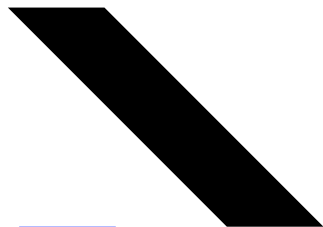
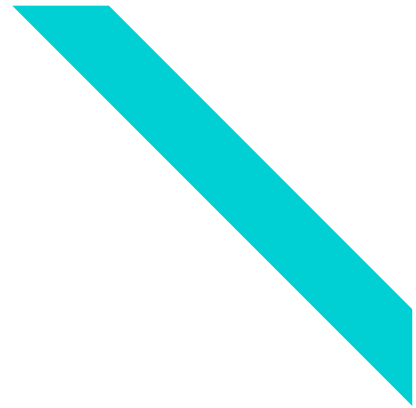


LSEG STREETEVENTS

# EDITED TRANSCRIPT

Q2 2025 SITIME CORP EARNINGS CALL

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An LSEG Business



## CORPORATE PARTICIPANTS

- **Brett Perry** *Shelton Group - Investor Relations*
- **Rajesh Vashist** *SiTime Corp - Chairman of the Board, President, Chief Executive Officer*
- **Elizabeth Howe** *SiTime Corp - Chief Financial Officer, Executive Vice President*

## CONFERENCE CALL PARTICIPANTS

- **Operator**
- **Chris Caso** *Wolfe Research LLC - Analyst*
- **Tore Svanberg** *Stifel, Nicolaus & Company Inc - Analyst*
- **Sujeeva De Silva** *ROTH Capital Partners - Analyst*
- **N. Quinn Bolton** *Needham & Company LLC - Analyst*
- **Thomas O'Malley** *Barclays Services Corp - Analyst*

## PRESENTATION

### Operator

Good afternoon and welcome to SiTime's second quarter 2025 financial results conference call.

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

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### **Brett Perry** *Shelton Group - Investor Relations*

Thank you, Shannon. Good afternoon and welcome to SiTime's second quarter 2025 financial results conference call. Joining us on today's call from SiTime, Rajesh Vashist, Chief Executive Officer, and Beth Howe, Chief Financial Officer.

Before we begin, I'd like to point out that during the course of this call, the company may make forward-looking statements regarding expected future results, including financial positions, strategy, and plans, future operations, the timing market, and other areas of discussion.

It's not possible for the company's management to predict all risks, nor can the company assess the impact of all factors on its business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. In light of these risks, uncertainties, and assumptions, the forward-looking events discussed during this call may not occur, and actual results could differ materially and adversely from those anticipated or implied.

Neither the company nor any person assumes responsibility for the accuracy and completeness of forward-looking statements. The company undertakes no obligation to publicly update forward-looking statements for any reason after the date of this conference call to conform statements to actual results or to changes in the company's expectations. For more detailed information on the risks associated with the business, we refer you to the risk factors described in the 10K filed on February 14, 2025, as well as the company's subsequent filings with the Securities and Exchange Commission.

During the call management we'll refer to certain non-GAAP financial measures which are considered to be an important measure of company performance. These non-GAAP financial measures are provided in addition to and not as a substitute for nor superior to measures of financial performance prepared in accordance with US GAAP.

GAAP and non-GAAP reconciliations. Includes stock-based compensation expense, amortization of acquired intangibles, and acquisition-related expenses, which include transaction and certain other cash costs associated with business acquisition, as well as changes in the estimated fair value of contingent consideration and earnout liabilities. Please refer to the company's press release issued earlier today for a detailed reconciliation between GAAP and non-GAAP financial results. With that, it's now my pleasure to turn the call over to SiTime's CEO Rajesh, please go ahead.

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## **Rajesh Vashist *SiTime Corp - Chairman of the Board, President, Chief Executive Officer***

Thank you, Brad. Good afternoon, everyone. Thank you for joining us today. We appreciate the continued support from our longtime investors and warmly welcome new high-time investors.

