our products, which could harm our ability to retain existing customers and attract new customers and adversely impact our reputation. The process of identifying a defective or potentially defective product in systems that have been widely distributed may be lengthy and require significant resources. Further, if we are unable to determine the root cause of a problem or find an appropriate solution, we may delay shipment to customers. As a result, we may incur significant replacement costs and contract damage claims from our customers, and our reputation, business, financial condition, and results of operations may be adversely affected.

Though we are not currently aware of any occurrences, from time to time our products may be diverted from our supply chain or authorized distribution channels and sold on the "black market" or "gray market." Customers purchasing our products on the black market or the gray market may use our products for purposes for which they were not intended, or may purchase counterfeit or substandard products, for instance that have been altered or damaged, which could result in damage to property or persons which could harm our business and cause our reputation to be adversely affected.

***If we fail to accurately anticipate and respond to rapid technological change in the industries in which we operate, our ability to attract and retain customers could be impaired and our competitive position could be harmed.***

We operate in industries characterized by rapidly changing technologies as well as technological obsolescence. The introduction of new products by our competitors, the delay or cancellation of any of our customers' product offerings for

which our precision timing solutions are designed, the market acceptance of products based on new or alternative technologies, or the emergence of new industry standards could render our existing or future products uncompetitive, obsolete, and otherwise unmarketable. Our failure to anticipate or develop new or enhanced products or technologies in a timely manner in response to changing market demand, whether due to technological shifts or otherwise, could result in the loss of customers and decreased revenue and have an adverse effect on our business, financial condition, and results of operations.

***If our products do not conform to, or are not compatible with, existing or emerging industry standards, demand for our existing solutions may decrease, which in turn would harm our business and operating results.***

We design certain of our products to conform to current industry standards. Some industry standards may not be widely adopted or implemented uniformly and competing standards may emerge that may be preferred by our distributors or our end customers.

Our ability to compete in the future will depend on our ability to identify and ensure compliance with evolving industry standards in our target markets, as well as in the timing IC industry. The emergence of new industry standards could render our products incompatible with products developed by third-party suppliers or make it difficult for our products to meet the requirements of certain OEMs. If our customers or our third-party suppliers adopt new or competing industry standards with which our solutions are not compatible, or if industry groups fail to adopt standards with which our solutions are compatible, our products would become less desirable to our current or prospective customers. As a result, our sales would suffer, and we could be required to make significant expenditures to develop new products. Although we believe our products are compliant with applicable industry standards, proprietary enhancements may not in the future result in conformance with existing industry standards under all circumstances. If our products do not conform to, or are not compatible with, existing or emerging standards, it would harm our business, financial condition, and results of operations.

***We may be unable to make the substantial investments that are required to remain competitive in our business.***

The semiconductor industry requires substantial and continuous investment in research and development in order to bring to market new and enhanced solutions. We expect our research and development expenditures to increase in the future as part of our strategy to increase demand for our solutions in our current markets and to expand into additional markets. We are a smaller company with limited resources, and we may not have sufficient resources to maintain the level of investment in research and development required to remain competitive. In addition, we cannot assure you that the technologies, which are the focus of our research and development expenditures, will become commercially successful or generate any revenue.

***If we fail to compete effectively, we may lose or fail to gain market share, which could negatively impact our operating results and our business.***

The global semiconductor market in general, and the timing market in particular, is highly competitive. We expect competition to increase and intensify as additional companies enter our target markets, and as internal silicon design resources of large OEMs grow. Increased competition could result in price pressure, reduced gross margins and loss of market share, any of which could harm our business, financial condition, and results of operations. Our competitors range from large, international companies offering a wide range of timing products to smaller companies, including start-ups, specializing in narrow market verticals. Companies that we primarily compete with include, but are not limited to, Abracon LLC, Daishinku Corporation, Kyocera Corporation, Microchip Technology Inc., Murata Manufacturing Co., Ltd., Nihon Dempa Kogyo Co., Ltd., Rakon Limited, Renesas Electronics Corporation, Seiko Epson Corporation, Skyworks Solutions, Inc., Texas Instruments Incorporated, and TXC Corporation. We expect competition in our current markets to increase in the future as existing competitors improve or expand their technology and product offerings and as new competitors enter these markets. In addition, our future growth will depend in part on our ability to successfully enter and compete in new markets. Some of these markets will likely be served by only a few large, multinational OEMs with substantial negotiating and buying power relative to us and, in some instances, with internally developed silicon solutions that can be competitive to our products.

Our ability to compete successfully depends, in part, on factors that are outside of our control, including industry and general economic trends. Many of our competitors are substantially larger, have greater financial, technical, marketing, distribution, customer support, government support, and other resources, are more established than we are, and have significantly better brand recognition and broader product offerings. This may enable them to better withstand downturns in the timing market in which we compete, as well as adverse economic or market conditions. Our ability to compete successfully will depend on a number of factors, including:

- our ability to define, design, and regularly introduce new products that anticipate the functionality and integration needs of our customers' next-generation products and applications;

- our ability to build strong and long-lasting relationships with our customers and other industry participants;
- our ability to capitalize on, and prevent losses due to, vertical integration by significant customers;
- our solutions' performance and cost-effectiveness relative to those of competing products;
- our ability to achieve design wins;
- the effectiveness and success of our customers' products utilizing our solutions within their competitive end markets;
- our research and development capabilities to provide innovative solutions and maintain our product roadmap;
- the strength of our sales and marketing efforts, including those of our distributors, and our brand awareness and reputation;
- our ability to secure capacity with our foundry and assembly partners to manufacture and assemble our products;
- our ability to deliver products in volume on a timely basis at competitive prices;
- our ability to withstand or respond to significant price competition;
- our ability to build and expand international operations in a cost-effective manner;
- our ability to obtain, maintain, protect, and enforce our intellectual property rights, including obtaining intellectual property rights from third-parties that may be necessary to meet the evolving demands of the market;
- our ability to defend potential patent infringement claims arising from third-parties;
- our ability to promote and support our customers' incorporation of our solutions into their products; and
- our ability to retain high-level talent, including our management team and engineers.

