

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2024

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 001-41979

Astera Labs, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

82-3437062

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

2901 Tasman Drive, Suite 205, Santa Clara, CA 95054

(Address of Principal Executive Offices) (Zip Code)

(408) 766-3806

(Registrant’s telephone number, including area code)

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, par value \$0.0001 per share	ALAB	Nasdaq Global Select Market

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

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, a 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes ☐ No ☒

The aggregate market value of the common stock held by non-affiliates of the registrant, based on the closing price of \$60.50 per share of the registrant's common stock on June 28, 2024, the last business day of the registrant's most recently completed second fiscal quarter, as reported by the Nasdaq Stock Market LLC on such date, was \$6.6 billion.

On January 31, 2025, there were 162,153,472 shares of the Registrant's Common Stock, \$0.0001 par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of Part III of this Form 10-K are incorporated by reference from the registrant's definitive proxy statement for its 2025 annual meeting of shareholders, which will be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year covered by this Form 10-K. Except with respect to information specifically incorporated by reference in this Form 10-K, the proxy statement is not deemed to be filed as part of this Form 10-K.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the federal securities laws, which are statements that involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. All statements other than statements of historical fact included in this Annual Report on Form 10-K, including statements regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “will,” “shall,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the heading “Risk Factors” included in this Annual Report on Form 10-K. Forward-looking statements contained in this Annual Report on Form 10-K include, but are not limited to, statements about:

- our expectations regarding our revenue, expenses, and other operating results;
- our ability to acquire new customers and grow our customer base;
- our ability to successfully retain existing customers and expand sales within our existing customer base;
- launching new products, adding new product capabilities and the market potential of those products and capabilities;
- future investments in developing and enhancing our business;
- our expectations regarding our ability to expand;
- our anticipated capital expenditures and our estimates regarding our capital requirements;
- the estimated size of our overall market opportunity;
- investments in our selling and marketing efforts;
- our ability to compete effectively with existing competitors and new market entrants;
- our reliance on our senior management team and our ability to identify, recruit, and retain skilled personnel;
- our ability to effectively manage our growth;
- economic and industry trends and other macroeconomic factors, such as fluctuating interest rates and inflation; and
- the impact of global pandemics, health crises, political conflicts and other global financial, economic, and political events on our industry, business, and results of operations.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Annual Report on Form 10-K. You should not rely upon forward-looking statements as predictions of future events.

We have based the forward-looking statements contained in this Annual Report on Form 10-K primarily on management’s current beliefs and our current expectations and projections about future events and trends that we believe may affect our business, results of operations, financial condition, and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described in the section titled “Risk Factors” and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Annual Report on Form 10-K. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this Annual Report on Form 10-K relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on

our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through documents that we, in the future, may file with the SEC.

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 Annual Report on Form 10-K, 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 you are cautioned not to unduly rely upon these statements.

In this document, unless otherwise indicated or unless the context requires otherwise, all references in this document to “Astera Labs”, “the Company”, “we”, “us”, “our”, or similar references are to Astera Labs, Inc. and its consolidated subsidiaries.

Part I

Item 1. Business

Overview

Our mission is to innovate, design, and deliver semiconductor-based connectivity solutions that are purpose-built to unleash the full potential of cloud and AI infrastructure.

Building on years of experience with a singular focus on addressing connectivity challenges in data-centric systems, we have developed and deployed our leading Intelligent Connectivity Platform built from the ground up for cloud and AI infrastructure. Our Intelligent Connectivity Platform comprises of Semiconductor-based, high-speed, mixed-signal connectivity products that integrate a matrix of microcontrollers and sensors, and COSMOS, our software suite, which is embedded in our connectivity products and integrated into our customers' systems.

Our Intelligent Connectivity Platform provides our customers with the ability to deploy and operate high-performance cloud and AI infrastructure at scale, addressing an increasingly diverse set of requirements. We provide our connectivity products in various form factors including Integrated Circuits ("ICs"), boards, and modules. Our patented software-defined platform approach delivers critical connectivity performance, enable flexibility and customization, and support observability and predictive analytics. This approach aims to efficiently address the data, network, and memory bottlenecks, scalability, and other unique infrastructure requirements of our hyperscaler and system OEM customers.

Based on trusted relationships with the leading hyperscalers and collaboration with data center infrastructure suppliers, our platform is designed to meet our customers' unique cloud scale requirements. Our COSMOS software suite is foundational to our Intelligent Connectivity Platform and is designed to enable our customers to seamlessly configure, manage, monitor, optimize, troubleshoot, and customize functions in our IC, board, and module products.

Today, our connectivity solutions are at the heart of major AI platforms deployed worldwide featuring both commercially available Graphic processing Units ("GPUs") and proprietary AI accelerators. We offer our customers four product families across multiple form factors including ICs, boards, and modules, shipping millions of devices across all of the major hyperscalers. Our products, which include Aries PCIe®/CXL® Smart DSP Retimers, Aries PCIe®/CXL® Smart Cable Modules™, Taurus Ethernet Smart Cable Modules™, Leo CXL Memory Connectivity Controllers, and Scorpio Smart Fabric Switches are built upon industry standard connectivity protocols such as peripherals Component Interconnect Express ("PCIe"), Ethernet, and Computer Express Link ("CXL") to address the growing demand for purpose-built connectivity solutions that solve critical data, network, and memory bottlenecks inherent in cloud and AI infrastructure.

Industry Overview

Astera Labs is a global semiconductor company which provides hardware and software solutions for AI and cloud infrastructure applications to solve data, memory, and networking bottlenecks. We believe we are well-positioned to benefit from the AI and cloud infrastructures positive trends by addressing the industry's next generation of connectivity challenges driven by increasing speed requirements and system complexity. Several of these trends and challenges include the rapid global adoption of cloud computing which has led to increasing demand for compute-intensive AI workloads that are truly optimized only when deployed at cloud scale; increasing use of AI and increasingly larger and more complex AI workloads; and the need for purpose-built connectivity solutions that connect GPUs and other AI accelerators with each other directly or between servers to unleash AI accelerators' full potential at cloud scale and solve critical data, network, and memory bottlenecks.

Our Products and Solutions

In the last five years, we have successfully introduced four revenue-generating product families across multiple form factors including ICs, boards, and modules that are built upon our software-defined IC architecture. Additionally, we have developed a software suite which is embedded in our connectivity products and integrated into our customers' systems.

Aries PCIe®/CXL® Smart DSP Retimers and Aries PCIe®/CXL® Smart Cable Modules™. Our Aries products, which include our COSMOS software suite, are essential to enable higher PCIe/CXL data bandwidth and lower latency interconnectivity between various heterogeneous compute processors, storage, and network controllers. Aries digitally recovers degraded high-speed signals and retransmits a clean copy of the data, thereby extending the reach of existing cost-effective interconnects, while enabling higher data bandwidth. Aries Smart Cable Modules are highly integrated systems consisting of the Aries PCIe Smart Retimer integrated circuit (IC) and peripheral components assembled on multiple form factors. The paddle card module is designed to be integrated into active electrical cable (AEC) assemblies supporting a variety of applications, such as straight cables and breakout cables.

Taurus Ethernet Smart Cable Modules™. Our Taurus products are hardware modules based on our Taurus ICs that increase network connectivity bandwidth between servers and switches over copper media. Taurus modules incorporate our COSMOS software suite and extend Ethernet signaling reach at higher data rates, providing cost-effective, rack-level network connectivity for cloud and AI infrastructure, removing rack-level Ethernet connectivity bottlenecks.

Leo CXL Memory Connectivity Controllers. Our Leo products allow our customers to overcome processor memory bandwidth bottlenecks and capacity limitations, while leveraging our COSMOS software suite's built-in memory management and deep diagnostic capabilities. Leo ICs and boards enable expanding, sharing, and pooling of industry standard DRAM memory over high-speed serial links to support memory-intensive workloads running on AI accelerators and CPUs.

Scorpio Smart Fabric Switches. Our Scorpio products are purpose-built to enable our hyperscaler customers to deploy AI platforms at rapid pace and scale by improving energy efficiency, optimizing performance per watt, increasing AI accelerator utilization, reducing time to market, and maximizing uptime with our COSMOS software suite. Scorpio P-Series for PCIe Gen 6.0 connectivity is architected to support mixed traffic head-node connectivity across a diverse ecosystem of PCIe hosts and endpoints. Scorpio X-Series for GPU clustering is designed to deliver back-end GPU-to-GPU bandwidth with platform specific customization.

COSMOS Software Suite. Our COSMOS software suite is foundational to our Intelligent Connectivity Platform. COSMOS is designed to enable our hyperscaler customers to seamlessly configure, manage, monitor, optimize, troubleshoot, and customize functions in our IC, board, and module products. COSMOS has a software component that operates on our customers' operating systems, and interfaces with other COSMOS software components running on microcontrollers integrated into our ICs, boards, and modules.

Our software suite provides three distinct capabilities to our customers which include Link Management, Fleet Management, and Reliability, Availability, Serviceability ("RAS").

Ecosystem and Customers

Our customers include major hyperscalers, leading AI accelerator vendors (including GPU vendors), and system OEMs. We collaborate closely with our customers' manufacturing and design partners, our ecosystem partners, and, importantly, directly with our customers. For instance, we have developed multiple reference and/or commercial designs with different processor vendors.

We engage with our customers and data center infrastructure suppliers through our Interop Lab, where industry participants work together to establish compatibility, and stress-test products early in their product development process and prior to large-scale deployments. These tests validate performance and interoperability between our connectivity products and other data center infrastructure suppliers' products in real-world scenarios to minimize interoperation risk, reduce system development costs, lower unplanned downtime, and accelerate time-to-market. We enhance the value of our platform with our Interop Lab and by providing early interoperability reports with other data center infrastructure suppliers.

We sell our products directly to our customers and through distributors. Our distributors are primarily focused on fulfillment and logistical purposes, rather than selling, marketing, or providing technical support for our products. Our customers are closely involved in the design and often dictate the sourcing decisions for the systems that incorporate our products. They often engage third party contract manufacturers and design partners to manufacture their systems.

Our customers is defined as our end customers, our end customers' manufacturing partners, and our distributors. When the context requires, we may use "end customers," which are primarily hyperscalers and System OEMs, to distinguish from our end customers' manufacturing partners and our distributors. When used in our audited consolidated financial statements included in Part II, Item 8 of this Annual Report, "customers" refers to parties we directly invoice for products or services, which primarily include our end customers' manufacturing partners and our distributors.

Sales and Marketing

Our sales and marketing strategy is to maintain a deep understanding of our customers' needs and to design products that are specifically tailored to each customer's unique requirements. Our deep market knowledge, successful execution track record, and customer trust allow us to identify opportunities for new product design wins as well as for our product roadmap.

We focus our sales and marketing efforts on hyperscalers, leading AI accelerator vendors, and system OEMs. The universe of available end customers in our industry is small and concentrated, and as a result, it is very important to our success that we maintain strong and collaborative relationships with the end customers in our industry. For example, in

2024, our top three end customers represented an aggregate of approximately 80% of our revenue. Our arrangements with our customers are typically effected via purchase orders for specific products. These purchase orders dictate the material terms of the arrangement, such as purchase price, purchase quantity, delivery date, and delivery destination.

We primarily sell our products to distributors and our end customers' manufacturing partners, whom are primarily located in North America and Asia. Once sold, our products are typically incorporated into hyperscaler, leading AI accelerator vendor, and OEM systems. These systems are deployed in data center infrastructure around the world. Because of the global deployment of our products, we maintain a field applications engineering ("FAE") team, which provides customers with on-site technical resources as required. Our FAE teams are located near customer research and development sites in North America, Asia, and Israel. Our field teams are internally supported by product applications engineers, marketing, and business development teams in North America, Asia, and Israel.

Manufacturing and Suppliers

We use third parties to manufacture our products which include ICs, boards, and modules. The manufacturing process is subject to extensive testing and verification. We use a fabless manufacturing model and partner with TSMC to fabricate all of our ICs. We use Advanced Semiconductor Engineering and Amkor Technologies to assemble, package, and test our ICs. We also rely on a small, limited number of other manufacturing partners for our modules, boards, and IC substrates.

We are committed to supplying the highest quality devices to meet the most stringent demands of the world's largest hyperscalers. As a result, our supply chain is optimized for quality and for rapid high-volume increases in production.

It is important that our products meet and exceed the Joint Electron Device Engineering Council ("JEDEC") specifications that define the methodology for reliability testing and qualification of electrical components. Our quality management includes high production test coverage and full product traceability. We have a dedicated quality team which allows us to continuously monitor our customers' feedback and improve our product quality by incorporating that feedback into our designs. Our partners and suppliers are committed to complying with Registration, Evaluation, Authorization, and Restriction of Chemicals ("REACH"), Restriction of Hazardous Substances Directive ("RoHS"), and industry standards. We are focused on sourcing components and materials that lessen our environmental footprint.

Research and Development

We believe our cloud-based approach to research and development is a valuable competitive strength. We use the cloud to both design new products and improve upon existing products. By harnessing the scale of cloud computing, we accelerate the speed of our research and development efforts, which in turn allows us to get to market faster and more efficiently. We partner with Electronic Design Automation ("EDA") tool providers to run physical design and development flows in the cloud. With this approach, we can quickly simulate thousands of regressions in parallel with the most up to date and high-performance servers. This enables us to significantly increase our design verification iterations, leading to high quality tapeouts and an overall expedited development schedule.

Our research and development efforts focus on connectivity infrastructure for high-performance data center applications. We have committed, and intend to continue to commit, significant financial and other resources to technology and product innovation and development. We invest heavily in a global team of highly skilled engineers, with dedicated research and development offices in United States, Canada, India, and Israel.

Intellectual Property

Our commercial success depends in part on our ability to obtain and maintain intellectual property protection for our brand, products and technology, defend and enforce our intellectual property rights, preserve the confidentiality of our trade secrets, operate our business without infringing, misappropriating, or otherwise violating the intellectual property or proprietary rights of third parties and prevent third parties from infringing, misappropriating, or otherwise violating our intellectual property rights. We rely on a combination of intellectual property rights, including patents, copyrights, trademarks, trade secrets, and contractual protections, to protect our core technology.

As of December 31, 2024, we owned 18 issued patents and 28 pending patent applications in the United States, and four pending foreign patent applications. Our issued patents and pending patent applications generally relate to interconnect and memory control technology, and printed circuit board and package designs. These issued patents, and any patents granted from our pending patent applications, are expected to expire between 2039 and 2043, without taking potential patent term extensions or adjustments into account. We routinely review our development efforts to assess the existence and patentability of new inventions.

Moreover, we rely, in part, on trade secrets to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection. However, trade secrets can be difficult to protect. While we take

commercially reasonable steps to protect and maintain our trade secrets, including by entering into confidentiality agreements with our employees, consultants, and contractors and by maintaining physical security of our premises and physical and electronic security of our information technology systems, such measures may not prove to be adequate and there may not be any available remedies. In addition, our trade secrets may otherwise become known or be independently discovered by competitors or others.

We also protect our brand through common law trademark protections and trademark registrations. As of December 31, 2024, we owned one trademark registration for the “ASTERA LABS” mark in the United States, a trademark application for “ASTERA LABS” in the United States and 12 related foreign trademark applications.

Competition

We offer a differentiated and holistic Intelligent Connectivity Platform purpose-built for cloud and AI infrastructure workloads. Our competitors typically compete with us with respect to some, but not all, of our solutions. Our principal competitors include Broadcom, Inc., Credo Technology Group Holding Ltd., Marvell Technology, Inc., Microchip Technology Inc., Montage Technology, Parade Technologies, Ltd, and Rambus, Inc.

The principal competitive factors in our market include:

- Ability to provide a complete platform coupled with software and interoperability reports that ensure ease of integration and customer adoption;
- Product performance in terms of high data throughput, low latency connectivity, robust signal integrity to overcome extended channel insertion loss, and scalable memory expansion;
- Customization to support the specific requirements of each hyperscaler throughout the lifecycle of their infrastructure;
- Interoperability with major host processors and endpoint devices to ensure seamless system operation;
- Near-zero defect tolerance along with stringent qualification processes meeting industry standards and the specific customer requirements;
- Server-grade RAS;
- Sophisticated link telemetry features that enable signal monitoring at scale;
- Ease of making software updates to products to ensure regular software suite enhancements; and
- Ability to deliver products at large volumes in a timely manner to the quality standards required by our customers.

Human Capital

As of December 31, 2024, we had a total of 440 full-time employees located in six countries, 331 of our employees are located in the United States, 50 are located in Canada, 25 are located in Taiwan, 17 are located in China, 9 are located in India, and 8 are located in Israel. We also supplement our workforce with additional contractors and consultants.

To our knowledge, none of our employees are represented by a labor union or covered by a collective bargaining agreement. We have not experienced any work stoppages, and we consider our relations with our employees to be good. Our human capital resource objectives include, as applicable, identifying, recruiting, retaining, incentivizing, and integrating our existing and new employees. The principal purposes of our equity incentive plans are to attract, retain, and reward personnel through the granting of stock-based compensation awards in order to increase stockholder value and the success of our company by motivating such individuals to perform to the best of their abilities and achieve our objectives.

Government Regulation

We are subject to the laws and regulations of various jurisdictions and governmental agencies affecting our operations and the sale of our products in areas including, but not limited to: intellectual property; tax; import and export requirements; anti-corruption; economic and trade sanctions; national security and foreign investment; foreign exchange controls and cash repatriation restrictions; data privacy and security requirements (such as the CCPA); competition; advertising; employment; product regulations; environment, health and safety requirements; and consumer laws. To date, costs and accruals incurred to comply with these governmental regulations have not been material to our capital expenditures and results of operations. Although there is no assurance that existing or future governmental laws and regulations applicable to our operations and the sale of our products will not have a material adverse effect on our capital expenditures, results of operations, and competitive position, we do not currently anticipate material expenditures for

government regulations. Nonetheless, we believe that significant changes in global trade regulations could potentially have a material impact on our business.

As a global company, the import and export of our products and technology are subject to laws and regulations including international treaties, U.S. export controls and sanctions laws, customs regulations, and local trade rules around the world. The scope, nature, and severity of such controls varies widely across different countries and may change frequently over time. Such laws, rules, and regulations may delay the introduction of some of our products or impact our competitiveness through restricting our ability to do business in certain places or with certain entities and individuals. For example, the U.S. Department of Commerce continues to add Chinese firms to the Entity List. These export restrictions, which would require that we obtain licenses from the U.S. Department of Commerce to allow us to export products to such listed firms, will likely limit or prevent us from doing business with certain potential customers or potential suppliers. These restrictive governmental actions and any similar measures that may be imposed on U.S. companies by other governments, especially in light of ongoing trade tensions between the United States and other countries, particularly China, could limit our ability to conduct business globally.

See the section titled “Risk Factors” for additional information regarding risks we face related to government regulation.

Available Information

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, including exhibits, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), are filed with the U.S. Securities and Exchange Commission (the “SEC”). We are subject to the informational requirements of the Exchange Act and file or furnish reports, proxy statements, and other information with the SEC. Such reports and other information filed by us with the SEC are available free of charge on our website at <https://asteralabs.gcs-web.com/financials/sec-filings> when such reports are available on the SEC's website. We use <https://asteralabs.gcs-web.com/news-events/news-releases> as means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD.

The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov. The contents of the websites referred to above are not incorporated into this filing. Further, our references to the URLs for these websites are intended to be inactive textual references only.

Item 1A. Risk Factors

Our operations and financial results are subject to various risks and uncertainties, including those described below. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes. The risks described below are not the only ones we face and we could be harmed by risks and uncertainties not currently known to us or that we do not currently believe to be material. If any of these risks actually occur, our business, results of operations, financial condition, and prospects could be materially adversely affected. In that event, the trading price of our common stock could decline, and you could lose part or all of your investment. You should not interpret our disclosure of any of the following risks to imply that such risks have not already materialized. Certain statements contained in the risk factors described below are forward-looking statements. See the section titled “Special Note Regarding Forward-Looking Statements” for more information.

Risk Factors Summary

Risks Related to Our Business

- We may not sustain our growth rate, and we may not be able to manage future growth effectively;
- We have a history of generating net losses, and if we are unable to achieve adequate revenue growth while our expenses increase, we may not maintain profitability in the future;
- We have a limited operating history, and we may have difficulty accurately predicting our future revenue for the purpose of appropriately budgeting and adjusting our expenses;
- We may be unsuccessful in anticipating and responding to new market trends and evolving industry standards, developing and selling new products, or penetrating new markets;
- A substantial portion of our revenue is driven by a limited number of our end customers, and the loss of, or a significant reduction in, demand from one or a few of our top end customers would adversely affect our operations and financial condition;
- If we fail to achieve design wins for our products, we may lose the opportunity for sales to customers for a significant period of time and be unable to recoup our investments in our products;
- We may experience difficulties demonstrating to customers the value of our new products or newer generations of our existing products;
- The adoption, use, and commercialization of AI technology, and the continued rapid pace of developments in the AI field, are inherently uncertain. Failure by our customers to continue to adopt infrastructure to support AI use cases in their systems, or our ability to keep up with evolving AI infrastructure requirements, could have a material adverse effect on our business, financial condition, and results of operations;
- We rely on a limited number of third-party manufacturing partners for our manufacturing and supply chain services, and the failure to manage our relationships successfully with our third-party manufacturing partners in order to obtain adequate services and supplies could adversely affect our ability to market and sell our products and our reputation;
- Our customers require our products and our third-party manufacturing partners to undergo a lengthy and expensive qualification process which does not assure volume product sales. If we are unsuccessful or delayed in qualifying any of our products with a customer, our business and operating results would suffer;
- Pricing for the current generation of our existing products often decreases over time, which could negatively impact our revenue and gross margins;
- We generally do not maintain long-term supply contracts with our third-party manufacturing partners, and any disruption in our supply of products could have a material adverse effect on our business, financial condition, and results of operations;
- The complexity of our products could result in unforeseen delays or expense or undetected defects, bugs, or security vulnerabilities, which could adversely affect the market acceptance of new products, damage our reputation with current or prospective customers, and materially and adversely affect our operating costs;

- Adverse changes in the political, regulatory, and economic policies of governments in connection with trade with China and Chinese customers have reduced the demand for our products and damaged our business;
- Our business would be adversely affected by the departure of existing members of our senior management team.
- Cybersecurity risks, including cyber-attacks, data breaches, and system vulnerabilities could adversely affect our business and disrupt our operations;
- We may be subject to warranty claims and product liability;
- Litigation and other legal proceedings may adversely affect our business;
- The occurrence of events for which we are self-insured, or which exceed our insurance limits, may adversely affect our profitability and liquidity;
- We may pursue acquisitions, joint ventures, and dispositions, which could adversely affect our results of operations, and any acquisitions we do make could disrupt our business and harm our financial condition;
- Our global operations expose us to numerous legal and regulatory requirements and failure to comply with such requirements, including unexpected changes to such requirements, could adversely affect our results of operations; and
- Changes in existing tax laws, tax rules, or tax practices may adversely affect our financial results.

Risks Related to Our Industry

- We operate in intensely competitive markets. Our failure to compete effectively, including as a result of industry consolidation, would harm our results of operations.

Risks Related to our Intellectual Property

- Our failure to protect our intellectual property rights adequately could impair our ability to compete effectively or to defend ourselves from litigation, which could harm our business, financial condition, and results of operations;
- We rely on third-party technologies for the development of our products and our inability to use such technologies in the future would harm our ability to remain competitive;
- We may face claims of intellectual property infringement, misappropriation or other violations, which could be time-consuming or costly to defend or settle, result in the loss of significant rights or harm our relationships with our customers or reputation in the industry; and
- 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.

Risks Related to the Ownership of Our Common Stock

- Our executive officers, directors, and stockholders, if they choose to act together, have the ability to control or significantly influence all matters submitted to shareholders for approval.

Risks Related to Our Business

We may not sustain our growth rate, and we may not be able to manage future growth effectively.

We have experienced significant growth in a short period of time. Our revenue increased from \$115.8 million for the year ended December 31, 2023 to \$396.3 million for the year ended December 31, 2024. We may not achieve similar growth rates in future periods. You should not rely on our operating results for any prior quarterly or annual periods as an indication of our future operating performance. If we are unable to maintain adequate revenue growth, our financial results could suffer, and our stock price could decline.

To manage our growth successfully and handle the responsibilities of being a public company, we believe we must effectively, among other things:

- recruit, hire, train, and manage additional qualified personnel for our research and development activities;
- continue to make significant investments in our new and existing products;
- add additional sales personnel; and

- implement and improve our administrative, financial and operational systems, procedures, and controls.

If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities or develop new products, and we may fail to satisfy customer requirements, maintain product quality, execute our business plan, or respond to competitive pressures.

We have a history of generating net losses, and if we are unable to achieve adequate revenue growth while our expenses increase, we may not maintain profitability in the future.

We have a history of generating net losses. We incurred net losses of \$83.4 million and \$26.3 million for the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, we had an accumulated deficit of \$208.8 million and \$125.4 million, respectively. These losses and our accumulated deficit are a result of the substantial investments we have made to grow our business. We expect our costs will increase over time and our losses may continue if such increases in costs are not more than fully offset by increases in our revenue. We expect to continue to invest significant additional funds in expanding our business and research and development activities as we continue to develop new products. We have experienced and expect to continue to incur additional general and administrative expenses as a result of our growth and increased costs to support our operations as a public company. Historically, our costs have increased over the years due to these factors, and we expect to continue to incur increasing costs to support our anticipated future growth.

If our revenue or revenue growth rate declines or our operating expenses exceed our expectations, our financial performance will be adversely affected. We will need to generate and sustain increased revenue levels in future periods in order to maintain profitability. If we cannot successfully grow our revenue at a rate that exceeds the costs associated with our business, we will not be able to maintain profitability, and the trading price of our common stock could decline.

We have a limited operating history, and we may have difficulty accurately predicting our future revenue for the purpose of appropriately budgeting and adjusting our expenses.

We were established in October 2017. Our limited operating experience, a dynamic and rapidly evolving market in which we sell our products, our dependence on a limited number of customers, as well as numerous other factors beyond our control, could impede our ability to forecast quarterly and annual revenue accurately. As a result, we could experience budgeting and cash flow management problems, unexpected fluctuations in our results of operations and other challenges, any of which could make it difficult for us to maintain profitability and could increase the volatility of the market price of our common stock.

We may be unsuccessful in anticipating and responding to new market trends and evolving industry standards, developing and selling new products, or penetrating new markets.

We operate in an industry characterized by rapidly changing technologies and evolving industry standards. We believe that our future success depends on our ability to develop and introduce new technologies and products that generate new sources of revenue to replace, or build upon, existing product revenue streams. If we are not able to repeatedly introduce, in successive years, new products or new generations of existing products that ship in volume and meet customer demands, our revenue will likely not grow and may decline significantly and rapidly.

To compete successfully, we must design, develop, market, and sell new products or new generations of existing products that provide increasingly higher levels of performance while meeting evolving industry standards, and the cost and quality expectations, of our customers. The introduction of new products by our competitors, the delay or cancellation of a system for which any of our products are designed in, 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, or otherwise unmarketable.

Our failure to anticipate or timely develop new products or new generations of existing products in response to technological shifts or evolving industry standards could result in decreased revenue and our competitors securing a competitive advantage. In particular, we may experience difficulties with product design, manufacturing, assembly, test, and qualification or marketing that could delay or prevent our development, introduction, or marketing of new or enhanced products. Although we believe our products comply with applicable industry standards, our existing and new products may not fully conform under all circumstances, and we are unable to guarantee that proprietary enhancements in the future will fully conform with applicable industry standards under all circumstances as industry standards evolve and change.

Products for our target markets are based on industry standards that are continually evolving, and industry standards are often developed and promoted by larger companies who are industry leaders and provide other components of the systems into which our products are incorporated. In choosing products to develop, we also make certain assumptions

about which industry standards we believe will be adopted by industry leaders. For example, CXL connectivity solutions are in the early stages of market adoption. If our assumptions are incorrect, and larger companies do not support the same industry standards that we do, or if competing standards emerge, it could be difficult for our products to meet the requirements of certain customers. As a result, if we fail to introduce new products or new generations of our existing products that meet prevailing industry standards and the needs of our customers, or penetrate new markets in a timely fashion, and our designs do not gain acceptance, we will likely lose market share and our competitive position, potentially on an extended basis, and our operating results will be adversely affected.

Our competitiveness and future success depend on our and our third-party manufacturing partners' ability, as applicable, to design, develop, manufacture, assemble, and test new products and product enhancements on a timely and cost-effective basis. Our failure to anticipate fundamental shifts in technologies in any of our product markets, to develop new technologies or to react to changes in existing technologies could materially delay our development of new products or new generations of our existing products. For example, we anticipate that our customers will continue to have increasing needs for connectivity and memory products as a result of the increased adoption of the cloud and AI infrastructure, and if we are unable to successfully design and produce products that our customers can incorporate into their cloud and AI systems, we expect that our competitive positioning and financial performance would be harmed as our competitors more effectively help our customers scale into these developing sectors.

We believe the success of new products depends on accurate forecasts of long-term market demand and future technological developments, as well as on a variety of specific implementation factors, including:

- timely and efficient completion of our design and transfer to manufacturing, assembly, and test processes;
- the quality, performance, and reliability of our products; and
- effective marketing, sales, and service.

If we fail to introduce new products or new generations of existing products that meet the demand of our customers or penetrate new markets that we have targeted, our revenue will likely decrease over time and our financial condition could suffer.

A substantial portion of our revenue is driven by a limited number of our end customers, and the loss of, or a significant reduction in, demand from one or a few of our top end customers would adversely affect our operations and financial condition.

A substantial portion of our revenue is driven by a limited number of end customers. In 2024, no end customer represented more than 40% of our revenue; the top three end customers represented an aggregate of approximately 80% of our revenue. Our distributors and end customers' manufacturing partners provide us with information in their purchase orders about which end customer will receive the products purchased. This data allows us to estimate the portion of our revenue that is due to specific end customer demand. We anticipate that we will continue to be dependent on a limited number of end customers for a significant portion of our revenue in the future, and in some cases, the portion of our revenue attributable to certain end customers may increase in the future. However, we may not be able to maintain or increase sales to certain of our top end customers for a variety of reasons, including the following:

- our master agreements with our end customers generally do not require them to purchase a minimum quantity of our products and our end customers' demand for our products may be volatile;
- some of our end customers may redesign their systems to use fewer or none of our products with limited notice to us; and
- many of our end customers have pre-existing or concurrent relationships with our current or potential competitors that may affect such end customers' decisions to purchase our products.

End customer relationships often require us to develop new products that may involve significant technological and design challenges, and our end customers frequently place considerable pressure on us to meet tight development schedules. Accordingly, we may have to devote a substantial amount of our resources to our strategic relationships, which could detract from or delay our completion of other important development projects. Delays in development could impair our relationships with our end customers and negatively impact forecasted sales of the products under development. Moreover, it is possible that our end customers may develop their own products that may compete with our solutions, or adopt a competitor's solution for products that they currently buy from us. If that happens, our sales would be adversely impacted and our business, financial condition, and results of operations would be materially and adversely affected.

In addition, to attract new customers or retain existing end customers, we may offer (in some cases through distributors) certain customers favorable prices for our products. In that event, our revenue and gross margins may decline.

The loss of a top end customer, a reduction in sales to any top end customer, or our inability to attract new end customers could impact our revenue and materially and adversely affect our results of operations.

If we fail to achieve design wins for our products, we may lose the opportunity for sales to customers for a significant period of time and be unable to recoup our investments in our products.

Our business is dependent on design wins. Design wins occur once a customer has validated and placed an order for our product(s). We often incur significant expenditures in the development of a new product or new generation of an existing product without any assurance that our customers will select our product for use in their systems. Additionally, we are often required to anticipate which product designs will generate demand in advance of our customers expressly indicating a need for that particular design. Even if our customers select our products, a substantial period of time will elapse before we generate revenue related to the significant expenses we have incurred. The reasons for this delay generally include the following elements of our product sales and development cycle timeline and related influences:

- our customers usually require a comprehensive technical evaluation of our products before they incorporate them into their designs;
- it can take up to two years from the time a design win is secured to commencement of volume commercial shipments (assuming no changes in market conditions or customer development schedules); and
- our customers may be impacted by changing market conditions, product development issues of their own, or choose to delay their system designs.

The resources devoted to product development and sales and marketing may not generate material revenue for us, and we have needed in the past, and may need in the future, to write off excess and obsolete inventory if we have produced a product in excess of forecasted demand which does not materialize. If we incur significant expenses and investments in inventory in the future that we are not able to recover, and we are not able to compensate for those expenses, our operating results could be adversely affected.

A design win does not guarantee sales to a customer. A delay or cancellation of a customer's plans could materially and adversely affect our financial results, as we incur significant expense in the design process and may generate little or no revenue from it. In addition, the timing of design wins is unpredictable and supporting production for a major design win, or multiple design wins at the same time, may strain our resources. In such event, we may be forced to dedicate significant additional resources and incur additional costs and expenses. Customers could also choose at any time to stop using our products, or could fail to successfully market and sell their products, either of which could reduce demand for our products.

Once a customer designs a product into its systems, the same product or enhanced versions of that product from the same supplier is likely to be used across a number of similar and successor products. This can be for a lengthy period of time due to the significant costs associated with qualifying a new supplier and potentially redesigning the product to incorporate a different solution. If a customer initially chooses a competitor's product, it becomes more difficult for us to sell our products for use in that system because changing suppliers can involve significant cost, time, effort, and risk for our customers, and additional design opportunities may be infrequent or delayed. Thus, our failure to obtain a design win can result in our foregoing revenue from a given customer's system for the life of that system. Our ability to compete in the future will depend, in large part, on our ability to develop products that comply with our customers' and potential customers' system specifications. However, even if our customers use our products in their systems, these customers may not deploy their systems in volume and we may not receive significant revenue from the sales of our products for those systems. As a result, we may be unable to accurately forecast the volume and timing of our orders and revenue associated with any new product introductions.

We may experience difficulties demonstrating to customers the value of our new products or newer generations of our existing products.

As we develop and introduce new products or new generations of our existing products, we face the risk that our new products do not meet the needs of our customers' next generation systems and applications or that our customers may forego adopting one or more newer generations of our existing products. Regardless of the improved features or superior performance of the newer generations of our existing products, customers may be unwilling to adopt our new products due to design or pricing constraints, among other reasons. Even if customers choose to adopt our new products or new generations of our existing products, they may be slow to do so, which may result in certain of our products selling more frequently than other products for sustained periods of time. For example, most of our historical sales have been for our Aries Smart DSP Retimer product family. Because of the extensive time and resources that we invest in researching and developing new products and new generations of our existing products, if we are unable to sell new products or new

generations of our existing products, our revenue could decline and our business, financial condition, and results of operations would be negatively affected.

The adoption, use, and commercialization of AI technology, and the continued rapid pace of developments in the AI field, are inherently uncertain. Failure by our customers to continue to adopt or invest in AI infrastructure to support AI use cases in their systems, or our ability to keep up with evolving AI infrastructure requirements, could have a material adverse effect on our business, financial condition, and results of operations.

As part of our growth strategy, we seek to attract and acquire customers focused on AI. We foresee emerging demand from companies that are dedicated to providing infrastructure for AI use cases, AI-dedicated data centers, and larger enterprises, as they begin to build systems to meet their unique requirements. However, AI has been developing at a rapid pace, and continues to evolve and change. If we are unable to keep up with the changing AI landscape or in developing products to meet our customers' evolving AI needs, or if the AI landscape does not develop to the extent we or our customers expect, our business, and financial results may be adversely impacted.

Additionally, our efforts in developing new AI infrastructure technology solutions are inherently risky and may not always succeed. We may incur significant costs and expect significant delays in developing new products or new generations of existing products to adapt to the changing AI landscape, and may not achieve a return on investment or capitalize on the opportunities presented by demand for AI solutions. Moreover, while AI-adoption is likely to continue and may accelerate, the long-term trajectory of this technological trend is uncertain.

Additionally, we expect to see increasing government and supranational regulation related to artificial intelligence use and ethics, which may also significantly increase the burden and cost of research, development, and compliance in this area. For example, the EU's Artificial Intelligence Act, or the EU AI Act, — the world's first comprehensive AI law — entered into force in June 2024 and, with some exceptions, become effective 24 months thereafter. This legislation imposes significant obligations on providers and deployers of high risk artificial intelligence systems, and encourages providers and deployers of artificial intelligence systems to account for EU ethical principles in their development and use of these systems. If we develop or use AI systems that are governed by the EU AI Act, it may necessitate ensuring higher standards of data quality, transparency, and human oversight, as well as adhering to specific and potentially burdensome and costly ethical, accountability, and administrative requirements. Significant resources will be required to design, develop, test and maintain our products to help ensure that artificial intelligence is implemented and deployed in accordance with applicable law and regulation and in a socially responsible manner and to minimize any real or perceived unintended harmful impacts. Our customers may also become subject to such upcoming AI regulations, which could cause a delay or impediment to the commercialization of AI technology and could lead to a decrease in demand for our customers' AI systems, and may adversely affect our business, financial condition, and results of operations.

We rely on a limited number of third-party manufacturing partners for our manufacturing and supply chain services, and the failure to manage our relationships successfully with our third-party manufacturing partners in order to obtain adequate services and supplies could adversely affect our ability to market and sell our products and our reputation.

We operate an outsourced manufacturing business model. We currently partner with TSMC to manufacture our integrated circuits. TSMC is our sole manufacturing partner for our integrated circuits and we currently have not qualified another source. We also use Advanced Semiconductor Engineering and Amkor Technologies to assemble, package, and test our integrated circuits. We also rely on a small, limited number of other manufacturing partners for our modules, boards, and integrated circuit substrates. Relying on third-party manufacturing partners presents significant risks, including:

- failure by us, our customers, or their customers to qualify a selected supplier;
- capacity shortages during periods of high demand;
- reduced control over delivery schedules and quality;
- shortages of materials;
- third parties infringing, misappropriating, or otherwise violating our intellectual property rights;
- impairment of the operation of our products if errors or other defects occur in the third-party technologies we use, and difficulties correcting such errors or defects because the development and maintenance of those technologies is not within our control;
- limited warranties on products supplied to us; and

- potential increases in prices or reduced yields.

The ability and willingness of our third-party manufacturing partners to perform is largely outside of our control. We have experienced and may continue to experience the failure of one or more of our third-party manufacturing partners or other outsourcers to perform its obligations in a timely manner or at satisfactory quality levels, which can negatively impact our ability to bring products to market and our reputation. In particular, if TSMC is unable to supply us with sufficient quantities of wafers to meet all of our requirements, we could have difficulties fulfilling our customer orders and our revenue could decline. In addition, if our third-party manufacturing partners fail to deliver quality services, products, and components on time and at reasonable prices, we could have difficulties fulfilling our customer orders, which would materially and adversely affect our business, financial condition, and results of operations.

Our third-party manufacturing partners and distributors, and the majority of our revenue, are concentrated primarily in Taiwan, China, and South Korea, areas that are or may be subject to geopolitical uncertainty, trade disputes and restrictions, environmental disasters, and other risks. Any disruption to the operations of these manufacturing partners or distributors could cause significant delays in the production or shipment of our products and impact our financial condition.

Our success depends in part on the uninterrupted and reliable operation of our business, including the operation of our day-to-day business operations, or manufacturing, assembly, and testing done by our third-party manufacturing partners and other vendors. Unforeseen disruption of the production or distribution of our products could be caused by a number of events, including a maintenance outage, systems outage or other disruption, power or equipment failure, fires, floods, earthquakes or other natural disasters, social unrest or terrorist activity, work stoppages, public health concerns (including pandemics), regulatory measures, or other operational problems. For example, the foundry used by our primary manufacturer, TSMC, as well as our primary distributor, is located in Taiwan. The risk of an earthquake in Taiwan and elsewhere in the Pacific Rim region on our business is significant due to the proximity of major earthquake fault lines to the foundry's facilities. Any disruption resulting from such events could cause significant delays in the production or shipment of our products until we are able to shift our manufacturing from the affected location to another location. We may not be able to obtain alternate capacity on favorable terms, if at all.

In addition, our dependence on our relationship with our third-party manufacturing partners or distributors may be affected by changes in governmental policies, taxation, rising inflation or interest rates, social instability, geopolitical conflicts and tensions, and diplomatic and social developments which are outside of our control. The occurrence of such events may have an adverse impact because the majority of our revenue derives from sales into East Asia. For example, since 1949, Taiwan and mainland China have been separately governed. Although significant economic and cultural relations have been established between Taiwan and mainland China in the past few years, past developments in relations between Taiwan and mainland China have on occasion depressed the market prices of the securities of companies doing business in Taiwan, and may depress the price of our common stock. Additionally, trade tensions between the United States and China may lead to restrictions on our ability to use our third-party manufacturing partners or distributors located in China or may impose restrictions such that our use of such manufacturing partners or distributors may no longer be practical or on terms favorable to us. Further, continued or heightened tension between South Korea and North Korea, an outbreak in military hostilities, or other actions or occurrences could cause significant delays in the production or shipment of our products until we are able to shift our manufacturing, assembling, testing, or distribution from the affected contractor to another third-party.

Furthermore, our industry generally relies on a limited number of manufacturers whose operations tend to be concentrated in Taiwan and other parts of East Asia, which makes us especially susceptible to adverse developments in these regions' economic and political conditions, particularly to the extent that such developments create an unfavorable business environment that significantly affects our and our customers' operations. Although the governments of certain countries, including the United States, have taken actions to make their countries more attractive for chip manufacturing operations, there can be no assurances that the current geographic concentration of chip manufacturing will be meaningfully changed in the near term or at all.

If any of these events, or other macroeconomic trends, should cause a prolonged disruption of operations that impact our third-party manufacturing partners, we may see operational downtimes or operation at reduced capacities, preventing us from completing our operations or production in a timely manner, leading to loss of business volume and reduced productivity or profitability which could have a material adverse effect on our business, financial conditions, and results of operations. Given the concentration of chip manufacturing in Taiwan and other parts of East Asia, as well as the other risks described herein, we may not be able to obtain alternate service or materials quickly and on favorable terms, if at all. Any unplanned production downtime or other operational problems and delays, if significant, could have a material adverse effect on our business, financial condition, and results of operations.

Our customers require our products and our third-party manufacturing partners to undergo a lengthy and expensive qualification process which does not assure volume 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 products and deploying them in volume in their systems, our customers require that our products and our third-party manufacturing partners undergo extensive qualification processes, which involve testing of our products in our customers' systems, as well as testing for reliability. This qualification process may continue for several months or more. Moreover, qualification of a product by a customer does not assure any sales of the product to that customer. Further, 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 by 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 deployment of our products in their systems. Despite these uncertainties, we devote substantial resources, including design, engineering, sales, marketing, technical support, and management efforts, to qualify 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 may impede our growth and materially and adversely affect our business, financial condition, and results of operations.

We make substantial investments in research and development, and unsuccessful investments could materially adversely affect our business, financial condition, and results of operations.