SiTime is pioneering a new category in semiconductors, precision timing, part of the broader \$11 billion dollar timing market. To drive growth, we focused on high value applications in AI data centres, automated driving, defence, and industrial, and successfully delivered differentiated products with exceptional performance and reliability. This focus continues to pay off as we build a high-growth, diverse business across markets, applications, and geographies.

Q2 2025 was another exceptional quarter for SiTime. We delivered revenue of 69.5 million, which was a 58% increase year over year. Gross margin increased to 58.2%. And as new products contribute to a higher percentage of revenue, we expect to see gross margin expansion with the revenue growth. EPS increased to \$0.47, up from \$0.12 a year ago, and every customer segment grew in Q2 2025.

Exiting the quarter, we have robust bookings and a healthy funnel. In today's world of significant AI growth, it's no surprise that our data centre customer segment continues to lead our growth significantly. In fact, it grew 137% year over year.

Here, our elite family of oscillators products, Elite, Elite RF, Elite X, continue to shine along with our cascade clocking family. These products' performance drove strong design win momentum across the market, including switches, nick cards, optical modules, and AEC or active electrical cables.

SiTime continues to be the only company that offers a full suite of precision timing solutions that includes oscillators, clocks, and software, giving us architectural advantages. As we expand our offerings with newer products, our dollar content in the application will grow. For example, in a cloud service provider's 102 terabit switch design, SiTime dollar content increased by 125% with the addition of a customized clock. Similarly, the silicon providers network switch design, SiTime dollar content increased by 100% with the addition of multiple clock chips.

Already in 2025 in AI, we have added design wins worth several \$100 millions of dollars. For SiTime, winning the AI data centre market is important, and we will accelerate product development and customer acquisition to expand further in these markets. In this age of accelerated innovation and fast deployment of AI hardware, SiTime is very well qualified to meet the rapid growth in customers' demands.

Our programmable product architecture works very well here, and our team and our suppliers have done a phenomenal job of keeping up with demand. One of SiTime's strengths lies in the diversity of our business. This was again evident in Q2 2025, where all markets and geographies demonstrated continued growth.

Our revenue grew double-digit percentages year over year in both mobile IoT consumer and auto defense/industrial, as well as every region. In the automotive defense and industrial markets, a growth stream is around fully autonomous operations playing directly to size and strengths. Precision timing from site time is required for accurate positioning, sensing, motor control, and synchronization for fully autonomous operations in L3 and L4/ADA vehicles, drones, and factory robots. In automotive, robotaxis are gaining significant traction. In warehouses, Millions of robots are automating tasks, and defense spending is accelerating. With NATO, for example, expected to spend at an 8X faster growth rate.

We are designed in into the leading robotaxi, robot, and defense equipment, and as these markets scale, so will our revenue. SiTime has significant experience with a decade of investments in these markets, and we have learned how to anticipate the needs and generate products and features that will drive revenue from these applications.

Lastly, in the mobile IoT consumer market, a newly announced symphonic mobile clock generator chip provides significant power and accuracy advantages to GNSS and 5G applications. It has already started to contribute to our revenue, and we expect its contribution to grow significantly in 2026 and beyond. As we move into the second half of 2025, we anticipate sequential revenue growth in each of Q3 and Q4, supported by a strong demand in AI infrastructure and continued momentum across markets.

This is the second consecutive year where we expect to grow revenue by at least 40%. We also see that as more customers experience the benefits of our precision timing, more opportunities come to us. To seize them, we will continue to invest in both R&D and customer acquisition while improving operating leverage.

To summarize, our success is being driven by both the depth of our engagement in AI data centers, and the breadth of our reach across diverse markets. This balance gives us resilience and positions us for sustainable growth. I'm confident in our trajectory and excited about what lies ahead.

I'll now turn the call over to Beth Howe, our CFO, to discuss the financial results in more detail. Beth.

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### **Elizabeth Howe *SiTime Corp - Chief Financial Officer, Executive Vice President***

Thanks, Rajesh, and good afternoon, everyone. Today I'll walk through our second quarter fiscal 2025 results and then provide our outlook for the third quarter. As a reminder, I'll focus on non-GAAP financials which are reconciled to GAAP in our press release.