Our competitors may also establish cooperative relationships among themselves or with third-parties or may acquire companies that provide similar products to ours. As a result, new competitors or alliances may emerge that could capture significant market share. Additionally, timing suppliers, especially resonator suppliers, may engage directly with our customers to help the customer build timing products, and eliminate the need for an external timing supplier in some of their applications. Any of these factors, alone or in combination with others, could harm our business, financial condition, and results of operations and result in a loss of market share and an increase in pricing pressure.

***We depend on our executive officers and other key employees, and the loss of one or more of these employees or an inability to attract or retain highly skilled employees could adversely affect our business.***

Our success depends largely upon the continued services of our executive officers and other highly skilled key employees, including in engineering, product development, operations, sales, and marketing. From time to time, there may be changes in our executive management team or other key personnel, which could disrupt our business. We do not have employment agreements with our executive officers or other key personnel that require them to continue to work for us for any specified period and, therefore, they could terminate their employment with us at any time. The loss of one or more of our executive officers or other key employees, including due to adverse business conditions, could have an adverse effect on our business.

In addition, to execute our growth plan, we must attract and retain highly qualified personnel. Competition for these personnel is intense, especially for engineers with MEMS technology and advanced clock IC design expertise. We have from time to time experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees or we have breached legal obligations, resulting in a diversion of our time and resources. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, it may adversely affect our ability to recruit and retain highly skilled employees. Further, changes in immigration policies may negatively impact our ability to attract

and retain personnel, including personnel with specialized technical expertise. If we fail to attract new personnel or fail to retain or motivate our current personnel, our business and future growth prospects could be adversely affected.

***Our company culture has contributed to our success and if we cannot maintain this culture, our business could be harmed.***

We believe that our company culture, which promotes innovation, open communication, and teamwork, has been critical to our success. We face a number of challenges that may affect our ability to sustain our corporate culture, including:

- the potential failure to identify, attract, reward, and retain people in leadership positions in our organization who share and further our culture, values, and mission;
- the increasing size and geographic diversity of our workforce;
- competitive pressures to move in directions that may divert us from our mission, vision, and values;
- the continued challenges of a rapidly-evolving industry; and
- the increasing need to develop expertise in new areas of business that affect us.

If we are not able to maintain our culture, our business, financial condition, and results of operations could be adversely affected.

***We may make acquisitions in the future that could disrupt our business, cause dilution to our stockholders, reduce our financial resources, and harm our business.***

In the future, we may acquire other businesses, products, or technologies. Our ability to make acquisitions and successfully integrate personnel, technologies, or operations of any acquired business is unproven. If we complete acquisitions, we may not achieve the combined revenue, cost synergies, or other benefits from the acquisition that we anticipate, strengthen our competitive position, or achieve our other strategic goals in a timely manner, or at all, and these acquisitions may be viewed negatively by our customers, financial markets, or investors. In addition, any acquisitions we make may create difficulties in integrating personnel, technologies, and operations from the acquired businesses and in retaining and motivating key personnel. Acquisitions may disrupt our ongoing operations, divert management from their primary responsibilities, cause us to forgo other potential transactions or internal projects, subject us to additional liabilities, increase our expenses, and adversely impact our business, financial condition, and results of operations. Acquisitions may also reduce our cash available for operations and other uses, and could result in an increase in amortization expense related to identifiable assets acquired, potentially dilutive issuances of equity securities, or the incurrence of debt, any of which could harm our business, financial condition, and results of operations. Further, acquisitions may result in charges such as acquisition-related expenses, write-offs, restructuring charges, or future impairment of goodwill, as well as contingent liabilities, adverse tax consequences, additional share-based compensation expense, and other charges that could adversely affect our results of operations.

If we enter into an agreement for an acquisition, the transaction, or parts of the transaction, may fail to be completed due to factors such as: failure to obtain regulatory or other required approvals, disputes or litigation, or difficulties obtaining financing for the transaction. Even if we fail to complete an acquisition, we may have incurred significant expenses in connection with such transaction and the failure to complete a pending acquisition may result in negative publicity and a negative perception of us among the investment community.

For the foregoing reasons, pursuit of an acquisition of other businesses, products, or technologies could adversely impact our business, financial condition, and results of operations.

***If the foundries with which we contract do not achieve satisfactory yields or quality, our reputation and customer relationships could be harmed.***

We depend on satisfactory wafer foundry manufacturing capacity, wafer prices, and production yields, as well as timely wafer delivery to meet customer demand and enable us to maintain gross margins. The fabrication of our products is a complex and technically demanding process. Minor deviations in the manufacturing process can cause substantial decreases in yields and, in some cases, cause production to be suspended. Our foundry vendors may experience manufacturing defects and reduced manufacturing yields from time to time. Further, any new foundry vendors we employ may present additional and unexpected manufacturing challenges that could require significant management time and focus. Changes in manufacturing processes or the inadvertent use of defective or contaminated materials by the foundries that we employ could result in lower than anticipated production yields or unacceptable performance of our devices. Many of these problems are difficult to detect at an early stage of the manufacturing process and may be time-consuming and expensive to correct. Poor production yields from the foundries that we employ, or defects, integration issues, or other

performance problems in our solutions could significantly harm our customer relationships and financial results and give rise to financial or other damages to our customers. Any product liability claim brought against us, even if unsuccessful, would likely be time-consuming and costly to defend.

Manufacturing yields for new products initially tend to be lower as we complete product development and commence volume manufacturing, and typically increase as we bring the product to full production. Our business model includes this assumption of improving manufacturing yields and, as a result, material variances between projected and actual manufacturing yields will have a direct effect on our gross margin and profitability. The difficulty of accurately forecasting manufacturing yields and maintaining cost competitiveness through improving manufacturing yields will continue to be magnified by the increasing process complexity of manufacturing semiconductor products.