The industry in which we compete is characterized by rapid technological change, changes in customer requirements, frequent new product introductions and enhancements, short product cycles and evolving industry standards, and new delivery methods. In addition, the fabrication of semiconductor products has transitioned over time to increasingly smaller line width geometries, and failure to successfully transition to product designs utilizing smaller geometry process nodes could impair our competitive position. In order to remain competitive, we have made, and expect to continue to make, significant investments in research and development. For the years ended December 31, 2024 and 2023, research and developments expenses were \$200.8 million and \$73.4 million, respectively. If we fail to develop new and enhanced products and technologies, if we focus on technologies that do not become widely adopted, or if new competitive technologies or industry standards that we do not support become widely accepted, demand for our products may be reduced. Increased investments in research and development or unsuccessful research and development efforts could cause our cost structure to fall out of alignment with demand for our products, which would have a negative impact on our financial results.

Our future success will depend in large part on our ability to successfully execute our strategy.

Our business strategy is to maximize our return on investment by aligning with our customers to address high-value problem sets. We are still in the process of implementing our strategy to align with this select customer group, and we cannot be certain that this strategy will succeed. To succeed, we will need to significantly increase sales to our existing customers in the cloud and AI markets, continue to develop and pursue adoption of our PCIe, Ethernet, CXL and UALink™ connectivity solutions, increase our value-per-product and leverage our differentiated product families to grow with our customers into new data intensive end-markets, including developing, introducing, and marketing new products and technologies on a timely basis.

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

Our gross margins may decline due to a number of factors, including customer and product mix, revenue mix between various offerings, market acceptance of our new products, yield, pricing, packaging and testing costs, competitive pricing dynamics, and geographic and market pricing strategies. Increases in gross margins over certain periods may be a result of individual changes in customer need or market shifts, and may not be indicative of future results.

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 the prices that we receive for our products and likely impact our 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 customers, exert more pressure with respect to pricing and other terms with us, it could put downward pressure on our margins.

In addition, we maintain an inventory of our products at various stages of production and in finished goods 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.

Pricing for the current generation of our existing products often decreases over time, which could negatively impact our revenue and gross margins.

Our operating results may be impacted by a decline in the pricing for the current generation of our existing products. If competition increases in our target markets, we may need to reduce the prices of our existing products in anticipation of competitive pricing pressures, new product introductions by us or our competitors, new generations of such existing products, or for other reasons. If we are unable to offset any reductions in pricing for existing products by increasing our sales volumes or introducing new products or new product generations of such existing products with higher margins, our revenue and gross margins will suffer. To maintain our revenue and gross margins, we must develop and introduce new products, next-generation products, and product enhancements on a timely basis and continually reduce our costs as well as our customers' costs. Failure to do so may cause our revenue and gross margins to decline.

Fluctuations in the mix of products sold may materially adversely affect our gross margins and financial results.

Price and cost differences among our products and the mix and types of products sold, including from a features and form factor perspective, may affect the pricing of our products and have a substantial impact on our revenue. Fluctuations in the mix and types of our products may also affect the extent to which we are able to recover our fixed costs and investments that are associated with a particular product, and as a result may negatively and materially impact our financial results.

If we are unable to accurately predict end customer demand, or if our distributors or end customers' manufacturing partners cancel or change their orders, we may hold excess or obsolete inventory, which would reduce our gross margins and may damage our relationships with our customers.

Our revenue and operating results could fluctuate materially and could be materially and disproportionately impacted by the purchasing decisions of our end customers. Due to the inability to predict demand or other reasons, some of our distributors and end customers' manufacturing partners may accumulate excess inventories and, as a consequence, defer purchases of our products. For example, in the first quarter of 2023 we had a \$9.7 million charge to write down inventory in excess of our sales forecast for a legacy customer system. Anticipating demand is difficult because our end customers face unpredictable demand for their own products and/or deployment of their own systems. If we overestimate end customer demand, or end customer demand is otherwise impacted by other factors impacting our assumptions, we might produce significant excess inventory, which would reduce our gross margin and adversely affect our financial results. Conversely, if we underestimate customer demand or if insufficient manufacturing capacity is available, we may miss revenue opportunities, potentially lose market share and damage our customer relationships. In addition, as an increasing number of our products are being incorporated into end customer systems, we anticipate greater fluctuations in demand for our products, which makes it more difficult to forecast end customer demand.

We generally do not maintain long-term supply contracts with our third-party manufacturing partners, and any disruption in our supply of products could have a material adverse effect on our business, financial condition, and results of operations.

We generally do not have long-term contracts with our third-party manufacturing partners that require them to supply manufacturing capacity, materials, or services, and substantially all of our purchases are on a purchase order basis. We place orders with our third-party manufacturing partners for manufacturing, assembling, and testing our products and purchasing components that are integrated into our products according to our estimates of customer demand many months prior to the anticipated delivery date to our customer. This process requires us to make multiple demand forecast assumptions with respect to our customers' demands in advance of actual purchase orders, each of which may introduce error into our estimates. In addition, while many of our customers are subject to purchase orders or other agreements that do not allow for cancellation without penalty within a certain number of days before the estimated ship date, there can be no assurance that these customers will honor these contract terms, and any cancellation of these orders may adversely affect our business operations and demand forecast which is the basis for us to have products made.

Our third-party manufacturing partners may also extend lead times, limit supplies, place products on allocation, or increase prices that could lead to interruption of supply or increased demand in the industry. For example, the supply of these materials may be negatively impacted by increased trade tensions between the United States and its trading partners, particularly the People's Republic of China. Moreover, TSMC has increased and may increase in the future the wafer prices we pay. Our products are incorporated into complex devices and systems, which creates supply chain cross-dependencies. Due to these cross dependencies, any supply chain disruptions could impact the demand for our products in

the short term. In the event that we cannot obtain sufficient quantities of materials in a timely manner or at reasonable prices from third-party manufacturing partners, the quality of the material deteriorates or we are not able to pass on higher manufacturing costs to our customers, our business, financial condition, and results of operations could be adversely impacted.

We rely on our relationships with leaders in the data center and AI infrastructure ecosystem to test and validate our products at a system level 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 products for systems that interoperate with other products sold by leaders in the data center and AI infrastructure ecosystem. We work closely with these industry and technology partners to test and validate our products at a system level. We believe 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, or if our products test negatively with these leaders in the data center and AI infrastructure ecosystem, our products may become less desirable to our customers, which would cause our sales to suffer and our competitive position to be harmed.

The complexity of our products could result in unforeseen delays or expense or undetected defects, bugs, or security vulnerabilities, which could adversely affect the market acceptance of new products, damage our reputation with current or prospective customers, and materially and adversely affect our operating costs.

Our products may contain defects when they are first introduced or as new versions or enhancements are released, or their release may be delayed due to unforeseen difficulties during product development. If any of our products or third-party components used in our products, contain defects, bugs, vulnerabilities, or have reliability, quality, or compatibility problems, we may not be able to successfully design workarounds or resolve the issues in a timely manner. Furthermore, if any of these problems are not discovered until after we have commenced commercial production or deployment of a new product, we may be required to incur additional development costs, as well as costs to repair or replace our products, and expense previously capitalized production mask costs, all of which could materially adversely affect our reputation, business, results of operations, and/or financial condition.

Our customers integrate our products with their products and/or systems, which may also be further integrated with a number of other third-party applications. As a result, if there is an actual or perceived breach of information integrity, security, or availability in one of our customers' systems, it can be difficult to determine which product is at fault and we could ultimately be harmed by the failure of a third-party supplier's product. Consequently, our reputation may be damaged, and customers may be reluctant to buy our products, which could materially and adversely affect our ability to retain existing customers and attract new customers. To resolve these problems, we may have to invest significant capital and other resources and we would likely lose, or experience a delay in, market acceptance of the affected product or products. These and similar problems may also result in claims against us by our customers or others, any of which could materially adversely affect our reputation, business, results of operations, and/or financial condition.

Adverse changes in the political, regulatory, and economic policies of governments in connection with trade with China and Chinese customers have reduced the demand for our products and damaged our business.

Regulatory activity, such as tariffs, export controls, economic sanctions, and restrictions on investment and data transfers as well as vigorous enforcement of U.S. export controls and economic sanctions laws have in the past and may continue to materially limit our ability to make sales to our customers in China, which has in the past and may continue to harm our results of operations, reputation, and financial condition. Due to the U.S. government restricting sales to certain customers in China, sales to some of our customers may require licenses in order for us to export our products; however, there can be no assurances that requests for licenses will be approved by the U.S. government. Moreover, concerns that U.S. companies may not be reliable suppliers as a result of these and other actions has caused, and may in the future cause, some of our customers in China to amass large inventories of our products well in advance of need or caused some of our customers to replace our products in favor of products from other suppliers. Additionally, the Chinese government adopted a law with respect to unreliable suppliers. Any designation as an unreliable supplier may have an adverse impact on our business and operations. In addition, there may be indirect impacts to our business that we cannot easily quantify such as the fact that some of our other customers' systems may also be impacted by export restrictions.

Significant uncertainty remains about the future relationship between the United States and China as tariffs and other trade and investment barriers remain historically high, other key areas of economic and foreign policy difference remain unresolved and tensions remain elevated. The current U.S. Administration has called for substantial changes to U.S. foreign trade policy with respect to China, and there is currently significant uncertainty about the future relationship between the United States and China with respect trade policies, treaties, tariffs and taxes.

Any customers in China that are subject to trade restrictions or tariffs, may develop their own products instead of purchasing from us or they may acquire products from our competitors or other third-party sources that are not subject to the U.S. tariffs and trade restrictions. Some customers in China may be able to cancel or defer purchase orders on short notice without incurring a penalty and, therefore, they may be more likely to do so while the tariffs and trade restrictions are in effect. If export restrictions related to Chinese customers are sustained for a long period of time, or increased, or if other export restrictions are imposed, including restrictions on trade with other countries, it will have an adverse impact on our revenue and results of operations.

If the third-party manufacturing partners, including manufacturers and assembly and test providers, with which we contract, or any additional third-party manufacturing partners with which we may contract in the future, do not achieve satisfactory yields or quality, our reputation and customer relationships could be harmed.

We depend on satisfactory manufacturing capacity, prices, and production yields, as well as timely 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. Manufacturers with which we contract now or in the future may experience manufacturing defects and reduced manufacturing yields from time to time. If these third-party manufacturing partners were to extend lead times, limit supplies or the types of capacity we require, or increase prices due to capacity constraints or other factors, our revenue and gross margin may materially decline. Any new third-party manufacturing partners we work with 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 manufacturers that we work with 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 or defects, integration issues or other performance problems in our products 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 the 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.

Our operating results are impacted by wide fluctuations of supply and demand in the industry.

The semiconductor industry is highly cyclical and subject to wide fluctuations of supply and demand as a result of rapid technological change, rapid product obsolescence and price erosion, evolving standards, and frequent new product introductions. The industry has experienced significant downturns during recent global recessions, characterized by diminished product demand, production overcapacity, and high inventory levels. During these periods, our customers may overstock our products, which would lead to inflated demand for the given period.

Further, any upturn in the semiconductor industry could result in increased competition for access to third-party manufacturing partners. We are dependent on the availability of this capacity to manufacture and assemble our products, and our third-party manufacturing partners have not provided assurances that adequate capacity will be available to us in the future.

In periods when broad fluctuations or changes in business conditions occur, it is difficult to assess the impact on our business. We have sought to reduce our exposure to these fluctuations in our industry by ensuring we have adequate inventory during periods of high demand, including having sufficient supply of components needed to produce more of our products. However, we have experienced substantial period-to-period fluctuations in operating results and expect, in the future, to experience period-to-period fluctuations in operating results due to these changes in business conditions.

We have identified material weaknesses in our internal control over financial reporting and may identify additional material weaknesses in the future or fail to maintain an effective system of internal control over financial reporting. If our remediation of the material weaknesses is not effective, or we fail to develop and maintain effective internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired, which could harm our business and negatively impact the value of our common stock.

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 a company's annual or interim financial statements will not be prevented or detected on a timely basis. We have identified material weaknesses in our internal control over financial reporting.

We did not adequately design and maintain an effective risk assessment process at a sufficient precision level to identify risks of material misstatement in our consolidated financial statements. Specifically, the implementation of controls was not sufficient to respond to risks of material misstatement to financial reporting, including a lack of effectively designed controls over segregation of duties, particularly over the preparation and review of journal entries and account reconciliations.

This material weakness could result in a misstatement of substantially all of the financial statement accounts and disclosures that would result in a material misstatement to our annual or interim consolidated financial statements that would not be prevented or detected.

We did not design and maintain effective information technology ("IT") general controls for information systems that are relevant to the preparation of its financial statements. Specifically, we did not design and maintain: (i) program change management controls to ensure that program and data changes are identified, tested, authorized, and implemented appropriately; (ii) user access controls to ensure appropriate segregation of duties and to adequately restrict user and privileged access to appropriate personnel; (iii) computer operations controls to ensure that processing and transfer of data, and data backups and recovery are monitored; and (iv) program development controls to ensure that new software development is tested, authorized, and implemented appropriately.

These IT deficiencies did not result in a material misstatement to our consolidated financial statements, however, the deficiencies, when aggregated, could impact maintaining effective segregation of duties, as well as the effectiveness of IT-dependent controls (such as automated controls that address the risk of material misstatement to one or more assertions, along with the IT controls and underlying data that support the effectiveness of system-generated data and reports) that could result in misstatements potentially impacting all financial statement accounts and disclosures that would not be prevented or detected. Accordingly, we have determined these deficiencies in the aggregate constitute a material weakness.

We began taking steps to remediate these material weaknesses through the implementation of business process and IT general controls in 2024. We have reviewed and are continuing to review business processes and IT processes and design and implement internal controls consistent with the principles of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework to address the risks of material misstatement. Such activities include designing and implementing new business processes, enhancing information and communication processes, assessing risk, improvements to control documentation, enhancements to segregation of duties and access rights, and deployment of new IT systems and system functionalities as necessary. We are in the process of establishing a risk assessment process, including a monitoring function over internal control over financial reporting, including internal audit, to evaluate and enhance internal controls consistent with the COSO framework and the requirements of a public company. We further plan to implement and operate an appropriate set of IT general controls covering all financially significant systems, which includes controls covering security administration, segregation of duties, computer operations, system implementations, change management, complementary user controls for hosted systems, oversight activities for significant third-party vendors and others. In order to maintain and improve the effectiveness of our internal control over financial reporting as a public company, and once our material weaknesses have been remediated, we anticipate that we will continue to expend significant resources, including accounting-related costs and significant management oversight. Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business.

In addition, we have limited experience with implementing the systems and controls that are necessary to operate as a public company. If these new systems or controls and the associated process changes do not give rise to the benefits that we expect or do not operate as intended, it could adversely affect our financial reporting systems and processes, our ability to produce timely and accurate financial reports or the effectiveness of internal control over financial reporting. Moreover, our business may be harmed if we experience problems with any new systems and controls that result in delays in their implementation or increased costs to correct any post-implementation issues that may arise.

While we are designing and implementing new controls and measures to remediate these material weaknesses, the measures we are taking may not be sufficient to remediate the material weaknesses or avoid the identification of additional material weaknesses in the future. Any failure to remediate our material weaknesses and to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also result in errors in our consolidated financial statements that could result in a restatement of our financial statements and could cause us to fail to meet our periodic reporting obligations, any of which could diminish investor confidence in us and cause a decline in the price of our common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the Nasdaq Global Select Market (“Nasdaq”).

We are not currently required to comply with the SEC rules that implement Section 404 of the Sarbanes- Oxley Act and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. As a public company, we are required to provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our second annual report on Form 10-K. Our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal control over financial reporting until we are no longer considered an emerging growth company. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating. Any failure to maintain effective disclosure controls and internal control over financial reporting could harm our business and could cause a decline in the trading price of our common stock.

We may experience difficulties in transitioning to smaller geometry process nodes, and tapeouts in smaller nodes are more expensive.

In order to remain competitive, we have transitioned, and expect to continue to transition, our semiconductor products to be manufactured in accordance with increasingly smaller line width geometries. We periodically evaluate the benefits, on a product-by-product basis, of migrating our product designs to smaller geometry process nodes. We also evaluate the costs of migrating to smaller geometry process nodes, including both actual costs and opportunity costs related to the technologies we choose to forego. These complex transitions are imperative for us to remain competitive with the rest of the industry.

We have been, and may continue to be, dependent on our relationships with our manufacturers to transition to smaller geometry processes successfully. We cannot ensure that the third parties we use will be able to effectively manage any future transitions. If we or any of our partners experience significant delays in a future transition or fail to efficiently implement a transition, we could experience reduced manufacturing yields, delays in product deliveries, and increased expenses, all of which could harm our relationships with our customers and our results of operations.

If we are unable to attract, train, and retain qualified personnel, particularly our design and technical personnel, we may not be able to execute our business strategy effectively.

Our future success depends on our ability to attract and retain qualified personnel, including our management, sales and marketing, and finance, and particularly our design and technical personnel. In addition, we permit certain of our employees work remotely, which adds to the complexity of our business operations. We do not know whether we will be able to retain all of these personnel as we continue to pursue our business strategy.

Historically, we have encountered difficulties in hiring qualified engineers because there is a limited pool of engineers with the expertise required in our field and competition for these personnel is intense in our industry. In addition, competition for these personnel in the San Francisco Bay Area, where our headquarters are located, and in other locations where we maintain offices, is intense. We have from time to time experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. As the source of our technological and product innovations, our design and technical personnel represent a significant asset. The loss of the services of one or more of our key employees, especially our key design and technical personnel, or our inability to attract and retain qualified design and technical personnel, could harm our business, financial condition, and results of operations.

Many of our key personnel are, or will soon be, vested in a substantial amount of shares of our common stock, RSUs, or stock options. Employees may be more likely to terminate their employment with us if the shares they own or the shares underlying their vested RSUs or options have significantly appreciated in value relative to the original purchase prices of the shares or the exercise price of the options or grant date values of the RSUs, or, conversely, if the exercise price of the options that they hold are significantly above the trading price of our common stock. In addition, job candidates and

existing employees often consider the value of the stock awards they receive in connection with their employment. If the perceived value of our stock awards declines, it may adversely affect our ability to recruit and retain highly skilled employees.

Our business would be adversely affected by the departure of existing members of our senior management team.

Our success depends, in large part, on the continued contributions of our senior management team, and in particular, the services of Jitendra Mohan, our Co-Founder and Chief Executive Officer, and Sanjay Gajendra, our Co-Founder, President, and Chief Operating Officer. Effective succession planning is also important for our long-term success. Failure to ensure effective transfers of knowledge and smooth transitions involving senior management could hinder our strategic planning and execution. We do not maintain key person life insurance policies, so the loss of one or more of our executive officers or key employees (including any limitation on the performance of their duties or short-term or long-term absences as a result of illness or disability) could adversely affect our business.

Cybersecurity risks, including cyber-attacks, data breaches, and system vulnerabilities could adversely affect our business and disrupt our operations.

We depend heavily on our technology infrastructure and cloud partners and maintain and rely upon certain critical information systems for the effective operation of our business. We routinely collect, receive, process, and store personal information (which may also be referred to as “personal data” or “personally identifiable data”) and sensitive data via our information systems, including intellectual property and other proprietary information about our business and that of our customers, employees, suppliers, business partners, and others. We and the third parties upon which we rely face a variety of evolving threats, which could cause cybersecurity incidents or data breaches, such as cyber-attacks. These information technology systems are subject to damage or interruption from a number of potential sources, including, but not limited to, natural disasters, destructive or inadequate code, computer malware, ransomware attacks, bugs, viruses, system vulnerabilities, social engineering, including phishing attacks, denial-of-service attacks, other malicious internet-based activity, online and offline fraud, wrongful conduct by insider employees or vendors, as well as data breaches, power failures, internal negligence, malfeasance, natural disasters or other events.

Cyber-attacks are increasing in number and sophistication, are well-financed, in some cases supported by state actors, and are designed to not only attack, but also to evade detection. Since the techniques used to obtain unauthorized access to systems and data, or to otherwise sabotage them, change frequently and are often not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Geopolitical instability may increase the likelihood that we will experience direct or collateral consequences from cyber conflicts between nation-states or other politically motivated actors targeting critical technology infrastructure. Accidental or willful security breaches, data breaches, or other unauthorized access to our information systems or the systems of our third-party service providers, or the existence of computer viruses, malware (such as ransomware), or vulnerabilities in our or their data or software could expose us to a risk of information loss, business disruption, or misappropriation of proprietary and confidential information, including information relating to our products or customers or the personal information of our employees or third parties. Despite our internal controls and investment in security measures, we have in the past, and may again in the future, be subject to cyber-attacks or unauthorized network intrusions. These events, should they occur, could disrupt our business and result in, among other things, unfavorable publicity, damage to our reputation, loss of our trade secrets and other competitive information, litigation by affected parties and possible financial obligations for liabilities and damages related to the theft or misuse of such information, significant remediation costs, disruption of key business operations, and significant diversion of our resources, legal notifications and disclosures, as well as fines and other sanctions resulting from any related breaches of data privacy laws and regulations (such as the CCPA), any of which could have a material adverse effect on our business, profitability, and financial condition. In addition, despite our internal controls and processes, malicious code, and cybersecurity vulnerabilities in our products and services may expose our customers to cyberattacks and other security risks, which may result in claims, regulatory action, or reputational damage. While we may be entitled to damages if an adverse event arises from our third-party service providers’ failure to perform under their agreements with us, any award may be insufficient to cover the actual costs incurred by us and, as a result of a service provider’s failure to perform, we may be unable to collect any damages.

Further, we continue to devote resources to protect our systems and data from unauthorized access or misuse, and we will likely be required to expend greater resources in the future. However, we cannot guarantee that our risk management processes will be effective at mitigating the risk to our information technology systems.

U.S. and foreign regulators have also increased their focus on cybersecurity vulnerabilities and risks. Compliance with laws and regulations concerning privacy, cybersecurity, data governance, and data protection could result in significant expense, and any failure to comply could result in proceedings against us by regulatory authorities or other third parties. Such proceedings could result in (among other things) unfavorable publicity, damage to our reputation, possible

financial obligations for liabilities, and government orders to implement additional protective measures or adopt new protocols, which could result in additional material expense. Further, customers and third-party manufacturing partners increasingly demand rigorous contractual, certification, and audit provisions regarding privacy, cybersecurity, data governance, data protection, confidentiality, and intellectual property, which may also increase our overall compliance burden.

We have incurred and may in the future incur significant costs in order to implement, maintain, and/or update security systems that are designed to protect our information systems and the design of our products and services, and we may miscalculate the level of investment necessary to protect our systems adequately. Since the techniques used to obtain unauthorized access to or sabotage and compromise systems and technology infrastructure change frequently and are often not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventive measures.

To the extent that any system failure, known or unknown vulnerability, cybersecurity incident or data breach results in material disruptions or interruptions to our operations or the theft, loss, unauthorized access or disclosure of, or damage to our data (including personal information) or confidential information, including our intellectual property, or exposes our customers to cybersecurity threats and attacks, our reputation, business, results of operations, and/or financial condition could be materially adversely affected.

An impairment of the confidentiality, integrity, or availability of our IT systems, or those of one or more of our IT vendors could have a material adverse effect on our business.

Our business depends on various internally managed IT systems and outsourced IT services, including cloud-based infrastructure services, to support, among other things, the design and simulation of our products, financial reporting, product orders and shipping, human resources, benefit plan administration, IT network development, network monitoring, productivity tools, and electronic communication services. Our operations are dependent upon our and our IT vendors' ability to protect our respective IT infrastructure against damage from business continuity events that could have a significant disruptive effect. Although these systems and services are designed to protect and secure our customers', suppliers', and employees' confidential information, as well as our own proprietary information, we are dependent on our vendors and providers to adequately address cybersecurity threats to their systems and services. Any failure of these internal or third-party systems and services to operate effectively or any breach of such systems or services could disrupt our operations and could have a material adverse effect on our business, financial condition, and results of operations.

Our business is subject to complex and evolving laws and regulations regarding privacy, data protection, and cybersecurity, any actual or perceived failure to comply with such laws and regulations could have a material adverse effect on our business.

There are numerous U.S. federal, state, local, and international laws and regulations regarding privacy, data protection, and cybersecurity that govern the collection, receipt, processing, and storage of personal information and other information. The scope of these laws and regulations is expanding and evolving, subject to differing interpretations, may be inconsistent among jurisdictions, or conflict with other rules. We are also subject to the terms of our privacy policies and obligations to third parties, including our customers, related to privacy, data protection, and cybersecurity.

For example, the California Consumer Privacy Act of 2018 (the "CCPA") as amended by the California Privacy Rights Act, affords California residents broad privacy rights and protections, and provides for civil penalties for certain violations. Numerous additional states have passed and others have proposed and may in the future pass comprehensive state privacy laws that may impose additional obligations on our business. Data privacy laws and regulations are constantly evolving and can be subject to significant change and/or interpretive application. Varying and evolving jurisdictional requirements could increase the costs and complexity of our compliance efforts and require changes to how we conduct our business. Violations of applicable data privacy laws can result in significant penalties. Any failure, or perceived failure, by us to comply with applicable data protection or other laws could result in proceedings, or actions against us by governmental entities or others, subject us to significant fines, penalties, judgments, and negative publicity, require us to change our business practices, increase the costs and complexity of compliance, and could have a material adverse effect on our business, financial condition, and results of operations.

We intend to transition to a new enterprise resource planning system ("ERP") and any delays or difficulties associated with the design, implementation, or post-implementation use of our new ERP system could adversely impact our business, financial condition, and results of operations.

We rely on information systems to manage our business, summarize our operating and financial results, and provide timely information to our management. We plan to engage in the design and implementation of a new ERP system

beginning in 2025. This process is a complex project with broad scope, in which we will invest significant financial and human capital. Despite our efforts, we may experience delays, unexpected costs, or other difficulties throughout the design and implementation process. Further, although we plan to conduct extensive testing in an effort to ensure that the new ERP system is operating as intended, post-implementation disruptions to or difficulties in use of the new ERP could require us to incur additional costs, or could impair, among other things, our ability to record sales, process transactions, collect receivables, and produce timely and accurate historical and forecasted financial information, which could adversely impact our business, financial condition, and results of operations. Additionally, if the new ERP system does not ultimately operate as intended, the effectiveness of our internal control over financial reporting could be harmed.

We may be subject to warranty claims and product liability.

From time to time, we may be subject to warranty or product liability claims arising from defects or perceived defects in our products or in third-party components that we integrate into our products, which may lead to significant expenses. Our customer contracts typically contain warranty provisions relating to product quality issues. While we generally seek to limit our liability to the replacement of the part or to the revenue received for the product in our agreements, we may not be successful in limiting our liability to these remedies, or these limitations on liability may not be effective or sufficient in scope in all cases. If a customer's equipment fails in use, the customer may incur significant monetary damages including an equipment recall or associated replacement expenses, as well as lost revenue. The customer may claim that a defect in our product caused the equipment failure and assert a claim against us to recover monetary damages. The process of identifying a defective or potentially defective product in systems that have been widely distributed may be lengthy and require significant resources, and we may incur significant replacement costs and contract damage claims from our customers. In certain situations, we may 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 customer suffer a failure due to a design or manufacturing process defect. Any such liabilities may greatly exceed any revenue we receive from the relevant products. Costs, payments, or damages incurred or paid by us in connection with warranty and product liability claims could materially adversely affect our financial condition and results of operations. We may also be exposed to such claims as a result of any acquisition we may undertake in the future.

Litigation and other legal proceedings may adversely affect our business.

From time to time we may become involved in legal proceedings relating to patent and other intellectual property matters, product liability claims, employee claims, including wrongful termination, tort, or contract claims, federal regulatory investigations, securities class action, and other legal proceedings or investigations, which could have an adverse impact on our business, financial condition, and results of operations and divert the attention of our management from the operation of our business. Litigation is inherently unpredictable and can result in excessive or unanticipated verdicts and/or injunctive relief that affect how we operate our business. We could incur judgments or enter into settlements of claims for monetary damages or for agreements to change the way we operate our business, or both. There may be an increase in the scope of these matters or there may be additional lawsuits, claims, proceedings, or investigations in the future, which could have a material adverse effect on our business, financial condition, and results of operations. Adverse publicity about regulatory or legal action against us could damage our reputation and brand image, undermine our customers' confidence, and reduce long-term demand for our products, even if the regulatory or legal action is unfounded or not material to our operations.

The occurrence of events for which we are self-insured, or which exceed our insurance limits, may adversely affect our profitability and liquidity.

We have insurance coverage related to many different types of risk; however, we self-insure for some potentially significant risks and obligations, including those that may exceed policy limits. The risks and exposures that we self-insure include, but are not limited to, employee health matters, business interruption, natural disasters, war and terrorism, certain property matters, product defects, cybersecurity matters, employment risks, environmental matters, political risks, and intellectual property matters. Although we believe we have sufficient capital to satisfy a potential loss, should there be a loss or adverse judgment in an area for which we are self-insured, our financial condition, results of operations, and liquidity may be materially adversely affected.

Our business, financial condition, and results of operations could be adversely affected by worldwide economic conditions, as well as political and economic conditions in the countries in which we conduct business.

Our business, financial condition, and results of operations have in the past and may in the future vary based on changes in our industry, as well as the impact of the global economy on our third-party manufacturing partners and customers. Our results of operations currently depend, in part, on the demand for our products, which in turn are influenced

by the amount of business that our customers conduct. To the extent that weak or volatile economic conditions, including due to a pandemic or health epidemic, labor shortages, supply chain disruptions, inflation, geopolitical developments (such as the implementation of, or changes to or further expansions of, trade sanctions, export restrictions, tariffs, and embargoes), deterioration of the financial services industry, and other events outside of our control, result in a reduced volume of business for our customers and prospective customers, demand for, and use of, our products has in the past and may in the future decline.

Furthermore, weak economic conditions have in the past and may in the future make it more difficult to collect on outstanding accounts receivable and increase our expenses. Specifically, our distributors or customers may fail to make payments when due, default under their agreements with us, or become insolvent or declare bankruptcy, or a supplier may determine that it will no longer do business with us as a customer. Additionally, a distributor, customer or supplier could be adversely affected by any of the liquidity or other risks that are described above as factors that could result in material adverse impacts on us, including but not limited to delayed access or loss of access to uninsured deposits or loss of the ability to draw on existing credit facilities involving a troubled or failed financial institution. Further, in the last year as a result of inflation, we have seen labor costs, product supply costs, and other operating expenses rise due to high rates of inflation, but have not been able to offset these costs with higher prices of our products. If customers or prospective customers elect not to purchase our products, as a result of a weak economy or rising inflation and increased costs or otherwise, or our distributors are unable to continue to distribute our products, our business, results of operations, and financial condition could be adversely affected.

Our products are manufactured, assembled, and tested outside the United States. Any conflict or uncertainty in these countries, including due to political unrest or safety concerns, could harm our business, financial condition, and results of operations. In addition, if the government of any country in which our products are manufactured or sold sets technical standards for products manufactured in or imported into their country that are not widely shared, it may lead some of our customers to suspend imports of their products into that country, require manufacturers in that country to manufacture products with different technical standards and disrupt cross-border manufacturing relationships which, in each case, could harm our business.

We may pursue acquisitions, joint ventures, and dispositions, which could adversely affect our results of operations, and any acquisitions we do make could disrupt our business and harm our financial condition.

Our growth strategy includes acquiring businesses that offer complementary products, services, and technologies, enhance our market coverage or technological capabilities or enables us to increase the number of engineering employees.

We have in the past, and may in the future choose to acquire companies that are complementary to our business, including for the purpose of expanding our new product design capacity, introducing new design, market, or application skills, enhancing, and expanding our existing product lines or grow the number of engineers. We cannot forecast the number, timing or size of future acquisitions, or the effect that any such acquisitions might have on our operating or financial results.

Any acquisitions we may undertake and their integration involve risks and uncertainties, such as:

- unexpected delays, challenges and related expenses, and disruption of our business;
- diversion of management's attention from daily operations and the pursuit of other opportunities;
- incurring significant restructuring charges and amortization expense, assuming liabilities (some of which may be unexpected) and ongoing or new lawsuits, potential impairment of acquired goodwill, acquired in-process research and development charges and other intangible assets, amortization expense, and increasing our expenses and working capital requirements;
- the potential for deficiencies in internal controls at the acquired business, or other security vulnerabilities or issues, as well as implementing our own management information systems, operating systems, and internal controls for the acquired operations;
- our due diligence process may fail to identify significant issues with the acquired business' products, financial disclosures, accounting practices, legal, tax, and other contingencies, intellectual property rights, compliance with local laws and regulations (and interpretations thereof) in the United States, and multiple international jurisdictions;
- additional acquisition-related debt and contingent liabilities, which could increase our leverage and potentially negatively affect our credit ratings resulting in more restrictive borrowing terms or increased borrowing costs thereby limiting our ability to borrow;

- the use of a significant portion of our available cash;
- dilution of stock ownership of existing stockholders;
- difficulties integrating the acquired business or company and in managing and retaining acquired employees, third-party manufacturing partners, and customers; and
- inaccuracies in our original estimates and assumptions used to assess a transaction, which may result in us not realizing the expected financial or strategic benefits of any such transaction.

In addition, current and future changes to the U.S. and foreign regulatory approval process and requirements related to acquisitions may cause approvals to take longer than anticipated, not be forthcoming or contain burdensome conditions, which may prevent the transaction or jeopardize, delay or reduce the anticipated benefits of the transaction, and impede the execution of our business strategy.

From time to time, we may also seek to divest or wind down portions of our business, either acquired or otherwise, any of which could materially affect our cash flows and results of operations. Such dispositions involve risks and uncertainties, including our ability to sell such businesses on terms acceptable to us, or at all, disruption to other parts of our business, potential loss of employees or customers, or exposure to unanticipated liabilities or ongoing obligations to us following any such dispositions. In addition, dispositions may include the transfer of technology and/or the licensing of certain intellectual property rights to third parties, which could limit our ability to utilize such intellectual property rights or assert these rights against such third parties.

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, investors 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 products, take advantage of business opportunities or respond to competitive pressures, which could negatively impact our business, financial condition, and results of operations.

If our estimates or judgments relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our results of operations could fall below expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.

The preparation of financial statements in conformity with generally accepted accounting principles in the United States (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as described in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue, and expenses that are not readily apparent from other sources. Significant assumptions and estimates used in preparing our consolidated financial statements include those listed in our consolidated financial statements. If our assumptions change or if actual circumstances differ from those in our assumptions, our results of operations may be adversely affected and may fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our common stock.

Our reported financial results may be adversely affected by new accounting pronouncements or changes in existing accounting standards and practices.

We prepare our financial statements in conformity with GAAP. These accounting principles are subject to interpretation or changes by the Financial Accounting Standards Board and the SEC. New accounting pronouncements and interpretations of accounting standards and practices have occurred in the past and are expected to occur in the future. New accounting pronouncements or a change in the interpretation of accounting standards or practices may have a significant effect on our reported financial results and may affect our reporting of transactions completed before the change is effective.

A pandemic, epidemic, or outbreak of an infectious disease may materially and adversely affect our business and our financial results.

Our business could be adversely affected by health crises in regions where we operate or otherwise do business. For example, the policies and regulations implemented in response to the outbreak of COVID-19 had a significant impact, both directly and indirectly, on businesses and commerce and the global supply chain for semiconductors. Although restrictions have generally been lifted, additional indirect effects such as supply shortages continue to impact segments of the global economy. Other global health concerns could also result in social, economic, and labor instability in the countries in which we or the third parties with whom we engage operate. The conditions caused by the COVID-19 pandemic and its aftermath as well as macroeconomic conditions have caused diminished liquidity and credit availability, declines in customer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability, and any future health crisis may have a similar impact.

Our operations have in the past been negatively affected by a range of external factors related to the effects of the COVID-19 pandemic that are not within our control. We may also be negatively affected by a future pandemic, epidemic, outbreak of an infectious disease or public health crisis. In the past many cities, counties, states, and even countries have previously imposed or may impose a wide range of restrictions on the physical movement of our employees, partners, and customers to limit the spread of COVID-19, including physical distancing, travel bans and restrictions, closure of non-essential business, quarantines, work-from-home directives, and shelter-in-place orders. These measures have previously caused, and may cause in the future, business slowdowns or shutdowns in affected areas, both regionally and worldwide. If future pandemics, epidemics or other global health crises have a substantial impact on the productivity of our employees and partners, or a continued substantial impact on the ability of our employees to execute responsibilities, or a continued and substantial impact on the ability of our customers to purchase our products, our results of operations, and overall financial performance may be harmed.

To the extent future pandemics, epidemics, outbreaks of infectious diseases, or public health crisis adversely affect our business and financial results, it may also have the effect of heightening many of the other risks described herein.

Changes in current or future laws or regulations or the imposition of new laws or regulations by federal or state agencies or foreign governments could impair our ability to compete in international markets, or subject us to criminal penalties or significant fines which may adversely affect our business and reputation.

Changes in current laws or regulations applicable to us or the imposition of new laws and regulations in the United States or other jurisdictions in which we do business, such as Canada, China, India, Israel, and Taiwan, could materially and adversely affect our business, financial condition, and results of operations. See “Item 2. Properties included in Part I, Item 1 of this Annual Report” for a description of how our facilities are used in these various jurisdictions. For example, we are subject to export control laws, regulations, and requirements that limit which products we sell and where and to whom we sell our products. In some cases, it is possible that export licenses would be required from U.S. government agencies for some of our products in accordance with the Export Administration Regulations and the International Traffic in Arms Regulations. We may not be successful in obtaining the necessary export licenses in all instances. Any limitation on our ability to export or sell our products imposed by these laws would adversely affect our business, financial condition, and results of operations. In addition, changes in our products or changes in export and import laws and implementing regulations may create delays in the introduction of new products in international markets, prevent our customers from deploying our products internationally or, in some cases, prevent the export or import of our products to certain countries altogether.

We are also subject to anti-corruption and anti-bribery and similar laws, such as the Foreign Corrupt Practices Act (the “FCPA”), the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, the U.K. Bribery Act, and other anti-corruption, anti-bribery, and anti-money laundering laws in countries where we conduct activities. Anti-corruption and anti-bribery laws have been interpreted broadly and enforced aggressively in recent years, and prohibit companies and their employees and agents from promising, authorizing, making, or offering improper payments or other benefits to government officials and others in the private sector to influence official action, direct business to any person, gain any improper advantage, or obtain or retain business. As we increase our international sales and business, our risks under these laws may increase.

In addition, in the future we may use third parties to conduct business on our behalf abroad. We or such future third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities, and we can be held liable for the corrupt or other illegal activities of such future third-party intermediaries and our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities. We have implemented an anti-corruption compliance program, but cannot guarantee that all our employees and agents, as well as those companies we outsource certain of our business operations to, will not take actions in violation

of our policies and applicable law, for which we may be ultimately held responsible. Any violation of the FCPA, other applicable anti-corruption laws, or anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, prosecutions, loss of export privileges, suspension or debarment from U.S. government contracts, substantial diversion of management's attention, significant legal fees and fines, settlements, damages, severe criminal or civil sanctions, penalties or injunctions against us, our officers, or our employees, disgorgement of profits, and other sanctions, enforcement actions, and remedial measures, and prohibitions on the conduct of our business, any of which could have a materially adverse effect on our reputation, business, trading price, results of operations, financial condition, and prospects.

Our global operations expose us to numerous legal and regulatory requirements and failure to comply with such requirements, including unexpected changes to such requirements, could adversely affect our results of operations.

We service our customers around the world. We are subject to numerous, and sometimes conflicting, legal regimes of the United States and foreign national, state, and provincial authorities on matters as diverse as anti-corruption, trade or investment restrictions, tariffs, taxation, sanctions, anti-competition, data security or transfer, and privacy. U.S. laws may be different in significant respects from the laws of the PRC or Taiwan, where we utilize a significant portion of our third-party manufacturing partners, and jurisdictions where we seek to expand. U.S. laws could also directly conflict with PRC laws, forcing businesses to choose between compliance with conflicting legal regimes. We also may seek to expand operations in emerging market jurisdictions where legal systems are less developed or familiar to us.

In addition, there can be no assurance that the laws or administrative practices relating to taxation (including the current position as to income and withholding taxes), foreign exchange, export controls, economic sanctions, or otherwise in the jurisdictions where we have operations will not change. Changes in tax laws in some jurisdictions may also have a retroactive effect and we may be found to have paid less tax than required in such jurisdictions. Compliance with diverse legal requirements is costly, time consuming and requires significant resources. Violations of one or more of these regulations in the conduct of our business could result in significant fines, criminal sanctions against us or our officers, prohibitions on doing business and damage to our reputation. Violations of these regulations in connection with the performance of our obligations to our customers also could result in liability for significant monetary damages, fines or criminal prosecution, unfavorable publicity and other reputational damage, and allegations by our customers that we have not performed our contractual obligations. Due to the varying degrees of development of the legal systems of the countries in which we operate, local laws might be insufficient to protect our rights.

Regulatory authorities in jurisdictions into or from which we ship our products or import supplies could levy fines, restrict or delay our ability to export products or import supplies, or increase costs associated with the manufacture or transfer of products.

A significant portion of our sales require export and import activities. Our products are subject to laws and regulations that govern international trade, including but not limited to the FCPA, Export Administration Regulations, International Traffic in Arms Regulations and trade sanctions against embargoed countries and restricted parties, including those administered by the U.S. Departments of State, Commerce, and Treasury. Licenses or license exceptions may be required for the shipment of certain products to certain countries. Regulations and laws regarding licensing may also change in the future, requiring us to obtain licenses for products that we have not previously been required to license. Any changes in laws or regulations around license requirements may delay scheduled shipments, which could have a material adverse impact on our revenue.

Further, determination by a government that we have failed to comply with trade sanctions, investment, anti-bribery, or other regulations can result in penalties which may include denial of export privileges, fines, penalties, and seizure of products, or loss of reputation, any of which could have a material adverse effect on our business, sales, and earnings. A change in laws and regulations could restrict our ability to transfer product to previously permitted countries, customers, distributors or others. For example, the U.S. Commerce Department imposes and periodically revises restrictions on advanced computing ICs, computer commodities that contain such ICs, as well as on certain semiconductor manufacturing items, and expands controls on transactions involving items for supercomputer and semiconductors and manufacturing end-uses. In October 2023, the U.S. Commerce Department issued proposed rules updating the October 2022 rule to seek additional export restrictions for certain semiconductors and related manufacturing equipment, and it is expected the U.S. Commerce Department will continue to revise such regulations in the future. The Export Administration Regulations also effectively prohibits sales of items for a "military end use," to a "military end-user," or for a "military intelligence end-user," or end-use to certain countries, such as Belarus, Burma, Cambodia, Cuba, China, Iran, North Korea, Russia, Syria, and Venezuela. Any of the foregoing changes could adversely impact our operational costs due to the administrative impacts of complying with these regulations and may limit those with whom we conduct business. Any one or more of

these sanctions, future sanctions, a change in laws or regulations, or a prohibition on shipment of our products to significant customers could have a material adverse effect on our business, financial condition, and results of operations.

The United States and other countries have levied tariffs and taxes on certain goods, implemented trade restrictions, and introduced national security protection policies. Trade tensions between the United States and China, which escalated in 2018, have continued and include the United States increasing tariffs on Chinese origin goods and China increasing tariffs on U.S. origin goods. Increases on tariffs on Chinese-origin goods may intensify pricing pressure on our products and negatively impact our operating results. Increased tariffs on our customers' systems could adversely impact their sales, and increased tariffs on our products in comparison to those of our competitors could each result in lower demand for our products.