In the second quarter, revenue increased 58% year on year to \$69.5 million fuelled by CED which grew 137% year on year to \$36 million. Our other markets grew double digits with sales into automotive, industrial, and defense market up 11% year on year to \$16.5 million and sales into the mobile, IoT, and consumer market up 23% year on year to \$17 million.

Sales to our largest in customer totalled \$11.8 million. In terms of the mix of revenue, the Communications enterprise Datacentre market represented 52% of revenue, while the automotive, industrial, and defense market, as well as the mobile consumer IoT market, each represented 24% of revenue.

Non-GAAP gross margin was 58.2% for the quarter, up 80 basis points sequentially driven by favourable product mix and improving product costs. Total non-GAAP operating expenses were \$33.3 million in line with expectations. For the quarter, R&D expense was \$19.5 million and SD&A expense was \$13.8 million. We remain disciplined in our approach to investing to drive future growth.

Q2 non-GAAP operating income was \$7.2 million an improvement of \$9.9 million or 16% points versus the same quarter a year ago. Q2 non-GAAP net income was \$11.6 million or \$0.47 per share. Turning to the balance sheet, accounts receivable were \$26.9 million with DSO improving to 35 days versus 42 days in Q1 due to better revenue linearity. Inventory at the end of the quarter was \$84.1 million compared with \$82.6 million in Q1 as we ramped production for key new products and continued to maintain strong wafer balances for assurance of supply.

During the quarter, we generated \$15.3 million in cash from operations and invested \$18.3 million in capital expenditures. I expect CapEx to step down from these levels in the second half of 2025. During the quarter, we completed a follow-on public offering of 2 million shares at \$200 per share, raising \$388 million in net proceeds. These proceeds strengthen our balance sheet and support strategic investments in innovation. Our balance sheet remains strong, and we ended the quarter with \$796.7 million in cash and short-term investments and no debt.

Now I'd like to provide our outlook for the September quarter. For Q3, we expect revenue of \$77 million to \$79 million gross margins of between 58% and 59%, and operating expenses to be in the range of \$34 million to \$34.5 million.

Reflecting the offering we completed in June; we expect interest income of \$7.5 million to \$8 million and a diluted share count of approximately 26.8 million shares. As a result, we expect third quarter non-GAAP EPS to be in the range of \$0.67 to \$0.75 per share.

In closing, our results demonstrate strong top line momentum and the meaningful operating leverage in our model as we scale. Our expanding product portfolio is delivering differentiated solutions in large growing markets, and customer engagement continues to validate our value proposition. We believe we are well positioned to drive sustained growth, operating leverage, and long-term value creation.

With that, I will open it up for questions, operator.

## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) Christopher Caso, Wolfe Research - Analyst

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### Chris Caso Wolfe Research LLC - Analyst

Yes, thank you. Good evening. So, the first question is, you could, go through what your expectations are for growth by segment, as you get to the guidance.

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### Elizabeth Howe SiTime Corp - Chief Financial Officer, Executive Vice President

Sure, so, I'll take that one, Chris, if we think about the different markets, again, I expect that the CED led by AI. Continues to be our strongest growth area. In addition, as we get to the second half, we typically see stronger seasonality in our consumer markets and so we would expect that as well. And then our auto aero industrial, we've seen some strong growth in several applications. In that area, better traction in aerospace, for example, as well as good traction in industrial, and so we expect growth in all free markets there. But I would focus on CED is probably our strongest grower in the back half, similar to the front half.

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### Chris Caso Wolfe Research LLC - Analyst

Okay, great, that's helpful. Just as a follow up, I guess one question would be, anything, extraordinary of note in your guidance with regards to the mobile segment for the third quarter and I guess in the past, within that segment you've had sort of a policy of not including, new design wins. In guidance unless you know the products have actually shipped and you confirm you've been in there can I guess one is, anything extraordinary to say within the guidance and then secondly, is that still your policy with regards to the mobile segment.

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### Rajesh Vashist SiTime Corp - Chairman of the Board, President, Chief Executive Officer

Yeah, first, let me address the policy, Chris. The policy is that generally, as consumer products, but particularly mobile products tend to be very volatile, so we only give guidance when we can see it, when we talk about the 40% growth in my prepared remarks, that comprehends the mobile because we now have enough visibility this year to be able to say that. When it comes to the next year, we'll probably do what we did at the beginning of this year, which we'll carve out that portion of the business simply because we wait till greater visibility and we get visibility, we start to give you pass through that visibility to you. So hopefully that helps.