***Raw material and engineered material availability and price fluctuations have in the past and may in the future increase the cost of our products, impact our ability to meet customer commitments, and may adversely affect our results of operations.***

The cost of raw and engineered materials is a key element in the cost of our products. Our inability to offset material price inflation through increased prices to customers, suppliers, productivity actions, or through commodity hedges could adversely affect our results of operations. Many major components, product equipment items, engineered materials, and raw materials, are procured or subcontracted on a single or sole-source basis. Although we maintain a qualification and performance surveillance process and we believe that sources of supply for engineered materials, raw materials, and components are generally adequate, it is difficult to predict what effects limited or delayed availability, or price increases may have in the future. Our inability to fill our supply needs would jeopardize our ability to ship our solutions to our customers on time and in the quantity required, which could, in turn, result in reduced sales and profits, and damage to our customer relationships.

Furthermore, increases in the price of silicon wafers, testing costs, and commodities, which may result in increased production costs, mainly assembly and packaging costs, may result in a decrease in our gross margins. Moreover, our suppliers may pass the increase in engineered materials, raw materials and commodity costs onto us which would further reduce the gross margin of our products. In addition, as we are a fabless company, global market trends such as a shortage of capacity to fulfill our fabrication needs also may increase our raw material costs and thus decrease our gross margin.

***We rely on our relationships with industry and technology leaders to enhance our product offerings and our inability to continue to develop or maintain such relationships in the future would harm our ability to remain competitive.***

We develop many of our precision timing solutions for applications in systems that are driven by industry and technology leaders in the communications and computing markets. We work with distributors, OEMs, and system manufacturers to define industry conventions and standards within our target markets. We believe that these relationships enhance our ability to achieve market acceptance and widespread adoption of our products. If we are unable to continue to develop or maintain these relationships, our precision timing solutions could become less desirable to our customers, our sales could suffer and our competitive position could be harmed.

***Our ability to receive timely payments from, or the deterioration of the financial conditions of, our distributors or our end customers could adversely affect our operating results.***

Our ability to receive timely payments from or the deterioration of the financial condition of, our distributors or our end customers could adversely impact our collection of accounts receivable, and, as a result, our revenue. We regularly review the collectability and creditworthiness of our customers to determine an appropriate allowance for credit losses. Based on our review of our customers annually and as of September 30, 2023, substantially all of which are large distributors, OEMs, and system manufacturers, we had \$0.1 million and \$0.1 million in allowance for credit losses as of September 30, 2023 and December 31, 2022, respectively. If our credit losses, however, were to exceed our current or future allowance for credit losses, our business, financial condition, and results of operations would be adversely affected.

***We may not be able to accurately predict our future capital needs, and we may not be able to obtain additional financing to fund our operations.***

We may need to raise additional funds in the future. Any required additional financing may not be available on terms acceptable to us, or at all. If we raise additional funds by issuing equity securities or convertible debt, stockholders may experience significant dilution of their ownership interest, and the newly-issued securities may have rights senior to those of the holders of our common stock. If we raise additional funds by obtaining loans from third parties, the terms of those financing arrangements may include negative covenants or other restrictions on our business that could impair our operational flexibility and would also require us to incur additional interest expense. If additional financing is not available when required or is not available on acceptable terms, we may have to scale back our operations or limit our production activities, and we may not be able to expand our business, develop or enhance our solutions, take advantage of business

opportunities, or respond to competitive pressures, which could negatively impact our revenue and the competitiveness of our products.

***Our cash and cash equivalents could be adversely affected if the financial institutions in which we hold our cash and cash equivalents fail.***

We regularly maintain cash balances at third-party financial institutions in excess of the Federal Deposit Insurance Corporation (“FDIC”) insurance limit. If a depository institution fails to return our deposits or if a depository institution is subject to other adverse conditions in the financial or credit markets, there is no guarantee that the U.S. Department of Treasury, FDIC or Federal Reserve Board will provide access to uninsured deposits, which could restrict access to our cash or cash equivalents and could adversely impact our operating liquidity, financial condition, and results of operations. As of September 30, 2023, a majority of our cash and short-term investment balances were maintained with Wells Fargo & Co., Morgan Stanley and U.S. Bancorp.

***We may seek, or be required to seek, debt financing.***

We may seek, or be required to seek, debt financing. Any required financing may not be available on terms acceptable to us, or at all. The terms of any financing arrangements may include negative covenants or other restrictions on our business that could impair our operational flexibility and would also require us to incur additional interest expense. If financing is not available when required or is not available on acceptable terms, it could harm our liquidity position and we may have to scale back our operations or limit our production activities, which in turn would harm our business, operating results, and financial condition.

***If significant tariffs or other trade restrictions are placed on our products or third-party suppliers, our revenue and results of operations may be materially harmed.***

Most of our revenue has been from sales of products to distributors with ship-to locations outside of the United States. Many of our third-party suppliers are located outside of the United States. If significant tariffs or other restrictions are placed on certain goods, existing tariffs are increased, or any related counter-measures are taken by other countries, our revenue and results of operations may be materially and adversely affected. For example, beginning in July 2018, the U.S. Trade Representative imposed tariffs on products from China and China then imposed certain retaliatory tariffs. It is uncertain what further alterations to trade terms between China and the United States may occur, including limiting trade with China and imposing additional tariffs on imports from China. In the event that these or future tariffs are imposed on imports of our products or on our third-party suppliers, or that China or other countries take retaliatory trade measures in response to existing or future tariffs or other trade restrictions, or that the United States imposes further restrictions on trade with China, our business may be impacted, and we may be required to raise prices or make changes to our operations, or we may not be able to sell our products to customers in China, any of which could materially harm our revenue or operating results.

***Failure to comply with the laws associated with our activities outside of the United States could subject us to penalties and other adverse consequences.***

We face significant risks if we fail to comply with anti-corruption laws and anti-bribery laws, including, without limitation, the U.S. Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”), the U.S. Travel Act, and the UK Bribery Act 2010, that prohibit improper payments or offers of payment to foreign governments and political parties by us for the purpose of obtaining or retaining business. In many foreign countries, particularly in countries with developing economies, it may be a local custom that businesses operating in such countries engage in business practices that are prohibited by the FCPA or other applicable laws and regulations. Any violation of these laws could result in severe criminal or civil sanctions and, in the case of the FCPA, suspension or debarment from U.S. government contracting, which could have an adverse effect on our reputation, business, financial condition, and results of operations.