Further changes in trade or national security protection policy, tariffs, additional taxes, restrictions on exports or other trade or investment barriers, including those taken against the United States in retaliation for U.S. policies, may limit our ability to obtain equipment, components or raw materials (including rare earth minerals), limit our ability to produce products, increase our selling and/or manufacturing costs, decrease margins, reduce the competitiveness of our products, reduce our ability to sell products, or reduce our ability to have mergers and acquisitions approved by governmental agencies, any of which could have a material adverse effect on our business, results of operations, or financial conditions.

Customer demands for us to implement business practices that are more stringent than legal requirements may reduce our revenue opportunities or cause us to incur higher costs.

Some of our customers may require that we implement practices that are more stringent than those required by applicable laws with respect to labor requirements, the materials contained in our products, energy efficiency, environmental matters, or other items. To comply with such requirements, we may also require our third-party manufacturing partners to adopt such practices, as needed. Our third-party manufacturing partners may in the future refuse to implement these practices or may charge us more for complying with them. If certain of our third-party manufacturing partners refuse to implement the practices, we may be forced to source from alternate third-party manufacturing partners. The cost to implement such practices may cause us to incur higher costs and reduce our profitability, and if we do not implement such practices, such customers may disqualify us as a supplier, resulting in decreased revenue opportunities. Developing, enforcing, and auditing customer-requested practices at our own sites and in our supply chain will increase our costs and may require more personnel.

Changes in existing tax laws, tax rules, or tax practices may adversely affect our financial results.

The rules governing U.S. federal, state, and local and non-U.S. taxation are constantly under review by persons involved in the legislative process, the Internal Revenue Service, the U.S. Treasury Department, and other taxing authorities. Changes to tax laws or tax rulings, or changes in interpretations of existing laws (which changes may have retroactive application), could adversely affect us or holders of our common stock. These changes could subject us to additional income-based taxes and non-income taxes (such as payroll, sales, use, value-added, digital tax, net worth, property, and goods and services taxes), which in turn could materially affect our financial position and results of operations. Additionally, new, changed, modified, or newly interpreted or applied tax laws could increase our customers' and our compliance, operating, and other costs, as well as the costs of our products. In recent years, many such changes have been made, and changes are likely to continue to occur in the future. As we expand the scale of our business activities, any changes in the U.S. and non-U.S. taxation of such activities may increase our effective tax rate and harm our business, financial condition, and results of operations.

Risks Related to Our Industry

We operate in intensely competitive markets. Our failure to compete effectively, including as a result of industry consolidation, would harm our results of operations.

The semiconductor industry is extremely competitive. We currently compete with a number of large domestic and international companies, some of which have greater financial, technical, and management resources than us. For example, we are facing, and expect we will continue to face, significant competition in the cloud data center infrastructure market. Our competitors typically compete with us with respect to some, but not all, of our solutions. Our principal competitors include Broadcom, Inc., Credo Technology Group Holding Ltd., Marvell Technology, Inc., Microchip Technology Inc., Montage Technology, Parade Technologies, Ltd., and Rambus Inc.. Our efforts to introduce new products into markets with entrenched competitors will expose us to additional competitive pressures. In addition, many of our competitors have longer operating histories, greater name recognition, larger customer bases, and greater sales, marketing, and distribution resources than we do and some operate and maintain their own fabrication facilities.

Additionally, customer expectations and requirements have been evolving rapidly. As a result, some of our competitors may be better situated to meet changing customer needs and secure design wins. Increasing competition in the markets in which we operate may negatively impact our revenue and gross margins. For example, competitors with greater financial resources may be able to offer lower prices than us, or they may offer additional products, services or other incentives that we may be unable to match.

We also may experience discriminatory or anti-competitive practices by our competitors that could impede our growth, cause us to incur additional expense or otherwise negatively affect our business. In addition, some of these competitors may use their market power to dissuade our customers from purchasing from us. The semiconductor industry has experienced significant consolidation in recent years which has resulted in several of our competitors becoming much larger in terms of revenue, product offerings, and scale. Our competitors may also establish cooperative relationships among themselves or with third parties or may acquire companies that provide similar products to ours. We expect this trend to continue as companies attempt to improve the leverage of growing research and development costs, strengthen or hold their market positions in an evolving industry, or are unable to continue operations. Companies that are strategic partners in some areas of our business may acquire or form alliances with our competitors, thereby reducing their business with us. We believe that industry consolidation may result in stronger competitors that are better able to compete as sole-source vendors for customers. This could lead to more variability in our operating results. 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.

Unfavorable or uncertain conditions in the cloud market, as well as for AI infrastructures, may cause fluctuations in our rate of revenue growth or financial results.

Our solutions are intended to address infrastructure needs for our hyperscaler customers, specifically to support their cloud and AI infrastructure needs. If domestic and global economic conditions worsen, or adoption, use, and commercialization of AI technology does not progress as expected or if the demand for cloud and AI compute infrastructure does not develop in the manner or in the time periods we anticipate, overall spending may be reduced, which would adversely impact demand for our solutions in these cloud and AI infrastructure market. In addition, unfavorable developments with evolving laws and regulations worldwide related to AI, such as those laws that may pause or inhibit continued adoption of AI, including GenAI, may limit global adoption, impede our strategy, and negatively impact our long-term expectations in this area. Even if the demand for cloud and AI compute infrastructure develop in the manner or in the time periods we anticipate, if we do not have timely, competitively priced, market-accepted solutions available to meet our customers' planned roll-out of their systems, particularly as they offer new AI infrastructure offerings, we may miss a significant opportunity and our business, financial condition, results of operations, and cash flows could be materially and adversely affected.

Raw material price fluctuations or decreased availability of certain raw materials can increase the cost of our products, impact our ability to meet customer commitments, and may adversely affect our business, financial condition, and results of operations.

The cost of raw materials is a key element in the cost of our products. Our inability to offset material price inflation could adversely affect our business, financial condition, and results of operations. Many major components, product equipment items, 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 raw materials and components are generally adequate, it is difficult to predict what effects shortages or price increases may have in the future. Our inability to meet our supply needs would jeopardize our ability to fulfill obligations under our contracts, which could, in turn, result in reduced sales and profits, contract penalties or terminations, and damage to our customer relationships.

Furthermore, increases in the price of certain raw materials may result in increased production costs and may result in a decrease in our gross margins. For example, in the past the industry has seen shortages of packaging materials, including substrates, and also experienced silicon wafer capacity constraints. If these shortages or other shortages of raw materials are to occur in the future, it may cause delays in our ability to produce our products if we are unable to secure adequate supply. Moreover, our third-party manufacturing partners have in the past and may in the future pass the increase in raw materials and commodity costs onto us, which would further reduce the gross margin of our products. To the extent that we are able to pass along raw material price increases to some of our customers, there is often a delay between the time we are required to pay the increased price and the time we are able to pass these increases along. In addition, because we are a fabless company, global market trends such as shortage of capacity to fulfill our fabrication needs also may increase our raw material costs and thus decrease our gross margins.

Our customers rely on many different service providers and component suppliers to build their systems, and the frequency at which our products are purchased by our customers and incorporated into their systems may vary.

The success of our products is heavily dependent on the timely introduction, quality, and evolving technical requirements for our customers' systems incorporating our products, which are impacted by factors beyond our control. Our customers' systems are often very complex and require very specific components, and as a result our customers' systems could be delayed due to incompatible deliverables from other service providers. Our customers may experience other difficulties with the supply of the various components of their products or testing and manufacturing of their products that are outside of our control. We incur significant design and development costs in connection with designing our products for customers' systems that may not ultimately achieve market acceptance. If our customers experience changing market requirements, failed evaluations or field trials or incompatible deliverables from other service providers, 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.

Risks Related to our Intellectual Property

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

Our success depends in part upon protecting our intellectual property. We rely primarily on patent, copyright, trademark, and trade secret laws, as well as intellectual property assignment and confidentiality and non-disclosure agreements and other methods, to protect and establish our rights in our proprietary technologies and know-how. As of December 31, 2024 we have been issued 18 patents in the United States and have an additional 28 patent applications pending in the United States, and four patent applications pending in foreign jurisdictions. We cannot guarantee that any pending or future patent applications will be issued to have the coverage originally sought, and even if the pending patent applications are granted, the rights granted to us may not be meaningful or provide us with any commercial advantage. Additionally, our patents could be opposed, contested, narrowed, circumvented, challenged, abandoned, or designed around by our competitors or be declared invalid or unenforceable in judicial or administrative proceedings. The patent prosecution process is expensive, time-consuming, and complex, and we may not be able to file, prosecute, maintain, enforce, or license all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection. Failure to timely seek patent protection on products or technologies generally precludes us from seeking future patent protection on these products or technologies. Even if we do timely seek patent protection, the coverage claimed in a patent application can be significantly reduced before a patent is issued, and its scope can be reinterpreted after issuance, and as a result we can give no assurance that any patents that have issued to may issue in the future will protect our current and future products, will provide us with any competitive advantage, or will not be challenged, invalidated or circumvented in the future.

The failure of our patents to adequately protect our products might make it easier for our competitors to offer similar products or technologies. To the extent we pursue any foreign patent protection, it is unlikely that such protection would be as comprehensive as our U.S. patent protection and may not protect our intellectual property in some countries where our products are sold or may be sold in the future. Many U.S.-based companies have encountered substantial intellectual property infringement in foreign countries, including countries where we sell products. Even if foreign patents are granted, effective protection and enforcement in foreign countries may not be available.

Monitoring unauthorized use of our intellectual property is difficult and costly. Although we are not aware of any material instances of unauthorized use of our intellectual property in the past, it is possible that unauthorized use of our intellectual property may have occurred or may occur in the future without our knowledge. Despite our efforts, our failure to effectively protect our intellectual property could reduce the value of our solutions, and could harm our business, results of operations, and financial condition. Further, we may in the future need to initiate infringement claims or litigation against third parties. Litigation, whether we are a plaintiff or a defendant, can be expensive, time-consuming, and may divert the efforts of our executives, technical staff, and managerial personnel, which could harm our business, whether or not such litigation results in a determination favorable to us.

Some of the software used within our products, as well as that of some of our customers, may be derived from and/or incorporate so-called "open source" software that is generally made available to the public by its authors and/or other third parties under open source licenses, which in some instances may subject us to certain unfavorable conditions, including requirements that we offer our proprietary software, which incorporates or links to such open source software, for no cost or that we make such proprietary software publicly available for free.

On occasion, companies that use open source software have faced claims challenging their use of open source software or compliance with open source license terms. There is evolving legal precedent for interpreting the terms of certain open source licenses, including the determination of which works are subject to the terms of such licenses. While we believe we have complied with our obligations under the various applicable licenses for open source software, in the event the copyright holder of any open source software were to successfully establish in court that we had or have not complied with the terms of a license for a particular work, we could be required to release the source code of that work to the public for free and/or stop distribution of that work. Any requirement to disclose our proprietary source code could have a material adverse effect on our business, financial condition, and results of operations, could result in negative publicity and could help our competitors develop products that are similar to or better than ours.

We utilize a significant amount of intellectual property in our business. If we are unable or fail to protect our intellectual property, our business could be adversely affected.

We rely on a combination of intellectual property rights, including patents, copyrights, trademarks, and trade secrets, as well as customary contractual protections with our customers, third-party manufacturing partners, employees, and consultants to protect our intellectual property rights. We spend significant resources to monitor and protect our intellectual property rights, including the unauthorized use of our products, usage rates of the software seat licenses and subscriptions that we sell, but even with significant expenditures, we may not be able to protect the intellectual property rights that are valuable to our business. In particular, we are unable to predict or assure that:

- our intellectual property rights will not lapse or be invalidated, circumvented, challenged, or, in the case of third-party intellectual property rights licensed to us, be licensed to others;
- our intellectual property rights will provide competitive advantages to us;
- rights previously granted by third parties to intellectual property licensed or assigned to us, including portfolio cross-licenses, will not hamper our ability to assert our intellectual property rights or hinder the settlement of currently pending or future disputes;
- any of our pending or future patent, copyright, or trademark applications will be issued or have the coverage originally sought;
- we will be able to enforce our intellectual property rights in certain jurisdictions where competition is intense or where legal protection may be weak; or
- we have sufficient intellectual property rights to protect our products or our business.

Effective intellectual property protection may not be available in every country in which we offer our products. The laws of certain jurisdictions where we do business or may do business in the future may not recognize intellectual property rights or protect them to the same extent as do the laws of the United States. Any changes in, or unexpected interpretations of, intellectual property laws may compromise our ability to enforce our trade secret and intellectual property rights. In addition, when patents expire, we lose the protection and competitive advantages they originally provided to us. Failure to obtain or maintain protection of our trade secrets or other intellectual property could harm our competitive position and could have a material adverse effect on our business, financial condition, and results of operations.

Further, we may acquire companies with intellectual property that is subject to licensing obligations to other third parties. These licensing obligations may extend to our own intellectual property following any such potential acquisition and may limit our ability to assert our intellectual property rights. From time to time, we may pursue litigation to assert our intellectual property rights, including, in some cases, against our customers and third-party manufacturing partners where we believe they have infringed, violated, or misappropriated our intellectual property. Claims of this sort could also harm our relationships with our customers and might deter future customers from doing business with us. Conversely, third parties have and may in the future pursue intellectual property litigation against us. An adverse decision in such types of legal action could result in material expense and limit our ability to assert our intellectual property rights and limit the value of our platform, which could otherwise negatively impact our business, financial condition, and results of operations.

We rely on third-party technologies for the development of our products and our inability to use such technologies in the future would harm our ability to remain competitive.

We rely on third parties for technologies that are integrated into our products. If we are unable to continue to use or license these technologies on reasonable terms, or if these technologies become unreliable, unavailable or fail to operate properly, we may not be able to secure adequate alternatives in a timely manner or at all, and our ability to offer our products and remain competitive in our market would be harmed. In addition, even if we are unable to successfully license

technology from third-parties to develop future products, we may not be able to develop such products in a timely manner or at all. The operation or security of our products could be impaired if errors or other defects occur in the third-party technologies we use, and it may be more difficult for us to correct any such errors and defects in a timely manner, if at all, because the development and maintenance of these technologies is not within our control. Any impairment of the technologies or of our relationship with these third parties could harm our business.

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

From time to time, third parties may assert against us and our customers their patent and other intellectual property rights to technologies that are used in or are important to our business, which may be time consuming and costly to defend or settle. 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. In addition, in the event that we recruit employees or contractors from other companies, including certain potential competitors, and these employees or contractors are involved in the development of products that are similar to the products they assisted in developing for their former employers, we may become subject to claims that such employees or contractors have improperly used or disclosed trade secrets or other proprietary information. We may also in the future be subject to claims by our third-party manufacturing partners, employees, or contractors asserting an ownership right in our patents, patent applications or other intellectual property, as a result of the work they performed on our behalf.

Claims that our products or processes infringe, misappropriate, or otherwise violate third-party intellectual property rights, regardless of their merit or resolution, could be time-consuming or costly to defend or settle and could divert the efforts and attention of our management and technical personnel. Infringement claims also could harm our relationships with our customers and might deter future customers from doing business with us. We do not know whether we will prevail in these proceedings given the complex technical issues and inherent uncertainties in intellectual property litigation. If any pending or future proceedings result in an adverse outcome, we could be required to:

- cease the manufacture, use or sale of the infringing products or processes;
- pay substantial damages for infringement, misappropriation or other violation;
- expend significant resources to develop non-infringing products or processes, which may not be successful;
- license certain components from the third-party claiming infringement, which license may not be available on commercially reasonable terms, or at all;
- cross-license our products to a competitor to resolve an infringement claim, which could weaken our ability to compete with that competitor; or
- pay substantial damages to our customers or end-users to discontinue their use of or to replace infringing product or process sold to them with non-infringing products or processes, if available.

Additionally, even if successful in such proceedings, our rights in our products or processes may be invalidated, or narrowed. 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. Any of the foregoing results could have a material adverse effect on 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 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 third-party claims of intellectual property infringement. Large indemnity payments could harm our business, financial condition, and results of operations. From time to time, customers 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, certain of our customer agreements may not include maximum loss clauses, which may result in substantial liability. Any litigation against our customers could trigger

indemnification obligations under some of our agreements, which could result in substantial expense to us, and which could materially and adversely affect our financial results.

Risks Related to the Ownership of Our Common Stock

Our IPO occurred in March 2024. As such, there has only been a public market for our common stock for a short period of time. The market price of our common stock may continue to be volatile, which could cause the value of your investment to decline, and we may not be able to meet investor or analyst expectations.

The market prices of the securities of other newly public companies have historically been highly volatile and markets in general have been highly volatile. The trading price of our common stock is likely to continue to be volatile and could be subject to wide fluctuations in price in response to various factors, some of which are beyond our control. These factors include:

- actual or anticipated changes in our results of operations, and variations between our actual results of operations and the expectations of securities analysts, investors, and the financial community;
- any forward-looking financial or operating information we may provide to the public or securities analysts, any changes in this information, or our failure to meet expectations based on this information;
- actions of securities analysts who initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company or our failure to meet these estimates, or the expectations of investors;
- changes in operating the performance and stock market valuations of companies in our industry, including our competitors;
- general economic conditions and slow or negative growth of related markets;
- announcements by us or our competitors of design wins, acquisitions, new products, significant contracts, commercial relationships, or capital commitments;
- our ability to develop and market new and enhanced products on a timely basis;
- expectations of securities analysts, investors, and the financial community about the size or rate of growth of the cloud and AI infrastructure markets;
- commencement of, or our involvement in, litigation;
- disruption to our operations;
- the emergence of new sales channels in which we are unable to compete effectively;
- any major change in our board of directors or management;
- changes in governmental regulations; and
- other events or factors, including those resulting from political conditions, election cycles, war or incidents of terrorism, increased tariffs, or responses to these events.

In addition, the stock market in general has experienced extreme price and volume fluctuations. These broad market and industry factors may seriously harm the market price of our common stock, regardless of our actual operating performance. This variability and unpredictability could also result in our failure to meet the expectations of industry or financial analysts or investors for any period. If our revenue or results of operations fall below the expectations of analysts or investors or below any forecasts we may provide to the market, or if the forecasts we provide to the market are below the expectations of analysts or investors, the price of our common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated revenue or earnings forecasts that we may provide.

Trading price fluctuations may also make it more difficult for us to use our common stock as a means to make acquisitions or to use options to purchase our common stock to attract and retain employees. In addition, in the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Our revenue and operating results can fluctuate from period to period, which could cause our share 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. Factors relating to our business that may contribute to these fluctuations include the following factors, as well as other factors described elsewhere in this Annual Report on Form 10-K:

- the receipt, reduction or cancellation of orders by customers;
- the gain or loss of significant customers;
- market acceptance of our products and our customers' systems;
- 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;
- incurrence of research and development and related new product expenditures;
- cyclical fluctuations in our markets;
- significant warranty claims, including those not covered by our third-party manufacturing partners;
- changes in our product mix or customer mix;
- intellectual property disputes; and
- loss of key personnel or the inability to attract qualified personnel.

As a result of these and other factors, the results of any prior quarterly or annual periods should not be relied upon as indications of our future revenue or operating performance. Fluctuations in our revenue and operating results could cause our share price to decline. You should not rely on our past results as an indication of our future performance.

Sales of substantial amounts of our common stock in the public markets or the perception that sales might occur, could cause the trading price of our common stock to decline.

Sales of a substantial number of shares of our common stock into the public market, particularly sales by our directors, executive officers, and stockholders, or the perception that these sales might occur, could cause the trading price of our common stock to decline.

While shares held by directors, executive officers, and other affiliates are subject to volume limitations under Rule 144 under the Securities Act, and various vesting agreements, we are unable to predict the timing of the effect that such sales may have on the prevailing market price of our common stock.

In addition, as of December 31, 2024, we had (i) 5,285,404 options outstanding that, if fully exercised, would result in the issuance of 5,285,404 shares of common stock, (ii) 13,775,704 RSU and PSU awards outstanding that would result in the issuance of 13,775,704 shares of common stock upon settlement, and (iii) 2,442,360 warrants outstanding that, if fully exercised, would result in the issuance of 2,442,360 shares of common stock. All of the shares of common stock issuable upon the exercise of stock options, subject to RSU awards and the shares reserved for future issuance under our equity incentive plans have been registered on a registration statement on Form S-8 under the Securities Act. Accordingly, these shares can be freely sold in the public market upon issuance, subject to volume limitations under Rule 144 for our executive officers and directors and applicable vesting requirements.

Certain holders of our common stock have rights, subject to some conditions, to require us to file registration statements for the public resale of the common stock issuable upon conversion of such shares or to include such shares in registration statements that we may file for us or other stockholders. Any registration statement we file to register additional shares, whether as a result of registration rights or otherwise, could cause the trading price of our common stock to decline or be volatile.

Our issuance of additional capital stock in connection with financings, acquisitions, investments, our stock incentive plans, or otherwise will dilute all other stockholders and could negatively affect our results of operations.

We expect to issue additional capital stock in the future that will result in dilution to all other stockholders. We expect to grant equity awards to employees, directors, consultants, and advisors under our stock incentive plans. We may also raise capital through equity financings in the future. As part of our business strategy, we may acquire or make investments

in complementary companies, products, or technologies and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the per share value of our common stock to decline.

Any additional grants of equity awards under our stock incentive plans will also increase stock-based compensation expense and negatively affect our results of operations. For example, during the year ended December 31, 2024, stock-based compensation expense was \$234.6 million. Commencing in June 2022, we began granting RSUs to employees. These RSUs vest upon the satisfaction of both a time condition and a liquidity event condition. In March 2024, we completed our IPO, as a result of which the liquidity event condition was satisfied. Subsequent to the IPO, any unvested RSUs subject to both the time vesting condition and liquidity event vesting condition will vest as the time vesting condition is met over the remaining period. As a public company, our RSUs are only subject to time-based vesting, and accordingly we expect to continue to incur stock-based compensation expense as these RSUs vest.

Our executive officers, directors, and stockholders, if they choose to act together, have the ability to control or significantly influence all matters submitted to shareholders for approval.

As of December 31, 2024, our executive officers, directors, and greater than 5% stockholders, in the aggregate, beneficially owned approximately 55.8% of our outstanding common stock (assuming no exercise of outstanding options warrants or settlement of RSUs in shares upon vesting). As a result, such persons, acting together, have the ability to control or significantly influence all matters submitted to our board of directors or shareholders for approval, including the appointment of our management, the election and removal of directors and approval of any significant transaction, as well as our management and business affairs. In addition, this concentration of ownership may have the effect of delaying, deferring, or preventing a change in control, impeding a merger, consolidation, takeover or other business combination involving us, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of our business, even if such a transaction would benefit other shareholders.

We are an emerging growth company, and any decision on our part to comply only with certain reduced reporting and disclosure requirements applicable to emerging growth companies could make our common stock less attractive to investors.

We are an “emerging growth company” within the meaning of the Securities Act, as modified by the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, our stockholders may not have access to certain information they may deem important. We could be an emerging growth company for up to five years or the earlier of, (i) the last day of the fiscal year in which we have total annual gross revenue of \$1.235 billion or more, (ii) the date on which we have issued more than \$1.0 billion in non-convertible debt during the previous three years, or (iii) the date on which we are deemed to be a large accelerated filer under the rules of the SEC. Investors may find our securities less attractive because we rely on these exemptions. If some investors find our securities less attractive as a result of our reliance on these exemptions, the trading prices of our securities may be lower than they otherwise would be, there may be a less active trading market for our securities, and the trading prices of our securities may be more volatile.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class or series of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make it difficult or impossible to compare our financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions because of the potential differences in accounting standards used.

Provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current board of directors, and limit the trading price of our common stock.

Provisions in our amended and restated certificate of incorporation and second amended and restated 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 our second amended and restated bylaws include provisions that:

- provide that our board of directors is classified into three classes of directors with staggered three-year terms;
- permit our board of directors to establish the number of directors and fill any vacancies and newly-created directorships;
- require super-majority voting to amend our amended and restated bylaws; provided, however, that majority voting shall be required to amend our amended and restated bylaws if our board of directors recommends that the stockholders approve such amendment;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- prohibit stockholder action by written consent;
- provide that only our board of directors is authorized to call a special meeting of stockholders;
- provide that the board of directors is expressly authorized to alter or repeal our amended and restated bylaws; and
- contain advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

Moreover, Section 203 of the Delaware General Corporation Law (“DGCL”) may discourage, delay, or prevent a change in control of our company. Section 203 imposes certain restrictions on mergers, business combinations, and other transactions between us and holders of 15% or more of our common stock.

If securities or industry analysts do not publish research, or publish inaccurate or unfavorable research, about our business, the trading price of our common stock and trading volume could be adversely affected.

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. If few securities analysts cover us, or if industry analysts cease coverage of us, the trading price for our common stock would be negatively affected. If one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, our common stock trading price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us on a regular basis, demand for our common stock could decrease, potentially causing our common stock trading price and trading volume to decline.

We do not expect to declare or pay any dividends on our common stock for the foreseeable future.

We do not intend to pay cash dividends on our common stock for the foreseeable future. Consequently, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking dividends should not purchase our common stock. Any future determination to pay dividends will be at the discretion of our board of directors and subject to, among other things, our compliance with applicable law, and depending on, among other things, our business prospects, financial condition, results of operations, cash requirements and availability, capital expenditure needs, the terms of any preferred equity securities we may issue in the future, covenants in the agreements governing any future indebtedness, other contractual restrictions, industry trends, and any other factors or considerations our board of directors may regard as relevant.

Our second amended and restated bylaws designate specific courts as the sole and exclusive forum for certain disputes that may be initiated by our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Pursuant to our second amended and restated bylaws, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for state law claims for (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of, or a claim based on, a breach of a fiduciary duty owed by any current or former director, officer or other employee of ours to us or our stockholders; (iii) any action asserting a claim pursuant to any provision of the DGCL, our amended and restated certificate of incorporation or our second amended and restated bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the

State of Delaware; or (iv) any action asserting a claim governed by the internal affairs doctrine (collectively, the “Delaware Forum Provision”). The Delaware Forum Provision does not apply to any causes of action arising under the Securities Act or the Exchange Act, or to any claim for which the federal courts have exclusive jurisdiction. Our second amended and restated bylaws further provide that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act or the Exchange Act and the respective rules and regulations promulgated thereunder (the “Federal Forum Provision”). In addition, our second amended and restated bylaws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our common stock is deemed to have notice of and consented to the Delaware Forum Provision and the Federal Forum Provision; provided, however, that stockholders cannot and will not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder.

We recognize that the Delaware Forum Provision and the Federal Forum Provision in our second amended and restated bylaws may impose additional litigation costs on stockholders in pursuing any such claims. Additionally, the forum selection clauses in our second amended and restated bylaws may limit our stockholders’ ability to bring a claim in a judicial forum that they find favorable for disputes with us or our directors, officers or employees, which may discourage the filing of lawsuits against us and our directors, officers, and employees, even though an action, if successful, might benefit our stockholders. In addition, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. While the Delaware Supreme Court and other state courts have upheld the validity of the federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court, there is uncertainty as to whether courts in other states will enforce our Federal Forum Provision. If the Federal Forum Provision is found to be unenforceable in an action, we may incur additional costs associated with resolving such an action. The Federal Forum Provision may also impose additional litigation costs on stockholders who assert that the provision is not enforceable or invalid. The Court of Chancery of the State of Delaware and the federal district courts of the United States may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments may be more or less favorable to us than our stockholders.

General Risk Factors

We have incurred, and will continue to incur, increased costs as a result of operating as a public company, and our management is required to devote substantial time to support compliance with our public company responsibilities and corporate governance practices.

As a public company, we have incurred, and will continue to incur, significant finance, legal, accounting, and other expenses, including director and officer liability insurance, that we did not incur as a private company, and which we expect to further increase after we are no longer an “emerging growth company.” The Sarbanes-Oxley Act, the Dodd- Frank Act, stock exchange listing requirements, the reporting requirements of the Exchange Act and other applicable securities rules and regulations impose various requirements on public companies in the United States. Our management and other personnel devote a substantial amount of time to support compliance with these requirements. Moreover, these rules and regulations have increased, and will continue to increase, our legal and financial compliance costs and make some activities more time-consuming and costly. We cannot predict or estimate the amount of additional costs we will continue to incur as a public company or the specific timing of such costs.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

Risk Management and Strategy

We have established policies and processes designed to identify, assess, and mitigate cybersecurity risks. These policies and processes are intended to protect the confidentiality, integrity, and availability of our critical information systems and our critical data, including intellectual property and confidential information that is proprietary, strategic, or competitive in nature. They include the deployment of third-party security solutions and tools designed to monitor, identify, and address cybersecurity risks, as well as the development of an incident response plan informed by the National Institute of Standards and Technology (“NIST”) framework that is designed to identify and manage significant events that may impact our information technology infrastructure, including those arising from or related to cybersecurity threats. As part of our cybersecurity risk management, we conduct periodic risk assessments designed to identify reasonably foreseeable potential internal and external risks, the likelihood of occurrence and any potential damage that could result from such risks, and the sufficiency of existing policies, procedures, systems, controls, and other safeguards in place to manage such risks. We also maintain risk-based processes to assess and review the cybersecurity practices of certain of our third-party vendors and services providers prior to onboarding, including through review of System and Organization (SOC) reports provided by potential vendors and the inclusion of security requirements in contracts, as appropriate. Employees are required to complete annual cybersecurity awareness training designed to raise awareness of cybersecurity threats. While we have not, as of the date of this Form 10-K, experienced a cybersecurity threat or incident that resulted in a material adverse impact to our business or operations, there can be no guarantee that we will not experience such an incident in the future.

For more information about the risks from cybersecurity threats, see the risk factors entitled “*Cybersecurity risks, including cyber-attacks, data breaches, and system vulnerabilities could adversely affect our business and disrupt our operations*” and “*An impairment of the confidentiality, integrity, or availability of our IT systems, or those of one or more of our IT vendors could have a material adverse effect on our business.*”

Governance

Our board of directors (“Board”) considers cybersecurity risk as part of its overall risk oversight function and has delegated to the Audit Committee of the Board (the “Audit Committee”) oversight of cybersecurity matters, cybersecurity risk management, disclosure obligations with respect to cybersecurity incidents, and compliance with SEC rules applicable to cybersecurity risk management.

The Audit Committee receives quarterly reports from management on our cybersecurity risks. In addition, management will update the Audit Committee, as necessary, regarding any significant cybersecurity incidents. The Audit Committee regularly reports to the full Board regarding its activities, including those related to cybersecurity risk.

Our Chief Information Security Officer (“CISO”), in connection with our IT personnel, is responsible for day-to-day implementation, management and evaluation of our cybersecurity risk assessment and management processes. This team has primary responsibility for our overall cybersecurity risk management program, including monitoring the detection, prevention, mitigation, and remediation of cybersecurity incidents, and works in partnership with our other business leaders, including our Chief Financial Officer and General Counsel. Our CISO supervises both our internal cybersecurity personnel and any retained external cybersecurity consultants. Our CISO has served in various roles in information technology and information security for over 30 years.

Our cybersecurity incident response process is designed to escalate significant cybersecurity incidents to a team of business leaders, including, but not limited to, our Chief Financial Officer and General Counsel. In the case of a cybersecurity incident, this team of business leaders will work with our incident response team to help determine the severity of the impact of a cybersecurity incident, as well as to help mitigate and remediate cybersecurity incidents of which they are notified. The incident response team will also work under the oversight of legal counsel and the Audit Committee to determine whether an incident is material for disclosure purposes under applicable law.

Item 2. Properties

Our corporate headquarters is located in Santa Clara, California, where we currently lease approximately 51,320 square feet for office space, research and development, and testing, pursuant to a lease agreement that expires in May 2025. We will relocate our corporate office from Santa Clara to San Jose upon termination of the current lease. We also lease

additional facilities in Texas in United States for research and development, Canada and India for research and development, in China for local customer support and sales, in Israel for research and development and local customer support, and in Taiwan for customer support and sales.

We believe that our facilities are suitable to meet our current needs.

Item 3. Legal Proceedings

We are not currently a party to any material pending legal proceedings. From time to time, we may be subject to legal proceedings and claims arising in the ordinary course of business. The results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock has been listed on the Nasdaq Global Select Market under the symbol “ALAB” since March 20, 2024, the first trading day following our IPO. Prior to that date, there was no public trading market for our common stock.

Holders

On January 31, 2025, there were 562 holders of record of our common stock. Because many of our shares of common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of beneficial owners of our common stock repressed by these record holders.

Dividend Policy

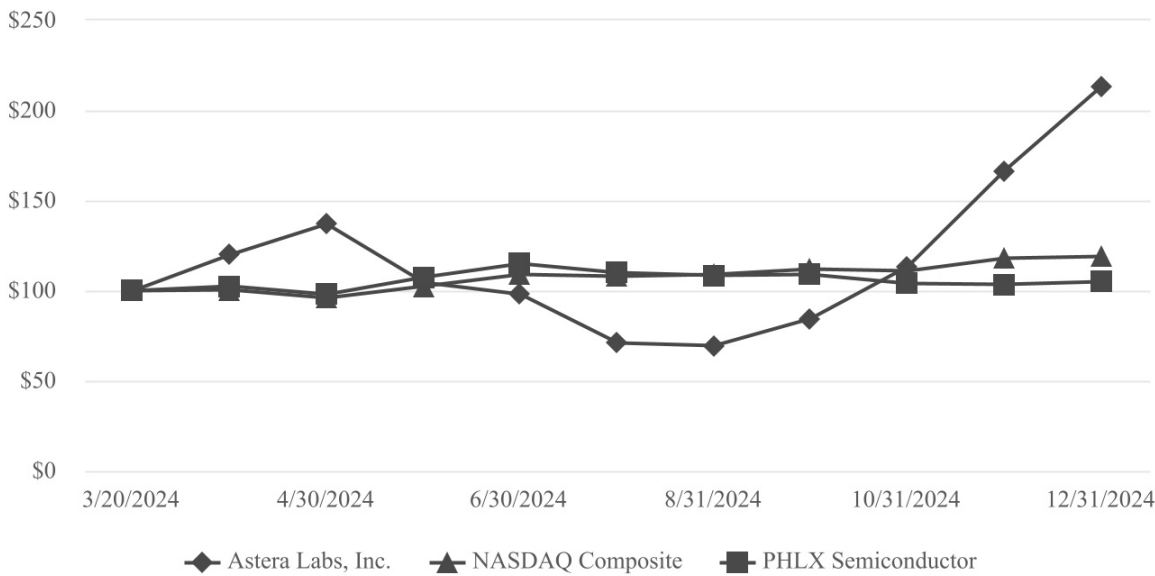
We have never declared or paid any cash dividends on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation of our business and do not expect to pay any dividends on our capital stock in the foreseeable future. Any future determination relating to our dividend policy will be at the discretion of our board of directors, subject to applicable laws, and will depend on our financial condition, results of operations, capital requirements, general business conditions, and other factors that our board of directors considers relevant.

Share Price Performance Graph

This performance graph shall not be deemed “soliciting material” or to be “filed” for purposes of Section 18 of the Exchange Act or incorporated by reference into any filings under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

The graph below compares the cumulative total return on our common stock with the cumulative total return of the NASDAQ Composite Index and the Philadelphia Semiconductor Index (PHLX) during the period from March 20, 2024 to December 31, 2024. The graph compares a \$100 investment on March 20, 2024 in our common stock with a \$100 investment on March 20, 2024 in each index and assumes that any dividends were reinvested. Shareholder returns over the indicated periods should not be considered indicative of future share prices or shareholder returns.

Comparison of Cumulative Total Return



Recent Sales of Unregistered Securities

None.

Use of Proceeds from Our IPO

On March 19, 2024, our registration statement on Form S-1, as amended (File No. 333-277205), was declared effective by the SEC for our initial public offering. There has been no material change in the expected use of the net proceeds from our IPO as described in the final prospectus, dated March 19, 2024 and filed with the SEC on March 21, 2024 pursuant to Rule 424(b) of the Securities Act.

Issuer Purchases of Equity Securities

None.

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes included in Part II, Item 8 in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below and those discussed in the section titled “Risk Factors” included in Part I, Item 1A in this Annual Report on Form 10-K.

A discussion regarding our financial condition and results of operations for the year ended December 31, 2024 compared to the year ended December 31, 2023 is presented below. A discussion regarding our financial condition and results of operations for the year ended December 31, 2023 compared to the year ended December 31, 2022 can be found in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our final prospectus, dated March 19, 2024 and filed with the SEC on March 21, 2024 pursuant to Rule 424(b) of the Securities Act. Our historical results are not necessarily indicative of the results that may be expected for any period in the future.

Overview

Our mission is to innovate, design, and deliver semiconductor-based connectivity solutions that are purpose-built to unleash the full potential of cloud and AI infrastructure.

Building on years of experience with a singular focus on addressing connectivity challenges in data-centric systems, we have developed and deployed our Intelligent Connectivity Platform built from the ground up for cloud and AI infrastructure. Our Intelligent Connectivity Platform is comprised of semiconductor-based, high-speed, mixed-signal connectivity products that integrate a matrix of microcontrollers and sensors, and COSMOS, our software suite, which is embedded in our connectivity products and integrated into our customers’ systems.

Our Intelligent Connectivity Platform provides our customers with the ability to deploy and operate high-performance cloud and AI infrastructure at scale, addressing an increasingly diverse set of requirements. We provide our connectivity products in various form factors, including Integrated Circuits (“ICs”), boards, and modules.

Our patented software-defined platform approach delivers critical connectivity performance, enables flexibility and customization, and supports observability and predictive analytics. This approach aims to efficiently address the data, network, and memory bottlenecks, scalability, and other unique infrastructure requirements of our hyperscaler and system OEM customers.

Based on trusted relationships with the leading hyperscalers and collaboration with data center infrastructure suppliers, our platform is designed to meet our customers’ unique cloud scale requirements. Our COSMOS software suite is foundational to our Intelligent Connectivity Platform and is designed to enable our customers to seamlessly configure, manage, monitor, optimize, troubleshoot, and customize functions in our IC, board, and module products.

Today, our connectivity solutions are at the heart of major AI platforms deployed worldwide featuring both commercially available Graphic Processing Units (“GPUs”) and proprietary AI accelerators. We offer our customers four product families across multiple form factors including ICs, boards, and modules, shipping millions of devices across all of the major hyperscalers. Our products, which include Aries PCIe®/CXL® Smart DSP Retimers, Aries PCIe®/CXL® Smart Cable Modules™, Taurus Ethernet Smart Cable Modules™, Leo CXL Memory Connectivity Controllers, and Scorpio Smart Fabric Switches, are built upon industry standard connectivity protocols such as Peripherals Component Interconnect Express (“PCIe”), Ethernet, and Computer Express Link (“CXL”), to address the growing demand for purpose-built connectivity solutions that solve critical data, network, and memory bottlenecks inherent in cloud and AI infrastructure.

Since our inception, we have created and commercialized first-to-market PCIe, Ethernet, and CXL products. We have become a trusted partner and a proven supplier to our hyperscaler and system OEM customers. We have experienced strong growth since the commercial launch of Aries in 2020. Our revenue grew from \$34.8 million in 2021, \$79.9 million in 2022, \$115.8 million in 2023, and to \$396.3 million in 2024, driven by a sizable increase in demand for our products. We have made significant investments in the design and development of new products and platform enhancements, and, as a result, we have not yet achieved profitability on an annual basis.

Summary of Financial Highlights

Our revenue for the year ended December 31, 2024, increased by 242% compared to the year ended December 31, 2023, primarily due to an increase in overall unit shipments driven by higher demand for our Aries products and higher overall average selling prices resulting from a more favorable product mix. Gross margin increased 750 bps to 76.4% for the year ended December 31, 2024 from 68.9% for the year ended December 31, 2023, primarily driven by a net decrease of \$10.2 million in inventory write-downs, partially offset by higher average unit cost as a result of product mix. The inventory write-downs during the year ended December 31, 2023 were due primarily to inventory in excess of our sales forecast for a legacy customer product.

Operating expenses increased by \$309.4 million or 283%, for the year ended December 31, 2024 compared to the year ended December 31, 2023, primarily driven by an increase of \$223.1 million in non-cash stock-based compensation expense primarily due to both RSUs that had previously met the time-based and liquidity event vesting conditions in connection with our IPO as well as RSUs with time-based vesting after the liquidity event, and a \$52.0 million increase in personnel-related expenses as a result of a 57% increase in average headcount.

Initial Public Offering

On March 22, 2024, we completed our initial public offering (the “IPO”) of 22,770,000 shares of our common stock, par value \$0.0001 per share (our “Common Stock”), at a price to the public of \$36.00 per share, which included 19,758,903 shares of Common Stock sold by us, inclusive of 2,970,000 shares sold by us pursuant to the full exercise of the underwriters’ over-allotment option, as well as 3,011,097 shares of Common Stock sold by certain of our existing stockholders. We received net proceeds of \$672.2 million, after deducting underwriting discounts and commissions of \$39.1 million, and we did not receive any proceeds from the sale of our common stock by our existing shareholders in the IPO. In connection with the IPO, we recognized and paid deferred offering costs of \$6.2 million.

We recognized \$88.9 million of cumulative stock-based compensation expense associated with the time-based vesting and settlement of RSUs that had previously met the time-based vesting condition and for which the liquidity event vesting condition was satisfied in connection with our IPO. Based on our IPO price of \$36.00 per share, our tax withholding obligation in connection with the vesting of these RSUs was \$20.1 million, which we paid in the first quarter of 2024.

Key Components of Results of Operations

Revenue

The vast majority of our revenue consists of product sales and a small portion is derived from engineering services. Product sales consists primarily of shipments of our Intelligent Connectivity Platform solutions. Engineering services revenue consists of engineering fees associated with customer-defined engineering services. Engineering services revenue accounted for an immaterial percentage of total revenue for each of the years ended December 31, 2024 and 2023.

For product sales, we transact with customers primarily pursuant to standard purchase orders for delivery of products and generally do not allow customers to cancel or change purchase orders within limited notice periods. We recognize product sales when control transfers to the customer, generally at the time of product shipment from our facilities, in an amount that reflects the consideration we expect to receive in exchange for those goods, net of estimated sales returns, distributor price adjustments, rebates, and other customer incentives. Revenue is also recognized net of any taxes collected, which are subsequently remitted to governmental authorities.

Cost of Revenue

Cost of revenue includes cost of product sales and cost of engineering services. Cost of product sales includes the cost of materials, such as wafers processed by third-party foundries, costs associated with packaging, assembly, shipping, depreciation of equipment associated with manufacturing, cost of logistics and quality assurance, warranty costs, amortization of capitalized production masks, cost of personnel including salaries, stock-based compensation, employee benefits, write-down of inventories, and allocation of general corporate expenses.

While amortization of capitalized production masks has historically not been material, we expect to incur significant amortization costs in the future as we continue to increase the number of additional products.

Gross Profit and Gross Margin

Gross profit represents revenue less cost of revenue. Gross margin is gross profit expressed as a percentage of revenue. Our gross profit has been, and may in the future be, primarily influenced by several factors, including sales

volumes, pricing of our products and services, changes in product costs, contract manufacturing supplier pricing, personnel costs, shipping and logistics costs, and inventory write-downs.