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### Chris Caso Wolfe Research LLC - Analyst

Right, so to summarize, for, a product launching this year, you would include that in your guidance because now you do have that level of visibility.

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### Rajesh Vashist SiTime Corp - Chairman of the Board, President, Chief Executive Officer

correct.

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### Chris Caso Wolfe Research LLC - Analyst

Got it. That's helpful.

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## **Brett Perry Shelton Group - Investor Relations**

Thank you.

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## **Operator**

(Operator Instructions) Tore Svanberg Stifel, Nicolaus & Company, Incorporated - Analyst

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## **Tore Svanberg Stifel, Nicolaus & Company Inc - Analyst**

Yes, thank you and congrats on the strong results. I mean, not to sort of pick on a very good print, but I was a little bit surprised to see your mobile IoT consumer business kind of flat sequentially, and I think your largest customer was just barely up sequentially. So, just curious if there's some puts and takes there in the business, especially given, your sort of new content and some of the devices there.

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## **Elizabeth Howe SiTime Corp - Chief Financial Officer, Executive Vice President**

Yeah, so as we look at the mobile IoT consumer business, I think there's, as overall our main focus is in our coms enterprise data centre or CED market, both because of the extraordinary growth opportunities we see there as well as the fact that we're investing in new products for that market because it is often the tip of the spear in terms of extensions into aero.

Based industrial automotive and some of those other markets so that's where the majority of our investments and our focus is we do see some opportunities in mobile IoT and consumer and so we will kind of surgically go after those where they exist, including, kind of a recent win that we've had this year with that customer, looking at the consumer seasonality as you can imagine when you launch a product, there's that. Initial quarter there's the sell-in kind of as you're filling the channel with that new product that you see in the first quarter of launch. In addition, consumer typically has seasonality where the second half of the year and particularly in Q3 and Q4 tend to be stronger versus the first half of the year. So, I think that's what you're seeing in our results today.

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## **Rajesh Vashist SiTime Corp - Chairman of the Board, President, Chief Executive Officer**

And Tore, I wouldn't look too much into it. It's the consumer business, it's dynamic, we know it, it's up, it's down, so I wouldn't read too much into that.

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## **Tore Svanberg Stifel, Nicolaus & Company Inc - Analyst**

No, that, that's fair. Thank you for that, Rajesh. And I guess that's my follow up for you, Rajesh, as we go into the second half of the year, I think Saam has a pretty unique view into all markets giving you a diversified revenue base. Obviously, the data points remain very strong on on data center. But I would say in sort of more traditional analog markets like industrial and auto, the data points are quite mixed, especially because of tariffs. So I'm just curious, what are you seeing in some of your non data center segments, not just in Q3 but even into Q4?

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## **Rajesh Vashist SiTime Corp - Chairman of the Board, President, Chief Executive Officer**

Yeah, I think there is a little bit of softness in automotive. We see that, but we still grow. We definitely see strength in industrial. We see significant strength, no surprise, in aerospace, military defense. I mean, it's not a very large business for us, but it's going to grow very rapidly and we have high expectations and hope for it. But even in the automotive market, if I look out to the design winds that we are getting. Out into the and hence my reference to L3 and L4 and ADAS. If I look into that and Robotics,

I think we see significant growth in the coming years, perhaps not in 206, because many of them may not be launching in high volume, but further out in 207 and 28, we see a tremendous opportunity in automotive. And as far as industrial goes, we singled out robots, industrial robots, all kinds of robots, for, mention, but they're all really being driven by this need for autonomy, by this need

for being, synchronized and aware. A presence aware. So the whole sensing, the motor control, synchronization piece, that's where we really shine, and that's common across all three of these industrial automotive and military aerospace defense. So it's a very unique place and we like that quite a bit, and we intend to make significant investments in that.

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**Tore Svanberg Stifel, Nicolaus & Company Inc - Analyst**

Sounds good Congrats Again.