***We are subject to government regulation, including import, export and economic sanctions laws and regulations that may expose us to liability and increase our costs.***

Our products and technology are subject to U.S. export controls, including the U.S. Department of Commerce’s Export Administration Regulations (“EAR”) and economic and trade sanctions regulations administered by the U.S. Treasury Department’s Office of Foreign Assets Controls. These regulations may limit the export of our products and technology, and provision of our services outside of the United States, or may require export authorizations, including by license, a license exception, or other appropriate government authorizations and conditions, including annual or semi-annual reporting. Export control and economic sanctions laws may also include prohibitions on the sale or supply of certain of our products to embargoed or sanctioned countries, regions, governments, persons, and entities. For example, we sell to markets in Asia where multiple companies have been added to the Entity List, requiring license for exports of items subject to control under the EAR. To our knowledge, we have not sold products subject to the EAR to Entity List persons. In

addition, various countries regulate the importation of certain products, through import permitting and licensing requirements, and have enacted laws that could limit our ability to distribute our products. The exportation, re-exportation, and importation of our products and technology and the provision of services, including by our partners, must comply with U.S. and other laws or else we may be adversely affected through reputational harm, government investigations, penalties, and a denial or curtailment of our ability to export our products and technology. Although we take precautions to prevent our products and technology from being provided in violation of such laws, our products and technology may have previously been, and could in the future be, provided inadvertently in violation of such laws, despite the precautions we take. Changes in export or import laws or sanctions policies also may adversely impact our operations, delay the introduction and sale of our products in international markets, or, in some cases, prevent the export or import of our products and technology to certain countries, regions, governments, persons, or entities altogether, which could adversely affect our business, financial condition, and results of operations.

***Changes in environmental laws or regulations, including conflict minerals rules, could impair our ability to compete in international markets.***

Our product or manufacturing standards could be impacted by new or revised environmental rules and regulations or other social initiatives. For example, the SEC adopted disclosure requirements in 2012 relating to the sourcing of certain minerals from the Democratic Republic of Congo and certain other adjoining countries. These rules, which required reporting starting in 2014, could adversely affect our costs, the availability of minerals used in our products, and our relationships with customers and suppliers. Also, since our supply chain is complex, we may face reputational challenges with our customers, stockholders, and other stakeholders if we are unable to sufficiently verify the origins for any conflict minerals used in the products that we sell.

***New or future changes to U.S. and non-U.S. tax laws could materially adversely affect us.***

New or future changes in tax laws, regulations, and treaties, or the interpretation thereof, in addition to tax regulations enacted but not in effect, tax policy initiatives and reforms under consideration in the United States or related to the Organization for Economic Co-operation and Development's ("OECD"), Base Erosion and Profit Shifting Project ("BEPS"), the European Commission's state aid investigations, and other initiatives could have an adverse effect on the taxation of international businesses. Furthermore, countries where we are subject to taxes, including the United States, are independently evaluating their tax policy and we may see significant changes in legislation and regulations concerning taxation. Certain countries have already enacted legislation, including those related to BEPS, which could affect international businesses, and other countries have become more aggressive in their approach to audits and enforcement of their applicable tax laws. In addition, we are unable to predict what future tax reform may be proposed or enacted or what effect such changes would have on our business, but any changes, to the extent they are brought into tax legislation, regulations, policies, or practices, could increase our effective tax rates in the countries where we have operations and have an adverse effect on our overall tax rate, along with increasing the complexity, burden and cost of tax compliance, all of which could impact our business, financial condition, and results of operations.

***If we fail to comply with government contracting regulations, we could suffer a loss of revenue or other penalties.***

Some of our revenue is derived from contracts with agencies of the U.S. government and subcontracts with its prime contractors. As a result, we are subject to federal contracting regulations, including the Federal Acquisition Regulations. In connection with our business with the U.S. government, we are also subject to audits and review and approval of our policies, procedures, and internal controls for compliance with procurement regulations and applicable laws. In certain circumstances, if we do not comply with the terms of a government contract or with regulations or statutes, we could be subject to downward contract price adjustments or refund obligations or could in extreme circumstances be assessed civil and criminal penalties or be debarred or suspended from obtaining future contracts for a specified period of time, which could have an adverse effect on our business.

***Tax regulatory authorities may disagree with our positions and conclusions regarding certain tax positions resulting in unanticipated costs or non-realization of expected benefits.***

A tax authority may disagree with tax positions that we have taken. For example, the Internal Revenue Service ("IRS"), or another tax authority could challenge our allocation of income by tax jurisdiction and the amounts paid between our affiliated companies pursuant to our intercompany arrangements and transfer pricing policies, including amounts paid with respect to our intellectual property in connection with our intercompany research and development cost sharing arrangement and legal structure. A tax authority may take the position that material income tax liabilities, interest, and penalties are payable by us, in which case, we expect that we might contest such assessment. Contesting such an assessment may be lengthy and costly and if we were unsuccessful in disputing the assessment, the implications could be materially adverse to us and affect our anticipated effective tax rate or operating income, and we could be required to pay substantial penalties and interest where applicable.

***Catastrophic events may disrupt our business.***

Our corporate headquarters and some of our suppliers and foundry vendors are located in areas that are in active earthquake zones or are subject to power outages, natural disasters, political, social, or economic unrest, and other potentially catastrophic events. In the event of a major earthquake, hurricane, flooding, or other catastrophic event, including with respect to climate change, such as fire, power loss, telecommunications failure, cyber-attack, war, terrorist attack, political, social, or economic unrest, or disease outbreak, such as the COVID-19 pandemic, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in our product development, breaches of data security, or loss of critical data, any of which could have an adverse effect on our future results of operations.