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 operating expenses and consist of salaries, stock-based compensation expense, employee benefits, and bonuses. Operating expenses also include software license and cloud hosting services costs, pre-production engineering mask costs, professional and consulting services fees, insurances costs, and overhead costs for facilities and other shared expenses, including depreciation expense.

Research and Development

Research and development expenses consist of costs incurred in performing research and development activities and include salaries, stock-based compensation expense, employee benefits, bonuses, pre-production engineering mask costs, software license and cloud hosting services costs, prototype wafer, packaging and test costs, and allocated shared expenses. Research and development costs are expensed as incurred.

Pre-production engineering mask costs are expensed. We capitalize the costs of production masks with alternative future use and amortize these costs on a straight-line basis over the useful lives of the production masks. To determine if a production mask has alternative future use or benefits, we evaluate risks associated with developing new technologies and capabilities, and the related risks associated with entering new markets. Production masks that do not meet the criteria for capitalization are expensed as research and development costs.

We believe that continued investments in our products are important to our future growth and, as a result, we expect our research and development expenses to continue to increase in absolute dollars and moderately decline as a percentage of revenue over time as our revenue increases.

Sales and Marketing

Sales and marketing expenses consist of personnel costs including salaries, stock-based compensation expense, employee benefits, bonuses, samples to potential customers, product marketing and conferences, travel and entertainment costs, and allocated shared expenses.

We expect that our sales and marketing expenses will increase in absolute dollars as we increase our sales and marketing personnel and continue to expand our customer engagement with more design activities and increased product offerings and moderately decline as a percentage of revenue over time as our revenue increases.

General and Administrative

General and administrative expenses consist primarily of personnel costs including salaries, stock-based compensation expense, employee benefits and bonuses related to corporate, finance, information technology, legal, and human resource functions, professional services fees, audit and compliance expenses, insurance costs, and general corporate expenses including allocated shared expenses.

We expect general and administrative expenses to increase in absolute dollars as we grow our operations and continue to incur additional expenses associated with operating as a public company and moderately decline as a percentage of revenue over time as our revenue increases.

Interest Income

Interest income consists of income earned on our short-term investments included in cash and cash equivalents and marketable securities.

Income Tax Provision

Income tax provision consists primarily of U.S. federal, state, and foreign income taxes. We maintain a full valuation allowance on our federal and state deferred tax assets as we have concluded that it is more likely than not that the deferred tax assets will not be realized.

Results of Operations

Comparison of Years Ended December 31, 2024 and 2023

Revenue

	Years Ended December 31,		Change	% Change
	2024	2023		
	(in thousands, except percentages)			
Revenue	\$ 396,290	\$ 115,794	\$ 280,496	242 %

Total revenue increased \$280.5 million, or 242%, for the year ended December 31, 2024 compared to the year ended December 31, 2023, primarily due to a 217% increase in overall unit shipments driven by higher demand for our Aries products. The increase in revenue was also attributable to higher overall average selling prices resulting from an increased mix of hardware modules.

Cost of Revenue, Gross Profit, and Gross Margin

	Years Ended December 31,		Change	% Change
	2024	2023		
	(in thousands, except percentages and bps)			
Cost of revenue	\$ 93,591	\$ 35,967	\$ 57,624	160 %
Gross profit	\$ 302,699	\$ 79,827	\$ 222,872	279 %
Gross margin	76.4 %	68.9 %	750 bps	

Total cost of revenue increased \$57.6 million, or 160%, for the year ended December 31, 2024 compared to the year ended December 31, 2023, primarily due to a 217% increase in overall unit shipments partially offset by a \$10.2 million decrease in inventory write-downs. The inventory write-downs during the year ended December 31, 2023 were primarily due to inventory in excess of our sales forecast for a legacy customer product.

Gross margin increased 750 bps to 76.4% for the year ended December 31, 2024 compared to 68.9% for the year ended December 31, 2023. The increase was primarily driven by a net decrease of \$10.2 million in inventory write-downs, partially offset by higher average unit cost as a result of product mix.

Research and Development

	Years Ended December 31,		Change	% Change
	2024	2023		
	(in thousands, except percentages)			
Research and development	\$ 200,830	\$ 73,407	\$ 127,423	174 %
Percentage of revenue	51 %	63 %		

Research and development expense increased \$127.4 million, or 174%, for the year ended December 31, 2024 compared to the year ended December 31, 2023. The increase was attributable to a \$69.1 million increase in non-cash stock-based compensation expense primarily due to both RSUs that had previously met the time-based and liquidity event vesting conditions in connection with our IPO as well as RSUs with time-based vesting after the liquidity event. Additionally, there were \$33.9 million higher personnel-related expenses as a result of a 63% increase in average headcount and a \$21.2 million increase in software licenses and cloud hosting services related to our development projects.

Sales and Marketing

	Years Ended December 31,		Change	% Change
	2024	2023		
	(in thousands, except percentages)			
Sales and marketing	\$ 123,652	\$ 19,992	\$ 103,660	519 %
Percentage of revenue	31 %	17 %		

Sales and marketing expense increased \$103.7 million, or 519%, for the year ended December 31, 2024 compared to the year ended December 31, 2023. The increase was attributable to a \$93.8 million increase in non-cash stock-based compensation expense primarily due to both RSUs that had previously met the time-based and liquidity event vesting conditions in connection with our IPO as well as RSUs with time-based vesting after the liquidity event, and a \$8.2 million increase in personnel-related expenses as a result of a 29 % increase in average headcount.

General and Administrative

	Years Ended December 31,			
	2024	2023	Change	% Change
	(in thousands, except percentages)			
General and administrative	\$ 94,283	\$ 15,925	\$ 78,358	492 %
Percentage of revenue	24 %	14 %		

General and administrative expense increased \$78.4 million, or 492%, for the year ended December 31, 2024 compared to the year ended December 31, 2023. The increase was attributable to a \$60.2 million increase in non-cash stock-based compensation expense primarily due to both RSUs that had previously met the time-based and liquidity event vesting conditions in connection with our IPO as well as RSUs with time-based vesting after the IPO, a \$9.9 million higher in personnel-related expenses as a result of a 81% increase in average headcount, and a \$3.4 million increase in professional services fees as we continue to build out our public company infrastructure.

Interest Income

	Years Ended December 31,		Change	% Change
	2024	2023		
	(in thousands, except percentages)			
Interest income	\$ 34,288	\$ 6,549	\$ 27,739	424 %

For the year ended December 31, 2024, interest income increased \$27.7 million, or 424%, compared to the year ended December 31, 2023, respectively. The increase was primarily due to higher average short-term investments and cash equivalents balances primarily as a result of our IPO.

Income Tax Provision

	Years Ended December 31,			
	2024	2023	Change	% Change
	(in thousands, except percentages)			
Income tax provision	\$ 1,643	\$ 3,309	\$ (1,666)	(50)%

Income tax provision decreased \$1.7 million, or 50%, for the year ended December 31, 2024 compared to the year ended December 31, 2023. The effective tax rate decreased from 14.5% for the year ended December 31, 2023 to 2.0% for the year ended December 31, 2024. The change was p primarily due to a significant increase in stock-based compensation tax deductions post our IPO, and U.S. research and development credits, partially offset by an increase in taxable income, and the foreign-derived intangible income deduction.

Non-GAAP Financial Measures

This Annual Report on Form 10-K contains certain financial measures that are not presented in accordance with generally accepted accounting principles in the United States (“GAAP”), which we use to supplement the performance measures in our consolidated financial statements, which are presented in accordance with GAAP. We refer to these measures as “non-GAAP financial measures.” These non-GAAP financial measures include non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating income (loss), and non-GAAP net income (loss). We use these non-GAAP financial measures for financial and operational decision-making and as a means to assist us in evaluating period-to-period comparisons. By excluding certain items that may not be indicative of our recurring core operating results, we believe that non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating income (loss), and non-GAAP net income (loss) provide meaningful supplemental information regarding our performance. Accordingly, we believe these non-GAAP financial measures are useful to investors and others because they allow for additional information with respect to financial measures used by management in its financial and operational decision-making and they may be used by our institutional investors and the analyst community to help them analyze the health of our business. However, there are a number of limitations related to the use of non-GAAP financial measures, and these non-GAAP measures should be considered in addition to, not as a substitute for or in isolation from, our financial results prepared in accordance with GAAP. Other companies, including companies in our industry, may calculate these non-GAAP financial measures differently or not at all, which reduces their usefulness as comparative measures.

Non-GAAP Gross Profit and Non-GAAP Gross Margin

We define non-GAAP gross profit as gross profit presented in accordance with GAAP, adjusted to exclude stock-based compensation expenses. The non-GAAP gross margin is non-GAAP gross profit divided by revenue. We have presented non-GAAP gross profit because we consider non-GAAP gross profit to be a useful metric for investors and other users of our financial information in evaluating our operating performance as it excludes the impact of non-cash stock-based compensation, a charge that can vary from period to period for reasons that are unrelated to our core operating performance. This metric also provides investors and other users of our financial information with an additional tool to eliminate the effects of items that may vary for different companies for reasons unrelated to core operating performance.

A reconciliation of our GAAP gross profit and gross margin, the most directly comparable GAAP financial measure, to non-GAAP gross profit and non-GAAP gross margin is presented below:

	Years Ended December 31,	
	2024	2023
	(in thousands, except percentages)	
GAAP gross profit	\$ 302,699	\$ 79,827
Stock-based compensation expense upon IPO ⁽¹⁾	516	—
Stock-based compensation expense	329	24
Non-GAAP gross profit	<u>\$ 303,544</u>	<u>\$ 79,851</u>
GAAP gross margin	76.4 %	68.9 %
Stock-based compensation expense upon IPO ⁽¹⁾	0.1	—
Stock-based compensation expense	0.1	0.1
Non-GAAP gross margin	<u>76.6 %</u>	<u>69.0 %</u>

(1) Stock-based compensation expense recognized in connection with the time-based vesting and settlement of RSUs that had previously met the time-based vesting condition and for which the liquidity event vesting condition was satisfied in connection with our IPO.

Non-GAAP Operating Income (Loss)

We define non-GAAP operating income (loss) as operating loss presented in accordance with GAAP, adjusted to exclude stock-based compensation expenses and employer payroll taxes related to the time-based vesting and net settlement of RSUs with a liquidity event-based vesting condition that was satisfied in connection with the IPO. We have presented non-GAAP operating income (loss) because we consider non-GAAP operating income (loss) to be a useful metric for investors and other users of our financial information in evaluating our operating performance as it excludes the impact of non-cash stock-based compensation expense and employer payroll taxes related to the time-based vesting and net settlement of RSUs in connection with our IPO, charges that can vary from period to period or are one time charges for reasons that are unrelated to our core operating performance. This metric also provides investors and other users of our financial information with an additional tool to eliminate the effects of items that may vary for different companies for reasons unrelated to core operating performance.

A reconciliation of our GAAP operating loss, the most directly comparable GAAP financial measure, to non-GAAP operating income (loss) is presented below:

	Years Ended December 31,	
	2024	2023
	(in thousands, except percentages)	
GAAP operating loss	\$ (116,066)	\$ (29,497)
Stock-based compensation expense upon IPO ⁽¹⁾	88,873	—
Stock-based compensation expense	145,715	10,679
Employer payroll tax related to stock-based compensation from IPO ⁽²⁾	1,072	—
Non-GAAP operating income (loss)	<u>\$ 119,594</u>	<u>\$ (18,818)</u>
GAAP operating margin	(29.3)%	(25.5)%
Stock-based compensation expense upon IPO ⁽¹⁾	22.4	—
Stock-based compensation expense	36.8	9.2
Employer payroll tax related to stock-based compensation from IPO ⁽²⁾	0.3	—
Non-GAAP operating margin	<u>30.2 %</u>	<u>(16.3)%</u>

(1) Stock-based compensation expense recognized in connection with the time-based vesting and settlement of RSUs that had previously met the time-based vesting condition and for which the liquidity event vesting condition was satisfied in connection with our IPO.

(2) Employer payroll taxes related to the time-based vesting and settlement of RSUs that had previously met the time-based vesting condition and for which the liquidity event vesting condition was satisfied in connection with our IPO.

Non-GAAP Net Income (Loss)

We monitor non-GAAP net income (loss) for planning and performance measurement purposes. We define non-GAAP net income (loss) as net loss reported on our consolidated statements of operations, excluding the impact of stock-based compensation expenses, employer payroll taxes related to the time-based vesting and net settlement of RSUs with a liquidity event-based vesting condition that was satisfied in connection with our IPO, and the related tax impact on the adjustments. We have presented non-GAAP net income (loss) because we believe that the exclusion of these charges allows for a more relevant comparison of our results of operations to other companies in our industry and facilitates period-to-period comparisons as it eliminates the effect of certain factors unrelated to our overall operating performance.

A reconciliation of our GAAP net loss, the most directly comparable GAAP financial measure, to our non-GAAP net income (loss) is presented below:

	Years Ended December 31,	
	2024	2023
	(in thousands)	
GAAP net loss	\$ (83,421)	\$ (26,257)
Stock-based compensation expense upon IPO ⁽¹⁾	88,873	—
Stock-based compensation expense	145,715	10,679
Employer payroll tax related to stock-based compensation from IPO ⁽²⁾	1,072	—
Income tax effect ⁽³⁾	(8,910)	—
Non-GAAP net income (loss)	\$ 143,329	\$ (15,578)

(1) Stock-based compensation expense recognized in connection with the time-based vesting and settlement of RSUs that had previously met the time-based vesting condition and for which the liquidity event vesting condition was satisfied in connection with our IPO.

(2) Employer payroll taxes related to the time-based vesting and settlement of RSUs that had previously met the time-based vesting condition and for which the liquidity event vesting condition was satisfied in connection with our IPO.

(3) Income tax effect is calculated based on the tax laws in the jurisdictions in which we operate and is calculated to exclude the impact of stock-based compensation expense and one-off discrete tax adjustments that are unrelated to our core operating performance. For the year ended December 31, 2024, the non-GAAP tax expense rate was 6.9%, compared to a tax benefit rate of 27.0% for the year ended December 31, 2023. The reduction of the rate was due to the realization in deferred tax asset related to the release of valuation allowance, on a non-GAAP basis.

Liquidity and Capital Resources

Since our inception, we have financed our operations primarily through proceeds from the issuance of our redeemable convertible preferred stock, net proceeds from IPO, and cash generated from the sale of our products. As of December 31, 2024, our principal sources of liquidity were cash, cash equivalents, and marketable securities of \$914.3 million. Our principal use of cash is to fund our operations, invest in research and development, fund production mask capital expenditures, and to support our overall growth.

While we have generated \$136.7 million in cash flow from operating activities for the year ended December 31, 2024, in prior years significant losses from operations and negative cash flows from operating activities have resulted in our accumulated deficit of \$208.8 million as of December 31, 2024. We believe that our current cash, cash equivalents, and marketable securities will be sufficient to fund our operations for at least the next 12 months and beyond. Our future capital requirements, however, will depend on many factors, including our growth rate, the timing and extent of our sales and marketing and research and development expenditures, capital expenditures for production masks, the continuing market acceptance of our products, and the use of cash to fund potential mergers or acquisitions. In the event that additional financing is required from outside sources, we may seek to raise additional funds through equity, equity-linked arrangements, and debt. If we are unable to raise additional capital when desired and at reasonable rates, our business, results of operations, and financial condition could be adversely affected.

Cash Flows

The following table summarizes our cash flows for the periods presented:

	Years Ended December 31,	
	2024	2023
	(in thousands)	
Net cash provided by (used in) operating activities	\$ 136,676	\$ (12,716)
Net cash used in investing activities	\$ (757,568)	\$ (17,772)
Net cash provided by (used in) financing activities	\$ 655,838	\$ (502)

Operating Activities

Net cash provided by operating activities for the year ended December 31, 2024 of \$136.7 million resulted primarily from non-cash charges of \$233.4 million primarily related to \$234.6 million in stock-based compensation expense partially offset by a net loss of \$83.4 million and cash used by operating assets and liabilities of \$13.3 million. Cash used in operating assets and liabilities during the period was primarily from an increase of \$30.5 million in accounts receivable due to higher product sales and timing of customer payments, \$19.3 million increase in inventory for anticipated future demand, a \$13.0 million increase in prepaid expenses and other assets primarily related to accrued interest receivable on our short-term investments, and \$2.4 million decrease in operating lease liability. The net cash flow used in operating assets and liabilities were partially offset by \$31.0 million increase in accrued expenses and other liabilities primarily due to accrued customer deposits and timing of payments, a \$20.9 million increase in accounts payable primarily due to timing of payments, as well as increase in purchases.

Net cash used in operating activities for the year ended December 31, 2023 of \$12.7 million resulted primarily from a net loss of \$26.3 million and cash used in operating assets and liabilities of \$9.7 million offset by non-cash charges of \$23.2 million primarily consisting of stock-based compensation of \$10.7 million, an inventory write down of \$10.3 million and depreciation of \$1.8 million. Cash used in operating assets and liabilities during the period was primarily from a \$5.6 million increase in inventory primarily due to build up for anticipated demand, a \$4.3 million decrease in accounts payable primarily due to timing of payments, and a \$1.3 million decrease in operating lease liability due to the maturing of the lease, and \$0.7 million decrease in prepaid expenses and other assets due to timing. These cash flow uses were partially offset by a \$2.4 million decrease in accounts receivable due to timing of customer payments.

Investing Activities

Net cash used in investing activities for the year ended December 31, 2024 of \$757.6 million resulted primarily from \$930.6 million in purchases of marketable securities, and \$34.2 million in purchases of property and equipment, partially offset by \$208.7 million in proceeds from sales and maturities of marketable securities.

Net cash used in investing activities for the year ended December 31, 2023 of \$17.8 million resulted primarily from \$126.2 million in purchases of marketable securities and \$2.8 million in purchases of property and equipment, offset by \$111.2 million in proceeds from sales and maturities of marketable securities.

Financing Activities

Net cash provided by financing activities for the year ended December 31, 2024 of \$655.8 million resulted primarily from \$672.2 million in proceeds from our IPO, net of underwriting discounts and commissions, \$5.5 million in proceeds from exercises of stock options, and \$4.2 million in proceeds from the employee stock purchase plan. This was partially offset by \$20.1 million in tax withholding related to net share settlement of RSUs that had previously met the time-based vesting condition and for which the liquidity event vesting condition was satisfied in connection with our IPO, \$4.8 million in payments of deferred offering costs and \$1.1 million from our repurchase of our common stock.

Net cash used in financing activities for the year ended December 31, 2023 of \$0.5 million resulted primarily from \$1.4 million of payments for deferred offering costs and \$0.2 million from the repurchase of common stock, partially offset by \$1.1 million in proceeds from stock option exercises.

Material Cash Requirements

Operating lease commitments. Our operating lease commitments primarily include corporate offices. As of December 31, 2024, we had fixed lease payment obligations of \$39.9 million including our commitment for our future corporate headquarters office, with approximately \$5.0 million to be paid within 12 months and the remainder thereafter. For an additional discussion on our operating leases, see Note 5 - Leases in the Notes to the Consolidated Financial Statements set forth in Part II, Item 8 of this annual report on Form 10-K.

Purchase commitments. Our purchase commitments are primarily related to software licenses and cloud hosting services. As of December 31, 2024, we had purchase commitments of \$27.5 million, with \$12.0 million to be paid within 12 months and the remainder thereafter. In January 2025, the Company entered into an agreement for a non-cancellable purchase commitment of \$14.9 million with a three year term. For an additional discussion on our purchase commitments, see Note 6 - Commitments and Contingencies in the Notes to the Consolidated Financial Statements set forth in Part II, Item 8 of this Annual Report on Form 10-K.

Indemnification Agreements

See Note 6 - Commitments and Contingencies in the Notes to the Consolidated Financial Statements set forth in Part II, Item 8 of this Annual Report on Form 10-K.

Critical Accounting Estimates

We prepare our financial statements in conformity with GAAP. The preparation of financial statements in conformity with GAAP required certain estimates and assumptions to be made that may affect our consolidated financial statements. Accounting policies that have a significant impact on our results are described in Note 1 to our consolidated financial statements included in Part II, Item 8 of this annual report. The accounting policies discussed in this section are those that we consider to be the most critical. We consider an accounting policy to be critical if the policy is subject to a material level of judgment and if changes in those judgments are reasonably likely to materially impact our results.

We base our estimates and judgments on reasonably available information. Our estimates and assumptions may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates and such differences may be material to the financial statements.

We continue to monitor and assess our critical estimates in light of developments, and as new events occur and additional information is obtained, our estimates may change materially in future periods.

Revenue Recognition

We recognize revenue upon transfer of control of promised goods and services in an amount that reflects the consideration we expect to receive in exchange for those goods and services. Under Accounting Standards Codification 606, *Revenue from Contracts with Customers* ("ASC 606"), we apply the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when, or as, a performance obligation is satisfied.

Where an arrangement includes multiple performance obligations, the transaction price is allocated to each performance obligation on a relative standalone selling price ("SSP") basis. We determine the SSP based on an observable standalone selling price when it is available, as well as other factors, including the price charged to customers and our overall pricing objectives, while maximizing observable inputs.

Accounts receivable are recorded when the customer has been billed or the right to consideration is unconditional. We record deferred revenue when we have received consideration, or an amount of consideration is due from the customer, and we have a future obligation to transfer products or services. From time to time, we have contracts with initial terms that include performance obligations that extend beyond one year.

We transact with customers primarily pursuant to standard purchase orders for delivery of products and do not allow customers to cancel or change purchase orders within limited notice periods. We recognize product sales when control transfers to the customer, generally at the time of product shipment from its facilities or at the time when products are received by customers depending on the shipping terms with our customers, in an amount that reflects the consideration we expect to receive in exchange for those goods, net of estimated sales returns, distributor price adjustments ("DPA"), rebates, and other customer incentives.

We sell the majority of our products to distributors at a fixed list price. Distributors are authorized to resell our products to customers at a range of individually negotiated price points based on a variety of factors, including customer, product, quantity, geography, and competitive differentiation. The majority of our distributors' resales are priced at a discount from list price (the original purchase price). After the resale transaction is completed, we issue credit memos to the distributor for the price adjustments.

Sales to most distributors are made under programs common in the semiconductor industry whereby distributors receive DPAs to meet individual competitive opportunities. These programs may include credits granted to distributors or price protection credits when our standard published prices are lowered from the price the distributor paid for product still in its inventory.

In determining the transaction price, DPAs are considered variable consideration that reduce the amount of revenue recognized. Our policy is to estimate such price adjustments based on our historical prices and contractual terms using the expected value method. To date, actual DPAs have been materially consistent with the provisions we have made, based on our historical estimates. However, because of the inherent nature of estimates, there is always a risk that there could be

significant differences between actual amounts and our estimates. We also consider the constraint on estimates of variable consideration when estimating the total transaction price.

Our customer programs involve rebates, which are designed to serve as sales incentives to resellers of our products in various target markets. We account for rebates as a reduction to revenue and accrue for potential rebates based on the amount we expect to be claimed by customers.

Revenue is recognized net of taxes collected, which are subsequently remitted to governmental authorities. Consideration payable includes cash amounts that we pay, or expect to pay, to a customer, and is included in accrued expenses and other current liabilities. Consideration payable also includes credits or other items. We account for consideration payable to a customer as a reduction of the transaction price, and therefore, of revenue, unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to us.

Stock-Based Compensation

We measure and recognize our stock-based compensation expense for stock options based on the estimated fair value. We use the Black-Scholes-Merton pricing model to determine the grant date fair value of stock options. Stock-based compensation expense is recognized on a straight-line basis over the requisite service period of the awards, which is generally the vesting period.

We measure and recognize our stock-based compensation expense for RSUs granted prior to IPO based on the estimated fair value of the underlying common stock on the date of grant. RSUs granted prior to the IPO vest upon the satisfaction of both service and liquidity event conditions and compensation expense were recognized on a straight-line basis over the four-year requisite service period for each separately vesting portion of the award. The liquidity event vesting condition for the RSUs was satisfied in connection with the IPO. On that date, we recorded cumulative stock-based compensation expense of \$88.9 million using the accelerated attribution method.

We measure and recognize our stock-based compensation expense for RSUs granted post IPO based on the fair value of the underlying common stock on the date of grant. RSUs granted post IPO includes only service-based vesting conditions and stock-based compensation expense will be recognized equal to the grant date fair value on a straight-line basis over the four-year requisite service period of the awards.

We measure and recognize our stock-based compensation expense for performance stock units ("PSUs") based on the fair value of the underlying common stock on the date of grant for PSUs granted post IPO. Stock-based compensation expense will be recognized equal to the grant date fair value in the period in which vesting becomes probable using the accelerated attribution method over the requisite service period for each separately vesting portion of the award.

We measure and recognize our stock-based compensation expense for our Employee Stock Purchase Plan ("ESPP") based on the estimated fair value. We use the Black-Scholes-Merton pricing model to determine the grant date fair value of purchase rights granted under the ESPP. Stock-based compensation expense is recognized on a straight-line basis over the term of each ESPP offering period, which was seven months for the first ESPP offering and six months for the second offering and prospectively.

We account for forfeitures as they occur.

The Black-Scholes-Merton assumptions are based on the following for each of the years presented:

- *Expected volatility* – since we do not have sufficient trading history of our common stock, we estimate a blended expected volatility by taking the average historical volatility of a group of comparable publicly traded companies and our common stock price over a period equal to the expected term of the awards.
- *Expected term* – expected term represents the period that our stock-based awards are expected to be outstanding. The expected term assumptions for options are determined based on the vesting terms, exercise terms, and contractual lives. The expected term of the ESPP represents the period of time that purchase rights are expected to be outstanding which is generally six months.
- *Risk-free interest rate* – We use the U.S. Treasury yield for our risk-free interest rate that corresponds with the expected term.
- *Dividend yield* – We utilize a dividend yield of zero, as we do not currently issue dividends, nor do we expect to do so in the future.
- *Fair value of common stock* – Prior to our IPO, we estimated the fair value of common stock, see *Common Stock Valuations* below. Post to our IPO, the fair value of common stock for purposes of options is the fair value of the

underlying common stock on the date of grant and for ESPP purchases is based on the stock price on the first date of the respective offering period.

Common Stock Valuations

Prior to our IPO, the fair value of the common stock underlying our stock-based awards has historically been determined by our board of directors, with input from management and contemporaneous third-party valuations. We believe that our board of directors has the relevant experience and expertise to determine the fair value of our common stock. Given the absence of a public trading market of our common stock, and in accordance with the American Institute of Certified Public Accountants Practice Aid, *Valuation of Privately-Held Company Equity Securities Issued as Compensation*, our board of directors exercised reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of the fair value of our common stock at each grant date. These factors include:

- the results of contemporaneous valuations performed at periodic intervals by a third-party valuation firm;
- the prices, rights, preferences, and privileges of our redeemable convertible preferred stock relative to those of our common stock;
- the prices of our redeemable convertible preferred stock and common stock sold to investors in arms-length transactions;
- our actual operating and financial performance and estimated trends and prospects for our future performance;
- our stage of development;
- the likelihood of achieving a liquidity event, such as an initial public offering, direct listing, or sale of our company, given prevailing market conditions;
- the lack of marketability involving securities in a private company;
- the market performance of comparable publicly traded companies; and
- U.S. and global capital market conditions.

In valuing our common stock, the fair value of our business was determined using various valuation methods, including combinations of the income approach and the market approach with input from management. The income approach involves applying an appropriate risk-adjusted discount rate to projected cash flows based on forecasted revenue and costs. The market approach estimates value based on a comparison of the subject company to comparable public companies in a similar line of business. From the comparable companies, a representative market value multiple was determined, which was applied to our operating results to estimate the enterprise value of our company.

Once the enterprise value was determined under the market approach, we derived the equity value of our company and used a hybrid method that considered both an option pricing model (“OPM”) and the probability weighted expected return method (“PWERM”) to allocate that value among the various classes of securities to arrive at the fair value of the common stock. The OPM is based on the Black-Scholes-Merton option pricing model, which allows for the identification for a range of possible future outcomes, each with an associated probability. The OPM is appropriate to use when the range of possible future outcomes is difficult to predict and thus creates highly speculative forecasts. PWERM involves a forward-looking analysis of the possible future outcomes of the enterprise including an IPO as well as non-IPO market-based outcomes. After the equity value is determined and allocated to the various classes of shares, a discount for lack of marketability (“DLOM”) is applied to arrive at the fair value of ordinary shares. A DLOM is applied based on the theory that as an owner of a private company stock, the stockholder has limited opportunities to sell this stock and any such sale would involve significant transaction costs, thereby reducing overall fair market value.

Application of these approaches involves the use of estimates, judgment, and assumptions that are highly complex and subjective, such as those regarding our expected future revenue, expenses, and future cash flows, discount rates, market multiples, the selection of comparable companies, and the probability of possible future events. Changes in any or all of these estimates and assumptions or the relationships between those assumptions impact our valuations as of each valuation date and may have a material impact on the valuation of our common stock.

For valuations after the completion of our IPO, our board of directors determine the fair value of each share of underlying common stock based on the closing price of our common stock as reported on the date of grant. Increases and decreases in the market price of our common stocks increase and decrease the fair value of our stock-based awards granted in future periods.

Capitalized Production Masks

We incur costs for the fabrication of masks used by our contract manufacturers to manufacture wafers that incorporate our products. We capitalize the costs of fabrication masks that are reasonably expected to be used during production manufacturing. These amounts are included within property and equipment and are depreciated over a period of five years to cost of revenue. If we do not reasonably expect to use the fabrication mask during production manufacturing, we expense the related mask costs to research and development in the period in which such determination is made.

Recent Accounting Pronouncements

For more information, see Note 1 to our consolidated financial statements included in Part II, Item 8 of this Annual Report.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risks in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign currency exchange rates.

Interest Rate Risk

As of December 31, 2024, we had cash and cash equivalents of \$79.6 million and marketable securities of \$834.8 million, which consisted of cash held in sweep accounts, checking accounts, money market funds, U.S. treasury and agency securities, commercial paper, corporate debt securities, foreign government bonds, and asset-backed securities. The cash and cash equivalents are held primarily for working capital purposes.

Such interest earning instruments carry a degree of interest rate risk. To date, fluctuations in interest income are primarily driven by increases in investment balances. The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. 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. Due to the short-term nature of our investments, we have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in interest rates. A hypothetical 100 basis point change in interest rates would change the fair value of our investments in marketable securities by \$8.7 million and \$0.9 million as of December 31, 2024 and 2023, respectively.

Foreign Currency Exchange Risk

Our reporting currency and the functional currency of our wholly owned foreign subsidiaries in Taiwan, Canada, China, India, and Israel is the U.S. dollar. All of our sales and operating expenses are transacted in U.S. dollars, and therefore our revenue and expenses are not currently subject to significant foreign currency risk. Foreign exchange gains and losses were not material for the years ended December 31, 2024, 2023, and 2022. To date, we have not entered into any hedging arrangements with respect to foreign currency risk or other derivative financial instruments, although we may choose to do so in the future. We do not believe that a hypothetical 100 basis point increase or decrease in the relative value of the U.S. dollar to other currencies would have a material effect on our operating results.

Item 8. Financial Statements and Supplementary Data

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Astera Labs, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Astera Labs, Inc. and its subsidiaries (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of operations and comprehensive loss, of changes in redeemable convertible preferred stock and stockholders' equity (deficit) and of cash flows for each of the three years in the period ended December 31, 2024, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Seattle, Washington
February 13, 2025

We have served as the Company's auditor since 2021.

ASTERA LABS, INC.,
CONSOLIDATED BALANCE SHEETS
(In thousands, except par values)

	As of December 31,	
	2024	2023
Assets		
Current assets		
Cash and cash equivalents	\$ 79,551	\$ 45,098
Marketable securities	834,750	104,215
Accounts receivable, net	38,811	8,335
Inventory	43,215	24,095
Prepaid expenses and other current assets	16,652	4,064
Total current assets	1,012,979	185,807
Property and equipment, net	35,651	4,712
Other assets	5,878	5,773
Total assets	<u>\$ 1,054,508</u>	<u>\$ 196,292</u>
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)		
Current liabilities		
Accounts payable	\$ 26,918	\$ 6,337
Accrued expenses and other current liabilities	59,624	28,742
Total current liabilities	86,542	35,079
Other liabilities	3,167	3,787
Total liabilities	<u>89,709</u>	<u>38,866</u>
Commitments and contingencies (Note 6)		
Redeemable convertible preferred stock, \$0.0001 par value; 0 and 91,131 shares authorized as of December 31, 2024 and 2023, respectively; 0 and 90,891 shares issued and outstanding as of December 31, 2024 and 2023, respectively; liquidation preference of \$0 and \$265,699 as of December 31, 2024 and 2023, respectively	—	255,127
Stockholders' equity (deficit)		
Common stock, \$0.0001 par value; 1,000,000 and 162,641 shares authorized as of December 31, 2024 and 2023, respectively; 162,018 and 42,046 shares issued and outstanding as of December 31, 2024 and 2023, respectively	16	4
Additional paid-in capital	1,173,153	27,411
Accumulated other comprehensive income	426	259
Accumulated deficit	(208,796)	(125,375)
Total stockholders' equity (deficit)	<u>964,799</u>	<u>(97,701)</u>
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	<u>\$ 1,054,508</u>	<u>\$ 196,292</u>

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

ASTERA LABS, INC.,

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(In thousands, except per share amounts)

	Years Ended December 31,		
	2024	2023	2022
Revenue	\$ 396,290	\$ 115,794	\$ 79,872
Cost of revenue	93,591	35,967	21,191
Gross profit	302,699	79,827	58,681
Operating expenses			
Research and development	200,830	73,407	73,711
Sales and marketing	123,652	19,992	24,407
General and administrative	94,283	15,925	20,757
Total operating expenses	418,765	109,324	118,875
Operating loss	(116,066)	(29,497)	(60,194)
Interest income	34,288	6,549	2,613
Loss before income taxes	(81,778)	(22,948)	(57,581)
Income tax provision	1,643	3,309	764
Net loss	\$ (83,421)	\$ (26,257)	\$ (58,345)
Net loss per share attributable to common stockholders:			
Basic and diluted	\$ (0.64)	\$ (0.71)	\$ (1.71)
Weighted-average shares used in calculating net loss per share attributable to common stockholders:			
Basic and diluted	131,262	37,131	34,171
Other comprehensive income (loss)			
Unrealized gain (loss) on marketable securities, net of taxes	167	488	(229)
Total other comprehensive income (loss)	167	488	(229)
Total comprehensive loss	\$ (83,254)	\$ (25,769)	\$ (58,574)

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

ASTERA LABS, INC.,

CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)
(In thousands)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
Balances as of December 31, 2021	82,603	\$ 86,689	39,572	\$ 4	\$ 1,006	\$ —	\$ (40,773)	\$ (39,763)
Issuance of common stock upon exercise of stock options and vesting of early exercised stock options	—	—	2,041	—	1,341	—	—	1,341
Repurchase of common stock upon termination	—	—	(71)	—	(303)	—	—	(303)
Issuance of Series D preferred stock, net of issuance costs	7,375	149,866	—	—	—	—	—	—
Exchange of common stock to Series D preferred stock	913	18,572	(913)	—	(18,572)	—	—	(18,572)
Stock-based compensation	—	—	—	—	30,235	—	—	30,235
Warrants contra revenue	—	—	—	—	344	—	—	344
Unrealized losses on marketable securities	—	—	—	—	—	(229)	—	(229)
Net loss	—	—	—	—	—	—	(58,345)	(58,345)
Balances as of December 31, 2022	90,891	\$ 255,127	40,629	\$ 4	\$ 14,051	\$ (229)	\$ (99,118)	\$ (85,292)
Issuance of common stock upon exercise of stock options and vesting of early exercised stock options	—	—	1,624	—	2,050	—	—	2,050
Repurchase of common stock upon termination	—	—	(207)	—	(174)	—	—	(174)
Stock-based compensation	—	—	—	—	10,679	—	—	10,679
Warrants contra revenue	—	—	—	—	805	—	—	805
Unrealized gains on marketable securities	—	—	—	—	—	488	—	488
Net loss	—	—	—	—	—	—	(26,257)	(26,257)
Balances as of December 31, 2023	90,891	\$ 255,127	42,046	\$ 4	\$ 27,411	\$ 259	\$ (125,375)	\$ (97,701)
Conversion of redeemable convertible preferred stock into common stock in connection with initial public offering	(90,891)	(255,127)	90,891	9	255,118	—	—	255,127
Issuance of common stock in connection with initial public offering, net of offering costs, underwriting discounts and commissions	—	—	19,759	2	665,988	—	—	665,990
Issuance of common stock upon exercise of stock options and vesting of early exercised stock options	—	—	4,682	—	5,670	—	—	5,670
Issuance of common stock upon vesting of restricted stock units	—	—	5,103	1	—	—	—	1
Shares issued under employee stock purchase plan	—	—	136	—	4,160	—	—	4,160
Shares of common stock withheld related to net settlement of restricted stock units	—	—	(559)	—	(20,111)	—	—	(20,111)
Repurchase of common stock upon termination	—	—	(40)	—	(1,066)	—	—	(1,066)
Stock-based compensation	—	—	—	—	234,588	—	—	234,588
Warrants contra revenue	—	—	—	—	1,395	—	—	1,395
Unrealized gains on marketable securities	—	—	—	—	—	167	—	167
Net loss	—	—	—	—	—	—	(83,421)	(83,421)
Balances as of December 31, 2024	—	\$ —	162,018	\$ 16	\$ 1,173,153	\$ 426	\$ (208,796)	\$ 964,799

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

ASTERA LABS, INC.,

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Years Ended December 31,		
	2024	2023	2022
Cash flows from operating activities			
Net loss	\$ (83,421)	\$ (26,257)	\$ (58,345)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities			
Stock-based compensation	234,588	10,679	30,235
Depreciation	3,154	1,781	807
Non-cash operating lease expense	2,428	1,232	1,448
Warrants contra revenue	1,395	805	343
Inventory write-downs	168	10,343	110
Accretion of discounts on marketable securities and other	(8,341)	(1,624)	(525)
Changes in operating assets and liabilities			
Accounts receivable, net	(30,480)	2,386	(6,037)
Inventory	(19,287)	(5,564)	(19,358)
Prepaid expenses and other assets	(13,031)	(720)	(1,332)
Accounts payable	20,887	(4,264)	2,126
Accrued expenses and other liabilities	31,018	(167)	15,950
Operating lease liability	(2,402)	(1,346)	(1,320)
Net cash provided by (used in) operating activities	136,676	(12,716)	(35,898)
Cash flows from investing activities			
Purchases of property and equipment	(34,245)	(2,761)	(3,873)
Purchases of marketable securities	(930,575)	(126,225)	(88,713)
Sales and maturities of marketable securities	208,665	111,214	1,996
Other investing activities	(1,413)	—	—
Net cash used in investing activities	(757,568)	(17,772)	(90,590)
Cash flows from financing activities			
Proceeds from issuance of common stock in connection with initial public offering, net of underwriting discounts and commissions	672,198	—	—
Payment of deferred offering costs	(4,801)	(1,407)	—
Proceeds from issuance of redeemable convertible preferred stock, net of issuance costs	—	—	149,866
Proceeds from exercises of stock options	5,458	1,115	2,115
Proceeds from employee stock purchase plan	4,160	—	—
Tax withholding related to net share settlements of restricted stock units	(20,111)	—	—
Repurchase of common stock upon termination	(1,066)	(210)	(313)
Net cash provided by (used in) financing activities	655,838	(502)	151,668
Net increase (decrease) in cash, cash equivalents, and restricted cash ⁽¹⁾	34,946	(30,990)	25,180
Cash, cash equivalents, and restricted cash ⁽¹⁾			
Beginning of the year	45,098	76,088	50,908
End of the year	<u>\$ 80,044</u>	<u>\$ 45,098</u>	<u>\$ 76,088</u>
Supplemental cash flow information:			
Conversion of redeemable convertible preferred stock into common stock in connection with initial public offering	\$ 255,127	\$ —	\$ —
Exchange of common stock to Series D redeemable convertible preferred stock	\$ —	\$ —	\$ 18,572
Income taxes paid	\$ 7,793	\$ 2,477	\$ —

(1) Restricted cash was not material and is included in Prepaid expenses and other current assets.

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

ASTERA LABS, INC.,**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****1. Nature of Business and Summary of Significant Accounting Policies****Description of Business**

Astera Labs, Inc. (the “Company”) offers an Intelligent Connectivity Platform, comprised of semiconductor-based, high-speed, mixed-signal connectivity products that integrate a matrix of microcontrollers and sensors, and COSMOS, the Company’s software suite, which is embedded in its connectivity products and integrated into its customers’ systems.

The Company’s patented software-defined platform approach delivers critical connectivity performance, enables flexibility and customization, and supports observability and predictive analytics. This approach aims to efficiently address the data, network, and memory bottlenecks, scalability, and other unique infrastructure requirements of its hyperscaler and system original equipment manufacturers (“OEMs”).

Basis of Presentation

The consolidated financial statements and accompanying notes were prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Principles of Consolidation

The consolidated financial statements include the accounts of Astera Labs, Inc. and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. The Company’s significant estimates include, but are not limited to, revenue recognition, the valuation of deferred tax assets, reserves for uncertain tax positions, the grant date fair value of common stock awards, and the valuation and assumptions underlying stock-based compensation. By their nature, estimates are subject to an inherent degree of uncertainty and actual results could differ from those estimates.

The Company assessed certain accounting matters and estimates that generally require consideration of forecasted information using the information reasonably available to the Company. Management is not aware of any specific event or circumstance that would require an update to estimates or judgments or a revision to the carrying value of assets or liabilities. These estimates and judgments may change as new events occur and additional information is obtained, which may result in changes being recognized in the Company’s consolidated financial statements in future periods, and actual results could differ from these estimates.

Reclassifications

Certain prior period balances were reclassified to conform to the current period’s presentation. None of these reclassifications had an impact on reported net loss, balance sheets, or cash flows for any of the periods presented.

Initial Public Offering

On March 22, 2024, the Company completed its initial public offering (the “IPO”) of 22,770,000 shares of its common stock, par value \$0.0001 per share (the “Common Stock”), at a price to the public of \$36.00 per share, which included 19,758,903 shares of Common Stock sold by the Company, inclusive of 2,970,000 shares sold by the Company pursuant to the full exercise of the underwriters’ over-allotment option, as well as 3,011,097 shares of Common Stock sold by certain of the Company’s existing stockholders. The Company received net proceeds of \$672.2 million after deducting underwriting discounts and commissions of \$39.1 million.

Immediately prior to the closing of the IPO, the Company issued 90,890,650 shares of its Common Stock upon conversion on a one-for-one basis of all outstanding shares of its Series A Preferred Stock, par value \$0.0001 per share, Series A-1 Preferred Stock, par value \$0.0001 per share, Series B Preferred Stock, par value \$0.0001 per share, Series B-1

Preferred Stock, par value \$0.0001 per share, Series C Preferred Stock, par value \$0.0001 per share, and Series D Preferred Stock, par value \$0.0001 per share (collectively, the “Preferred Stock”), and such shares of Preferred Stock were cancelled, retired, and eliminated from the shares that the Company is authorized to issue and may not be reissued by the Company.