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**Rajesh Vashist SiTime Corp - Chairman of the Board, President, Chief Executive Officer**

Thank you.

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**Operator**

(Operator Instructions) Sujeeva De Silva, ROTH Capital Partners - Analyst

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**Sujeeva De Silva ROTH Capital Partners - Analyst**

Hi, Beth. You talked about gross margin tailwinds coming in the next quarters from new products increasing in the mix. Maybe you can help us understand where new products are as a percent of revenues now by that designation, where they were a year ago and what will be the pace of the increase in the next year or two to help the margins.

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**Rajesh Vashist SiTime Corp - Chairman of the Board, President, Chief Executive Officer**

Well, the, I don't know if I can give you regular percentages, but I can give you some indications, and the indications are that I refer to the elite family of products. Those are definitely all our new products, Elite, Elite X, Elite RF, and the Cascade family and in fact our whole clocking family, whether it's the chorus and so on.

Definitely in the area of data centres in even in enterprise and communications, so the whole what we call CED, we expect more of the new products than of the older products. It's certainly true that the new products are significantly higher ASP.

They are, as I mentioned before, they're anywhere from \$3 to \$4 to \$10 to \$12 and so they're significantly valuable in that regard. The design winds coming out in the military, aerospace defense, as well as in the automotive and industrial are also significantly in the new areas. A consumer tends to lag a little bit and as we have spent most of our R&D in the first two that I said with consumer Mobile IoT. We have a bunch of products and of course the symphonic product, we have a lot of high hopes for in this year, the second half, as well as in the coming year. So I think it's going to be pretty evenly spread. In these markets, but I expect that 2026 will be significant in the new products space. I think this is definitely a transitional year.

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**Sujeeva De Silva ROTH Capital Partners - Analyst**

Okay, and then maybe kind of digging into the data center content that you've gained just you know maybe one level down, like, when you have the opportunity to win a higher dollar clock in in some equipment, but other equipment, maybe it's less content. Can you just help us distinguish, what gets you that higher content and whether you have upgrade opportunities in other places where you have content or you know how that lays out across the data center equipment, the switches, the [ACs] and so forth.

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**Rajesh Vashist SiTime Corp - Chairman of the Board, President, Chief Executive Officer**

Yeah, I think what is unique for Saim is the fact that we sell a full system, right? We are the only company which has natively produced oscillators. And natively produce clocks so we can bundle them together not as a bundled unit but as a system because at the end of the day the customer needs, the timing needs to be fulfilled and going to one kind of supplier, typically a quartz crystal

supplier for oscillators and going to a clocking company for clocks is a challenge in these very high performance, low latency, high throughput. Challenging environmental conditions.

So, for example, in the terabit switch design that we did get, the addition of the dollar content came through adding a very customized clock. Most clocks are customized. In the addition of the networking, we just added multiple clock chips and made that come through. So it's a system play. It's solving the customers' problems at the architectural level, and this is the same playbook that we're using in all the other areas. Frankly, we use that same one in higher end consumer products as well. I mean, the symphonic product is a part is a unique product which has clocking, and an oscillator built into it. So that systems approach is one that might be helpful to think about.

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**Sujeeva De Silva *ROTH Capital Partners - Analyst***

All right, very helpful, Rajesh. Thanks.

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**Rajesh Vashist *SiTime Corp - Chairman of the Board, President, Chief Executive Officer***

Yeah.

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**Operator**

(Operator Instructions) Quinn Bolton, Needham & Company - Analyst

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**N. Quinn Bolton *Needham & Company LLC - Analyst***

Hi Rajesh and that's let me offer my congratulations on the nice results and outlook. I guess I wanted to start, Rajesh. I think in the past you guys have addressed your content opportunity on some of the GPU rack platforms that have been announced, over. Past 6 to 12 months, but wondering if you have similar content opportunities on the hyperscaler AI-based platforms. Do you do you tend to see similar opportunity on those AI platforms as the merchant GPU platforms and then I've got a follow up.