***State, federal, and foreign laws and regulations related to privacy, data use, and security could adversely affect us.***

We are subject to state and federal laws and regulations related to privacy, data use, and security. In addition, in recent years, there has been a heightened legislative and regulatory focus on data security, including requiring consumer notification in the event of a data breach. Legislation has been introduced in Congress and there have been several Congressional hearings addressing these issues. From time to time, Congress has considered, and may do so again, legislation establishing requirements for data security and response to data breaches that, if implemented, could affect us by increasing our costs of doing business. In addition, several states have enacted privacy or security breach legislation requiring varying levels of consumer notification in the event of a security breach. For example, California passed the California Consumer Privacy Act (“CCPA”), which enhances consumer protection and privacy rights by granting consumers resident in California new rights with respect to the collection of their personal data and imposing new operational requirements on businesses, and went into effect in January 2020. The CCPA includes a statutory damages framework and private rights of action against businesses that fail to comply with certain CCPA terms or implement reasonable security procedures and practices to prevent data breaches. Additionally, in November 2020, California voters passed the California Privacy Rights Act of 2020 (“CPRA”) which went into effect in January 2023. The CPRA imposes additional obligations on companies covered by the legislation and will significantly modify the CCPA, including by expanding the CCPA with additional data privacy compliance requirements that may impact our business. Several other states are considering similar legislation.

Foreign governments are raising similar privacy and data security concerns. In particular, the European Union has enacted a General

Data Protection Regulation (“GDPR”), which became effective in May 2018. China, Japan, and other countries in Latin America and Asia are also strengthening their privacy laws and the enforcement of privacy and data security requirements. Complying with such laws and regulations may be time-consuming and require additional resources, and could therefore adversely affect our business, financial condition, and results of operations.

***Breaches or other disruptions of our security systems may damage our reputation and adversely affect our business.***

Our security systems are designed to protect our and our customers’, suppliers’, and employees’ confidential information, as well as maintain the physical security of our facilities. We continue to assess and improve the quality of our networks, endpoints, security systems, and policies and procedures related to cybersecurity risks and incidents. We are not aware of any past cybersecurity incidents that have materially impacted our business. We may not have current capability to detect new or unknown security vulnerabilities. Cybersecurity threats, which include cyber-attacks, nation state advance persistent threats, internal malfeasance, computer viruses, spyware, malware, ransomware, phishing or other forms of social engineering, attempts to access information, denial of service attacks, and other electronic security breaches, are persistent and evolve quickly. Such threats have recently increased in frequency, scope, magnitude, and cost due in part to increasing geopolitical tensions. Since the techniques used to obtain unauthorized access or to sabotage systems change frequently and are often not recognized until after they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Accidental or willful security breaches or other unauthorized access by third parties to our information systems or facilities, or the existence of computer viruses in our data or software, could expose us to a risk of information loss, misappropriation of proprietary and confidential information, as well as work stoppages or disruptions.

We also rely on third-party cloud-based service providers of corporate infrastructure services relating to, among other things, human resources, electronic communication services, and finance functions, and we are, of necessity, dependent on the security systems of these providers. These technologies are subject to failure, including as a result of an inability to have such technologies properly supported, updated, expanded, or integrated into other technologies. These technologies may also contain open source and third-party software which may unbeknownst to us contain defects or viruses.

Any security breaches or other unauthorized access by third parties to the systems of our cloud-based service providers or the existence of computer viruses in their data or software could expose us to a risk of information loss and misappropriation of confidential information as well as work stoppages or disruptions.

Any loss, theft, or misuse of this information could result in, among other things, unfavorable publicity, damage to our reputation, difficulty in marketing our products, allegations by our customers that we have not performed our contractual obligations, regulatory fines or penalties, litigation by affected parties, and possible financial obligations for liabilities and damages related to the theft or misuse of this information, any of which could have an adverse effect on our business, financial condition, results of operations, reputation, and relationships with our customers and suppliers.

***Our business may be impacted by information technology system failures or network disruptions, and lack of redundancy.***

Our ability to operate our business depends on the efficient operation of internal and third-party information technology systems, including cloud computing, data centers, hardware, software, and applications, to manage our company. We strive to use quality and secure systems, work with reputable system vendors, and implement procedures intended to enable us to protect our systems.

Our information technology systems and operations could be damaged or interrupted due to events such as natural or human-caused disasters, extreme weather, geopolitical events and security issues, computer viruses, cybersecurity incidents, telecommunication failures, and similar events, which could adversely affect our business, financial condition, and results of operations. Our systems are not fully redundant and depending on the severity of the damage or interruption, our disaster recovery plans may be inadequate or ineffective. These events could also damage our reputation, and result in increased costs or loss of sales.

***We might not be able to utilize a significant portion of our net operating loss carryforwards and research and development tax credit carryforwards.***

As of December 31, 2022, we had U.S. federal, state and foreign net operating loss (“NOL”), carryforwards of approximately \$213.3 million, \$65.3 million and \$1.7 million, respectively, and U.S. federal and state research and development tax credit carryforwards of approximately \$3.9 million and \$3.6 million, respectively. The U.S. federal NOL carryforwards begin to expire in 2025, the state NOL carryforwards begin to expire in 2028, and the foreign NOL carryforwards begin to expire in 2028. The U.S. federal research and development tax credit carryforwards begin to expire in 2025 and the state research and development tax credit carryforwards carry forward indefinitely. These net operating loss and U.S. federal tax credit carryforwards could expire unused and/or be unavailable to offset future income tax liabilities. In addition, under Section 382 of the Internal Revenue Code of 1986, as amended (the “Code”), and corresponding provisions of California state law, if a corporation undergoes an “ownership change,” which is generally defined as a greater than 50% change, by value, in its equity ownership over a three-year period, the corporation’s ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset its post-change income may be limited. We completed a Section 382 analysis and determined an ownership change occurred in 2014 and concluded that it had no impact on U.S. federal and California net operating losses or on U.S. federal research and development credits. Our initial public offering in November 2019 did not result in a change in ownership of greater than 50% under Section 382. We also had a follow-on offering on June 16, 2020, which resulted in greater than 50% change under Section 382. We completed an updated Section 382 analysis based on this new change event and determined that it will not prohibit us from eventually utilizing our carryforwards. We updated the Section 382 analysis through December 31, 2022 and concluded there have not been any additional ownership changes as defined under Section 382 since the June 16, 2020 follow-on offering. We may experience ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which may be outside of our control. If we determine that an ownership change has occurred and our ability to use our historical net operating loss and tax credit carryforwards is materially limited, it would harm our future business, financial condition, and results of operations by effectively increasing our future tax obligations. In addition, under the Tax Act, federal NOLs incurred in 2018 and in future years may be carried forward indefinitely but generally may not be carried back and the deductibility of such NOLs is limited to 80% of taxable income. Under the CARES Act, which was signed into law in 2020, an NOL from a tax year beginning in 2018, 2019 or 2020 can be carried back five years and would not be subject to the 80%-of-income limitation if they are exhausted during the five-year carryback period or during 2018, 2019 or 2020. The Company will not carry back any NOLs as they did not have taxable income in prior years.