Deferred Offering Costs

The Company capitalized certain legal, accounting, and other fees and costs that were directly associated with in-process equity financings as deferred offering costs until such financings were consummated. Upon the consummation of the IPO, \$6.2 million of such costs were recorded as a reduction of the proceeds generated from the offering, which was recognized in additional paid-in capital.

Revenue Recognition

The Company recognizes revenue upon transfer of control of promised goods and services in an amount that reflects the consideration it expects to receive in exchange for those goods and services. Under Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers* (“ASC 606”), the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when, or as, a performance obligation is satisfied.

The following table presents revenue disaggregated by type (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Product sales	\$ 393,115	\$ 111,889	\$ 78,234
Engineering services	3,175	3,905	1,638
Total revenue	\$ 396,290	\$ 115,794	\$ 79,872

Where an arrangement includes multiple performance obligations, the transaction price is allocated to each performance obligation on a relative standalone selling price (“SSP”) basis. The Company determines the SSP based on an observable standalone selling price when it is available, as well as other factors, including the price charged to customers and the Company’s overall pricing objectives, while maximizing observable inputs.

Accounts receivable are recorded when the customer has been billed or the right to consideration is unconditional. The Company records deferred revenue when it has received consideration, or an amount of consideration is due from the customer, and the Company has a future obligation to transfer products or services. As of December 31, 2024 and 2023, the Company had no deferred revenue. From time to time, the Company has contracts with initial terms that include performance obligations that extend beyond one year. As of December 31, 2024, there were no unsatisfied performance obligations for contracts with an original expected term greater than one year.

Product Sales

The Company transacts with customers primarily pursuant to standard purchase orders for delivery of products and does not allow customers to cancel or change purchase orders within limited notice periods. The Company recognizes product sales when control transfers to the customer, generally at the time of product shipment from its facilities or at the time when products are received by customers depending on the shipping terms with the customers, in an amount that reflects the consideration the Company expects to receive in exchange for those goods, net of estimated sales returns, distributor price adjustments (“DPA”), rebates, and other customer incentives.

The Company sells the majority of its products to distributors at a fixed list price. Distributors are authorized to resell its products to their customers at a range of individually negotiated price points based on a variety of factors, including customer, product, quantity, geography, and competitive differentiation. The majority of the distributors’ resales are priced at a discount from list price (the original purchase price). After the resale transaction is completed, the Company issues credit memos to the distributor for the price adjustments.

Sales to most distributors are made under programs common in the semiconductor industry whereby distributors receive certain price adjustments, or DPA, to meet individual competitive opportunities. These programs may include

credits granted to distributors or price protection credits when the Company's standard published prices are lowered from the price the distributor paid for product still in its inventory.

In determining the transaction price, DPAs are considered variable consideration that reduce the amount of revenue recognized. The Company's policy is to estimate such price adjustments based on the Company's historical prices and contractual terms using the expected value method. To date, actual DPAs have been materially consistent with the provisions the Company has made, based on its historical estimates. However, because of the inherent nature of estimates, there is always a risk that there could be significant differences between actual amounts and the Company's estimates. The Company also considers the constraint on estimates of variable consideration when estimating the total transaction price.

The Company's customer programs involve rebates, which are designed to serve as sales incentives to resellers of the Company's products in various target markets. The Company accounts for rebates as a reduction to revenue and accrues for estimated rebates based on the amount the Company expects to be claimed by customers.

Revenue is recognized net of taxes collected, which are subsequently remitted to governmental authorities. Shipping and handling fees are included in cost of revenue and are recognized as activities to fulfill the promise to transfer the good.

Consideration payable includes cash amounts that the Company pays, or expects to pay, to a customer, and is included in accrued expenses and other current liabilities. Consideration payable also includes credits or other items. The Company accounts for consideration payable as a reduction of the transaction price, and therefore, of revenue, unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Company.

During 2023 and 2022, the Company issued to a customer warrants to purchase shares of the Company's common stock. The Company accounts for the warrants as consideration payable to a customer as the Company did not receive a distinct good or service in exchange for the warrants. The shares underlying the warrants vest upon the achievement of specified tranches of global payments by the customer and its affiliates. As it becomes probable that the performance-based vesting conditions underlying the warrants will be achieved and the related revenue is recognized, the Company recognizes the related grant date fair value of the warrants as a reduction of revenue for each sales transaction in proportion to total expected cumulative sales volume resulting in achievement of the vesting conditions. See Note 8 Common Stock Warrants.

The Company applies the practical expedient to not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less. The Company applies the practical expedient to expense sales commissions when incurred because the amortization period would have been one year or less.

Product Warranties

The Company's products are generally subject to a product warranty, which provides for the estimated future costs of replacement upon shipment of the products. The products carry a standard one-year warranty. The warranty accrual is estimated primarily based on historical claims compared to historical revenue and assumes that the Company will have to replace products subject to a claim. Warranty expenses were not material for the years ended December 31, 2024, 2023 and 2022. Accrued warranty was not material as of December 31, 2024, and 2023.

The Company does not allow its distributors to return overstocked, obsolete, and discontinued products.

Engineering Services

Certain revenue contracts may include performance obligations related to engineering services. The Company recognizes revenue allocated to these performance obligations as certain milestones are completed and upon acceptance by the customer of contract deliverables.

Cost of Revenue

Cost of revenue, including both cost of product sales revenue and cost of engineering services revenue, includes the purchase price of materials, such as wafers processed by third-party foundries, packaging for finished goods, assembly, shipping, amortization of capitalized production masks, logistics and quality assurance, write-downs for excess and obsolete inventory, royalties on our production products, and personnel costs including salaries, stock-based compensation expense, employee bonus and benefits, and allocation of general corporate expenses including allocated facilities expenses.

Research and Development Expenses

Research and development expenses consist of costs incurred in performing research and development activities and include salaries, stock-based compensation expense, employee bonus and benefits, pre-production engineering mask costs, overhead costs and prototype wafer, packaging and test costs, and allocated facilities expenses. Research and development costs are expensed as incurred.

Sales and Marketing Expenses

Sales and marketing expenses consist of personnel costs including salaries, stock-based compensation expense, employee bonus and benefits, samples to potential customers, product marketing and conferences, travel and entertainment costs, and allocation of general corporate expenses including allocated facilities expenses. Advertising costs are expensed as incurred and were not material for the years ended December 31, 2024, 2023 and 2022.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel costs including salaries, stock-based compensation, and employee benefits related to corporate, finance, legal and human resource functions, contractor and professional services fees, audit and compliance expenses, insurance costs, and general corporate expenses including allocated facilities expenses.

Stock-Based Compensation

The Company records stock-based compensation expense for all stock-based awards, including stock options, restricted stock units (“RSUs”), performance stock units (“PSUs”), and purchase rights issued under the Employee Stock Purchase Plan (“ESPP”), made to employees, non-employees, and directors based on the fair value at the date of grant. The fair value of RSUs and PSUs is based on the underlying common stock at the date of grant. The fair value of stock options granted and purchase rights issued under the ESPP for purposes of calculating stock-based compensation expense is estimated on the grant date using the Black-Scholes-Merton pricing model.

The Black-Scholes-Merton pricing model requires the Company to make assumptions and judgments about the inputs used in the calculation, including the expected term, the volatility of the Company’s common stock, risk-free interest rate, and expected dividend yield. The expected term represents the period that the Company’s stock options and purchase rights under the ESPP are expected to be outstanding. The expected term assumptions are determined based on the vesting terms, exercise terms, and contractual lives of the options. The expected volatility is based on a blended simple average between historical volatility of a group of comparable publicly traded companies and our common stock price over a period equal to the expected term of the awards. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option. The Company’s expected dividend yield input is zero as it has not historically paid, nor does it expect in the future to pay, cash dividends on its common stock.

Stock-based compensation expense for options, service-based RSUs, and purchase rights issued under the ESPP Plan are recognized as expense on a straight-line basis over the requisite service or offering period. Stock-based compensation expense with performance condition are recognized in the period in which vesting becomes probable using the accelerated attribution method over the requisite service period for each separately vesting portion of the award. The Company accounts for forfeitures as they occur.

Cash and Cash Equivalents

As of December 31, 2024 and 2023, cash and cash equivalents consist of cash held in sweep accounts, checking accounts, money market funds, U.S. treasury and agency securities, and commercial paper.

The Company considers all highly liquid instruments purchased with an original maturity of three months or less at the date of purchase, to be cash equivalents. Cash equivalents are recorded at fair value.

Marketable Securities

Marketable securities consist primarily of commercial paper, U.S. treasury and agency securities, corporate debt securities, foreign government bonds, and asset-backed securities. The Company’s investments are all highly liquid and available for use in current operations, including those with maturity dates beyond one year, and therefore the Company classifies these securities within current assets on its consolidated balance sheet. The Company considers its investments

with original maturities of three months or less at the date of purchase to be cash equivalents. Investments not considered cash equivalents are classified as marketable securities on the Company's consolidated balance sheets.

The Company classifies and accounts for its marketable securities as available-for-sale, and it carries such securities at fair value with unrealized gains and losses excluded from earnings and reported net of tax as a separate component of stockholders' deficit in accumulated other comprehensive income until the security is sold or matures. During the years ended December 31, 2024, 2023, and 2022, in connection with its available-for-sale securities, the Company recorded pretax unrealized gain of \$0.2 million, gain of \$0.5 million, and loss of \$0.2 million, respectively, with no associated tax benefit in other comprehensive income or loss.

If an available-for-sale debt security's fair value declines below its amortized cost basis, the Company evaluates whether it intends to sell the security, or whether it more-likely-than-not will be required to sell the security before the recovery of its amortized cost basis. If either condition is met, the Company records an impairment loss on the security. If neither condition is met, the Company evaluates whether the decline is the result of credit-related factors, in which case the Company records the credit-related portion of the impairment loss. There were no impairment charges for the years ended December 31, 2024, 2023, and 2022.

Accounts Receivable, Net

Accounts receivable are recorded at the invoiced amount, net of DPAs, and allowance for credit losses. The Company performs periodic credit evaluations of its customers' financial condition and does not require collateral from them. Amounts considered uncollectible are charged against the allowance account in the period they are deemed uncollectible. As of December 31, 2024 and 2023, the allowance for credit losses was not material to the consolidated financial statements. There was no impairment charges for the years ended December 31, 2024, 2023, and 2022.

The Company regularly monitors collections and payments from customers and maintains an allowance for credit losses for estimated losses resulting from the inability of customers to make required payments. Management estimates its allowance for credit losses by considering factors including historical credit loss experience and current conditions, such as the length of time accounts receivable are past due, customer payment histories, any specific customer collection issues identified, current market conditions which may affect customer financial condition, and reasonable and supportable forecasts of future credit losses. The Company writes off accounts receivable that have become uncollectible.

Inventory

The Company's inventory, which includes raw materials, work-in-progress, and finished goods, is stated at the lower of cost or net realizable value. Inventory cost, which includes materials purchase cost, inbound freight and capitalized overhead, is computed using standard cost, which approximates actual cost, on a first-in, first-out basis. Net realizable value is the estimated selling price of the Company's products in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The carrying value of inventory is reduced for estimated excess and obsolete inventory. Excess and obsolete inventory reductions are determined based on assumptions about product expiration, future demand, and market conditions, and are included in cost of revenue in the consolidated statements of operations and comprehensive loss.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets included prepayments for technology subscription service, cloud computing arrangements, insurance premiums, restricted cash, and accrued interest income. As of December 31, 2024 and 2023, the Company's restricted cash balance was not material and is primarily associated with collateral for the Company's credit card.

Property and Equipment, Net

Property and equipment is stated at cost, net of accumulated depreciation. Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the Company's property and equipment are as follows:

Asset Category	Estimated Useful Life
Production mask costs	5 years
Office furniture	5 years
Laboratory equipment	3 years
Servers and workstations	3 years
Leasehold improvements	Lesser of asset useful life or remaining lease term

Impairment of Long-Lived Assets

The Company assesses the impairment of long-lived assets, which consist primarily of property and equipment, whenever events or changes in circumstances indicate that such assets might be impaired and the carrying value may not be recoverable. Events or changes in circumstances that may indicate that an asset is impaired include significant decreases in the market value of an asset, significant underperformance relative to expected historical or projected future results of operations, a change in the extent or manner in which an asset is utilized, significant declines in the estimated fair value of the overall Company for a sustained period, shifts in technology, loss of key management or personnel, changes in the Company's operating model, or strategy and competitive forces.

If events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and the expected undiscounted future cash flows attributable to the asset are less than the carrying amount of the asset, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded. Fair value is generally determined based on the present value of estimated expected future cash flows using a discount rate commensurate with the risk involved, quoted market prices or appraised values, depending on the nature of the asset. There were no impairments charges of long-lived assets for the years ended December 31, 2024, 2023, and 2022.

Leases

The Company determines at contract inception whether an arrangement is a lease based on its ability to control a physically distinct asset and determines the classification of the lease as either operating or finance. For all leases, the Company combines all components of the lease including related non-lease components as a single component. The Company's operating lease right-of-use ("ROU") assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments related to the lease. The Company has also elected to utilize the short-term lease recognition exemption and, for those leases that qualify, the Company has not recognized operating lease ROU assets or operating lease liabilities. The Company does not have any finance leases as of December 31, 2024 and 2023. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Operating lease ROU assets also include any initial direct costs and prepayments less lease incentives. As the Company's leases do not provide an implicit rate, the Company uses its collateralized incremental borrowing rate based on the information available at the lease commencement date, including lease term, in determining the present value of lease payments.

Lease terms may include options to extend or terminate the lease when the Company is reasonably certain that it will exercise the option. Lease expense is recognized on a straight-line basis over the lease term in the consolidated statements of operations and comprehensive loss. Certain lease agreements may contain variable costs such as utilities and common area maintenance. Variable lease costs are expensed when the cost is incurred.

Income Taxes

The Company is subject to income taxes in the United States and certain foreign jurisdictions. Significant judgment is required in determining the Company's provision for income taxes and income tax assets and liabilities, including evaluating uncertainties in the application of accounting principles and complex tax laws.

The Company uses the asset and liability method to account for income taxes. Current income tax expense or benefit represents the amount of income taxes expected to be payable or refundable for the current year. Under this method, deferred income tax assets and liabilities are determined based on differences between the financial statement reporting and tax bases of assets and liabilities and net operating loss and credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company accounts for uncertain tax positions in accordance with ASC 740-10, *Accounting for Uncertainty in Income Taxes*. The Company recognizes the tax effects of an uncertain tax position only if such position is more-likely-than-not to be sustained based solely on its technical merits as of the reporting date and only in an amount more-likely-than-not to be sustained upon review by the tax authorities.

Net Loss per Share

The Company follows the two-class method when computing net loss per common share when shares are issued that meet the definition of participating securities. The two-class method determines net income (loss) per share of common stock and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires income (loss) available to common stockholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all income (loss) for the period had been distributed. Prior to the automatic conversion into shares of common stock as a result of the Company's IPO, the Company's redeemable convertible preferred stock contractually entitled the holders of such shares to participate in dividends, but did not contractually require the holders of such shares to participate in the Company's losses. Subsequent to the IPO, the Company has no participating securities.

Basic net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, less shares subject to repurchase. The diluted net loss per share is computed by giving effect to all potentially dilutive securities outstanding for the period using the treasury stock method or the if-converted method. For periods in which the Company reports net losses, diluted net loss per common share is the same as basic net loss per common share, because all potentially dilutive securities are anti-dilutive.

Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The Company does not accrue for contingent losses that, in its judgment, are considered to be reasonably possible. However, if the Company determines that a contingent loss is reasonably possible and the loss or range of loss can be estimated, the Company discloses the possible loss in the consolidated financial statements. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Redeemable Convertible Preferred Stock

The Company records all shares of redeemable convertible preferred shares at their respective fair values less issuance costs on the dates of issuance. The redeemable convertible preferred shares were recorded outside of stockholders' deficit because, in the event of certain liquidation events, considered not solely within the Company's control, such as a change in control event and sale of all or substantially all of the Company's assets, the redeemable convertible preferred shares would become redeemable at the option of the holders.

Foreign Currency Transactions

The functional currency of the Company's foreign subsidiaries is the U.S. dollar. All foreign currency transactions are initially measured and recorded in U.S. dollars using the exchange rate on the date of the transaction. Foreign currency denominated monetary assets and liabilities are remeasured and recorded at the end of each reporting period using the exchange rate at that date. Foreign exchange gains and losses were not material for the years ended December 31, 2024, 2023, and 2022.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value:

Level 1. Quoted prices for identical assets and liabilities in active markets.

Level 2. Assets and liabilities valued based on observable market data for similar instruments, such as quoted prices for similar assets or liabilities or other inputs that are observable or can be corroborated by observable market data.

Level 3. Unobservable inputs reflecting the Company's assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value.

The carrying amount of the Company's financial instruments, including cash equivalents, accounts receivable, and accounts payable, approximates their respective fair values because of their short maturities.

Concentrations of Credit Risk and Major Customers

Revenue by location is determined by the billing address of the Company's customers, which include distributors who purchase the Company's products and resell them. The Company had the following customers that individually comprised 10% or more of its revenue:

	Years Ended December 31,		
	2024	2023	2022
Customer A	36 %	24 %	*
Customer B	24 %	37 %	82 %
Customer C	11 %	*	*
Customer D	*	18 %	*
Customer E	*	*	14 %

*Less than 10% of total revenue

The Company had the following customers that individually comprised 10% or more of its accounts receivable, net:

	As of	
	December 31, 2024	December 31, 2023
Customer A	24 %	39 %
Customer B	13 %	27 %
Customer C	22 %	*
Customer F	31 %	*

*Less than 10% of total accounts receivable, net

Concentration of Supply Risk

The Company relies on a single manufacturing partner for integrated circuits. The Company also relies on a limited number of other manufacturing partners for its modules, boards, and integrated circuit substrates. While alternative providers could be identified, the Company is subject to supply and pricing risks.

Accounting Pronouncements Recently Adopted

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). ASU 2023-07 enhances the disclosures required for operating segments in the Company's annual and interim consolidated financial statements. The disclosures required under ASU 2023-07 are also required for public entities with a single reportable segment. The amendments in ASU 2023-07 improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The Company adopted ASU 2023-07 in the fourth quarter of 2024 and applied the amendments retrospectively to all prior periods presented in the consolidated financial statements (see Note 2 Segment and Geographical Information). The adoption of ASU 2023-07 did not have a material impact on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). ASU 2023-09 requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The ASU is effective for public business entities for annual periods beginning after December 15, 2024. Early adoption is permitted. The Company does not expect a material impact from the adoption of this guidance on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosure* ("ASU 2024-03"). ASU 2024-03 requires additional disclosures on specific expense categories

included in the expense captions presented on the statements of operations. The new standard is effective for annual periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of this new guidance on its consolidated financial statements and related disclosures.

2. Segment and Geographical Information

The Company's chief operating decision maker ("CODM") is its Chief Executive Officer ("CEO"), who reviews financial information presented on a consolidated basis for purposes of making operating decisions, assessing financial performance, and allocating resources. The CODM uses net income or loss to evaluate the return on assets and to determine investment opportunities related to product development, platform enhancements, and new technologies. The CODM also uses net income or loss to monitor budget versus actual results. The Company manages its operations and allocates resources as a single operating segment.

The following table includes the significant expense categories and amounts that are regularly provided to the CODM (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Revenue	\$ 396,290	\$ 115,794	\$ 79,872
Less:			
Cost of revenue	93,591	35,967	21,191
Stock-based compensation ⁽¹⁾	233,743	10,655	30,225
Personnel-related expenses ⁽¹⁾	117,366	65,327	44,168
Other segment items ⁽²⁾	35,011	30,102	42,633
Consolidated net loss	\$ (83,421)	\$ (26,257)	\$ (58,345)

(1) Stock-based compensation and personnel-related expenses presented in the above table are related to operating expenses and exclude amounts included in the cost of revenue.

(2) Other segment items included primarily related to interest income, income tax provision, software licenses and cloud hosting services, and professional and consulting services fees.

Revenue by location is determined by the billing address of the customers, who include distributors who purchase the Company's products and resell them. The following table sets forth revenue by geographic area (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Taiwan	\$ 269,935	\$ 72,174	\$ 61,776
China	72,672	5,540	1,487
United States	11,296	30,664	4,779
Other	42,387	7,416	11,830
Total	\$ 396,290	\$ 115,794	\$ 79,872

Property and equipment by geographic location is based on the location of the asset. As of December 31, 2024, 17% and 82% of the Company's property and equipment was located in the United States and Taiwan, respectively. As of December 31, 2023 and 2022, substantially all of the Company's property and equipment was located in the United States.

3. Marketable Securities

The amortized cost, gross unrealized gains and losses, and fair value of available-for-sale debt securities by major security type are as follows (in thousands):

	As of December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash equivalents				
Money market funds	\$ 59,595	\$ —	\$ —	\$ 59,595
Total cash equivalents	\$ 59,595	\$ —	\$ —	\$ 59,595
Marketable securities				
U.S. treasury and agency securities	\$ 202,506	\$ 338	\$ (375)	\$ 202,469
Commercial paper	103,219	51	(37)	103,233
Corporate debt securities	512,531	1,351	(957)	512,925
Asset-backed securities	16,068	63	(8)	16,123
Total marketable securities	\$ 834,324	\$ 1,803	\$ (1,377)	\$ 834,750

	As of December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash equivalents				
Money market funds	\$ 757	\$ —	\$ —	\$ 757
U.S. treasury and agency securities	472	—	—	472
Commercial paper	250	—	—	250
Total cash equivalents	\$ 1,479	\$ —	\$ —	\$ 1,479
Marketable securities				
U.S. treasury and agency securities	\$ 59,856	\$ 211	\$ (64)	\$ 60,003
Commercial paper	8,513	—	(5)	8,508
Corporate debt securities	23,552	96	(9)	23,639
Asset-backed securities	12,059	14	(8)	12,065
Total marketable securities	\$ 103,980	\$ 321	\$ (86)	\$ 104,215

As of December 31, 2024 and 2023, the Company's marketable securities that were in a continuous loss position for 12 months or more, as well as the unrealized losses on those marketable securities, were not material.

The contractual maturities of cash equivalents and marketable securities classified as available-for-sale are as follows (in thousands):

	As of December 31, 2024		As of December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	\$ 425,733	\$ 426,257	\$ 65,816	\$ 65,757
Due after one year through five years	468,186	468,088	39,643	39,937
Total available-for-sale securities	\$ 893,919	\$ 894,345	\$ 105,459	\$ 105,694

Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

The Company did not recognize any allowance for credit losses as of December 31, 2024 and 2023 or impairment charges for the years ended December 31, 2024, 2023 and 2022.

There were no material realized gains or losses from available-for-sale securities that were reclassified out of accumulated other comprehensive income (loss) for the years ended December 31, 2024, 2023, and 2022.

Fair Value of Assets and Liabilities

The following table presents information about the Company's financial assets measured at fair value on a recurring basis based on the fair value hierarchy as follows (in thousands):

	As of December 31, 2024		
	Level 1	Level 2	Total Fair Value
Cash equivalents			
Money market funds	\$ 59,595	\$ —	\$ 59,595
Total cash equivalents	\$ 59,595	\$ —	\$ 59,595
Marketable securities			
U.S. treasury and agency securities	\$ —	\$ 202,469	\$ 202,469
Commercial paper	—	103,233	103,233
Corporate debt securities	—	512,925	512,925
Asset-backed securities	—	16,123	16,123
Total marketable securities	\$ —	\$ 834,750	\$ 834,750
As of December 31, 2023			
	Level 1	Level 2	Total Fair Value
Cash equivalents			
Money market funds	\$ 757	\$ —	\$ 757
U.S. treasury and agency securities	—	472	472
Commercial paper	—	250	250
Total cash equivalents	\$ 757	\$ 722	\$ 1,479
Marketable securities			
U.S. treasury and agency securities	\$ —	\$ 60,003	\$ 60,003
Commercial paper	—	8,508	8,508
Corporate debt securities	—	23,639	23,639
Asset-backed securities	—	12,065	12,065
Total marketable securities	\$ —	\$ 104,215	\$ 104,215

As of December 31, 2024 and 2023, there was no marketable securities with level 3 fair value hierarchy measurement.

4. Consolidated Balance Sheet Components

Inventory

Inventory consists of the following (in thousands):

	As of December 31,	
	2024	2023
Raw materials	\$ 229	\$ 2,247
Work-in-progress	26,695	11,780
Finished goods	16,291	10,068
Total inventory	<u>\$ 43,215</u>	<u>\$ 24,095</u>

Property and Equipment, Net

Property and equipment, net consists of the following (in thousands):

	As of December 31,	
	2024	2023
Construction in progress	\$ 29,064	\$ —
Laboratory equipment	10,467	6,470
Office furniture	353	242
Leasehold improvements	1,159	437
Servers and workstations	441	242
Property and equipment, gross	41,484	7,391
Less: accumulated depreciation	(5,833)	(2,679)
Total property and equipment, net	<u>\$ 35,651</u>	<u>\$ 4,712</u>

Depreciation expense of \$3.2 million, \$1.8 million, and \$0.8 million was recognized during the years ended December 31, 2024, 2023 and 2022, respectively. Construction in progress primarily includes production mask costs capitalized relating to the Company's products and will be placed in service and begin to depreciate when related manufacturing commences.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consists of the following (in thousands):

	As of December 31,	
	2024	2023
Accrued compensation and benefits	\$ 29,516	\$ 14,923
Customer deposits	15,000	—
Accrued software license costs	5,418	3,224
Operating lease liabilities, current	1,286	2,156
Other current liabilities	8,404	8,439
Total accrued expenses and other current liabilities	<u>\$ 59,624</u>	<u>\$ 28,742</u>

5. Leases

The Company has operating leases for corporate offices in the U.S., Canada, China, India, Israel, and Taiwan. The Company's lease payments consist primarily of fixed rental payments for the right to use the underlying leased assets over the lease terms for all leases.

Supplemental balance sheet information related to the Company's operating leases is as follows (in thousands):

	As of December 31,	
	2024	2023
Assets		
Operating lease ROU assets, net	\$ 2,983	\$ 2,869
Liabilities		
Operating lease liabilities, current	\$ 1,286	\$ 2,156
Operating lease liabilities, noncurrent	1,788	778
Total lease liabilities	<u>\$ 3,074</u>	<u>\$ 2,934</u>

Operating lease ROU assets, net are included in other assets; operating lease liabilities, current are included in accrued expenses and other current liabilities; and operating lease liabilities, non-current are included in other liabilities, on the consolidated balance sheets.

The components of lease expense, included in operating expenses, were as follows (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Operating lease expense	\$ 2,633	\$ 1,640	\$ 1,448
Short-term lease expense	229	200	602
Variable lease expense	284	310	89
Total lease expense	<u>\$ 3,146</u>	<u>\$ 2,150</u>	<u>\$ 2,139</u>

The weighted-average remaining lease term and discount rates were as follows:

	As of December 31,	
	2024	2023
Weighted average remaining lease term (in years)	3.2	1.4
Weighted average discount rate	11.1 %	10.8 %

Other information related to operating leases were as follows (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Operating cash flows from operating leases	\$ 2,402	\$ 1,346	\$ 1,320
ROU assets obtained in exchange for lease obligations	\$ 2,542	\$ 2,336	\$ 2,018

The future minimum operating lease payments for each of the next five years and thereafter are as follows as of December 31, 2024 (in thousands):

Years ending December 31	Operating Leases
2025	\$ 1,527
2026	642
2027	567
2028	517
2029	431
Total future minimum lease payment	<u>3,684</u>
Less: Imputed interest	<u>(610)</u>
Total operating lease liabilities	<u>\$ 3,074</u>

As of December 31, 2024, the Company has entered into a non-cancelable operating lease with undiscounted future minimum payments of \$36.8 million, which are excluded from the above table. This operating lease will commence in April 2025 with a lease term of approximately 7.5 years.

6. Commitments and Contingencies

Purchase Commitments

The Company depends upon third-party subcontractors to manufacture wafers and other inventory parts. The Company's subcontractor relationships typically allow for the cancellation of outstanding purchase orders but require payment of all expenses incurred through the date of cancellation. As of December 31, 2024 and 2023, the Company did not have any material firm purchase commitments related to these relationships.

The Company's purchase commitments include payments for software licenses and cloud services when there is a fixed, non-cancellable payment schedule or when minimum payments are due according to a delivery schedule. The Company is committed to make the following minimum payments under its purchase commitments for software licenses and cloud services as of December 31, 2024 (in thousands):

<u>Years ending December 31</u>	<u>Purchase Commitments</u>	
2025	\$	11,957
2026		7,527
2027		8,000
Total purchase commitments	\$	27,484

In January 2025, the Company entered into an agreement for a non-cancellable purchase commitment of \$14.9 million with a three years term, which are excluded from the above table.

Legal Proceedings

From time to time, the Company may become subject to legal proceedings, claims and litigation arising in the ordinary course of business. The Company is not currently a party to any material legal proceedings or claims, nor is the Company aware of any other pending or threatened legal proceedings or claims that could reasonably be expected to have a material adverse effect on the Company's business, operating results, cash flows or financial condition should such legal proceedings or claims be resolved unfavorably.

Indemnifications

In the ordinary course of business, the Company often includes standard indemnification provisions in its arrangements with its members, partners, suppliers and vendors. Pursuant to these provisions, the Company may be obligated to indemnify such parties for losses or claims suffered or incurred in connection with its service, breach of representations or covenants, intellectual property infringement or other claims made against such parties. These provisions may limit the time within which an indemnification claim can be made. It is not possible to determine the maximum potential amount under these indemnification obligations due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. The Company has not in the past incurred significant expense defending its licensees against third party claims, nor has it incurred significant expense under its standard service warranties or arrangements with its members, partners, suppliers, and vendors. Accordingly, the Company had no liabilities recorded for these provisions as of December 31, 2024 and 2023.

7. Redeemable Convertible Preferred Stock, Undesignated Preferred Stock, and Common Stock

Redeemable Convertible Preferred Stock

The Company has previously issued shares of Preferred Stock. Immediately prior to the consummation of the IPO, all of the then outstanding 90.9 million shares of the Company's convertible Preferred Stock were automatically converted into an aggregate 90.9 million shares of Common Stock on a one-for-one basis, and such shares of Preferred Stock were

cancelled, retired, and eliminated from the shares of stock that the Company is authorized to issue and shall not be reissued by the Company.

Undesignated Preferred Stock

On March 22, 2024, in connection with the consummation of the IPO, the Company filed an Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware, which authorized 100,000,000 shares of undesignated preferred stock with a par value of \$0.0001 per share, with rights and preferences, including voting rights, designated from time to time by the Company's Board of Directors. As of December 31, 2024, no undesignated preferred stock has been issued.

Common Stock

On January 22, 2024, the Company filed an Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware which resulted in an increase to the authorized shares of the Company's Common Stock from 162,641,331 shares to 163,375,000 shares. On March 22, 2024, in connection with the consummation of the IPO, the Company filed an Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware that resulted in an increase to the authorized shares of the Company's Common Stock from 163,375,000 shares to 1,000,000,000 shares. As of December 31, 2024 and 2023, the Company had authorized 1.0 billion and 162.6 million shares, respectively, of Common Stock with a \$0.0001 per share par value. Common stockholders are entitled to one vote for each share held.

8. Common Stock Warrants

In October 2022, the Company issued a warrant to a customer ("Holder") to purchase an aggregate of up to 1,484,230 shares of Common Stock at an exercise price of \$20.34 per share (the "Customer Warrant"). The exercise period of the Customer Warrant is through the seventh anniversary of the issue date. Upon issuance of the Customer Warrant, 14,844 shares issuable underlying the Customer Warrant were immediately vested and exercisable. The remainder of the shares underlying the Customer Warrant may vest and become exercisable over the contract term, contingent upon the achievement of performance conditions, comprised of specified tranches of global payments by the Holder and its affiliates to the Company.

In October 2023, the Company amended the warrant agreement and issued an additional warrant to the Holder to purchase an aggregate of up to 831,945 shares of Common Stock at an exercise price of \$20.34 per share (the "2023 Warrant", and together with the Customer Warrant, the "Warrants"), with the same exercise period as the Customer Warrant. The 2023 Warrant will vest and become exercisable over the contract term, contingent upon the achievement of performance conditions, comprised of specified tranches of payments by the Holder and its affiliates to the Company. As of December 31, 2024 and 2023, an aggregate of 474,029 shares and 198,518 shares, respectively, underlying the Warrants vested and are exercisable. Additionally, an aggregate of 50,439 and 34,090 shares were probable of vesting as of December 31, 2024 and 2023, respectively.

The grant date fair values of the Customer Warrant and the 2023 Warrant were determined to be \$4.78 and \$10.04 per share, respectively, using the Black-Scholes-Merton option pricing model, for maximum total Customer Warrant and 2023 Warrant fair values of \$7.1 million and \$8.4 million, respectively. The per share grant date fair values of the Customer Warrant and 2023 Warrant were estimated using the following assumptions:

	Customer Warrant	2023 Warrant
Expected dividend yield	0.0 %	0.0 %
Risk-free interest rate	4.2 %	4.9 %
Expected volatility	55.0 %	60.0 %
Expected term (in years)	7.0	6.0
Per share fair value of common stock	\$ 10.64	\$ 17.62

The Company recognized \$1.4 million, \$0.8 million and \$0.3 million for the years ended December 31, 2024, 2023 and 2022, respectively, as a reduction of revenue in the consolidated statements of operations and comprehensive loss related to the Warrants. The remaining grant date fair values of the Warrants that are probable of vesting will be recognized as a reduction of revenue in proportion to the amount of related product sales, which could occur until October 14, 2029.

9. Stock-Based Compensation

Amended and Restated 2018 Equity Incentive Plan

Prior to the IPO, the Company historically granted stock-based compensation awards under its Amended and Restated 2018 Equity Incentive Plan (as amended, “2018 Plan”). The 2018 Plan provided for the grant of incentive and nonqualified stock options and RSUs to qualified employees, nonemployee directors, and consultants. Options granted under the 2018 Plan generally expire within 10 years from the date of grant, vest over four years and are exercisable for shares of the Company’s Common Stock. The RSUs vest upon the satisfaction of both a service condition and a liquidity event condition. The service condition for the RSUs is generally satisfied over a four-year vesting period. The liquidity event vesting condition for the RSUs was satisfied in connection with the IPO.

The 2018 Plan was terminated in March 2024. Any shares of the Company’s Common Stock that would have otherwise returned to the 2018 Plan as a result of forfeiture, expiration, cancellation, termination or net issuances of awards thereunder, including, for the avoidance of doubt, any shares of Common Stock withheld by the Company to satisfy any tax withholding obligations that arose upon vesting or settlement of awards in connection with the IPO were returned to the share reserve under the 2024 Plan. All future equity grants will be made pursuant to the 2024 Plan.

2024 Stock Option and Incentive Plan

In March 2024, the Company’s board of directors adopted, and the Company’s stockholders approved, the 2024 Stock Option and Incentive Plan (“2024 Plan”), which became effective on March 19, 2024, immediately prior to the effectiveness of the registration statement on Form S-1 related to the IPO. Under the 2024 Plan, the Company initially reserved 12,362,662 shares of the Common Stock for issuance thereunder. The 2024 Plan provides for annual automatic increases in the number of shares of the Company’s Common Stock reserved thereunder on January 1, 2025 and each January 1 thereafter, by up to 5% of the issued and outstanding number of shares of Common Stock on the immediately preceding December 31, or such lesser number of shares as determined by the compensation committee of the Company’s board of directors. As of December 31, 2024, 5.4 million shares remained available to be issued under the Plan.

2024 Employee Stock Purchase Plan

In March 2024, the Company’s board of directors adopted, and the Company’s stockholders approved, the 2024 Employee Stock Purchase Plan, which became effective on March 19, 2024, immediately prior to the effectiveness of the registration statement on Form S-1 related to the IPO. The Company initially reserved 3,090,666 shares of the Common Stock for future issuance. The number of shares of the Common Stock reserved for issuance will automatically increase on January 1 of each calendar year, beginning on January 1, 2025 through January 1, 2034, by the lesser of (i) 3,090,666 shares of common stock, (ii) 1% of the number of shares of Common Stock issued and outstanding on the immediately preceding December 31st, or (iii) such number of shares of Common Stock as determined by the compensation committee of the Company’s board of directors.

Under the ESPP, participants can purchase the Company’s Common Stock using payroll deductions, which may not exceed 15% of their salary. Participants will be granted the right to purchase shares of Common Stock at a price per share that is equal to 85% of the lesser of (i) the closing price on the first day of the applicable offering under the ESPP or, for the first offering period, the “Price to Public” set forth on the cover page for the Prospectus or (ii) the closing price on the last day of the applicable offering period under the ESPP. No participant has the right to purchase shares of Common Stock in an amount, when aggregated with purchase rights under all of the Company’s employee stock purchase plans that are also in effect in the same calendar year(s), that has a fair market value of more than \$25,000, determined as of the first day of the applicable offering period, for each calendar year in which that right is outstanding. In addition, no participant is permitted to purchase more than 3,000 shares during any applicable offering period. As of December 31, 2024, there was 0.1 million shares issued under the ESPP.

Summary of Stock-Based Compensation Expense

A summary of stock-based compensation expense recognized in the consolidated statements of operations and comprehensive loss is as follows (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Cost of revenue	\$ 845	\$ 24	\$ 10
Research and development	76,427	7,360	11,223
Sales and marketing	95,887	2,067	10,148
General and administrative	61,429	1,228	8,854
Total	<u>\$ 234,588</u>	<u>\$ 10,679</u>	<u>\$ 30,235</u>

Stock Option

The estimated grant date fair values of the employee stock options granted during the years ended December 31, 2024, 2023, and 2022 were calculated using the Black-Scholes-Merton Option-pricing model, based on the following minimum and maximum assumptions:

	Years Ended December 31,		
	2024	2023	2022
Expected dividend yield	0.0 %	0.0 %	0.0 %
Risk-free interest rate	4.2%	3.9% - 4.7%	1.7% - 2.5%
Expected volatility	52.3%	48.8% - 49.1%	47.5% - 47.8%
Expected term (in years)	6.1	6.1	6.1

A summary of stock option activity under the 2018 Plan and 2024 Plan is as follows (in thousands, except years and per share data):

	Number of Shares	Weighted-Average Exercise Price (per share)	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2023	10,059	\$ 0.84	7.5	\$ 175,790
Granted	7	0.01		
Exercised	(4,682)	0.87		
Cancelled and forfeited	(99)	0.72		
Outstanding at December 31, 2024	<u>5,285</u>	<u>\$ 0.83</u>	<u>6.5</u>	<u>\$ 695,689</u>
Vested and expected to vest at December 31, 2024	<u>5,285</u>	<u>\$ 0.83</u>	<u>6.5</u>	<u>\$ 695,689</u>
Exercisable at December 31, 2024	<u>3,868</u>	<u>\$ 0.65</u>	<u>6.3</u>	<u>\$ 509,743</u>

The intrinsic value of a stock option is calculated as the difference between the per share exercise price of the underlying stock option award and the estimated per share fair value of the Company's common stock at the measurement date. The total intrinsic value of options exercised during the years ended December 31, 2024, 2023, and 2022 was \$379.3 million, \$25.8 million, and \$17.6 million, respectively.

The weighted-average grant date fair value of options granted during the years ended December 31, 2024, 2023, and 2022 was \$47.04, \$15.48, and \$8.82 per share, respectively.

As of December 31, 2024, there was approximately \$8.9 million of total unrecognized compensation cost, related to unvested options, which is expected to be recognized over a weighted-average remaining requisite service period of 0.8 years, using the straight-line method.

ESPP

The estimated grant date fair values of the ESPP granted during the year ended December 31, 2024 was calculated using the Black-Scholes-Merton Option-pricing model, based on the following minimum and maximum assumptions:

	Year Ended December 31, 2024
Expected dividend yield	0.0 %
Risk-free interest rate	4.4% - 5.2%
Expected volatility	46.6% - 70.8%
Expected term (in years)	0.5 - 0.7

During the year ended December 31, 2024, employees purchased 0.1 million shares of common stock through the ESPP at a purchase price of \$30.60 per share.

Restricted Stock Units

A summary of RSU activity under the 2018 Plan and 2024 Plan is as follows (in thousands, except per share data):

	Number of Restricted Stock Units	Weighted-Average Grant Date Fair Value (per share)
Outstanding at December 31, 2023	8,583	\$ 13.34
Granted	10,674	39.76
Vested	(5,102)	13.40
Cancelled and forfeited	(535)	26.57
Outstanding at December 31, 2024	13,620	\$ 33.49

The aggregate fair value of RSUs that vested and settled during the year ended December 31, 2024 was \$241.0 million.

As of December 31, 2024, there was \$304.4 million of unrecognized stock-based compensation expense related to all unvested awards, which is expected to be recognized over a weighted-average period of 1.8 years.

Performance Stock Units

During the year ended December 31, 2024, the Company granted 0.2 million shares of PSUs with a weighted-average grant-date fair value of \$125.28 per share with vesting based on the achievement of certain product development milestones that must be met over the next six years. The Company has determined that it is not probable that the performance condition will be achieved, and as such, no share-based compensation has been recognized during the year ended December 31, 2024. The Company had \$19.5 million of total unrecognized compensation cost related to these PSUs.

10. Net Loss per Share

The following table sets forth the computation of basic and diluted net loss per share attributable to the Company's common stockholders (in thousands, except per share data):

	Years Ended December 31,		
	2024	2023	2022
Numerator:			
Net loss attributable to common stockholders	\$ (83,421)	\$ (26,257)	\$ (58,345)
Denominator:			
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	131,262	37,131	34,171
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.64)	\$ (0.71)	\$ (1.71)

As the Company was in a loss position for the years ended December 31, 2024, 2023, and 2022, basic net loss per share is the same as diluted net loss per share as the inclusion of all potential common shares outstanding would have been anti-dilutive. Potentially dilutive securities that were not included in the diluted per share calculations because they would have been anti-dilutive were as follows (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Options to purchase common stock	5,233	10,050	12,337
Redeemable convertible preferred stock	—	90,891	90,891
Unvested RSUs	13,620	8,583	5,108
Unvested PSUs	155	—	—
Warrants for common stock	2,442	2,442	1,610
ESPP	60	—	—
Total	21,510	111,966	109,946

11. Income Taxes

The U.S. and non-U.S. components of loss before income taxes consist of the following (in thousands):

	Years Ended December 31,		
	2024	2023	2022
United States	\$ (83,550)	\$ (23,655)	\$ (58,059)
International	1,772	707	478
Loss before incomes taxes	<u>\$ (81,778)</u>	<u>\$ (22,948)</u>	<u>\$ (57,581)</u>

The provision for income taxes consists of the following (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Current			
U.S. Federal	\$ 1,141	\$ 3,144	\$ 666
State	(8)	206	6
International	510	(41)	92
Total current tax expense	<u>1,643</u>	<u>3,309</u>	<u>764</u>
Deferred			
U.S. Federal	—	—	—
State	—	—	—
International	—	—	—
Total deferred tax expense	<u>—</u>	<u>—</u>	<u>—</u>
Total income tax expense	<u>\$ 1,643</u>	<u>\$ 3,309</u>	<u>\$ 764</u>

The effective tax rate differs from the U.S. federal statutory rate as follows:

	Years Ended December 31,		
	2024	2023	2022
Federal statutory tax	21.0 %	21.0 %	21.0 %
State taxes	19.3	7.7	2.3
Change in valuation allowance	(157.2)	(78.9)	(17.2)
General business credits	46.2	13.0	2.6
Stock-based compensation ⁽¹⁾	61.4	19.3	(10.0)
Foreign-derived intangible income	6.8	—	—
Foreign taxes	0.9	—	—
Other	(0.4)	3.4	—
Effective tax rate	<u>(2.0)%</u>	<u>(14.5)%</u>	<u>(1.3)%</u>

(1) Includes stock-based compensation and stock-based compensation related to secondary transactions and Section 83(b) elections

Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The tax effects of the temporary differences and carryforwards that give rise to deferred tax assets and liabilities consist of the following (in thousands):

	As of December 31,	
	2024	2023
Deferred tax assets		
Net operating losses	\$ 1,115	\$ 678
General business credits	48,512	4,291
Intangibles ⁽²⁾	98,754	30,806
Stock-based compensation	14,874	2,727
Other	7,040	3,297
Total deferred tax assets before valuation allowance	170,295	41,799
Deferred tax liabilities		
Stock-based compensation – Section 83(b) elections	(502)	(1,145)
ROU assets	(179)	(500)
Fixed assets	(1,206)	(831)
Others	(115)	—
Total deferred tax liabilities	(2,002)	(2,476)
Less: valuation allowance	(168,293)	(39,323)
Net deferred tax assets after valuation allowance	\$ —	\$ —

(2) Primarily relates to capitalized R&D. Beginning January 1, 2022, the Tax Cuts and Jobs Act, (the “Tax Act”), eliminated the option to deduct research and development expenditures in the current year and requires taxpayers to capitalize such expenses pursuant to Internal Revenue Code Section 174. The capitalized expenses are amortized over a 5-year period for domestic expenses and a 15-year period for foreign expenses.