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**Rajesh Vashist *SiTime Corp - Chairman of the Board, President, Chief Executive Officer***

Yeah, so the hyper scalar, the short answer is yes, but we are variously penetrated, right? We're not equally penetrated in all the key hyperscaler. Some of them a little bit more, some of them a little bit less. So the places where we are, we do have significant penetration in the same way, but it's also a little bit behind because, At the end of the day, semiconductor companies that we, that do GPUs, CPUs tend to be a little bit faster moving ahead of the curve.

And so we connecting with them, we get a better lead in into the use case and into the market. And they're also the ones who typically they, the semiconductor companies are typically the ones that are more focused on not just the CPU and the GPU accelerators, but also the nick guards and the switches and even the pluggable. So, it's no surprise that we go there more. Though we are cracking in more and more into the hyper scales, but I would say the architectural advantages come greater because we can go after a larger market with the merchants Silicon guys. That makes any sense.

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**N. Quinn Bolton *Needham & Company LLC - Analyst***

Yeah, it does, it does. Thank you. And then follow up on the symphonic product, I guess a couple of questions. I believe that targets more the mobile consumer IoT segment wondering if there are particular applications where you're seeing success with symphonic, and you mentioned it's a clock plus an oscillator. Does that meaningfully increase. Your ASP in some of those mobile IoT product categories or does it come in at similar ASPs to products that you already sell into that end market?

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**Rajesh Vashist *SiTime Corp - Chairman of the Board, President, Chief Executive Officer***

Yeah, no, it definitely comes at a higher ASP simply because, as I said, it's a system level approach, so we're solving multiple problems. It's not just that we are integrating. Oh, here's the cost X and a price X and pricey of an oscillator plus a clock. You put them together, you don't get. X plus Y, you get something more than that because when you do it as a system, you solve many other problems on the board, on the bill of materials that the customer now doesn't have to use, whether it's discrete, whether it is the way the clocks are laid out, and so on.

We, when we did symphonic, we were looking at the 5G market, we were looking at the GPS market, we were looking at the millimeter wave market. And those markets will come, but we don't see them happening today. I think they'll come maybe in a year or so, particularly in the area of IoT, particularly in the area of factory and enterprise-based IoT that will use 5G private networks, and we see that coming, but it's a little bit of ways, but we're going to be ready for the market and we'll be there well ahead of anybody else.

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**N. Quinn Bolton *Needham & Company LLC - Analyst***

Okay, thank you very much.

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**Operator**

(Operator Instructions) Thomas O'Malley, Barclays Service Corp - Analyst

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**Thomas O'Malley *Barclays Services Corp - Analyst***

Hey guys, thanks for taking my questions and congrats on the nice results. So if I look at last quarter where you kind of let things off, at the high end of guidance, you kind of talked about 30 plus growth for the full year, you're clearly indicating a stronger growth profile now of greater than 40 versus where you were 90 days. Go, you're obviously highlighting CED strength as one of the reasons for the uptick, but, more specifically, could you talk about what inside of CED is getting stronger and like did you just take some conservatism when you were standing there last quarter or are things materially improved in the last kind of 90 days?

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**Rajesh Vashist *SiTime Corp - Chairman of the Board, President, Chief Executive Officer***

Yeah, I mean, it's a tale of all the segments, Tom. The CD we're talking particularly with data center. In data center we're talking about the networking, the accelerators, the switches in particular. We have no surprise greater visibility because 90 days have passed, as you said, and we can see better into the second half of the year. So we see that. We see continued strength, we see continued growth, we see continued demand. From our customers and we're building up a very nice backlog and a very nice funnel.

On having said that, back to the earlier question that was asked, we also have a greater insight into our consumer mobile IoT business, where, which is typically higher, as in Q3 Q4, to fulfil demands at that point. We see that, we can see that growing nicely as well. And then the rest of the business just continues to grow, as we've said at a nice little pace. So, yeah, it's just, last year around this time also, it took us some a little while to get to that at least 40%, but now we have a line of sight to that.

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**Thomas O'Malley *Barclays Services Corp - Analyst***

Helpful and then and then just something on kind of the trajectory of the year so you obviously have the consumer portion, particularly the one customer that's stronger in the second half and you said that CD is leading the growth in the second half. Does that mean CED is up the most sequentially in Q3 and in Q4? Or does it mean CED is up the most in aggregate between those two quarters? I'm just trying to understand because it looks like you should see a really big pick up in that consumer bucket into the September quarter just maybe help me understand that a little better. Thank you.