**Risks Related to Intellectual Property**

***Our failure to adequately protect our intellectual property rights could impair our ability to compete effectively or defend ourselves from litigation, which could harm our business, financial condition, and results of operations.***

Our success depends, in part, on our ability to protect our intellectual property. We rely primarily on patent, copyright, trademark, and trade secret laws, as well as confidentiality and non-disclosure agreements, and other contractual protections, to protect our technologies and proprietary know-how, all of which offer only limited protection. The steps we have taken to protect our intellectual property rights may not be adequate to prevent the misappropriation, infringement, or other violation of our proprietary information or infringement of our intellectual property rights, and our ability to prevent

such misappropriation, infringement, or other violation is uncertain, particularly in countries outside of the United States. As of September 30, 2023, we had 116 issued U.S. patents, expiring generally between 2026 and 2040 and 41 pending U.S. patent applications (including 14 provisional applications). We also had four foreign issued patents expiring in 2036 and four pending foreign patent applications. Our issued patents and pending patent applications generally relate to our MEMS fabrication process, MEMS resonators, circuits, packaging, and oscillator systems. We cannot assure you that any patents from any pending patent applications (or from any future patent applications) will be issued, and even if the pending patent applications are granted, the scope of the rights granted to us may not be meaningful or provide us with any commercial advantage. For example, these patents could be opposed, contested, circumvented, designed around by third parties, be narrowed or declared invalid or unenforceable in judicial or administrative proceedings including re-examination, inter partes review, post-grant review, interference and derivation proceedings and equivalent proceedings in foreign jurisdictions, or be subject to ownership claims by third parties. The failure of our patents to adequately protect our technology might make it easier for our competitors to offer similar products or technologies. Our foreign patent protection is less comprehensive than our U.S. patent protection and may not protect our intellectual property rights in some countries where our products are sold or may be sold in the future. Even if foreign patents are granted, effective enforcement in foreign countries may not be available. Further, we are currently unable to take advantage of selling our products online in certain countries where we do not own trademarks for our corporate name. Many U.S.-based companies have encountered substantial third-party intellectual property infringement in foreign countries, including countries where we sell products. If such an impermissible use of our intellectual property or trade secrets were to occur, our ability to sell our solutions at competitive prices may be adversely affected and our business, financial condition, and results of operations could be adversely affected.

The legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights are uncertain and evolving. We cannot assure you that others will not develop or patent similar or superior technologies or solutions, or that our patents, trademarks, and other intellectual property will not be challenged, invalidated, or circumvented by others.

We also have a license to certain patents from Bosch relating to the design and manufacture of MEMS-based timing applications. The patent rights obtained under the license agreement expire between 2021 and 2029, and the license agreement expires upon expiration of the last patent licensed under the agreement. We do not believe there will be any significant impact upon expiration of these patents.

We believe that the success of our business depends more on proprietary technology, information and processes, and know-how than on our patents or trademarks. Much of our proprietary information and technology related to manufacturing processes is not patented and may not be patentable.

Unauthorized copying or other misappropriation of our proprietary technologies could enable third parties to benefit from our technologies without paying us for doing so, which could harm our business. Monitoring unauthorized use of our intellectual property is difficult and costly. It is possible that unauthorized use of our intellectual property may have occurred or may occur without our knowledge. We cannot assure you that the steps we have taken will prevent unauthorized use of our intellectual property, or that others will not develop technologies similar or superior to our technology or design around our intellectual property. Our failure to effectively protect our intellectual property could reduce the value of our technology in licensing arrangements or in cross-licensing negotiations.

In addition, we also rely on contractual protections with our customers, suppliers, distributors, employees, and consultants, and we implement security measures designed to protect our trade secrets and know-how. However, we cannot assure you that we have entered into such agreements with every such party, that these contractual protections and security measures will not be breached, that we will have adequate remedies for any such breach, or that our customers, suppliers, distributors, employees, or consultants will not assert rights to intellectual property or damages arising out of such contracts.

We may in the future need to initiate infringement claims or litigation in order to try to protect or enforce our intellectual property rights. Litigation, whether we are a plaintiff or a defendant, can be expensive and time-consuming and may divert the efforts of our management and other personnel, which could harm our business, whether or not such litigation results in a determination favorable to us. Litigation also puts our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing. Additionally, any enforcement of our patents or other intellectual property may provoke third parties to assert counterclaims against us. If we are unable to meaningfully protect our proprietary rights or if third parties independently develop or gain access to our or similar technologies, our business, financial condition, results of operations, reputation, and competitive position could be harmed.

***We may face intellectual property infringement, misappropriation, or other claims, which could be time-consuming and costly to defend or settle and which could result in the loss of significant rights and harm our relationships with our customers and distributors.***

The semiconductor industry in which we operate is characterized by companies that hold patents and other intellectual property rights and vigorously pursue, protect, and enforce intellectual property rights. From time to time, third parties may assert against us and our customers and distributors their patent and other intellectual property rights to technologies that are important to our business. Any litigation, regardless of success or merit, could cause us to incur substantial expenses, reduce our sales, and divert the efforts of our management and other personnel. In the event we receive an adverse result in any litigation, we could be required to pay substantial damages, seek licenses from third parties, which may not be available on reasonable terms or at all, cease sale of products, expend significant resources to develop alternative technology, or discontinue the use of processes requiring the relevant technology.