In determining the need for a valuation allowance, the Company reviewed both positive and negative evidence pursuant to the requirements of ASC 740, *Income Taxes*, including current and historical results of operations, future income projections, and potential tax planning strategies. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the 3-year period ended December 31, 2024. Such objective evidence limits the ability to consider other subjective evidence such as its projections for future growth. On the basis of this evaluation, as of December 31, 2024, a valuation allowance of \$168.3 million has been recorded, which reflects an increase in the valuation allowance of \$129.0 million for the year ended December 31, 2024. As of December 31, 2023, a valuation allowance of \$39.3 million has been recorded, which reflects an increase in the valuation allowance of \$18.1 million for the year ended December 31, 2023. As of December 31, 2022, a valuation allowance of \$21.2 million has been recorded, which reflects an increase in the valuation allowance of \$9.9 million for the year ended December 31, 2022.

As of December 31, 2024 and 2023, the Company had gross federal net operating loss carryforwards of approximately \$1.8 million and \$2.0 million, respectively, which can be carried forward indefinitely, and state net operating loss carryforwards of \$10.4 million and \$3.7 million, respectively, which begin to expire in 2039. In addition, as of December 31, 2024 and 2023 the Company had federal research credit carryforwards of approximately \$43.6 million and \$5.6 million, respectively, which begin to expire in 2039, California research credit carryforwards of \$33.2 million and \$7.5 million, respectively, which can be carried forward indefinitely, and Canadian research credit carryforwards of \$2.0 million and \$0.9 million, respectively, which begin to expire in 2042. Net operating losses and tax credit carryforwards may become subject to an annual limitation in the event of certain cumulative changes in the ownership interest of significant shareholders over a three-year period in excess of 50%, as defined under Sections 382 and 383 of the Internal Revenue Code, respectively, as well as similar state provisions. This could limit the amount of tax attributes that can be utilized annually to offset future taxable income or tax liabilities. The amount of the annual limitation is determined based on the value of the Company immediately prior to the ownership change. Subsequent ownership changes may further affect the limitation in future years. The Company has performed a preliminary Section 382 analysis through December 31, 2022 and based on this analysis, approximately \$0.2 million of its federal R&D credits will expire unutilized and has therefore removed them from the deferred tax asset and related carryforward disclosures as of December 31, 2022. No further Section 382 analysis was performed for 2023 and 2024 as the Company does not expect any limitation relating to ownership change due to the increased valuation of the Company.

The Company evaluated the provisions of ASC 740 related to the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. ASC 740 prescribes a comprehensive model for how a company should recognize, present, and disclose uncertain positions that the Company has taken or expects to take in its tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. Differences between tax positions taken or expected to be taken in a tax return and the net benefit recognized and measured pursuant to the interpretation are referred to as "unrecognized tax benefits." A liability is recognized (or amount of the tax attribute carry forward reduced) for unrecognized tax benefit because it represents an enterprise's potential future obligation to the taxing authority for a tax position that was not recognized as a result of applying the provisions of ASC 740.

The Company had approximately \$23.1 million and \$4.0 million unrecognized tax benefits as of December 31, 2024 and 2023, respectively. The unrecognized tax benefits, if recognized, would not have an impact on the Company's effective tax rate due to the valuation allowance position.

A reconciliation of the beginning and ending amount of the Company's unrecognized tax benefits is as follows (in thousands):

	Years Ended December 31,		
	2024	2023	2022
Balance, beginning of period	\$ 3,993	\$ 3,162	\$ 2,005
Decreases related to prior year tax positions	—	(1,024)	(844)
Increases related to current year tax positions	18,608	1,855	2,001
Increases related to prior year tax positions	469	—	—
Balance, end of period	\$ 23,070	\$ 3,993	\$ 3,162

It is the Company's policy to include penalties and interest expense related to income taxes as a component of income tax expense. The Company determined that no interest and penalties related to unrecognized tax benefits was required as of December 31, 2024 and 2023, respectively.

The Company is not currently under examination by the United States Internal Revenue Service or any other state, city, local or foreign jurisdiction. The Company's tax years from inception are subject to examination by the Internal Revenue Service and state taxing authorities. The Company does not anticipate any significant changes to its unrecognized tax positions within the next twelve months.

Deferred income taxes have not been provided for undistributed earnings of the Company's consolidated foreign subsidiaries because of the Company's intent to reinvest such earnings indefinitely in active foreign operations. The Company believes that future domestic cash generation will be sufficient to meet future domestic cash needs. The Company has not recorded a deferred tax liability on the undistributed earnings of non-U.S. subsidiaries. The foreign withholding taxes would not have a material impact on the Company's financial position and results of operation. As of December 31, 2024 and 2023, the Company had \$4.1 million and \$1.3 million in unremitted earnings that were indefinitely reinvested related to its consolidated foreign subsidiaries.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of December 31, 2024, which was the end of the period covered by this Annual Report on Form 10-K. Based on such evaluation, as a result of the material weaknesses in internal control over financial reporting described below, our Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures were not effective at a reasonable assurance level.

Previously Reported Material Weaknesses 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 a company's annual or interim financial statements will not be prevented or detected on a timely basis. As previously disclosed, we have identified material weaknesses in our internal control over financial reporting as follows:

We did not adequately design and maintain an effective risk assessment process at a sufficient precision level to identify risks of material misstatement in our consolidated financial statements. Specifically, the implementation of controls was not sufficient to respond to risks of a material misstatement to financial reporting, including a lack of effectively designed controls over segregation of duties, particularly over the preparation and review of journal entries and account reconciliations.

This material weakness could result in a misstatement of substantially all of the financial statement accounts and disclosures that would result in a material misstatement to our annual or interim consolidated financial statements that would not be prevented or detected.

We did not design and maintain effective information technology ("IT") general controls for information systems that are relevant to the preparation of our financial statements. Specifically, we did not design and maintain: (i) program change management controls to ensure that program and data changes are identified, tested, authorized, and implemented appropriately; (ii) user access controls to ensure appropriate segregation of duties and to adequately restrict user and privileged access to appropriate personnel; (iii) computer operations controls to ensure that processing and transfer of data, and data backups and recovery are monitored; and (iv) program development controls to ensure that new software development is tested, authorized, and implemented appropriately.

These IT deficiencies have not resulted in a material misstatement to our consolidated financial statements, however, the deficiencies, when aggregated, could impact maintaining effective segregation of duties, as well as the effectiveness of IT-dependent controls (such as automated controls that address the risk of material misstatement to one or more assertions, along with the IT controls and underlying data that support the effectiveness of system-generated data and reports) that could result in misstatements potentially impacting all financial statement accounts and disclosures that would not be prevented or detected. Accordingly, we have determined these deficiencies in the aggregate constitute a material weakness.

Remediation Efforts to Address Previously Identified Material Weaknesses

We are taking steps to remediate these material weaknesses through the implementation of business processes and IT general controls. We are reviewing our business processes and IT processes to design and implement internal controls consistent with the principles of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework to address the risks of material misstatement. Such activities include designing and implementing new business processes, enhancing information and communication processes, assessing risk, improvements to control documentation, enhancements to segregation of duties and access rights, and deployment of new IT systems and system functionalities as necessary. We are in the process of establishing a risk assessment process, including a monitoring function over internal control over financial reporting, including internal audit, to evaluate and enhance internal controls consistent with the

COSO framework and the requirements of a public company. We are in the process of implementing and operating an appropriate set of IT general controls covering all financially significant systems, which includes controls covering security administration, segregation of duties, computer operations, system implementations, change management, and complementary user controls for hosted systems.

As of December 31, 2024, the remediation efforts, which are in the process of being implemented, are intended to address the identified material weaknesses, and include:

- engagement with external consultants with extensive Sarbanes-Oxley Act experience;
- designing and implementing controls related to the formalization of our accounting policies and procedures and financial reporting;
- hiring additional staff and development of accounting processes to further segregate accounting responsibilities; and
- designing and implementing controls related to significant accounts and disclosures to achieve complete, accurate and timely financial accounting, reporting and disclosures, including controls over account reconciliations, segregation of duties and the preparation and review of journal entries.

We have formed a formal Disclosure Committee that has oversight responsibility for the accuracy and timeliness of quarterly disclosures made by us through controls and procedures and the monitoring of their integrity and effectiveness.

We have made progress towards designing and implementing the plan to remediate the material weaknesses and will continue to review, revise, and improve the design and implementation of our internal controls as appropriate. Although we have made enhancements to our control procedures, these material weaknesses will not be considered remediated until our controls are effectively designed, implemented, and operational for a sufficient period of time, and management concludes, through testing, that these controls are operating effectively. Accordingly, the material weaknesses were not remediated as of December 31, 2024.

Management's Annual Report on Internal Control Over Financial Reporting

This annual report does not include a report of management's assessment regarding internal control over financial reporting due to a transition period established by rules of the Securities and Exchange Commission for newly public companies.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(d) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

A control system, no matter how well designed and operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met. 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, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls.

Item 9B. Other Information

Insider Adoption or Termination of Trading Arrangements

Our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, terminated or modified the amount, pricing or provisions in a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading agreement" (each as defined in Item 408 of Regulation S-K) during the quarterly period covered by this report as described in the table below:

Name	Title	Action	Date Adopted	Character of Trading Arrangement ⁽¹⁾	Aggregate Number of Shares of Common Stock to be Purchased or Sold Pursuant to a Trading Arrangement	Expiration Date ⁽²⁾
Jitendra Mohan ⁽³⁾	CEO, Director	Adoption	12/2/2024	Rule 10b5-1 Trading Arrangement	900,000 ⁽⁴⁾	3/16/2026
Sanjay Gajendra ⁽⁵⁾	President, COO, Director	Adoption	11/30/2024	Rule 10b5-1 Trading Arrangement	940,000 ⁽⁴⁾	12/31/2025
Bethany Mayer	Director	Adoption	11/25/2024	Rule 10b5-1 Trading Arrangement	1,372 ⁽⁴⁾	11/6/2026
Philip Mazzara	General Counsel	Adoption	11/21/2024	Rule 10b5-1 Trading Arrangement	75,000 ⁽⁴⁾	11/21/2025

(1) Except as indicated by footnote, each trading arrangement marked as a “Rule 10b5-1 Trading Arrangement” is intended to satisfy the affirmative defense of Rule 10b5-1(c) of the Exchange Act, as amended (the Rule).

(2) Except as indicated by footnote, each trading arrangement permitted or permits transactions through and including the earlier to occur of (a) the completion of sales or (b) the date listed in the table. Each trading arrangement marked as a “Rule 10b5-1 Trading Arrangement” only permits transactions upon expiration of the applicable mandatory cooling-off period under the Rule and is scheduled to terminate on the earlier of the expiration date or when all shares are sold under such plan, subject to early termination for certain specified events set forth therein.

(3) The shares covered by this trading arrangement include certain shares that are held by trusts and may be deemed to be indirectly beneficially owned by Jitendra Mohan.

(4) The shares subject to this trading arrangement also include certain shares subject to time-based RSUs that will be sold to satisfy applicable tax withholding and remittance obligations upon vesting of the RSUs during the applicable period. The total number of such shares that may be sold pursuant to such arrangement is not currently determinable, as the number of shares required to be sold will vary based on, among other things, the market price of our common stock at the time of settlement, the applicable withholding taxes at the time of settlement, and the potential future grant of additional equity awards subject to this arrangement. This trading arrangement, which also applies to RSUs held by the individual, provides for the automatic sale of shares that would otherwise be issuable on each settlement date of a covered RSU in an amount sufficient to satisfy the applicable withholding obligation with the proceeds of the sale delivered to the Company in satisfaction of the applicable withholding obligation, in accordance with the Company’s mandatory sell to cover policy.

(5) The shares covered by this trading arrangement include certain shares that are held by trusts and may be deemed to be indirectly beneficially owned by Sanjay Gajendra.

Item 9C. Disclosure Regarding Foreign Jurisdiction that Prevent Inspections

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated herein by reference to our Proxy Statement relating to our 2025 annual meeting of stockholders, which will be filed within 120 days after the end of the fiscal year to which the Annual Report on Form 10-K relates (our “2025 Proxy Statement”).

Item 11. Executive Compensation

The information required by this item is incorporated herein by reference to our 2025 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owner and Management and Related Stockholder Matters

The information required by this item is incorporated herein by reference to our 2025 Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated herein by reference to our 2025 Proxy Statement.

Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated herein by reference to our 2025 Proxy Statement.

Part IV

Item 15. Exhibits, Financial Statement Schedules

(a) Financial Statements and Schedules

1. Consolidated Financial Statements:

The financial statements required by this item are listed under Part II, Item 8, “Financial Statements and Supplementary Data” in this Annual Report on Form 10-K.

2. Financial Statement Schedules:

All financial statement schedules have been omitted because they are not applicable or required, or the information required to be set forth therein is included in our consolidated financial statements or the notes thereto.

(b) Exhibits.

The following is a list of exhibits filed as part of this Annual Report on Form 10-K.

EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit No.	Filing Date	
3.1	Amended and Restated Certificate of Incorporation of Astera Labs, Inc.	8-K	001-1736297	3.1	3/28/2024	
3.2	Second Amended and Restated Bylaws of Astera Labs, Inc	8-K	001-1736297	3.2	3/28/2024	
4.1	Form of common stock certificate of the Registrant.	S-1/A	333-277205	4.1	3/8/2024	
4.2	Amended and Restated Investors’ Rights Agreement by and among the Registrant and the investors thereto.	S-1	333-277205	4.2	2/21/2024	
4.3	Description of Registrant’s Securities					X
10.1	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.	S-1	333-277205	10.1	2/21/2024	
10.2#	Amended and Restated 2018 Equity Incentive Plan, as amended, and forms of award agreements and sub-plans thereunder.	S-1/A	333-277205	10.2	3/1/2024	
10.3#	2024 Stock Option and Incentive Plan, and forms of award agreements thereunder.	8-K	001-41979	10.2	5/7/2024	
10.4#	2024 Employee Stock Purchase Plan.	8-K	001-41979	10.3	5/7/2024	
10.5#	Change of Control Severance Policy.	S-1	333-277205	10.5	2/21/2024	
10.6#	Form of Non-Employee Director Compensation Policy.	S-1	333-277205	10.6	2/21/2024	
10.7#	Senior Executive Cash Incentive Bonus Plan.	S-1	333-277205	10.7	2/21/2024	
10.8#	Offer Letter by and between the Registrant and Jitendra Mohan, dated March 13, 2018.	S-1	333-277205	10.8	2/21/2024	
10.9#	Offer Letter by and between the Registrant and Sanjay Gajendra, dated March 13, 2018.	S-1	333-277205	10.9	2/21/2024	

10.10#	Executive Employment Agreement by and between the Registrant and Michael Tate, dated July 21, 2020.	S-1	333-277205	10.10	2/21/2024	
10.11#	Offer Letter by and between the Registrant and Philip Mazzara, dated February 7, 2022.	S-1	333-277205	10.11	2/21/2024	
10.12	Warrant Agreement with Silicon Valley Bank, dated April 30, 2021.	S-1	333-277205	10.12	2/21/2024	
10.13†	Warrant Agreement with Amazon.com NV Investment Holdings, LLC, dated October 14, 2022, as amended by Amendment No. 1 to Warrant Agreement, signed October 31, 2023.	S-1	333-277205	10.13	2/21/2024	
10.14	Lease Agreement by and between the Registrant and Marriott Plaza Associates LP, dated February 21, 2020, as amended by the First Amendment to Lease Agreement, dated June 15, 2021, as further amended by the Second Amendment to Lease Agreement, dated March 20, 2022, the Third Amendment to Lease Agreement, dated January 30, 2023, the Fourth Amendment to Lease Agreement, dated December 16, 2023, and the Fifth Amendment to Lease Agreement, dated February 1, 2024.	S-1/A	333-277205	10.14	3/1/2024	
10.15	Lease Agreement by and between the Registrant and SI 37, LLC, dated December 16, 2024					X
19.1	Insider Trading Policy					X
21.1	Subsidiaries of the Registrant					X
23.1	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.					X
24.1	Power of Attorney (incorporated by reference to the signature page of this Annual Report on Form 10-K)					X
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1*	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					X
32.2*	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					X
97.1	Clawback Policy					X
101. INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X

101. SCH	Inline XBRL Schema Document
101. CAL	Inline XBRL Calculation Linkbase Document
101. DEF	Inline XBRL Definition Linkbase Document
101. LAB	Inline XBRL Labels Linkbase Document
101. PRE	Inline XBRL Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101).

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- * The certifications attached as Exhibits 32.1 and 32.2 that accompany this Annual Report on Form 10-K are deemed “furnished” and not “filed” for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filings under the Securities Act or the Exchange Act, except to the extent specifically incorporated by reference into such filing.
- # Indicates management contract or compensatory plan, contract or agreement.
- † Certain confidential information contained in this exhibit has been omitted because it is both (i) not material and (ii) is the type that the Registrant treats as private or confidential.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

ASTERA LABS, INC

Date: February 13, 2025

By: /s/ Jitendra Mohan
Name: Jitendra Mohan
Title: Chief Executive Officer

Date: February 13, 2025

By: /s/ Michael Tate
Name: Michael Tate
Title: Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Jitendra Mohan and Michael Tate, and each of them individually, as his or her attorney-in-fact, each with the full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his or her substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/Jitendra Mohan</u> Jitendra Mohan	Co-Founder, Chief Executive Officer, and Director <i>(Principal Executive Officer)</i>	February 13, 2025
<u>/s/Michael Tate</u> Michael Tate	Chief Financial Officer <i>(Principal Financial and Accounting Officer)</i>	February 13, 2025
<u>/s/Manuel Alba</u> Manuel Alba	Chair of the Board	February 13, 2025
<u>/s/ Bethany Mayer</u> Bethany Mayer	Director	February 13, 2025
<u>/s/Stefan Dyckerhoff</u> Stefan Dyckerhoff	Director	February 13, 2025
<u>/s/Sanjay Gajendra</u> Sanjay Gajendra	Co-Founder, President, Chief Operating Officer, and Director	February 13, 2025
<u>/s/Michael Hurlston</u> Michael Hurlston	Director	February 13, 2025
<u>/s/Jack Lazar</u> Jack Lazar	Director	February 13, 2025

DESCRIPTION OF SECURITIES REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT

The following description of the securities of Astera Labs, Inc. (“us,” “our,” “we” or the “Company”) registered under Section 12 of the Exchange Act of 1934, as amended (“Exchange Act”) is intended as a summary only and therefore is not a complete description. This description is based upon, and is qualified by reference to, our Amended and Restated Certificate of Incorporation, our Second Amended and Restated Bylaws (“Bylaws”) and applicable provisions of the Delaware General Corporation Law (the “DGCL”). You should read our Amended and Restated Certificate of Incorporation and our Bylaws, which are incorporated by reference as Exhibit 3.1 and Exhibit 3.2, respectively, to the Annual Report on Form 10-K of which this Exhibit 4.3 is a part, for the provisions that are important to you.

Authorized Capital Stock

Our authorized capital stock consists of 1,000,000,000 shares of common stock, \$0.0001 par value per share, and 100,000,000 shares of undesignated preferred stock, \$0.0001 par value per share. Our common stock is registered under Section 12(b) of the Exchange Act.

Common Stock***Dividend Rights***

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine.

Voting Rights

Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders. We do not provide for cumulative voting for the election of directors in our Amended and Restated Certificate of Incorporation.

No Preemptive or Similar Rights

Our common stock is not entitled to preemptive rights and is not subject to conversion, redemption, or sinking fund provisions.

Right to Receive Liquidation Distributions

If we become subject to a liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock and any participating preferred stock outstanding at that time, subject to prior satisfaction

of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Preferred Stock

Our board of directors is authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series and by filing a certificate of designations pursuant to applicable law of the State of Delaware, to establish or change from time to time the number of shares of each such series, and to fix the designations, powers, including voting powers, full or limited, or no voting powers, preferences and the relative, participating, optional or other special rights of the shares of each series and any qualifications, limitations and restrictions thereof. Our board of directors can also increase or decrease the number of shares of any class of preferred stock, but not below the number of shares of that class then outstanding, without any further vote or action by our stockholders. Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring, or preventing a change in control of our company.

Registration Rights

Certain holders of our common stock are entitled to rights with respect to the registration of their shares under the Securities Act of 1933, as amended (“Securities Act”). These registration rights are contained in our amended and restated investors’ rights agreement, dated as of May 17, 2022 (“Investors’ Rights Agreement”) and include demand registration rights, short-form registration rights and piggyback registration rights. We, along with certain holders of our common stock, are parties to the Investors’ Rights Agreement. The registration rights set forth in the Investors’ Rights Agreement will expire upon the earlier of five years following the completion of our initial public offering, or, with respect to any particular stockholder, when such stockholder is able to sell all of its shares pursuant to Rule 144 of the Securities Act without any volume limitations. In an underwritten offering, the underwriters have the right, subject to specified conditions, to limit the number of shares such holders may include.

Anti-Takeover Provisions

Certain provisions of Delaware law, our Amended and Restated Certificate of Incorporation and our Bylaws, which are summarized below, may have the effect of delaying, deferring, or preventing another person from acquiring control of our company. They are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

Delaware Law

We are governed by the provisions of Section 203 of the DGCL. In general, Section 203 prohibits a public Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A “business combination” includes mergers, asset sales or other transactions resulting in a financial benefit to the stockholder. An “interested stockholder” is a person who, together with affiliates and associates, owns, or within three years did own, 15% or more of the corporation’s outstanding voting stock. These provisions may have the effect of delaying, deferring, or preventing a change in our control.

Amended and Restated Certificate of Incorporation and Bylaws Provisions

Our Amended and Restated Certificate of Incorporation and our Bylaws include a number of provisions that could deter hostile takeovers or delay or prevent changes in control of our board of directors or management team, including the following:

- *Board of Directors Vacancies; Number of Directors.* Our Amended and Restated Certificate of Incorporation and our Bylaws authorize only our board of directors to fill vacant directorships, including newly created seats. In addition, the number of directors constituting our board of directors is fixed solely and exclusively by a resolution duly adopted by the board of directors.
- *Classified Board.* Our Amended and Restated Certificate of Incorporation and our Bylaws provide that our board of directors is classified into three classes of directors.
- *Stockholder Action; Special Meeting of Stockholders.* Our Amended and Restated Certificate of Incorporation provides that our stockholders may not take action by written consent but may only take action at annual or special meetings of our stockholders. Our Amended and Restated Certificate of Incorporation further provides that a special meeting of our stockholders may be called only by a majority of our board of directors, thus prohibiting a stockholder from calling a special meeting.
- *Advance Notice Requirements for Stockholder Proposals and Director Nominations.* Our Bylaws provide for advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our Bylaws also specify certain requirements regarding the form and content of a stockholder’s notice.
- *No Cumulative Voting.* The DGCL provides that stockholders are not entitled to cumulate votes in the election of directors unless a corporation’s certificate of incorporation provides otherwise. Our Amended and Restated Certificate of Incorporation does not provide for cumulative voting.
- *Directors Removed Only for Cause.* Our Amended and Restated Certificate of Incorporation provides that stockholders may remove directors only for cause.
- *Amendment of Charter Provisions.* Any amendment of the above provisions in our Amended and Restated Certificate of Incorporation requires approval by holders of at least a majority of our then outstanding common stock.

- *Issuance of Undesignated Preferred Stock.* Our board of directors has the authority, without further action by the stockholders, to issue up to 100,000,000 shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by our board of directors.
- *Exclusive Forum.* Our Bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for state law claims for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of, or a claim based on, a breach of a fiduciary duty owed by any of our current or former directors, officers, and employees to us or our stockholders, (3) any action asserting a claim against us, or any current or former director, officer or employee of us, arising out of or pursuant to the DGCL, our Amended and Restated Certificate of Incorporation or our Bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, (4) any action asserting a claim against us or any current or former director, officer or employee that is governed by the internal affairs doctrine; provided, however, that this provision does not apply to any causes of action arising under the Securities Act or the Exchange Act, or to any claim for which the federal courts have exclusive jurisdiction. In addition, our Bylaws provide that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States will be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, the Exchange Act or the respective rules and regulations promulgated thereunder. To the fullest extent permitted by law, any person or entity purchasing or otherwise acquiring any interest in our securities will be deemed to have notice of and to have consented to these forum provisions.

LEASE

By and Between

**SI 37, LLC,
a California limited liability company**

(“Landlord”)

and

**Astera Labs, Inc.,
a Delaware corporation**

(“Tenant”)

(2345, 2315 and 2343 N. First Street, San Jose, California)

Dated For Reference Purposes December __, 2024

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Basic Lease Information Sheet

1. Date of Lease (for reference purposes only): December __, 2024
2. Tenant: Astera Labs, Inc.,
a Delaware corporation
3. Tenant's Address For Notices Prior to Occupancy: 2901 Tasman Drive, Ste. 205 Santa Clara, CA 95054
Attn: Legal Department
4. Tenant's Address For Notices After Occupancy: At the Premises
Attn: Legal Department

With a Copy to:
legal@asterlabs.com
5. Tenant Billing Contact as of the Date of Lease: At the Premises

and accounting@asterlabs.com
6. Tenant Facility Contact as of the Date of Lease: At the Premises
7. Landlord: SI 37, LLC,
a limited liability company
8. Landlord's Address: c/o The Sobrato Organization, LLC
599 Castro Street, Fourth Floor
Mountain View, CA 94041
9. Landlord's Property Manager Contact as of the Date of Lease:
10. Premises: 2345, 2315 and 2343 N. First Street
San Jose, California 95131
(Section 2)

11. Rentable Square Footage/Tenant's Allocable Share:
- Rentable Square Footage: Approximately 154,231 square feet, with Tenant leasing (a) the entire building located at 2345 N. First Street containing approximately 110,742 square feet ("2345 Building"), (b) a portion of the ground floor containing 10,581 square feet and 4th floor containing 30,398 square feet of the building located at 2315 N. First Street ("2315 Building"), and (c) the entire historical Emily Horn House located on the Project with an address of 2343 N. First Street containing approximately 2,510 square feet (the "Horn House").
(Section 2)
- Tenant's Allocable Share of Reimbursable Operating Costs:
- Allocable Share of Reimbursable Operating Costs allocable to the 2345 Building and Horn House – 100%
- Allocable Share of Reimbursable Operating Costs allocable to the 2315 Building – 36.98%
- Allocable Share of Reimbursable Operating Costs allocable to the Project – 68.84%
(Section 9.E)
12. Estimated Commencement Date: April 1, 2025, subject to the provisions of Section 4.A and Article 6
(Section 4.A)
13. Reimbursable Operating Costs and Management Fees: Payable commencing on the Commencement Date
(Section 4.A)
14. Estimated Expiration Date: September 30, 2032
(Section 4.A)
15. Term:
- Initial Term: Ninety (90) months, subject to (a) the provisions of Section 4.A, and (b) possible extension pursuant to Section 19.E if Tenant exercises the Right of First Refusal.
(Section 4.A)
- Option Terms: Two (2) consecutive terms of sixty (60) months each
- Option Term Notice Period: No earlier than fifteen (15) months nor later than twelve (12) months prior to the date the Lease Term would otherwise expire
(Section 19)

16. Base Monthly Rent: See Base Monthly Rent Chart attached hereto as Exhibit E and incorporated herein.
(Section 4.A)
17. Reimbursable Operating Costs: Payable with Monthly Base Rent (i.e., starting on the Commencement Date)
(Section 9.D)
18. Property Management Fee: Monthly fee for management services - Three percent (3%) of the Base Monthly
Rent without regard to temporary reductions or abatements then in effect.
(Section 20.N)
19. Late Charge: Five percent (5%) of the overdue amount not received within five (5) days after the
due date
(Section 4.B)
20. Security Deposit: \$474,211.69, subject to increase if Tenant exercises the Right of First Offer or
Expansion Right in Sections 19.E or 19.F, respectively, in which case the Security
Deposit amount shall be increased to the increased Base Monthly Rent for the last
full calendar month of the initial Lease Term when the Offered Space and/or the
Expansion Space is included in the calculation of the Base Monthly Rent for such
month
(Section 5)
21. Parking: Non-exclusive right to use not more than 505 surface parking spaces
(Section 2)
22. Tenant Improvements: Prior to the Commencement Date, Landlord shall substantially complete the Tenant
Improvements
(Article 6)
23. Work Allowance: Fifty-Five Dollars (\$55.00) per rentable square foot for a total of Eight Million Four
Hundred Eighty-Two Thousand Seven Hundred Five Dollars (\$8,482,705.00),
subject to Tenant's right to increase such amount by the Additional Work Allowance
in accordance with Section 6.D
(Section 6.D)

24. Broker(s): Landlord's Broker: CBRE, Inc.

Tenant's Broker: CBRE, Inc.
(Section 20.C)

25. Wire Instructions

The Northern Trust Company, Chicago, Illinois
ABA or Routing number: — —
Swift Code: (for international purposes only)
To Credit Account:
Title: Sobrato Interests 3, a California limited partnership
Reference: SI 37, LLC

Bank Address:

(Section 4.A)

This Basic Lease Information Sheet and the parenthetical references to sections of this Lease are for convenience of reference only, and designate some of the Lease sections where applicable provisions are set forth. In the event of any conflict between any information in this Basic Lease Information Sheet and the provisions of the Lease, the provisions of the Lease shall control.

SOBRATO STANDARD LEASE

Lease between SI 37, LLC and Astera Labs, Inc.

1. PARTIES:

THIS LEASE, dated for reference purposes as of December __, 2024, between SI 37, LLC, a California limited liability company, ("Landlord") whose address is c/o The Sobrato Organization, LLC, 599 Castro Street, Fourth Floor, Mountain View, CA 94041 and Astera Labs, Inc., a Delaware corporation, ("Tenant") whose address is 2901 Tasman Drive, Suite 205, Santa Clara, CA 95054 prior to the Commencement Date (defined in Section 4.A below), and whose address is at the Premises commencing on the Commencement Date. Landlord and Tenant are collectively referred to in this Lease as the "Parties" and sometimes individually as a "Party". This Lease shall become effective when it has been signed by Landlord and Tenant (the "Effective Date").

2. PREMISES:

Landlord hereby leases to Tenant, and Tenant hires from Landlord those certain premises situated in the City of San Jose, County of Santa Clara, State of California, being (i) the entirety of the building located at 2345 No. First Street, San Jose, California 95121, comprised of approximately 110,742 rentable square feet (the "2345 Building"); (ii) a portion of the building located at 2315 No. First St., San Jose, California 95121 (the "2315 Building") comprised of approximately 10,581 rentable square feet on the ground floor and the entirety of the fourth floor comprised of approximately 30,398 rentable square feet, for a total of 40,979 rentable square feet (the "2315 Building Premises"); and (iii) the entirety of the building commonly known as Horn House and comprised of approximately 2,510 rentable square feet (the "Horn House" and, together with the 2345 Building and the 2315 Building Premises, the "Premises"), the general location of which is shown on Exhibit "A" attached hereto. The 2345 Building, the 2315

Building and the Horn House shall be collectively referred to herein as the "Buildings" and individually a "Building." For purposes of this Lease the square footage of the Premises is deemed to be 154,231 rentable square feet. Tenant shall also have the nonexclusive right to use not more than 505 parking spaces located within the common areas designated by Landlord from time to time ("Common Area") including but not limited to Tenant's allocable share of parking areas and structures, and landscaping, sidewalks, service areas and other common facilities. Notwithstanding the foregoing, Tenant shall have the right to designate ten (10) parking spaces at the front of the 2345 Building and five (5) parking spaces at the front of the 2315 Building for the exclusive use of Tenant's visitors. The Common Area shall include the existing outdoor courtyard area between the 2345 Building and the 2315 Building. The Premises and Common Area are situated within a project owned by Landlord as outlined in Exhibit "A" attached hereto ("Project").

Landlord shall have the right, in its sole and absolute discretion, from time to time, to do the following, provided that reasonable access to and use of the Premises remains available: (a) make changes to the Common Area, the Buildings and/or the Project, including, without limitation, changes in the location, size, shape and number of entrances, corridors, elevators, foyers, lobbies, restrooms, stairways and other similar facilities on individual floors in the Buildings and other buildings in the Project, if applicable, and driveways, entrances, circulation drives, parking spaces, parking areas, direction of driveways, landscaped areas and walkways; (b) close temporarily any of the Common Area for maintenance and repair purposes or to prevent a public dedication thereof; (c) add improvements to the Common Area or improvements in the Project; (d) use the Common Area while engaged

in making additional improvements, repairs or alterations to the Buildings and/or the Project; (e) erect, use, and maintain pipes, wires and conduits in and through the Premises; and (f) do and perform any other acts, alter or expand or make any other changes in, to or with respect to the Common Area, the Buildings and/or the Project as Landlord may, in its sole and but reasonable discretion, deem to be appropriate, all of which are hereby consented to by Tenant. Landlord reserves the absolute right to effectuate such other tenancies in the other Project buildings (if any) as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of Landlord. Tenant has not relied on the fact, nor has Landlord represented, that any specific tenant or type or number of tenants shall occupy any space in the other Project buildings (if any), or that any specific tenant or type of tenant shall be excluded from occupying any space in the other Project buildings (if any).

Landlord and Tenant have agreed to use the square footage numbers set forth in this Lease as the basis of calculating the rent due under this Lease and Tenant's Allocable Share (defined in Section 9.E below). The rent due under this Lease and Tenant's Allocable Share shall not be subject to revision if the actual square footages are more or less than as stated in this Lease, except as expressly provided elsewhere in this Lease (for example, in the event of a partial taking of the Project as described in Section 17 below). No representation or warranty of any kind, express or implied, is given to Tenant with respect to the square footage or acreage of the Premises, or any other portion of the Project. Landlord shall have no liability to Tenant if the square footages or acreage described in this Lease differ from the actual square footages or acreage.

3. USE:

A. Permitted Uses:

Tenant shall use the Premises to the extent permitted under applicable Laws (defined in Section 8.C below) only for the following purposes and shall not change the use of the Premises without the prior written consent of

Landlord, which Landlord may withhold in its sole and absolute discretion: Office, electronics lab, research and development, marketing, light manufacturing, shipping and receiving, ancillary storage and other uses incidental thereto. Tenant shall use only the number of parking spaces allocated to Tenant under this Lease. All commercial trucks and delivery vehicles shall be (i) parked at the loading docks serving, and at the rear of, the 2345 and the 2315 Buildings, (ii) loaded and unloaded in a manner which does not interfere with the businesses of other occupants of the Project, and (iii) permitted to remain within the Project only so long as is reasonably necessary to complete the loading and unloading. Landlord reserves the right to impose such additional rules and regulations as Landlord deems reasonably necessary to operate the Project in a manner which protects the quiet enjoyment of all tenants in the Project. Landlord makes no representation or warranty that any specific use of the Premises desired by Tenant is permitted pursuant to any Laws (as defined in Section 8.C below). Tenant acknowledges that the Horn House has been designated as a historically protected building and, therefore, the use and any alterations to the Horn House must be in accordance with such historical designation.

B. Uses Prohibited:

Tenant shall not commit or permit to be committed on the Premises, and Tenant and Tenant's agents, employees, contractors, sublessee, assignees or invitees ("Tenant's Agents") shall not commit or permit on any portion of the Project any waste, nuisance, or other act or thing which may disturb the quiet enjoyment of any other tenant or user of the Project, nor allow any use of the Premises for an unlawful purpose or for any sale by auction. Tenant shall not (i) damage or overload the electrical, mechanical or plumbing systems of the Premises, (ii) attach, hang or suspend anything from the ceiling, walls or columns of a Building in excess of the load limits for which such ceiling, walls or columns are designed, or set any load on the floor in excess of the load limits for which such floors are designed, or (iii) generate dust, fumes or waste products which create a fire or

health hazard or damage the Premises or any portion of the Project, including without limitation the soils or ground water in or around the Project. No materials, supplies, equipment, finished products or semi-finished products, raw materials or articles of any nature, or any waste materials, refuse, scrap or debris, shall be stored upon or permitted to remain on any portion of the Project outside of the Premises by Tenant or Tenant's Agents without Landlord's prior approval, which approval may be withheld in its sole and absolute discretion. Neither Tenant nor Tenant's Agents shall dispose of any waste materials, refuse, scrap, debris or garbage anywhere outside of the Premises except in enclosed trash containers designated for that purpose by Landlord. Neither Tenant nor Tenant's Agents shall conduct any auction in, on or about the Project.

C. Advertisements and Signs:

Tenant shall not place or permit to be placed, in, upon or about the Premises any signs not approved by the City of San Jose ("City") and other governing authority having jurisdiction. Tenant shall not place or permit to be placed upon the Premises any signs, advertisements or notices visible from outside the Premises without the written consent of Landlord as to type, size, design, lettering, coloring and location, which consent will not be unreasonably withheld, conditioned or delayed. Tenant shall be granted the right to use the driveway entrance sign on N. First Street, the existing corner exterior monument for the Project (the "Existing Corner Monument Sign"), and the driveway entrance sign on Charcot Avenue (the "Charcot Avenue Entrance Sign") for signage as part of the Project improvements monuments for Tenant's signage, as reasonably determined by Landlord. Tenant shall have the right to install at Tenant's sole cost a sign with Tenant's name and corporate logo on the 2345 Building (the "2345 Building Signage") and the 2315 Building (the "2315 Building Signage"), subject to obtaining Landlord's prior consent as to size, design, lettering, coloring and location of the signage, which consent will not be unreasonably withheld, conditioned or delayed, and subject to obtaining City and other required

governmental consent. Except for Tenant leasing the portion of the 2315 Building pursuant to this Lease, the remainder of the 2315 Building is currently vacant and unleased by Landlord. If during the Lease Term, Landlord leases any portion of the vacant space in the 2315 Building to any party other than Tenant, then Tenant shall lose the right to sole signage on the Existing Corner Monument Sign, the Charcot Avenue Entrance Sign and the 2315 Building and Tenant, at its sole cost and expense, shall remove its existing signage from such signs and make any required repairs to such signs caused by Tenant's removal of Tenant's signage. Following Landlord's new lease of a portion of the 2315 Building to a new tenant, Tenant shall be permitted to install signage on a portion of the Existing Corner Monument Sign and Charcot Avenue Entrance Sign based on its proportionate share of the leasable area of the Project leased by Tenant. Other than the signage expressly allowed by this Section 3.C above, Tenant shall not install any signage within the Project that is visible from outside the Premises except as expressly provided in this Section 3.C above. Any sign placed in, upon or about the Premises, and any sign of Tenant placed upon any sign monument within the Project, shall be removed by Tenant, at its sole cost, not later than the expiration or sooner termination of the Lease, and Tenant shall repair, at its sole cost, any damage or injury to the Premises, sign monument or Project caused thereby, and if not so removed, then Landlord may have same so removed at Tenant's expense.

D. Covenants, Conditions and Restrictions:

This Lease is subject to the effect of (i) all covenants, conditions, restrictions, easements, mortgages or deeds of trust, ground leases, rights of way of record and any other matters or documents of record, and (ii) all zoning laws and other governmental requirements of the city, county and state where the Project is situated (the matters described in this sentence being collectively referred to herein as "Restrictions"), and Tenant shall conform to and shall not violate the terms of any such Restrictions. Landlord shall have the right from time to time to encumber

the Premises with any and all public utility easements, private easements and covenants, conditions and restrictions required by the City or any other governmental authority in connection with the redevelopment of the Project or reasonably needed or desired by Landlord for the ownership, use and operation of the Project, all of which shall constitute part of the Restrictions; and Tenant agrees that its rights under this Lease shall be subject and subordinate to all such Restrictions. Landlord shall have the right to change the size of any parcel comprising the land upon which the Project is located ("Land"), parcelize, subdivide and/or merge any parcels comprising the Land and/or condominiumize any portion of the Project, without Tenant's approval. Not later than thirty (30) days after receipt of written request by Landlord, Tenant shall execute any documents reasonably required to evidence or effectuate Tenant's subordination and/or consent to the matters described in this Section above. In exercising any of the rights set forth in this Section 3.E, Landlord shall use commercially reasonable good faith efforts to minimize interference with Tenant's access to or use of the Premises and the Common Area.

E. Sustainability Requirements:

As used in this Lease, "Sustainability Requirements" means any and all Laws relating to any "green building" or other environmental sustainability practices and requirements now or hereafter in effect or imposed by any governmental authority or applicable Laws from time to time, or any requirements necessary to obtain and maintain LEED (Leadership In Energy & Environmental Design) or other so called "green" initiatives and certifications for all or any portion of the Project (which Landlord shall have the right, but not the obligation, to obtain and maintain) ("Sustainability Requirements"). Without limiting the scope of any Sustainability Requirements that may be in effect from time to time, Tenant acknowledges that Sustainability Requirements may address whole-building or premises operations, construction issues, maintenance issues and other issues, including without limitation requirements relating to: chemical use; indoor air quality; energy and water

efficiency; recycling programs; interior and exterior maintenance programs; systems upgrades to meet green or sustainable building energy, water, air quality, and lighting performance standards; construction methods and procedures; material purchases; disposal of garbage, trash, rubbish and other refuse and waste; and the use of proven energy and carbon reduction measures. Neither Tenant nor Tenant's Agents shall use or operate the Premises in a manner that will cause any part of the Project to be in non-compliance with any Sustainability Requirements in effect from time to time.