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**Elizabeth Howe *SiTime Corp - Chief Financial Officer, Executive Vice President***

So, Tom, this is Beth, when I was looking at that, I was thinking year over year in terms of, in aggregate as I as I look to the year, we expect the strongest growth in in CED for the year, as I also said. The consumer we expect to pick up in the second half and we expect some acceleration there and that that is that's more of a sequential comment and the seasonality that you would expect with the consumer business and with that customer.

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**Thomas O'Malley Barclays Services Corp - Analyst**

Thanks guys.

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**Operator**

(Operator Instructions) Tore Svanberg Stifel, Nicolaus & Company, Incorporated - Analyst

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**Tore Svanberg Stifel, Nicolaus & Company Inc - Analyst**

Yeah, thank you. I just had a few follow-ups if you don't mind. First of all, Rajesh, on data center architectures, I'm just curious if there're, because of rack level infrastructure now, obviously you participate in a lot of different applications, but I'm just wondering if something is going on there from a from a timing perspective. I mean, clearly, you're trying to sell oscillators and clocks, but just wondering if there's anything else going on there that, you could potentially participate in a in a bigger way.

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**Rajesh Vashist SiTime Corp - Chairman of the Board, President, Chief Executive Officer**

No, I think it's just that these systems are getting way more complicated and complex. As I reflect, I look back on the last 2 years or 2.5 years of watching this grow. I mean, the pace of innovation in this space is astonishing. And I've been doing this for a long time, and it's just an absolutely astonishing speed of innovation of trying to get more throughput at lesser heat, smaller size, lower latencies, greater performance.

I mean, it's absolutely amazing, and that is what is driving an overall need, which says, we do need the timing products from SiTime to be, even more advanced. For example, when we started in this business, the jitter requirements were something in the order of 70 [centtoseconds].

As we look out into the future, we're targeting something which is lower than 20 [centmiseconds], and that's just in 3 years. And that's, these are, this is just one metric of jitter out of like 15 different metrics that we could talk about that include synchronization, that includes stability, that include phase noise, that include temperature, and so on and so on. So it's just the innovation rate of our customers is astonishing.

Therefore, our innovation rate has also become more faster, more, and no surprise, it tends to be at a higher ASP and it tends to be a collection of products rather than one spot product. But yeah, give me this one spot product and we'll be done. So, perhaps if I can answer your question stepping back the way you asked it, I would say, There's more need for system-level solutions. There's more need for higher innovation and therefore higher ESP solutions needed in timing.

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**Tore Svanberg Stifel, Nicolaus & Company Inc - Analyst**

Yeah, no, that's great color. And then just one last one. I know you have still quite a bit of design in the 5G space. I know a lot of the focus here in your term is still on data center in CED, but, just curious if that communications revenue base is starting to move a little bit.

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**Rajesh Vashist SiTime Corp - Chairman of the Board, President, Chief Executive Officer**

Yes, it is, and we expect more in the coming year. We expect deployments in the coming year. There are geographical deployments outside the United States that are looking pretty good. India comes to mind. And I think we should be seeing that. I know we, there's

a bright object here in the AI data center space, but we do call it communications enterprise because there's plenty happening in enterprise as well, not just in communications and classic, yeah, and customers.

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**Tore Svanberg Stifel, Nicolaus & Company Inc - Analyst**

Sounds good thank you.

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**Rajesh Vashist SiTime Corp - Chairman of the Board, President, Chief Executive Officer**

Yeah, thanks.

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**Operator**

Thank you. I'm showing no further questions at this time. I would now like to turn it back to management for closing remarks.

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**Rajesh Vashist SiTime Corp - Chairman of the Board, President, Chief Executive Officer**

Well, thank you all for this. All I'd like to say is that these are wonderful times and we're very happy to be rolling out our products and delivering the solutions to our customers. So thank you for joining us along in this journey.

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**Operator**

Thank you for your participation in today's conference. This does conclude the program. You may now disconnect.

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