In addition, our commercial success depends upon our ability to manufacture and sell our products without infringing, misappropriating, or otherwise violating the intellectual property rights of others. Claims that our products, processes, or technology infringe, misappropriate, or otherwise violate third-party intellectual property rights, regardless of their merit or resolution, could be costly to defend or settle and could divert the efforts and attention of our management and other personnel. We may in the future, particularly as a public company with an increased profile and visibility, receive communications from others alleging our infringement, misappropriation, or other violation of patents, trade secrets, or other intellectual property rights. We cannot assure you that, if made, these claims will not be successful, and lawsuits resulting from such allegations, even if we believe they are invalid, could subject us to significant liability for damages, invalidate our proprietary rights, and prevent us from selling specific products. Moreover, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock.

Intellectual property claims could also harm our relationships with our customers or distributors and might deter future customers from doing business with us. We do not know whether we will prevail in any such proceedings given the complex technical issues and inherent uncertainties in intellectual property litigation. If any future proceedings result in an adverse outcome, we could be required to:

- cease the manufacture, use or sale of the applicable products, processes, or technology;
- pay substantial damages for infringement by us or our customers;
- expend significant resources to develop non-infringing products, processes, or technology, which may not be successful;
- license technology from the third-party claiming infringement, which license may not be available on commercially reasonable terms, or at all;
- cross-license our technology to a competitor to resolve an infringement claim, which could weaken our ability to compete with that competitor;
- lose the opportunity to license our technology to others or to collect royalty payments based upon successful protection and assertion of our intellectual property rights against others; or
- pay substantial damages to our customers or end users to discontinue their use of or to replace infringing technology sold to them with non-infringing technology, if available.

Any of the foregoing results could adversely affect our business, financial condition, and results of operations.

***Any potential dispute involving patents or other intellectual property could affect our customers, which could trigger our indemnification obligations to them and result in substantial expense to us.***

In any potential dispute involving patents or other intellectual property, our customers could also become the target of litigation. Our agreements with customers and other third-parties generally include indemnification or other provisions under which we agree to indemnify or otherwise be liable to them for losses suffered or incurred as a result of claims of intellectual property infringement, damages caused by us to property or persons, or other liabilities relating to or arising from our solutions included in their products. Large indemnity payments or damage claims from contractual breach could harm our business, financial condition, and results of operations. From time to time, customers may require us to indemnify or otherwise be liable to them for breach of confidentiality or failure to implement adequate security measures with respect to their intellectual property and trade secrets. Although we normally contractually limit our liability with respect to such obligations, we may still incur substantial liability related to them. Any litigation against our customers could trigger

technical support and indemnification obligations under some of our agreements, which could result in substantial expense to us.

In addition, other customers, or end customers with whom we do not have formal agreements requiring us to indemnify them may ask us to indemnify them if a claim is made as a condition to awarding future design wins to us. Because some of our customers are larger than we are and have greater resources than we do, they may be more likely to be the target of an infringement claim by third parties than we would be, which could increase our chances of becoming involved in a future lawsuit. If any such claims were to succeed, we might be forced to pay damages on behalf of our customers that could increase our expenses, disrupt our ability to sell our solutions and reduce our revenue and profit. Any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer and other current and prospective customers and reduce demand for our solutions. In addition to the time and expense required for us to supply support or indemnification to our customers, any such litigation could severely disrupt or shut down the business of our customers, which in turn could hurt our relations with our customers and cause the sale of our products to decrease. Any of the foregoing could harm our business, financial condition, and results of operations.

#### **Risks Related to MegaChips Corporation's Ownership Position in Our Common Stock**

***As long as MegaChips holds a significant amount of our stock, our other shareholders' ability to influence matters requiring stockholder approval will be limited.***

MegaChips owns 4,700,000 shares of our common stock, representing approximately 20.9% of our outstanding common stock as of September 30, 2023. For so long as MegaChips or its successors in interest continue to hold the largest ownership position in our outstanding common stock, we expect MegaChips to continue to hold at least one out of eight seats on our board of directors, and to be influential in electing members of our board of directors. As long as MegaChips continues to be our largest stockholder, it will continue to have significant influence over us.

For example, as long as MegaChips continues to hold a significant or the largest ownership position in our outstanding common stock, MegaChips may have the ability to affect the outcome of any stockholder vote during this period. As a result, MegaChips will have the ability to exert significant influence over many matters affecting us, either through its board representative or as a stockholder, including:

- determinations with respect to our business plans and policies, including the appointment and removal of our officers;
- any determinations with respect to mergers and other business combinations;
- our acquisition or disposition of assets;
- our financing activities;
- the allocation of business opportunities that may be suitable for us and MegaChips;
- the payment of dividends on our common stock; and
- the number of shares available for issuance under our stock plans.

MegaChips' voting control may discourage transactions involving a change of control of us, including transactions in which other holders of our common stock might otherwise receive a premium for their shares over the then current market price. In addition, as a result of this voting control and representations on our board of directors, persons who we would like to invite to join our board of directors may decline to do so.

***Our inability to resolve any disputes that arise between us and MegaChips with respect to our past and ongoing relationships may adversely affect our operating results.***

Disputes may arise between MegaChips and us in a number of areas relating to our past and ongoing relationships, including:

- sales or distributions by MegaChips of all or any portion of its ownership interest in us; and
- business opportunities that may be attractive to both MegaChips and us.

We may not be able to resolve any potential conflicts, and even if we do, the resolution may be less favorable than if we were dealing with an unaffiliated party.

We have entered into an integration and purchase agreement with MegaChips for the sale of resonators by us to MegaChips. The agreements we entered into with MegaChips may be amended upon agreement between the parties. Because MegaChips is a major stockholder with representatives on our board of directors, we may not have the leverage to

negotiate amendments to these agreements on terms as favorable to us compared to those we would negotiate with an unaffiliated third party.

***There could be potential conflicts of interest between us and affiliates of MegaChips, which could impact our business and operating results.***

Some of our directors have or had affiliations with MegaChips. Affiliations of directors with MegaChips could create, or appear to create, conflicts of interest with respect to matters involving both us and MegaChips. For example, corporate opportunities may arise that concern both of our businesses, such as the potential acquisition of a particular business or technology that is complementary to both of our businesses. Our Board has adopted a Related Persons Transactions Policy to address actual or perceived conflicts of interest of directors, officers and greater than 5% stockholders on a case-by-case basis. If any corporate opportunity arises and if our directors and officers do not pursue it on our behalf, we may not become aware of, and may potentially lose, a significant business opportunity.