F. Rooftop Rights and Equipment Rights:

4. Tenant shall have the right, upon prior written approval by Landlord (which shall not be unreasonably withheld, conditioned or delayed) and at Tenant's sole cost and expense, to use Tenant's Allocable Share of the roof of the 2345 Building and 2315 Building including, without limitation, to install rooftop HVAC, generator, satellite dish(es) and antenna(e) on the roof of the 2345 Building and the 2315 Building for receipt of satellite and other communications transmissions, and to install cables from such equipment into such buildings (collectively, "Roof Equipment"), provided that (i) Tenant has obtained all governmental approvals for the installation and use of such Roof Equipment, (ii) such installation shall be performed by a licensed contractor in a good and workmanlike manner, and in a manner that does not invalidate any roof related warranties, (iii) such Roof Equipment shall be installed in locations reasonably acceptable to Landlord, (iv) such Roof Equipment shall be screened in a manner reasonably acceptable to Landlord, (v) Tenant otherwise complies with all of the requirements in this Lease as it relates to Alterations, and (vi) if so requested in writing by Landlord at the time that Tenant requests Landlord's consent to the installation of the Roof Equipment, upon the expiration or earlier termination of this Lease, Tenant shall remove the Roof Equipment designated for removal by Landlord and repair any damage caused by such removal. Tenant, at its sole cost and expense shall promptly repair

any and all damage to the roof or equipment located thereon or any other portion of the 2345 Building and/or 2315 Building, or the installation, use or removal of the Rooftop Equipment, including without limitation, all roof leaks and damage to flashing, roof membrane, parapet walls, roof top equipment and materials caused thereby.

5. TERM AND RENTAL:

A. Term; Base Monthly Rent:

The Lease term ("Lease Term") shall be for ninety (90) months, commencing on the later of (1) Substantial Completion of the Tenant Improvements as determined pursuant to Section 6.A below or (2) April 1, 2025 (the "Commencement Date") and ending ninety (90) months thereafter, ("Expiration Date"), subject to (a) Section 6.G below relating to Tenant Delays affecting the Commencement Date, (b) Tenant's early termination right in Section 4.C, (c) possible extension of the Lease Term and the Expiration Date if Tenant exercises the Right of First Refusal pursuant to Section 19.E. If the Commencement Date occurs on a day other than the first (1st) calendar day of the month, then the first (1st month) of the Lease Term shall be deemed to be the first (1st) partial and first (1st) full calendar month of the Lease Term, except as otherwise expressly provided in this Lease. Notwithstanding the Parties' agreement that the Lease Term begins on the Commencement Date, this Lease and all of the obligations of Landlord and Tenant shall be binding and in full force and effect from and after the Effective Date. In addition to all other sums payable by Tenant under this Lease, Tenant shall pay as base monthly rent ("Base Monthly Rent") in accordance with the schedule set forth in Section 14 of the Basic Lease Information Sheet (as such chart may be updated pursuant thereto) for each partial or full calendar month, subject to proration as described below. Base Monthly Rent shall be due in advance on or before the first day of each calendar month during the Lease Term. All sums payable by Tenant under this Lease shall be paid to Landlord in lawful money of the United States of America, without offset or deduction and except as otherwise expressly provided in this Lease without prior notice or

demand. Subject to this Section below, all sums payable by Tenant to Landlord under this Lease shall be paid to Landlord by means of a federal funds wire transfer or other method of electronic funds transfer ("Electronic Payment") in accordance with the electronic wiring instructions set forth in Section 25 of the Basic Lease Information Sheet. Notwithstanding the immediately prior sentence, Landlord shall have the right from time to time during the Lease Term, upon not less than thirty (30) days' prior written notice to Tenant, to (i) change the name of the depository for receipt of any payment due from Tenant to Landlord made by means Electronic Payment, or otherwise modify the electronic wiring instructions to be used to make Electronic Payments (including without limitation designating any other party to which payment must be made), or (ii) to require that Tenant discontinue payment of any sum due from Tenant to Landlord under this Lease by Electronic Payment and to require that payment be made by such other means and to such other places and parties as is reasonably designated by Landlord.

Base Monthly Rent for any period less than a calendar month shall be a pro rata portion of the monthly installment based on the number of days in the partial calendar month; provided that if this Lease terminates due to Tenant's default, beyond applicable notice and cure periods, Tenant shall not be relieved of the obligation to pay future accruing rent, and the provisions of Section 14 shall control. Notwithstanding that no Base Monthly Rent for the original Premises is payable for the Abated Rent Period, property management fees (based on a Base Monthly Rent of \$446,990.00 for the original Premises, plus any Base Monthly Rent payable on any additional space added to the Premises pursuant to Tenant exercising the Right of First Refusal or the Expansion Right in Sections 19.E and 19.F, respectively) and Reimbursable Operating Costs shall be payable during the Abated Rent Period. Not later than five (5) business days after Tenant's execution of this Lease, Tenant shall pay to Landlord the sum of Three Hundred Eighty-Five Thousand Five Hundred Seventy-Seven and 50/100 Dollars (\$385,577.50) as a deposit to be applied on the Commencement Date against the

Base Monthly Rent due for the first month of the Lease Term.

B. Late Charge:

Tenant hereby acknowledges that late payment by Tenant to Landlord of Base Monthly Rent and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which is extremely difficult to ascertain. Such costs include but are not limited to: administrative, processing, accounting, and late charges which may be imposed on Landlord by the terms of any contract, revolving credit, mortgage, or trust deed covering the Premises. Accordingly, if any installment of Base Monthly Rent or other sum due from Tenant is not received by Landlord or Landlord's designee within five (5) days after it is due, Tenant shall pay to Landlord a late charge equal to five percent (5%) of such overdue amount, which late charge shall be due and payable on the same date that the overdue amount was due; provided, however, that such late charge shall be waived if Tenant pays such overdue amount due within three (3) days of written notice of delinquency from Landlord, but such late fee shall not be waived more than one (1) time in any twelve (12) month period. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant, excluding interest and attorneys' fees and costs. If any Base Monthly Rent or other sum due from Tenant remains delinquent for a period in excess of thirty (30) days then, in addition to such late charge, Tenant shall pay to Landlord interest on any rent that is not paid when due at the Agreed Interest Rate (defined in Section 14.B) from the date such amount became due until paid. Acceptance by Landlord of such late charge or interest shall not constitute a waiver of Tenant's default with respect to such overdue amount nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for three (3) consecutive installments of Base Monthly Rent, then the Base Monthly Rent, property management fees and Tenant's Allocable Share of Reimbursable Operating Costs

(defined in Section 9.D) shall automatically become due and payable quarterly in advance, rather than monthly, notwithstanding any provision of this Lease to the contrary. In no event shall this provision for a late charge be deemed to grant to Tenant a grace period or extension of time within which to pay any amount due under this Lease.

C. Early Termination Right:

Notwithstanding anything to the contrary contained in this Lease, if Tenant has not exercised either the Right of First Refusal or the Expansion Right in Sections 19.E and 19.F, respectively, Tenant shall have the right (the "Termination Right") to terminate this Lease effective as of the end of the sixtieth (60th) month of the initial Lease Term (the "Termination Date"), provided, that, as a condition precedent to such early termination: (a) Landlord shall have received written notice (the "Termination Notice") from Tenant on or before the date (the "Outside Termination Notice Date") that is twelve (12) months prior to the Termination Date stating that Tenant intends to terminate this Lease pursuant to the terms of this Section 4.C on the Termination Date; (b) concurrently with Landlord's receipt of the Termination Notice, Landlord receives from Tenant a termination fee equivalent to the sum of (i) nine (9) months of Base Monthly Rent at the rate that would be payable for the nine (9) month period immediately following the Termination Date and Operating Costs that would have otherwise been payable beginning on the day after the Termination Date (irrespective of any credits, abatements, offsets or other reductions), and (ii) the unamortized sum, as of the Termination Date, of the amount of the Work Allowance utilized to pay the cost of the Tenant Improvements, any brokerage commissions, and any rental abatement in Tenant's favor, all as amortized on a straight-line basis with interest at the rate of eight percent (8%) per annum; and (c) Tenant shall cure any then existing default under this Lease. If Tenant exercises either the Right of First Refusal or the Expansion Right in Sections 19.E and 19.F, respectively, the Termination Date shall be extended to the date

that is five (5) years after the commencement date for the last additional Premises leased by Tenant pursuant to the exercise of the foregoing rights, unless the Termination Date will occur during the remaining twelve (12) months of the Term, in which event Tenant shall not have the right to exercise the Termination Right pursuant to this Section 4.C. For example, if Tenant exercises the Right of First Refusal exactly twelve (12) months after the Commencement Date, then the Termination Date shall be automatically extended to the end of the seventy-second (72) month of the initial Lease Term. Another example, if Tenant exercises the Right of First Refusal at the end of the twenty-third (23rd) month of the initial Lease Term, then the Termination Date shall be automatically extended to the end of the eighty-third (83rd) month of the initial Lease Term, but since the eighty-third (83rd) month is within twelve (12) months of the initial Expiration Date (assuming the initial Expiration Date has not been extended beyond the end of the ninetieth (90th) month following the Commencement Date), Tenant shall no longer have the right to exercise the Termination Right pursuant to this Section 4.C. Provided that Tenant performs all of the foregoing in accordance with the terms of this Section 4.C, this Lease shall automatically terminate and be of no further force or effect (except as set forth below) as of the Termination Date and Landlord and Tenant shall thereafter be relieved of their respective obligations under this Lease; provided, however, and notwithstanding anything to the contrary contained in this Lease, Landlord shall have all the rights and remedies with respect to any obligation of Tenant under this Lease that accrues on or prior to the Termination Date and is not satisfied by Tenant on or prior to the Termination Date (e.g., Tenant's obligations regarding indemnity, insurance, maintenance and repair, surrender of the Premises and with respect to Tenant's payment of any Rent; without limiting the generality of the foregoing, such payment obligation of Tenant shall specifically include the payment of any amounts owed in connection with any future reconciliation of Operating Costs in accordance with the terms of this Lease), and with respect to any obligations of Tenant that expressly survive the expiration or earlier termination of this Lease.

If Tenant exercises the Termination Right in accordance with the terms herein, on the Termination Date, Tenant shall vacate the Premises and surrender and deliver exclusive possession thereof to Landlord in accordance with the terms of this Lease. The Termination Right shall expire and be of no further force or effect if Tenant fails to deliver the Termination Notice to Landlord by the applicable Outside Termination Notice Date. If Tenant exercises the Termination Right in accordance with the terms of this Section 4.C but retains possession of the Premises or any part thereof after the Termination Date, then, at Landlord's election, to be exercised in Landlord's sole and absolute discretion, either (A) in addition to all other rights and remedies Landlord may have pursuant to this Lease and at law and in equity, Tenant shall be deemed a holdover tenant and the provisions of Section 7.D of this Lease shall apply, or (B) the Termination Right shall be void and of no force or effect and this Lease shall continue in full force and effect as if the Termination Right had not been exercised. The rights contained in this Section 4.C shall be personal only to Astera Labs, Inc. and any Permitted Assignee (as defined below), and may only be exercised by Astera Labs, Inc. and any Permitted Assignee, and may not be exercised by any other assignee, sublessee or other transferee of or successor to Astera Labs, Inc.'s interest in this Lease or to the Premises.

6. SECURITY DEPOSIT:

A. Amount:

Not later than five (5) business days after Tenant's execution of this Lease, Tenant shall provide Landlord a cash security deposit (the "Security Deposit") in the amount of Four Hundred Seventy-Four Thousand Two Hundred Eleven and 69/100 Dollars (\$474,211.69). If Tenant exercises the Right of First Offer or Expansion Right in Sections 19.E or 19.F, respectively, the Security Deposit amount shall be increased to the increased Base Monthly Rent for the last full calendar month of the initial Lease Term when the Offered Space and/or the Expansion Space is included in the calculation of the Base Monthly Rent for such month and Tenant shall provide Landlord in cash the

additional Security Deposit amount not later than five (5) business days after Tenant's execution of the amendment to this Lease incorporating the Offered Space and/or Expansion Space into the Premises.

B. Purpose:

If Tenant defaults beyond any applicable notice and cure periods with respect to any provisions of the Lease, including but not limited to (i) the provisions relating to payment of Base Monthly Rent or other charges in default, or any other amount which Landlord may spend or become obligated to spend by reason of Tenant's default, or (ii) the uncured default of any of Tenant's obligations under this Section 5, Landlord shall be entitled to use so much of the Security Deposit or any portion thereof as is reasonably necessary to cure such at any time. Tenant's failure to timely comply with its obligations under this Section 5 shall constitute a material default of Tenant, for which no notice or opportunity to cure shall apply or be required before Landlord is entitled to use the full amount or any other portion of the Security Deposit, time being of the essence with respect to Tenant's obligations under this Section 5. The Security Deposit shall be held by Landlord as security for the faithful performance by Tenant of every term, covenant and condition of this Lease applicable to Tenant, and not as prepayment of rent. Landlord may, but shall not be obligated to, and without waiving or releasing Tenant from any obligation under this Lease, use, apply or retain so much of the Security Deposit as is reasonably necessary for the payment of any amount which Landlord may spend by reason of Tenant's uncured default or as necessary to compensate Landlord for any loss or damage which Landlord may suffer by reason of Tenant's uncured default, including without limitation loss of future rents due under this Lease upon termination of this Lease due to a default by Tenant and other damages recoverable under California Civil Code Section 1951.2. Landlord shall not be deemed a trustee of the Security Deposit, or any other funds held by Landlord, and Landlord shall not be required to keep the Security Deposit, or any such other funds separate from its general funds. The

Security Deposit and such other funds shall not bear interest for the benefit of Tenant. If Tenant shall default, beyond applicable notice and cure periods, in the payment of any sums due hereunder more than three (3) times in any twelve (12) month period, irrespective of whether or not such default is cured, then the cash Security Deposit held by Landlord shall, within ten (10) business days after demand by Landlord, be increased by Tenant to an amount equal to three (3) times the Base Monthly Rent in the last full calendar month of the initial Lease Term.

7. CONSTRUCTION:

A. Tenant Improvement Construction:

Landlord shall cause the initial tenant improvements to the Premises ("Tenant Improvements") to be constructed by Landlord's General Contractor, in accordance with plans and outline specifications to be attached as Exhibit "C" when such plans have been completed by ArcTec, Inc. ("Landlord's Architect") and approved by Tenant and Landlord, which approvals of Landlord and Tenant shall not be unreasonably withheld, conditioned or delayed ("Tenant Improvement Plans and Specifications"). The Tenant Improvement Plans and Specifications shall include the improvements outlined on Exhibit "B", as supplemented by Exhibit B-1 and Exhibit B-2. For purposes of this Lease, the "Building Core" means those items typically associated in the industry with an office building core including elevators, finished restrooms, fire sprinklers, HVAC and electrical systems distributed to each floor, exiting stair finishes, and a finished building lobby. Prior to the execution of this Lease, Landlord and Tenant met at the Premises with Landlord's Architect to discuss and agree upon the initial scope of the Tenant Improvements. Landlord shall cause Landlord's Architect to prepare the initial plans for the Tenant Improvements which shall be delivered to Landlord and Tenant for their review and comment. Within ten (10) business days of receiving the preliminary plans, Tenant shall provide Landlord and Landlord's Architect with detailed comments on such preliminary plans or

Tenant's approval of such plans. Tenant's failure to provide comments on the preliminary plans within such ten (10)- business day period shall be deemed Tenant's approval of the preliminary plans. Upon receipt of Tenant's comments, Landlord shall cause Landlord's Architect to revise the preliminary plans in order to cause the Tenant Improvement Plans and Specifications to be completed for all aspects of the work with all detail necessary for submittal to the City for issuance of building permits and for construction and shall include any information required by the relevant agencies regarding Tenant's use of Hazardous Materials if applicable. The Tenant Improvements and Tenant Improvement Plans and Specifications shall be subject to Landlord's approval, which approval shall not be unreasonably withheld, conditioned or delayed. The Tenant Improvement Plans and Specifications shall provide for a minimum build-out in all areas of the Premises consisting of: (i) the Building Core, (ii) fire sprinklers, (iii) floor coverings, (iv) adequate ceiling treatment, (v) distribution of the HVAC system, (vi) adequate lighting, and (vii) any other work required by the City necessary to obtain a certificate of occupancy, a temporary certificate of occupancy or the equivalent if certificates of occupancy or temporary certificates of occupancies are not issued by the City or the applicable work is not the type of work for which a certificate of occupancy is required. The Tenant Improvement Plans and Specifications shall be prepared in sufficient detail to allow Landlord's General Contractor to construct the Tenant Improvements. The Tenant Improvements shall not be removed or altered by Tenant without the prior written consent of Landlord as provided in Section 8 below. Upon expiration of the Lease Term or any earlier termination of the Lease, the Tenant Improvements shall become the property of Landlord and shall remain upon and be surrendered with the Premises, and title thereto shall automatically vest in Landlord without any payment therefore, except to the extent Tenant is required to remove any Tenant Improvements that Landlord notifies Tenant are Specialized Tenant Improvements (as defined in Section 10.B. below) at the time that Tenant requests consent to such Tenant Improvements.

Landlord shall obtain a building permit from the City for the Tenant Improvements and thereafter to cause Landlord's General Contractor to substantially complete the Tenant Improvements. The Tenant Improvements shall be deemed substantially complete ("Substantially Complete", "Substantially Completed" or "Substantial Completion") when the Tenant Improvements have been substantially completed in accordance with the Tenant Improvement Plans and Specifications, as evidenced by the issuance of a certificate of occupancy, a temporary certificate of occupancy or the equivalent of a certificate of occupancy or a temporary occupancy by the appropriate governmental authority to the extent required under applicable Laws, except for punch list type items that do not prevent Tenant from occupying the Premises for the conduct of its business therein. The completion of punch list items that don't materially affect Tenant's use of the Premises shall not be required in order to deem the Tenant Improvements Substantially Complete.

B. Pricing:

Within twenty (20) business days after completion of the Tenant Improvement Plans and Specifications, and approval by Landlord and Tenant as provided in this Lease, Landlord shall cause Landlord's General Contractor to submit to Tenant competitive bids, solicited from at least three (3) subcontractors for each aspect of the work in excess of One Hundred Thousand and No/100 Dollars (\$100,000) related to the Tenant Improvements. Multiple bids shall not be required for any aspect of the work that does not exceed One Hundred Thousand Dollars (\$100,000). Landlord shall cause Landlord's General Contractor to utilize the low bid in each case unless Tenant approves Landlord's General Contractor's use of another subcontractor, and the cost of the Tenant Improvements shall be equal to (i) the bid amounts as approved by Tenant, (ii) a five percent (5%) contingency, in the event that the cost of the Tenant Improvements exceeds the Tenant Improvement Budget, to protect Landlord's General Contractor against cost overruns, and (iii) the general contractor fee specified in Section 6.F below ("Tenant

Improvement Budget”). Upon Tenant’s written approval of the Tenant Improvement Budget, which approval shall not be unreasonably withheld or delayed, Landlord and Tenant shall be deemed to have given their respective approvals of the final Tenant Improvement Plans and Specifications on which the cost estimate was made, and Landlord shall cause Landlord’s General Contractor to proceed with the construction of the Tenant Improvements. If Tenant does not specifically approve or disapprove the Tenant Improvement Budget within seven (7) business days after submission to Tenant, Landlord shall have the right to send Tenant a second notice requesting Tenant to approved or disapprove the Tenant Improvement Budget. If Tenant does not specifically approve or disapprove the Tenant Improvement Budget within three (3) business days after such second notice from Landlord, Tenant shall be deemed to have approved the bids and the Tenant Improvement Budget. If Tenant disapproves the Tenant Improvement Budget within the applicable time period by providing Landlord with the reasons for such disapproval, the Landlord’s Architect shall have five (5) days following such disapproval to make modifications to the design to address the specific issues raised by Tenant in its disapproval notice to Landlord and resubmit revised Tenant Improvement Plans and Specifications to Landlord’s General Contractor for pricing. Landlord’s General Contractor shall thereafter have five (5) days to price the changes with the low bidder from each trade and resubmit revised pricing to Tenant for approval, which must be given within three (3) business days after submission or a Tenant Delay shall be deemed to have occurred pursuant to Section 6.G below.

C. Change Orders:

Subject to the reasonable approval by Landlord, which shall not be unreasonably withheld, conditioned or delayed, Tenant shall have the right to order changes in the manner and type of construction of the Tenant Improvements. Upon request and prior to Tenant’s submitting any binding change order, Landlord shall cause Landlord’s General Contractor to promptly

provide Tenant with written statements of the cost to implement and the time delay and increased construction costs associated with any proposed change order, which statements shall be binding on Landlord’s General Contractor. If no time delay or increased construction cost amount is noted on the written statement, the parties agree that there shall be no adjustment to the construction cost or the Commencement Date associated with such change order. If ordered by Tenant, Landlord shall cause Landlord’s General Contractor to implement such change order and the cost of constructing the Tenant Improvements shall be increased or decreased in accordance with the cost statement previously delivered by Landlord’s General Contractor to Tenant for any such change order.

D. Tenant Improvement Costs:

Landlord agrees to provide Tenant a work allowance to be utilized by Tenant for the cost of the Tenant Improvements (the “Base Work Allowance”) in the amount of Fifty-Five Dollars (\$55.00) per rentable square foot within the Premises for a total of Eight Million Four Hundred Eighty-Two Thousand Seven Hundred Five Dollars (\$8,482,705.00), subject to this Section 6.B below. If the approved Tenant Improvement Budget exceeds the Base Work Allowance, Tenant shall have the right, but not the obligation, to obtain an additional allowance from Landlord equal to the lesser of (i) the amount of the Tenant Improvement Budget, less the amount of the Base Work Allowance, or (ii) an additional Seventy-Five Dollars (\$75.00) per rentable square foot within the Premises for a total of Eleven Million Five Hundred Sixty-Seven Thousand Three Hundred Twenty-Five Dollars (\$11,567,325.00) (the “Additional Work Allowance” and collectively with the Base Work Allowance, as the “Work Allowance”). If Tenant elects to obtain the Additional Allowance from Landlord, then the Additional Allowance paid by Landlord for the Tenant Improvements shall be fully amortized over the first sixty (60) months of the Lease Term using an annual interest rate of seven percent (7%) and Tenant repaying such amortized amount to Landlord on a monthly basis commencing on the Commencement Date and

continuing until such amortized amount has been fully paid by Tenant. In no event shall any portion of the Work Allowance be used or payable for any improvements designed or constructed for any subtenant or other proposed occupant (other than Tenant) of any portion of the Premises. Tenant shall pay all costs associated with the Tenant Improvements in excess of the Base Work Allowance, or, if the Additional Work Allowance is utilized by Tenant, in excess of the Work Allowance. The Base Work Allowance and, if utilized by Tenant, the Additional Work Allowance, shall be paid by Landlord to Landlord's General Contractor as payments become due to Landlord's General Contractor as provided below. The cost of Tenant Improvements for which the Work Allowance may be applied shall consist of only the following to the extent actually incurred by Landlord's General Contractor in connection with the construction of Tenant Improvements: including all soft and hard costs, architectural, engineering and planning costs, construction costs, all permit fees, construction taxes or other costs imposed by governmental authorities related to the Tenant Improvements, and Landlord's General Contractor overhead and profit as described in Section 6.F below, but the Work Allowance shall not be available to pay for any of Tenant's furniture, trade fixtures, equipment or moving costs. During the course of construction of the Tenant Improvements, Landlord shall cause Landlord's General Contractor to deliver to Tenant not more than once each calendar month a written request for payment ("Progress Invoice") which shall include and be accompanied by Landlord's General Contractor's certified statements setting forth the amount requested, certifying the percentage of completion of each item for which reimbursement is requested. To the extent that the Base Work Allowance or, if the Additional Work Allowance is utilized by Tenant, the Work Allowance, has been fully utilized by Tenant for the Tenant Improvements, Tenant shall pay directly to Landlord's General Contractor the entire amount due pursuant to the Progress Invoice, within thirty (30) days after Tenant's receipt of the Progress Invoice and certified statement described above. All costs for Tenant Improvements shall be fully documented to

Tenant on an "open book" basis. If following completion of the Tenant Improvements and payment of Landlord's share of the cost thereof in accordance with this Section 6.D above there are any un-disbursed Work Allowance funds, Tenant shall not be entitled to any further disbursements of such funds and shall not be entitled to any credit with respect to such funds. If any portion of the Work Allowance remains un-disbursed as of the completion and payment for the Tenant Improvements, Tenant shall not be entitled to any further disbursements of such funds and shall not be entitled to any credit with respect to such funds, but Tenant shall not be obligated to reimburse to Landlord the amortized cost of any portion of the Additional Work Allowance not actually paid by Landlord to Landlord's Contractor. Notwithstanding the foregoing Landlord shall not be required make any disbursements of the Work Allowance during any period when Tenant is in material default under this Lease beyond any applicable cure period expressly granted in this Lease. For avoidance of doubt, Tenant shall be permitted to allocate all or any portion of the Work Allowance to all or any portion of, or none of, the 2345 Premises, the 2315 Premises and/or the Horn House; provided that, Tenant completes all of the Tenant Improvements outlined on Exhibits "B-1" and "B-2" attached hereto.

E. Tenant's Costs and Expenses:

Tenant, at Tenant's election, shall provide Landlord a spreadsheet showing all of Tenant's costs and expenses in connection with preparing the Premises for occupancy, which spreadsheet and the information contained therein Landlord can share with the County of Santa Clara's Assessor's Office.

F. General Contractor Overhead & Profit:

As compensation to Landlord's General Contractor for its services related to construction of the Tenant Improvements, Landlord's General Contractor shall receive a fee three percent (3%) of the cost of all hard costs in connection with the construction of the Tenant Improvements which will cover all of the following: construction

supervision and administration, temporary on-site facilities, home office administration, supervision, and coordination and construction profit. Except as provided in Section 6.A and this Section 6.F, Landlord or Landlord's General Contractor shall not receive any other fee or payment from Tenant in connection with Landlord's General Contractor's services.

G. Tenant Delays:

A "Tenant Delay" shall mean any delay in Substantial Completion of the Tenant Improvements as a result of any of the following: (i) Tenant's failure to approve the Tenant Improvement Plans and Specifications by the dates set forth in Section 6.A above, (ii) Tenant's failure to approve the bids for construction by the dates set forth in Section 6.B, (iii) changes to the plans requested by Tenant which delay the progress of the Tenant Improvements, (iv) Tenant's request for materials, components, or finishes which are not available in a commercially reasonable time given the target Commencement Date, (v) Tenant's failure to timely make a progress payment for Tenant Improvement costs after the Base Work Allowance or Additional Work Allowance, as applicable, has been fully expended as provided in Section 6.D above, (vi) Tenant's request for more than two (2) rebiddings of the cost of all or a portion of the Tenant Improvements, and (vii) any other delay caused by Tenant or Tenant's Agents. Notwithstanding anything to the contrary set forth in this Lease, and regardless of the actual date the Tenant Improvements are Substantially Completed, the Commencement Date shall be deemed to be the date the Commencement Date would have occurred if no Tenant Delay had occurred as reasonably determined by Landlord. In addition, if a Tenant Delay results in an increase in the cost of the labor or materials, Tenant shall pay the cost of such increases not later than thirty (30) days after receipt of written demand for payment is delivered to Tenant.

H. Insurance:

Landlord shall cause Landlord's General Contractor to procure (as a cost of the Tenant

Improvements) a "Broad Form" liability insurance policy in the amount of Three Million Dollars (\$3,000,000). Landlord shall also procure (as a cost of the Tenant Improvements) builder's risk insurance for the full replacement cost of the Tenant Improvements while the Tenant Improvements are under construction, up until the date that Landlord's property insurance policy described in Section 10 below is in full force and effect.

I. Punch List & Warranty:

After the Tenant Improvements are Substantially Completed, Landlord and Tenant shall conduct a walk-through of the Premises to prepare a "punch list" of items to be repaired. Landlord shall cause Landlord's General Contractor to promptly correct any construction defect or other "punch list" item which Tenant brings to Landlord's General Contractor's attention. In addition, Tenant shall have the right to notify Landlord of any construction defects in the Tenant Improvements discovered by Tenant within the one (1) year warranty period below to the extent such items are covered by such warranty, and Landlord shall cause Landlord's General Contractor to promptly repair such construction defects. All such work shall be performed so as to reasonably minimize the interruption to Tenant and its activities on the Premises. Landlord's General Contractor shall provide a standard contractor's warranty with respect to the Tenant Improvements for one (1) year from Substantial Completion of such improvements. Such warranties shall exclude routine maintenance, damage caused by negligence or misuse by Tenant or Tenant's Agents, and acts of God.

J. Other Work by Tenant:

All work not described in the Tenant Improvement Plans and Specifications, such as furniture, trade fixtures, telephone equipment, telephone wiring and office equipment work, shall be furnished and installed by Tenant at Tenant's cost (the "Tenant's Work"). In addition, prior to Substantial Completion of the Tenant Improvements, Tenant shall be obligated to (i) provide active phone lines to any elevators, and

(ii) contract with a firm to monitor the fire system. When the construction of the Tenant Improvements has proceeded to the point where Tenant's work of installing its fixtures and equipment in the Premises can be commenced, Landlord's General Contractor shall notify Tenant in writing and shall permit Tenant and its authorized representatives and contractors access to the Premises before the Commencement Date for the purpose of installing Tenant's trade fixtures and equipment. Any such Tenant's Work by Tenant or its authorized representatives and contractor shall be undertaken upon the following conditions: (i) the entry into the Premises by Tenant or its representatives or contractors shall not unreasonably interfere with or delay Landlord's General Contractor's work, and (ii) any contractor used by Tenant in connection with such entry and installation shall use union labor. Landlord and Tenant shall each cause their respective general contractor and/or subcontractors for the Tenant Improvements and the Tenant's Work to cooperate with each other: (i) in facilitating the mutual access to the Premises during the construction of the such Work; and (ii) in coordinating the timing of the stages of the Tenant Improvements and Tenant's Work so as to facilitate the completion on a timely basis.

K. Certified Access Specialist Inspection:

In accordance with California Civil Code Section 1938, Landlord hereby notifies Tenant that, except to the extent known by or previously disclosed to Tenant, as of the Effective Date Landlord has no actual knowledge of the Premises having been inspected by a Certified Access Specialist (CASP). The following notice is also hereby inserted pursuant to California Civil Code Section 1938(e): "A Certified Access Specialist (CASP) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a

CASP inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." The notice set forth in the prior sentence is not intended to modify Landlord's or Tenant's respective obligations expressly set forth in this Lease. As used in this Lease, a "**Certified access specialist**" or "**CASP**" means any person who has been certified by the State of California as such pursuant to applicable California law (including without limitation Section 4459.5 of the California Government Code).

Notwithstanding this Section 6.K above and/or anything to the contrary contained in this Lease, Landlord and Tenant hereby agree and acknowledge that, if Tenant desires to obtain a CASp inspection, it shall be limited to an inspection of the Premises, and in addition:

(a) Tenant shall provide Landlord with written notice of its desire to conduct such CASp inspection ("**Tenant's CASp Inspection**"), identifying the CASp that will conduct the inspection and providing evidence reasonably satisfactory to Landlord that the CASp is licensed and certified as a Certified Access Specialist in accordance with applicable laws. Landlord shall have the right to, among other things, (i) select the date and time at which such inspection shall occur, and (ii) have one (1) or more Landlord representatives present during such inspection. Subject to the foregoing, Tenant shall coordinate Tenant's CASp Inspection with Landlord before the inspection is conducted.

(b) Tenant shall (x) provide Landlord with a copy of any and all findings, reports and/or other materials provided by the CASp performing Tenant's CASp Inspection (collectively, "**Tenant's CASp Report**") not later than two (2) business days following Tenant's receipt thereof, (y) at all times maintain (and cause to be maintained) Tenant's CASp Report and its

findings (and any and all other materials related thereto) confidential and (z) pay for Tenant's CASp Inspection and Tenant's CASp Report prior to delinquency at Tenant's sole cost and expense. If Tenant receives a disability access inspection certificate, as described in subdivision (e) of California Civil Code Section 55.53, in connection with or following Tenant's CASp Inspection, then Tenant shall cause such certificate to be provided to Landlord not later than five (5) business days after received by Tenant.

(c) If Tenant's CASp Report identifies any violation(s) of applicable construction-related accessibility standards ("**CASp Violation(s)**"), then not later than five (5) business days after Tenant's receipt of Tenant's CASp Report, Tenant shall provide written notice to Landlord of any and all such CASp Violation(s). In such event, Tenant shall, at Tenant's sole cost and expense, perform, or cause to be performed, all repairs, modifications and/or other work necessary to correct such CASp Violation(s) (such repairs, modifications and/or other work being collectively referred to herein as "**Tenant's CASp Work**", and Tenant's CASp Work also constituting Alterations (defined in Section 8.A) under this Lease). Tenant shall work diligently to prepare all plans and specifications required for Tenant's CASp Work, to obtain Landlord's approval of Tenant's CASp Work and to obtain all permits required for Tenant's CASp Work, and to thereafter commence (or cause the commencement of) Tenant's CASp Work in accordance with the terms and conditions set forth in this Lease relating to Tenant's Alterations. Tenant shall diligently prosecute (or cause to be diligently prosecuted) to completion all of Tenant's CASp Work in a lien free, good and workmanlike manner, and, promptly following completion, obtain and deliver to Landlord an updated CASp Report ("**Tenant's Updated CASp Report**") showing that the Premises then comply with all applicable construction-related accessibility standards. Any and all costs and expenses associated with Tenant's CASp Work and/or Tenant's Updated CASp Report shall be at Tenant's sole cost and expense. The preceding notwithstanding, if Tenant's CASp

Report identifies any CASp Violation(s), Landlord may, at Landlord's option, perform, or cause to be performed by any of Landlord's agents, employees, contractors or consultants, the Tenant's CASp Work necessary to correct such CASp Violation(s) at Tenant's expense the entire cost of which shall be paid by Tenant to Landlord not later than ten (10) business days following Tenant's receipt of a written invoice from Landlord.

Without limiting the generality of the foregoing, Tenant hereby agrees and acknowledges that Tenant assumes all risk of, and agrees that Landlord shall not be liable for, any and all loss, cost, damage, expense and liability (including, without limitation, court costs and reasonable attorneys' fees) sustained as a result of the Premises not having been inspected by a CASp.. To the fullest extent permitted by law, Tenant hereby (A) waives and disclaims any objection to, cause of action based upon, or claim that its obligations hereunder should be reduced or limited as a result of, the lack of any CASp inspection of the Premises, and (B) agrees and acknowledges that the lack of such inspection shall in no event diminish or reduce Tenant's obligations under this Lease.

L. Landlord's Obligations; Tenant's Termination Right.

The Tenant Improvements shall be constructed in accordance with the Tenant Improvement Plans and Specifications and in compliance with all applicable Laws (as defined in Article 8 below), including, without limitation, the Americans with Disabilities Act, in a good and workmanlike manner, free of defects and using new materials and equipment of good quality.

Notwithstanding the foregoing, if, for any reason other than a Tenant Delay the Tenant Improvements have not been Substantially Completed by December 31, 2025, as such date may be extended by up to ninety (90) days for Force Majeure Event(s), then, in addition to the abatement of Base Monthly Rent provided for on Exhibit "E" attached hereto, commencing on

January 1, 2026 Tenant shall be entitled to one (1) day of abatement of Base Monthly Rent for each day of delay until the Tenant Improvements have been Substantially Completed and delivered to Tenant. In addition, if, for any reason other than a Tenant Delay the Tenant Improvements have not been Substantially Completed and delivered to Tenant by December 31, 2026, then Tenant shall have the right, but not the obligation, to terminate this Lease by written notice to Landlord given at any time prior to Substantial Completion of the Tenant Improvements, in which case this Lease shall be of no further force or effect, neither party shall have any further rights or obligations hereunder and Landlord promptly shall return to Tenant all sums paid by Tenant to Landlord in connection with Tenant's execution of this Lease.

8. ACCEPTANCE OF POSSESSION AND COVENANTS TO SURRENDER:

A. Delivery and Acceptance:

On the Commencement Date, or such later date that The Tenant Improvements have been Substantially Completed if the Commencement Date occurs earlier than Substantial Completion due to Tenant Delays, Landlord shall deliver and Tenant shall accept possession of the Premises and enter into occupancy of the Premises. On the Commencement Date, the Premises, including without limitation, the Common Areas (including all exterior areas and the paths of travel to the Premises), shall be in compliance with all applicable Law (as defined in Article 8 below), including, without limitation, the Americans with Disabilities Act. In addition, Landlord shall deliver the Premises to Tenant in clean condition, with the roof, roof membrane and building envelope in watertight condition, and with the heating, ventilating and air conditioning ("HVAC") systems, and the electrical, mechanical, plumbing, sewer, fire, life safety and, if applicable, security systems (collectively, "Building Systems") serving the Premises in good operating condition, and the Premises shall be in compliance with all applicable Law. If any of the Building Systems or the roof or roof membrane are not in the required condition for the first

twelve (12) months following the Commencement Date for any reason other than due to modifications or installations made by Tenant or to installation of , then Tenant shall notify Landlord of the need for repair, and the repair shall be completed promptly at no cost to Tenant. After the end of the twelve (12)- month warranty period, any issues with the Building Systems will be controlled by the maintenance and repair provisions in this Lease. Subject to all of the foregoing, by accepting possession of the Premises, Tenant acknowledges that it has had an opportunity to conduct, and has conducted, such inspections of the Premises as it deems necessary to evaluate its condition and has determined that the Premises is in the condition required by Section 6, except for punch list items which shall be governed by Section 6.I. Except as otherwise expressly provided in this Lease, Tenant agrees to accept possession of the Premises in its then existing condition, subject to all Restrictions and without representation or warranty by Landlord, express or implied. Subject to the provisions of this Section 7.A., Tenant's taking possession of any part of the Premises shall be deemed to be an acceptance of all work of improvement done by Landlord in such part as complete and in accordance with the terms of this Lease except for punch list type items and defects in the Tenant Improvements, which shall be governed by Section 6.I above. At the time Landlord delivers possession of the Premises to Tenant with the Tenant Improvements having been Substantially Completed, Landlord and Tenant shall together execute an acceptance agreement in form attached hereto as Exhibit "D"; provided that the Commencement Date and Tenant's obligation to pay Base Monthly Rent and all other amounts due under this Lease shall not be excused or delayed because of Tenant's failure to execute such acceptance agreement.

B. Condition Upon Surrender:

Tenant further agrees on the expiration or sooner termination of this Lease, to surrender the Premises to Landlord in broom clean and good condition and repair, normal wear and tear, acts of God, casualty and condemnation excepted. In this regard, "normal wear and tear" shall be

construed to mean wear and tear caused to the Premises by the natural aging process which occurs in spite of prudent application of the best standards for maintenance, repair, replacement, and janitorial practices, and does not include items of neglected or deferred maintenance. Notwithstanding this Section 7.B above, Tenant shall cause the following to be done to the 2345 Building and the Horn House not later than the expiration or sooner termination of this Lease: (i) the HVAC system shall be serviced by a reputable and licensed service firm and left in "good operating condition and repair", which condition shall be so certified by such firm; and (ii) the plumbing and electrical systems and lighting shall be placed in good order and repair (including replacement of any burned out, discolored or broken light bulbs, ballasts, or lenses). Not later than the expiration or sooner termination of this Lease, Tenant shall remove all its personal property and trade fixtures from the Premises. All property and trade fixtures not so removed before the expiration or sooner termination of the Lease shall be deemed to have been abandoned by Tenant. If at the time Tenant obtains Landlord's consent to any Tenant Improvements or Alterations Landlord advises Tenant in writing that any Tenant Improvements or Alterations are Specialized Tenant Improvements (as defined below in Section 10.B), Tenant shall remove such Specialized Tenant Improvements and repair any damage caused by the removal, including restoring such areas to the condition existing prior to Tenant's installation of such Specialized Tenant Improvement, at expiration or sooner termination of the Lease. Tenant's repair and restoration obligations under this Section 7.B shall include causing the Premises to be brought into compliance with all applicable building codes and other Laws in effect at the time of the removal, repair and restoration to the extent such compliance is necessitated by the removal, repair or restoration work.

C. Failure to Surrender:

If Tenant remains in possession of the Premises after the expiration or sooner termination of this Lease with or without

Landlord's consent, or fails to surrender the Premises at expiration or sooner termination of this Lease in the condition required by this Lease, such hold over or failure shall not constitute a renewal or extension of the Lease Term, Tenant's continued possession shall be on the basis of a tenancy at sufferance, and Tenant shall be liable to Landlord for one hundred fifty percent (150%) of the Base Monthly Rent due in the month preceding the expiration or earlier termination, as applicable (without regard to temporary abatements or reductions then in effect) plus all other amounts payable by Tenant under this Lease. Tenant shall have the right, by written notice to Landlord given at any time prior to the expiration or earlier termination of this Lease, to ask whether Landlord is negotiating or has executed a letter of intent or a lease with a third party to become effective upon the expiration or earlier termination of this Lease, and Landlord shall so notify Tenant by written notice within ten (10) business days after receipt of Tenant's Notice. If Tenant thereafter holds over in the Premises following the date of expiration or earlier termination of this Lease, Tenant shall indemnify, defend with counsel reasonably acceptable to Landlord, and hold Landlord and Landlord's trustees, beneficiaries, shareholders, directors, officers, members, employees, partners, affiliates, agents, successors and assigns (collectively "Landlord Related Parties") harmless from and against all claims, liabilities, obligations, penalties, fines, actions, losses, damages, costs or expenses (including without limitation reasonable attorneys' fees) resulting from delay by Tenant in timely surrendering the Premises in the required condition, including without limitation all lost rents, lost profits and lost or delayed business opportunities (including without limitation those relating to any delay or prevention in Landlord's ability to redevelop all or any portion of the project of which the Premises is a part), and Landlord shall be entitled to all other rights and remedies available to a landlord against a tenant wrongfully holding over after the expiration or termination of the term of a lease without the landlord's consent. If Tenant holds over after the expiration or sooner termination of this Lease, such holding over shall be construed as a month to month tenancy, at one

hundred fifty percent (150%) of the Base Monthly Rent for the month preceding expiration or sooner termination of this Lease (without regard to temporary abatements or reductions then in effect) in addition to all other rent due under this Lease, and shall otherwise be on the terms and conditions of this Lease, except for the following: those provisions relating to the Lease Term to the extent inconsistent with a month to month tenancy, any provisions requiring Landlord to perform any Tenant Improvements or otherwise relating to the delivery of the Premises to Tenant, or pay any work allowances, or grant any free rent or other concessions and any options or rights to extend or renew this Lease, which provisions shall be of no further force and effect. This Section 7.C shall survive the termination or expiration of the Lease.