#### **Risks Related to Our Common Stock**

***Substantial future sales of our common stock could cause the market price of our common stock to decline.***

The market price of our common stock could decline as a result of substantial sales of our common stock, particularly sales by our directors, executive officers, and significant stockholders, including MegaChips, or the perception in the market that holders of a large number of shares intend to sell their shares.

***Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.***

Provisions in our certificate of incorporation and bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our amended and restated certificate of incorporation and bylaws include provisions that:

- authorize our board of directors to issue, without further action by the stockholders, shares of undesignated preferred stock with terms, rights, and preferences determined by our board of directors that may be senior to our common stock;
- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by our board of directors, the Chairman of our board of directors, or our Chief Executive Officer;
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;
- establish that our board of directors is divided into three classes, with each class serving three-year staggered terms;
- prohibit cumulative voting in the election of directors;
- provide that our directors may be removed only for cause;
- provide that vacancies on our board of directors may be filled by a majority of directors then in office, even if less than a quorum; and
- require the approval of our board of directors or the holders of at least 66 2/3% of our outstanding shares of capital stock to amend our bylaws and certain provisions of our certificate of incorporation.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any interested stockholder for a period of three years following the date on which the stockholder became an interested stockholder. Any delay or prevention of a change of control transaction or changes in our management could cause our stock price to decline.

***Our bylaws designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, and federal district courts will be the sole and***

***exclusive forum for Securities Act claims, which could limit our stockholders' ability to obtain what they believe to be a favorable judicial forum for disputes with us or our directors, officers, or other employees.***

Our bylaws provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us or our stockholders, (c) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our certificate of incorporation or our bylaws, or (d) any action asserting a claim against us governed by the internal affairs doctrine. Section 27 of the Securities Exchange Act of 1934, or the Exchange Act, creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provision will not apply to suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Our bylaws further provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts are the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act.

Any person or entity purchasing or otherwise acquiring any interest in our capital stock shall be deemed to have notice of and consented to the provisions of our bylaws described above. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage such lawsuits against us and our directors, officers, or other employees. Alternatively, if a court were to find these provisions of our bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition, and results of operations and result in a diversion of the time and resources of our management and board of directors.

***Our stock price may be volatile and may decline, resulting in a loss of some or all of our stockholder investment.***

The trading price and volume of our common stock is likely to be volatile and could fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- macroeconomic conditions,
- actual or anticipated fluctuations in our results of operations due to, among other things, changes in customer demand, product life cycles, pricing, ordering patterns, and unforeseen operating costs;
- the financial projections we may provide to the public, any changes in these projections, or our failure to meet these projections;
- announcements with respect to developments, status, and impact on us, our competition, our constituents, and our suppliers of the COVID 19 global pandemic;
- failure of securities analysts to initiate or maintain coverage of us, changes in financial estimates or ratings by any securities analysts who follow us, or our failure to meet these estimates or the expectations of investors;
- announcements by our significant customers of changes to their product offerings, business plans, or strategies;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic partnerships, joint ventures, or capital commitments;
- changes in operating performance and stock market valuations of other technology companies generally, or those in the semiconductor industry;
- timing and seasonality of the end-market demand;
- cyclical fluctuations in the semiconductor market;
- price and volume fluctuations in the overall stock market from time to time, including as a result of trends in the economy as a whole;
- actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;

- any major change in our management;
- lawsuits threatened or filed against us; and
- other events or factors, including those resulting from war, incidents of terrorism, the COVID-19 pandemic, or responses to these events.

In addition, the market for technology stocks and the stock markets in general have experienced extreme price and volume fluctuations. Stock prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business, and adversely affect our business, financial condition, and results of operations.

**Item 6. Exhibits.**

The documents listed below are filed (or furnished, as noted) as exhibits to this Quarterly Report on Form 10-Q:

<b>Exhibit Number</b>	<b>Description</b>
3.1	<a href="#">Restated Certificate of Incorporation of SiTime Corporation (the “Company”) (incorporated by reference to Exhibit 3.1 to the Company’s Current Report on Form 8-K filed November 26, 2019).</a>
3.2	<a href="#">Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 to the Company’s Current Report on Form 8-K filed June 29, 2021).</a>
4.1	<a href="#">Form of Common Stock Certificate of the Company ((incorporated by reference to Exhibit 4.1 to the Company’s Registration Statement on Form S-1 (File No. 333-234305) (the “S-1”)).</a>
4.2	<a href="#">Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to the Company’s Annual Report on Form 10-K filed February 16, 2021).</a>
31.1*	<a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1**	<a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2**	<a href="#">Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS*	Inline XBRL Instance - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\* Filed herewith.

# In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release No. 34-47986, the certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Form 10-Q and will not be deemed “filed” for purposes of Section 18 of the Exchange Act or deemed to be incorporated by reference into any filing under the Exchange Act or the Securities Act of 1933 except to the extent that the Company specifically incorporates it by reference.



**Certification Pursuant to Rule 13a-14(a) and Rule 15d-14(a)  
of the Securities Exchange Act of 1934**

I, Rajesh Vashist, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SiTime Corporation.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 29, 2024

/s/ Rajesh Vashist

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**Rajesh Vashist**  
**Chief Executive Officer**

**Certification Pursuant to Rule 13a-14(a) and Rule 15d-14(a)  
of the Securities Exchange Act of 1934**

I, Elizabeth A. Howe, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SiTime Corporation.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 29, 2024

/s/ Elizabeth A. Howe

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**Elizabeth A. Howe**  
**Executive Vice President, Chief Financial Officer**

**CERTIFICATION PURSUANT TO 18 USC SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of SiTime Corporation. (the "Company") on Form 10-Q for the period ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 29, 2024

/s/ Rajesh Vashist

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**Rajesh Vashist**  
**Chief Executive Officer**

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of SiTime Corporation. (the "Company") on Form 10-Q for the period ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 29, 2024

/s/ Elizabeth A. Howe

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**Elizabeth A. Howe**  
**Executive Vice President, Chief Financial Officer**