9. ALTERATIONS & ADDITIONS:

A. General Provisions:

Except as otherwise expressly provided in this Section 8.A, Tenant shall not make, or suffer to be made, any alteration or addition to the Premises ("Alterations"), or any part thereof, without obtaining Landlord's prior written consent and delivering to Landlord the proposed architectural and structural plans for all such Alterations at least fifteen (15) days prior to the start of construction. If such Alterations affect the structure of any Building, Tenant additionally agrees to reimburse Landlord its reasonable third-party out-of-pocket costs incurred in reviewing Tenant's plans. After obtaining Landlord's consent, Tenant shall not proceed to make such Alterations until Tenant has obtained all required governmental approvals and permits, and if such Alterations cost in excess of Five Hundred Thousand Dollars (\$500,000), provides Landlord reasonable security, in form reasonably approved by Landlord, to protect Landlord against mechanics' lien claims. Tenant agrees to provide Landlord (i) not less than twenty (20) days prior written notice of the anticipated and actual start-date of the work, (ii) a complete set of half-size (15" X 21") vellum as-built drawings, and (iii) a certificate of occupancy, or other final government approval if the City or other governmental authority having jurisdiction does

not issue certificates of occupancy, for the work upon completion of the Alterations. All Alterations shall be constructed by a licensed general contractor reasonably acceptable to Landlord in compliance with all applicable Laws including, without limitation, all building codes, Sustainability Requirements and the Americans with Disabilities Act of 1990 as amended from time to time. Whether or not Landlord's consent is required for any Alterations, upon completion of any Alterations Tenant shall: (i) provide Landlord with a copy of each permit obtained from any governmental authority for such Alterations, not later than thirty (30) days after such permit is obtained, (ii) notify Landlord in reasonable detail of the Alterations made and the date of completion, not later than thirty (30) days after such Alterations have been completed, (iii) provide Landlord with documentation reasonably satisfactory to Landlord of the cost of such Alterations, not later than thirty (30) days after the total cost of such Alterations has been determined by Tenant, (iv) provide Landlord with a copy of each 591-L business property statement filing (or any similar governmental filing) relating to the Alterations, and provide Landlord with contact information of the person(s) being the most knowledgeable of the contents of such filing and the requirements relating to such filing, not later than thirty (30) days after such filing is made with the applicable governmental authority.

During the term of this Lease, all Alterations and Tenant Improvements shall be deemed to be owned by Tenant. Upon the expiration or sooner termination of this Lease, all Alterations and Tenant Improvements, except movable furniture and trade fixtures, shall become a part of the realty and belong to Landlord, but all Alterations and Tenant Improvements that Landlord has designated Specialty Tenant Improvements shall nevertheless be subject to removal by Tenant as provided in Section 7.B. Alterations which are not to be deemed trade fixtures include without limitation heating, lighting, electrical systems, air conditioning, walls, carpeting, or any installation which has become an integral part of the Premises. All Alterations shall be maintained, replaced or repaired by Tenant at its sole cost and expense. In no event shall Landlord's approval of,

or consent to, any architect, contractor, engineer or other consultant or professional, any Alterations, or any plans, specifications and drawings for any Alterations constitute a representation or warranty by Landlord of (i) the accuracy or completeness of the plans, specifications, drawings and Alterations or the absence of design defects or construction flaws therein, or the qualification of any person or entity, or (ii) compliance with applicable Laws, and Tenant agrees that Landlord shall incur no liability by reason of such approval or consent. Once any Alterations begin, Tenant shall diligently and continuously pursue their completion. Notwithstanding the foregoing, Tenant may, without Landlord's prior written consent, make non-structural Alterations to the Premises which do not affect the structure, roof or Building Systems and are not visible from outside the Premises, provided that (i) such Alterations do not exceed Five Hundred Thousand Dollars (\$500,000) per contract or during any twelve (12) month period, and (ii) Tenant otherwise complies with the provisions of this Lease relating to Alterations.

B. Free From Liens:

Tenant shall keep the Premises free from all liens arising out of work performed, materials furnished, or obligations incurred by Tenant or claimed to have been performed for or furnished to Tenant (but excluding work performed by Landlord). In the event Tenant fails to discharge any such lien within twenty (20) days after receiving notice of the filing, Landlord shall immediately be entitled to discharge the lien at Tenant's expense and all resulting costs incurred by Landlord, including attorney's fees shall be due from Tenant as additional rent not later than thirty (30) days after receiving Landlord's invoice, together with reasonable documentation therefor.

C. Compliance With Governmental Regulations:

The term Laws or Governmental Regulations shall mean all federal, state, county, city or governmental agency laws, statutes, ordinances, codes, standards, rules, requirements, regulations,

Sustainability Requirements or orders now in force or hereafter enacted, promulgated, or issued. The term also includes government measures regulating or enforcing public access, traffic mitigation, occupational, health, or safety standards for employers, employees, landlords, or tenants. Tenant, at Tenant's sole expense shall comply with all such Governmental Regulations applicable to the Premises or the Tenant's use of the Premises and shall make all repairs, replacements, alterations, or improvements necessary to comply with said Governmental Regulations. The judgment of any court of competent jurisdiction or the admission of Tenant in any action or proceeding against Tenant (whether Landlord be a party thereto or not) that Tenant has violated any such law, regulation or other requirement in its use of the Premises shall be conclusive of that fact as between Landlord and Tenant. Notwithstanding anything to the contrary contained in this Section 8.C., following the Commencement Date, Tenant shall not be required to construct or pay the cost of complying with any Laws, including, without limitation, the Americans with Disabilities Act, recorded documents or insurance underwriter's requirements requiring construction of improvements to the Premises or to any other portion of the Project or Common Areas unless such compliance is necessitated solely because of Tenant's particular and unique use of the Premises (as opposed to standard office use and use of the existing electronics lab as modified by the Tenant Improvements) or any Alteration to the Premises made by Tenant. Landlord's approval of any Alteration or other act by Tenant shall not be deemed to be a representation by Landlord that said Alteration or act complies with applicable Laws, and Tenant shall remain solely responsible for said compliance.

D. Insurance Requirements:

Tenant and its contractors shall maintain during the course of construction of Alterations, at Tenant's sole cost and expense, builders' risk insurance for the amount of the completed value of the Alterations on an all-risk non-reporting form covering all improvements under construction, including building materials, and

other insurance in amounts and against such risks as Landlord shall reasonably require in connection with the Alterations. In addition to and without limitation on the generality of the foregoing, Tenant shall ensure that its contractors procure and maintain in full force and effect during the course of construction a "broad form" commercial general liability and property damage policy of insurance naming Landlord, any property manager designated by Landlord and Landlord's lenders and any affiliates of Landlord that are designated by Landlord from time to time as additional insureds. The minimum limit of coverage of the aforesaid policy shall be in the amount of not less than Five Million Dollars (\$5,000,000) per occurrence and Five Million Dollars (\$5,000,000) annual aggregate, and shall contain a severability of interest clause or a cross-liability endorsement. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit. In no event shall the amount or type of insurance maintained or required to be maintained by Tenant or any of its contractors under this Lease in any way limit Tenant's liability under this Lease, including without limitation any indemnification, defense or hold harmless provision in favor of Landlord under this Lease.

10. MAINTENANCE OF PREMISES:

A. Landlord's Obligations:

Landlord at its sole cost and expense, shall maintain in good condition, order, and repair, and replace as and when necessary, the structural components of the Project which for the purpose of this Lease means the exterior walls, foundations, floor slabs, roof structures, columns, beams, shafts and stairwells, except that the cost to repair any damage to such items caused by Tenant or Tenant's Agents shall be paid for by Tenant to the extent the cost of repair is not fully paid to Landlord from available insurance proceeds.

Landlord also shall operate, manage, maintain in good condition and repair, and replace as and

when necessary, the cost of which shall be part of Reimbursable Operating Costs, the following: (i) all Building Systems, except for heating ventilating and air conditioning facilities and equipment installed by Tenant and serving only the Premises, (ii) the Common Area, (iii) all electrical facilities and equipment serving the Premises, except for any equipment installed by Tenant, (iv) the parking lot and all underground utility facilities servicing the Premises, (v) all elevator equipment serving the Premises, (vi) the roof membrane system for the Buildings, and (vii) all waterscape, landscaping and shrubbery within the Project.

B. Tenant's Obligations:

Except for those items described in Section 9.A above which are required to be maintained and repaired by Landlord, Tenant shall clean, maintain, repair and replace when necessary the Premises through regular inspections and servicing, including but not limited to the following: (i) all plumbing and sewage facilities located within the Premises (with Landlord remaining responsible for such systems to the point of entry into the Premises), (ii) all heating ventilating and air conditioning facilities and equipment installed by Tenant, as opposed to those outside of the Premises, which Landlord shall maintain as Reimbursable Operating Costs, (iii) all fixtures, interior walls, floors, carpets and ceilings, (iv) all windows, door entrances, plate glass and glazing systems including caulking, and skylights located within the Premises, (v) all equipment installed in the Premises by Tenant, and (vi) all automatic fire extinguisher equipment serving the Premises. In addition, Tenant shall provide its own janitorial services for the Premises. All wall surfaces and floor tile are to be maintained in an as good a condition as when Tenant took possession free of holes, gouges, or defacements. If any damage to the Premises or the Project is caused by the act or negligence of Tenant or Tenant's Agents, Tenant shall promptly repair such damage, except to the extent the cost of such repair is fully covered by insurance maintained by Landlord and is required to be repaired by Landlord pursuant to Article 16 below.

C. Obligations Regarding Reimbursable Operating Costs:

In addition to the direct payment by Tenant of expenses as provided in Section 9.B, 10, 11 and 12 of this Lease, Tenant agrees to reimburse Landlord for Tenant's Allocable Share (as defined in Section 9.E below) of Reimbursable Operating Costs (as defined in Section 9.D below) resulting from Landlord payment of expenses related to the Buildings or Project which are not otherwise paid by Tenant directly. Payment of Tenant's Allocable Share of Reimbursable Operating Costs shall commence on the Commencement Date and shall be due and payable throughout the Lease Term. Landlord shall have the right to periodically provide Tenant with a reasonable written estimate of Reimbursable Operating Costs for the next twelve (12) months and Tenant shall thereafter, until Landlord revises such estimate, pay to Landlord as additional rent, along with its Base Monthly Rent, one twelfth of Tenant's Allocable Share of the Reimbursable Operating Costs as reasonably estimated by Landlord. Within ninety (90) days after the end of each calendar year during the Lease Term (including without limitation the calendar year in which the Lease Term ends) Landlord shall deliver to Tenant a statement ("Annual Statement") in which Landlord shall set forth the actual expenditures for Reimbursable Operating Costs for such calendar year and Tenant's Allocable Share thereof. The Annual Statement shall be certified by an authorized officer of Landlord to be correct. If the Annual Statement shows that Tenant's payments of estimated Reimbursable Operating Costs exceeded Tenant's actual obligation in respect of such calendar year, Landlord shall accompany said Annual Statement with a payment to Tenant of the amount of such excess. If the Annual Statement shows that Tenant's payments of estimated Reimbursable Operating Costs were less than its actual obligation in respect of such calendar year, Tenant shall pay said difference to Landlord within thirty (30) days after Tenant's receipt of the Annual Statement, which obligation shall survive the expiration or sooner termination of the Lease Term. Notwithstanding anything to the contrary contained in this Lease, if Landlord

has not provided Tenant with an Annual Statement within eighteen (18) months after the end of the calendar year at issue, Tenant shall not be obligated to pay Reimbursable Operating Costs in excess of the estimated Reimbursable Operating Costs paid by Tenant for such calendar year.

Within ninety (90) days after receipt by Tenant of Landlord's Annual Statement, any employee of Tenant or a certified public accountant mutually acceptable to Landlord and Tenant (provided such certified public accountant charges for its service on an hourly basis and not based on a percentage of any recovery or similar incentive method and in connection therewith, Tenant and such accountants shall execute and deliver to Landlord a confidentiality agreement, in form and substance reasonably satisfactory to Landlord, whereby such parties agree not to disclose to any third-party any of the information obtained in connection with such review) shall have the right to inspect the books and records of Landlord applicable to Reimbursable Operating Expenses for the immediately preceding calendar year during the business hours of Landlord and upon not less than ten (10) business days' advance notice, at Landlord's office or, at Landlord's option, such other location as Landlord reasonably may specify, for the purpose of verifying the information contained in the Annual Statement. All expenses of such inspection shall be borne by Tenant unless the inspection shows that Landlord has overcharged Tenant by five percent (5%) or more in which case Landlord shall pay for all third-party audit costs up to a maximum of Five Thousand Dollars (\$5,000). If Tenant's inspection reveals a discrepancy in the Annual Statement, Tenant shall deliver a copy of the inspection report and supporting calculations to Landlord within thirty (30) days after completion of the inspection. If Tenant and Landlord are unable to resolve the discrepancy within thirty (30) days after receipt of the inspection report, either party may upon written notice to the other have the matter decided by an inspection by an independent certified public accounting firm approved by Landlord and Tenant (the "CPA Firm"), which approval shall not be unreasonably withheld or delayed. The

CPA Firm shall execute and deliver to Landlord a confidentiality agreement, in form and substance reasonably satisfactory to Landlord, whereby the CPA Firm agrees not to disclose to any third-party any of the information obtained in connection with such review. If the inspection by the CPA Firm shows that the actual amount of Operating Expenses payable by Tenant is greater than the amount previously paid by Tenant for such accounting period, Tenant shall pay Landlord the difference within thirty (30) days after the inspection by the CPA Firm. If the inspection by the CPA firm shows that the actual amount is less than the amount paid by Tenant, then the difference shall be, at Landlord's option, either returned to Tenant within thirty (30) days after such determination or credited against Tenant's next payment of Rent due under this Lease. Tenant may not withhold payment of any Reimbursable Operating Expenses pending completion of any inspection or audit of Operating Expenses. Unless Tenant asserts specific errors within ninety (90) days after receipt of the Annual Statement, the Annual Statement shall be deemed correct as between Landlord and Tenant.

D. Reimbursable Operating Costs:

For purposes of calculating Tenant's Allocable Share of the 2315 Building and Project costs, the term "Reimbursable Operating Costs" is defined as all costs and expenses which are incurred by Landlord in connection with ownership and operation of the 2315 Building or the Project, together with such additional facilities as may be determined by Landlord to be reasonably desirable or necessary to the ownership or operation of the 2315 Building or the Project. Reimbursable Operating Costs shall include, but not be limited to, the following to the extent the obligation therefor is not that of Tenant under the provisions of Section 9.B above: (i) common area utilities, including water, power, telephone, heating, lighting, air conditioning, ventilating, and Premises utilities to the extent not separately metered to the Premises; (ii) common area maintenance and service agreements for the Project and the equipment therein, including without limitation, common area janitorial

services, alarm and security services (if Landlord elects to provide such services), cleaning of exterior surfaces of exterior building windows, and maintenance of the sidewalks, landscaping, waterscape, roof membrane, parking areas, driveways, service areas, mechanical rooms, elevators, and the building exteriors; (iii) insurance premiums and costs, including without limitation, the premiums and cost of All Risk or Special Cause of Loss property coverage (or its equivalent or industry replacement) (including Business Interruption), Liability coverage, Environmental Liability coverage and if elected by Landlord, earthquake insurance applicable to the Building or Project; (iv) repairs, replacements and general maintenance (excluding repairs and general maintenance paid by proceeds of insurance or by Tenant or other third parties other than as Reimbursable Operating Costs, and repairs or alterations attributable solely to tenants of the Project other than Tenant); (v) all real estate taxes and assessment installments and other impositions and charges which may be levied on the Project, upon the occupancy of the Project and including any substitute or additional charges which may be imposed during the Lease Term, or which are applicable to the Lease Term regardless of when imposed, including real estate tax increases due to a sale, transfer or other change of ownership of the Project, as such taxes are levied or appear on the City and County tax bills and assessment rolls; (vi) costs of complying with Sustainability Requirements; (vii) deductibles under insurance policies; (viii) amortization of costs in excess of Fifty Thousand Dollars (\$50,000) for the following capital repairs, replacements and improvements to the Project ("Permitted Capital Costs"): (1) capital improvements (excluding therefrom Building Structure capital improvements, the cost of which shall remain the sole obligation of Landlord), (2) modification of existing or construction of additional capital improvements or building service equipment for the purpose of reducing the consumption of utility services or Reimbursable Operating Expenses of the Project, (3) capital improvements required to be constructed in order to comply with any Law not in effect or applicable to the Project as of the date of this Lease, (4) resurfacing of Common Area surface

parking lots, (5) replacement of the roof membrane system, (6) repairs and replacements to the Building Systems after the one twelve (12) month warranty period provided by Landlord in Section 7.A; and (7) any capital repairs or capital replacements made by Landlord as part of Landlord's obligations in the second paragraph of Section 9.A; (ix) the wages and benefits of all employees devoting time on operating or managing the Project, provided that as to any employee who does not devote substantially all of his or her employed time to the Project, that employee's wages and benefits shall be prorated to reflect the time spent on operating or managing the Project as opposed time spent on matters unrelated to operating and managing the Project; (x) the parking lot and all underground utility facilities servicing the Premises; (xi) intentionally omitted; and (xii) all waterscape, landscaping and shrubbery and (xiii) any of items in Section 9.B above to the extent Landlord has assumed with respect thereto the obligation for cleaning, maintenance, repair and/or replacement. Permitted Capital Costs in excess of Fifty Thousand Dollars (\$50,000) shall be amortized over the useful life of the item as reasonably determined by Landlord in accordance with reasonably accepted real estate accounting principles consistently applied, together with interest on the unpaid portion of such expenditure at the lesser of seven percent (7%) or the maximum interest rate permitted by law, and Tenant shall pay such amortized costs on a monthly basis until the earlier of the expiration or earlier termination of this Lease, as it may be extended, and the expiration of the useful life of the capital item. Landlord shall have no obligation to provide guard services or other security measures for the benefit of the Project; provided, however, that nothing contained herein shall prevent Landlord, at its sole option, from providing security measures for the Project. Notwithstanding Landlord's election to provide security measures for the Project, Tenant assumes all responsibility for the protection of Tenant and Tenant's Agents from acts of third parties. This is a "Net" Lease, meaning that Base Monthly Rent is paid to Landlord absolutely net of all costs and expenses, except only those costs which this Lease expressly states shall be paid by Landlord

at Landlord's sole cost. The provision for payment of Reimbursable Operating Costs by means of monthly payment of Tenant's Allocable Share of Reimbursable Operating Costs is intended to pass on to Tenant and reimburse Landlord for all costs of operating and managing the Project, other than those costs which this Lease expressly states shall be paid by Landlord at Landlord's sole cost. If less than one hundred percent (100%) of the Project is leased at any time during the Lease Term, Landlord shall adjust Reimbursable Operating Costs to equal Landlord's reasonable estimate of what Reimbursable Operating Costs would be had one hundred percent (100%) of the Project been leased. If a bill for real property taxes and assessments is received by Landlord within thirty-six (36) months after the expiration or termination of the Lease Term (including without limitation a supplemental tax bill), but is applicable to any tax year within the Lease Term, Tenant shall pay Tenant's Allocable Share of such taxes and assessments not later than thirty (30) days after Tenant's receipt of notice of the amount due from Landlord, which obligation shall survive expiration or sooner termination of the Lease Term.

Notwithstanding anything to the contrary contained in this Lease, Reimbursable Operating Expenses shall not include, and Tenant shall not be responsible for: (i) depreciation; (ii) principal payments of mortgage and other non-operating debts of Landlord; (iii) the cost of repairs or other work to the extent Landlord is reimbursed by insurance or condemnation proceeds; (iv) costs in connection with leasing space in the Project, including brokerage commissions, advertising and promotional expenses and the cost to negotiate and execute leases; lease concessions, rental abatements and construction allowances granted to specific tenants; (v) costs incurred in connection with the sale, financing or refinancing of the Premises or Project, including brokerage commissions, consultants', attorneys' and accountants' fees, closing costs, title insurance premiums, transfer taxes, mortgage taxes and interest charges; (vi) fines, interest and penalties incurred due to any late payment made by Landlord; (vii) costs incurred in the original

construction of the Project and costs of repairing, replacing or otherwise correcting defects or deficiencies in the initial design, construction or components of the improvements comprising the Project; (viii) costs incurred in connection with the investigation, removal, remediation or clean-up of Hazardous Materials from the Premises, Project or any portion thereof (including the fees of any environmental consultants); (ix) payment of principal and interest or other finance charges made on any debt and rental payments made under any ground or underlying lease or leases; (x) rental for any space in the Project set aside for conference facilities, storage facilities or exercise facilities; (xi) any "tap fees" or one-time lump sum sewer or water connection fees for the Project payable in connection with the original construction of the Project or any portion thereof; (xii) any capital expenditures, other than Permitted Capital Costs; (xiii) costs incurred for any item to the extent covered by a manufacturer's, materialman's, vendor's or contractor's warranty and paid by such manufacturer, materialman, vendor or contractor; (xiv) non-cash items such as deductions for depreciation and amortization of the Premises or Project, or the Premises or Project equipment; reserves for maintenance, repairs and replacements or any other purpose, except for amortization specially provided for herein with regards to Permitted Capital Costs; (xv) development fees or impact fees; (xvi) the cost of installing and outfitting a specialty improvement, including, without limitation, an observatory, cafeteria, tanning salon, ATM machine, exercise or fitness facility, or luncheon or recreational club or facility; (xvii) the costs of repair, replacement, or restoration work occasioned by any casualty or condemnation (excluding amounts of deductibles under insurance policies maintained by Landlord (provided, however, that if Tenant's percentage share of any such deductible is in excess of \$25,000.00, Landlord shall amortize the balance of Tenant's percentage share of such deductible in excess of \$25,000.00 in the same manner that Permitted Capital Costs are amortized, and Tenant shall pay such amortized sums on a monthly basis until the earlier of the expiration of the useful life of such repairs and the expiration of the Term, as it may be extended); (xviii)

payments on any mortgages executed by Landlord covering Landlord's property, any other indebtedness of Landlord, and rental under any ground lease or leases for the Project or the Common Areas; (xix) except for the property management fee, Landlord's general overhead and any overhead or profit increment to any subsidiary or affiliate of Landlord for services on or to the Premises or Project to the extent that the cost of such service exceeds competitive costs for such services rendered by persons or entities of similar skill, competence and experience other than a subsidiary or affiliate of Landlord; (xx) any costs or expenses representing any amount paid for services and materials to a (personal or business) related person, firm, or entity to the extent such amount exceeds the amount that would have been paid for such service or materials at the then existing market rates in the absence of such relationship; (xxi) compensation paid to any employee of Landlord above the grade of Property Manager/Building Superintendent, including officers and executives of Landlord; (xxii) the cost of any work or service furnished to any tenant or occupant of the Project to a materially greater extent or in a materially more favorable manner than that furnished generally to tenants and other occupants of the Project, or the costs of work or services furnished exclusively for the benefit of any tenant or occupant of the 2315 Building or Project or at such tenant's cost; (xxiii) the costs and expenses incurred in resolving disputes with other tenants, other occupants, or prospective tenants or occupants of the 2315 Building or Project, collecting rents or otherwise enforcing leases of the tenants of the 2315 Building or Project; (xxiv) the costs of repairs, alterations, and general maintenance necessitated by the gross negligence or willful misconduct of Landlord or its agents, employees or contractors, or the cost of repairs, alterations and general maintenance (excluding deductibles under insurance policies maintained by Landlord) necessitated by the negligence or willful misconduct of any other tenant or occupant of the 2315 Building or Project, or any of their respective agents, employees, contractors, invitees or licensees; (xxv) any amount paid by Landlord by way of any Landlord obligation to provide an indemnity of any third party; (xxvi)

any cost for overtime to Landlord in curing defaults by Landlord or any other tenant of the 2315 Building or Project; (xxvii) the costs including fines, penalties, and legal fees incurred due to violations by Landlord, its employees, agents, contractors or assigns, or any other tenant or occupant of the 2315 Building or Project of building codes, any governmental rule or requirement or the terms and conditions of any lease pertaining to the 2315 Building or Project or any other contract; (xxviii) all costs associated with the operation of the business of the entity which constitutes "Landlord" (as distinguished from the costs of operating, maintaining, repairing and managing the Project) including, but not limited to, Landlord's or Landlord's managing agent's general corporate overhead and general administrative expenses; or (xxix) any of the following tax or assessment expenses: (a) estate, inheritance, transfer, gift or franchise taxes of Landlord or any federal, state or local income, sales or transfer tax, (b) penalties and interest, other than those attributable to Tenant's failure to timely comply with its obligations pursuant to this Lease, and (c) any real property taxes in excess of the amount which would be payable if such tax or assessment expense were paid in installments over the longest possible term. Landlord will not collect or be entitled to collect more than one hundred percent (100%) of Reimbursable Operating Expenses actually paid or incurred by Landlord in connection with the operation, maintenance, repair, replacement, security and/or management of the Project in any calendar year (except that Landlord shall be permitted to collect delinquent Operating Expenses owing in any prior calendar year(s)), and Landlord shall make no profit from Landlord's collection of Operating Expenses (except the foregoing shall not preclude Landlord from receiving the property management fee.

E. Tenant's Allocable Share:

For purposes of prorating Reimbursable Operating Costs which Tenant shall pay, Tenant's Allocable Share of (a) Reimbursable Operating Costs specific to the 2315 Building shall be computed by multiplying the Reimbursable Operating Costs specific to the 2315 Building by

a fraction, the numerator of which is the rentable square footage of the 2315 Building Premises and the denominator of which is either (i) the total rentable square footage of the 2315 Building, or (ii) the total rentable square footage of the premises of those tenants or occupants that Landlord determines to be benefiting from such service or facility, and (b) Reimbursable Operating Expenses applicable to the entire Project shall be computed by multiplying the Reimbursable Operating Costs specific to the entire Project by a fraction, the numerator of which is the rentable square footage of the Premises and the denominator of which is either (i) the total rentable square footage of the Project, or (ii) the total rentable square footage of the premises of those tenants or occupants that Landlord determines to be benefiting from such service or facility. Tenant's obligation to share in Reimbursable Operating Costs shall be adjusted to reflect the Lease Commencement Date and Expiration Date and is subject to recalculation in the event of expansion or contraction of the rentable square footage of the Premises or Project.

F. Waiver of Liability:

Failure by Landlord to perform any defined services, or any cessation thereof, when such failure is caused by accident, breakage, repairs, strikes, lockout or other labor disturbances or labor disputes of any character or by any other cause, excepting any failure due to the gross negligence or willful misconduct of Landlord or any Landlord Related Party, shall not render Landlord liable to Tenant in any respect, including damages to either person or property, nor be construed as an eviction of Tenant, nor cause an abatement of rent, nor relieve Tenant from fulfillment of any covenant or agreement hereof. Should any equipment or machinery utilized in supplying the services listed herein as being Landlord's obligation break down or for any cause cease to function properly, upon receipt of written notice from Tenant of any deficiency or failure of any services, Landlord shall use reasonable diligence to repair the same promptly, but Tenant shall have no right to terminate this Lease and shall have no claim for rebate of rent or

damages on account of any interruptions in service occasioned thereby or resulting therefrom, except to the extent due to the gross negligence or willful misconduct of Landlord or any Landlord Related Party. Notwithstanding anything to the contrary in this Lease, if there is a material interference with Tenant's normal business operations resulting from an interruption of utilities or services to the Premises caused by the gross negligence or willful misconduct of Landlord or any Landlord Related Party, then after five (5) business days following Tenant's notice to Landlord specifying the nature of the interruption (the "Interruption Notice"), in each such event Base Monthly Rent and additional rent shall equitably abate based on the portion of the Premises affected by the interference. Any such abatement shall commence on the sixth (6th) business day following the Interruption Notice if Landlord has not cured such interruption and shall continue until the problem is corrected. Tenant waives the provisions of California Civil Code Sections 1941 and 1942 concerning the Landlord's obligation of tenantability and Tenant's right to make repairs and deduct the cost of such repairs from the rent, and any similar Law now or hereafter in effect. Landlord shall not be liable for a loss of or injury to person or property, however occurring, through or in connection with or incidental to furnishing, or its failure to furnish, any of the foregoing excepting any loss or injury due to Landlord's or Landlord's agents' gross negligence or willful misconduct.

11. INSURANCE:

A. Tenant's Use:

Tenant shall not use or permit the Premises, or any part thereof, to be used for any purpose other than that for which the Premises are hereby leased; and no use of the Premises shall be made or permitted, nor acts done, which will cause an increase in premiums or a cancellation of any insurance policy covering the Premises or any part thereof, nor shall Tenant sell or permit to be sold, kept, or used in or about the Premises, any article prohibited by the standard form of insurance policies. Tenant shall, at its sole cost, comply with all requirements of any insurance company or organization necessary for the

maintenance of property and liability policies covering the Premises and appurtenances.

B. Landlord's Insurance:

Landlord agrees to purchase and keep in force All Risk or Special Cause of Loss insurance (or its equivalent or industry replacement) in an amount equal to the replacement cost of the Project (excluding any Tenant Improvements and Alterations that are not typical or customary for office uses or use of existing electronics lab as modified by the Tenant Improvements ("Specialized Tenant Improvements") and other than Alterations for which Landlord's consent is not obtained). In addition, Landlord may elect to purchase insurance coverage for perils including earthquake, flood and/or terrorist acts, in amounts and with deductibles reasonably determined by Landlord. Landlord also shall maintain a policy of commercial general liability insurance insuring Landlord (and such others designated by Landlord) against liability for personal injury, bodily injury, death and damage to property occurring or resulting from an occurrence in, on or about the Premises or Project in an amount as Landlord determines is reasonably necessary for its protection, and Landlord may maintain (i) rental loss insurance covering a minimum of twelve (12) months, and (ii) Environmental Impairment/Pollution Liability coverage. Tenant agrees to pay Landlord as additional rent, within thirty (30) days after receipt of written invoice to Tenant, Tenant's Allocable Share of the amount of any deductible under such policy, provided that if damage is confined to the Premises, Tenant shall pay the entire deductible to Landlord. It is understood and agreed that Tenant's obligation to pay insurance premiums under this Section 10.B will be prorated to reflect the Commencement Date and Expiration Date.

C. Tenant's Insurance:

Tenant agrees, at its sole cost, to insure its personal property, trade fixtures, Specialized Tenant Improvements and other Alterations not required to be insured by Landlord against damage for their full replacement value (without depreciation). Said insurance shall provide All Risk or Special Cause of Loss coverage (or its

equivalent or industry replacement) equal to the replacement cost of said property. The property insurance provided by Tenant as required by this paragraph shall be carried in favor of Landlord and Tenant as their respective interests may appear and shall provide that any loss to Alterations shall be adjusted with and be payable to both Landlord and Tenant. Tenant shall deliver a copy of the policy and renewal certificate to Landlord. Tenant agrees, at its sole cost, to obtain and maintain throughout the Lease Term Commercial General Liability insurance for occurrences within the Project with a combined single limit of not less than Five Million Dollars (\$5,000,000), worker's compensation insurance and Employer's Liability insurance in compliance with statutory requirements. Tenant's liability insurance shall be primary insurance containing a cross-liability endorsement, and shall provide coverage on an "occurrence" rather than on a "claims made" basis. All such insurance shall provide for severability of interests; shall provide that an act or omission of one of the named or additional insureds shall not reduce or avoid coverage to the other named or additional insureds. Tenant shall name Landlord, Landlord's affiliates and property manager and Landlord's lenders as additional insureds on Tenant's liability policies and shall name Landlord and Landlord's lenders as loss payees on its property insurance. Tenant shall provide a waiver of subrogation in favor of Landlord, Landlord's affiliates and property manager for worker's compensation and employer's liability. Tenant shall deliver to Landlord a copy of all required policies and renewal certificates, or other evidence of coverage reasonably acceptable to Landlord, prior to the earlier of the Commencement Date or first entry to ready any portion of the Premises for Tenant's occupancy, and before expiration of any such policies, but in no event later than five (5) days after the scheduled expiration of such policies. All insurance policies required under this Section 10.C shall provide for thirty (30) days' prior written notice to Landlord of any cancellation, termination, or reduction in coverage. Notwithstanding the above, Landlord retains the right to have Tenant provide other forms of insurance which may be reasonably

required to cover future risks. In no event shall the types or limits of any insurance policies maintained or required to be maintained under this Lease by Tenant or its contractors limit Tenant's liability under this Lease, including without limitation Tenant's indemnification, defense and hold harmless obligations.

D. Waiver:

Except as expressly set forth elsewhere in this Lease, Landlord and Tenant hereby waive all tort, contract or other rights each may have against the other on account of any property loss or damage sustained by Landlord or Tenant, as the case may be, to the Premises or its contents, or the other Project improvements, which may arise from any risk to the extent covered by their respective property insurance policies (or to the extent they would have been covered had such insurance policies been maintained in accordance with this Lease) as set forth above; provided that such waiver shall be effective only to the extent permitted by the insurance covering such loss or, if insurance is required by this Lease but not obtained, permitted by the insurance that would cover such loss if such insurance were obtained as required by this Lease. The Parties shall each obtain from their respective insurance companies a waiver of any right of subrogation which said insurance company may have against Landlord or Tenant, as the case may be, with respect to the property insurance maintained with respect to this Lease.

12. TAXES:

Tenant shall be liable for and shall pay as additional rent, prior to delinquency, all taxes and assessments levied against Tenant's personal property and all Alterations including, but not limited to, all trade or business fixtures. In accordance with California Revenue and Taxation Code Section 2188.2, upon completion of any and all Alterations, and before the next occurring tax lien date applicable to such Alterations, Tenant shall file a written statement with the applicable tax assessor attesting to the separate ownership of such Alterations by the Tenant during the term of this Lease. All real estate taxes shall be prorated to reflect the Commencement Date and

Expiration Date. If, at any time during the Lease Term a tax, excise on rents, business license tax or any other tax, however described, is levied or assessed against Landlord as a substitute or addition, in whole or in part, for taxes assessed or imposed on land or buildings, Tenant shall pay and discharge its Allocable Share of such tax or excise on rents or other tax before it becomes delinquent; except that this provision is not intended to cover net income taxes, inheritance, gift or estate tax imposed upon Landlord. In the event that a tax is placed, levied, or assessed against Landlord and the taxing authority takes the position that Tenant cannot pay and discharge its Allocable Share of such tax on behalf of Landlord, then at Landlord's sole election, Landlord may increase the Base Monthly Rent by the exact amount of such tax and Tenant shall pay such increase. If by virtue of any application or proceeding brought by Landlord, there results a reduction in the assessed value of the Premises during the Lease Term, Tenant agrees to pay Landlord a fee consistent with the fees charged by a third party appeal firm for such services, and Landlord shall credit to Tenant Tenant's Allocable Share of such recovery to Reimbursable Project Expenses next coming due.

13. UTILITIES:

Each Building is separately metered for utilities. Tenant shall arrange for and pay directly to the providing utility all water, gas, electric, telephone, and other utilities supplied to the Premises. Landlord shall not be liable for loss of or injury to person or property, however occurring, through or in connection with or incidental to furnishing or the utility company's failure to furnish services or utilities to the Premises or any other portion of the Project, and, except to the extent set forth in Section 9.F. above, no failure or shortage shall entitle Tenant to abatement or reduction of any portion of Base Monthly Rent or any other amount payable under this Lease or affect the continued effectiveness of this Lease. Tenant acknowledges that the Premises and/or the Project may become subject to the rationing of utility services or restrictions on utility use as required by a public utility company, governmental agency or other similar

entity having jurisdiction thereof. Tenant acknowledges and agrees that its tenancy and occupancy hereunder shall be subject to such rationing or restrictions as may be imposed upon Landlord, Tenant, the Premises and/or the Project, and Tenant shall in no event be excused or relieved from any covenant or obligation to be kept or performed by Tenant by reason of any such rationing or restrictions.

As used in this Lease, "Ordinary Business Hours means the hours of 7:00 a.m. until 6:00 p.m. Monday through Friday, except holidays observed by the federal and/or State of California governments.

Except as expressly provided above in Section 7.A and the paragraph that follows this one, Landlord makes no representation with respect to the adequacy or fitness of the air-conditioning or ventilation equipment serving the Building to maintain temperatures which may be required for, or because of, any equipment of Tenant, and Landlord shall have no liability for loss or damage in connection therewith. Neither Tenant nor Tenant's Agents shall at any time enter, adjust, tamper with, touch or otherwise in any manner affect the mechanical installations or facilities of the 2315 Building, unless and until Tenant leases the entire 2315 Building.

As part of Landlord's obligations pursuant to Section 7.A. above, Landlord shall warrant all of the heating, ventilation and air-conditioning equipment serving the Premises for a period of twelve (12) months following the Commencement Date. Any HVAC unit serving the Premises that has a remaining useful life of ten (10) years from the Commencement Date will be replaced, if replacement is required, by Landlord at Landlord's sole cost and expense.

Tenant acknowledges that applicable laws (including, but not limited to, California Public Resources Code §25402.10, or any successor or replacement statutes or laws or implementing regulations) may require disclosure of certain energy consumption data for the Premises. Tenant agrees to retain and, on request, provide Landlord with information about Tenant's energy

consumption as may reasonably be necessary, including, but not limited to, copies of bills received by Tenant or any occupant of the Premises from electricity, natural gas, water and other utility providers (each a "Utility Provider", and collectively, "Utility Providers") relating to the use of utilities at the Premises (collectively, "Utility Bills") not later than thirty (30) days after delivery of Landlord's written request for Utility Bills to Tenant. Tenant authorizes Landlord to receive aggregated energy usage data or, where applicable, individual customer usage information, including, but not limited to, copies of Utility Bills, relating to the Premises and Tenant's occupancy thereof. Tenant agrees this Section 12 shall constitute written consent and authorization by Tenant for the purpose of California Public Resources Code §25402.10, or any successor or replacement statutes or laws, and any implementing regulations. Tenant further agrees, within thirty (30) days after receipt of Landlord's written request, to provide, and shall cause any occupant of the Premises who contracts with Utility Providers for utilities provided to the Premises to provide, any additional written or electronic consent in form reasonably requested by Landlord or required by a Utility Provider for the delivery of the Tenant's energy usage data to the Landlord, its agent or operator, or utility, or such other instruments as may be required to expedite the data collection process or enable Landlord to obtain such information from the Utility Providers. In addition, from time to time within thirty (30) days after delivery of Landlord's written request, Tenant shall provide, and shall cause any occupant of the Premises to provide, to Landlord such other information required to enable Landlord to comply with any energy usage reporting requirements or otherwise identify utility usage at the Premises (such as, but not limited to, weekly hours of operation, number of employees, and on-site equipment and energy using fixtures). Landlord shall have the right to use utility usage data received by Landlord with respect to the Premises and/or Project for benchmarking or other reporting purposes, and may disclose such data to prospective buyers, tenants and lenders of the Premises and/or Project.

Subject to Tenant's roof rights pursuant to Section 3.F. above, Landlord shall have the right to install and maintain renewable energy systems on the roof of the 2315 Building, in the Common Area of the Project or on property adjacent to the Project that is owned by Landlord or an affiliate of Landlord, specifically including solar panels and wind or geothermal turbines, provided that the installation and maintenance of any such systems also do not materially adversely interfere with Tenant's use of the Premises or the Common Area. In the event of such installation, at Landlord's option, Tenant agrees to purchase its energy from such sources to the extent permitted by applicable law and provided that Tenant is charged competitive rates for such energy which is less than the rates charged by the public utility that otherwise would be providing power to the Premises.

14. TOXIC WASTE AND ENVIRONMENTAL DAMAGE:

A. Use of Hazardous Materials:

Without the prior written consent of Landlord, neither Tenant, nor any subtenant of the Premises (of any tier in the chain of title) or any of Tenant's or such subtenant's agents, employees, representatives, affiliates, architects, contractors (including without limitation subcontractors of all tiers), suppliers, vendors, subtenants, licensees or invitees (collectively "Tenant's Agents"), shall cause or permit any Hazardous Materials, as defined below, to be generated, brought onto, used, stored, created, released or disposed of in or about the Premises or Project, except that Tenant may use and store small quantities of common household cleaners and office supplies on the Premises provided such use and storage is in strict compliance with all Environmental Laws, as defined below. As used herein, the term "Hazardous Materials" shall mean any and all substances, materials or wastes (whether liquid, solid or gaseous), which are a pollutant or contaminant, or which are hazardous, toxic, ignitable, reactive, corrosive, dangerous, harmful or injurious, or which present a risk to public health or the environment, or which are or may become regulated by or under the authority of any Environmental Laws, including, without

limitation, asbestos or asbestos containing materials, petroleum products, pesticides, polychlorinated biphenyls, flammable explosives, radioactive materials and urea formaldehyde. As used herein, the term "Environmental Laws" shall mean any present or future federal, state or local Laws, whether common law, statute, rule, regulation or ordinance, judgment, order, or other governmental restriction, guideline, listing or requirement, relating to the environment or any Hazardous Materials, including without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. §9601 et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §6901 et seq., and applicable provisions of the California Health and Safety Code and the California Water Code, all as heretofore or hereafter may be amended from time to time. In order to obtain Landlord's consent, Tenant shall deliver to Landlord its written proposal describing the types and quantities Hazardous Materials to be brought onto the Premises, measures to be taken for storage and disposal thereof, and safety measures to be employed to prevent pollution or contamination of the air, soil, surface and ground water. Landlord's approval may be withheld in its reasonable judgment. Without diminishing Tenant's obligation to obtain Landlord's consent to Tenant's use of Hazardous Materials on the Premises where this Lease requires such consent, Tenant represents and warrants that it shall comply with all Governmental Regulations applicable to Hazardous Materials including doing the following: (i) adhere to all reporting and inspection requirements imposed by Federal, State, County or Municipal Laws and provide Landlord a copy of any such reports or agency inspections; (ii) obtain and provide Landlord copies of all necessary permits and management plans required for the use, storage and handling of Hazardous Materials on the Premises; (iii) enforce Hazardous Materials handling and disposal practices consistent with industry standards; (iv) surrender the Premises and Project free from any and all Hazardous Materials generated, brought, used, stored, created, released, or disposed of by Tenant or Tenant's Agents or by anyone else (other than Landlord or Landlord's agents, employees or contractors)

coming onto the Premises; and (v) properly close the facility with regard to Hazardous Materials including the removal or decontamination of any process piping, mechanical ducting, storage tanks, containers, or trenches which have come into contact with Hazardous Materials and obtaining a closure certificate from the local administering agency prior to the expiration or sooner termination of this Lease.

B. Tenant's Indemnity Regarding Hazardous Materials:

Tenant shall, at its sole cost and expense and with counsel reasonably acceptable to Landlord, indemnify, defend and hold harmless Landlord and the Landlord Related Parties from and against any and all claims, liabilities, obligations, penalties, fines, actions, losses, damages, costs or expenses (including without limitation reasonable attorneys' fees) incurred or suffered arising from generating, bringing, using, storing, creating, releasing or disposing of Hazardous Materials in or about the Premises or Project by Tenant or Tenant's Agents, or the violation of any Governmental Regulation or Environmental Laws by Tenant or Tenant's Agents. This indemnification, defense and hold harmless obligation applies whether or not the concentrations of any such Hazardous Materials exceed applicable maximum contaminant or action levels or any governmental agency has issued a cleanup order. Tenant's indemnification, defense, and hold harmless obligations include, without limitation, the following: (i) claims, liabilities, costs or expenses resulting from or based upon administrative, judicial (civil or criminal) or other action, legal or equitable, brought by any private or public person under present or future Laws, including Environmental Laws; (ii) claims, liabilities, costs or expenses pertaining to the assessment and identification, monitoring, cleanup, containment, or removal of Hazardous Materials from soils, riverbeds or aquifers including the provision of an alternative public drinking water source; (iii) losses attributable to diminution in the value of the Premises or Project (iv) loss or restriction of use of rentable space in the Building or Project; (v) adverse effect on the marketing of any space in

the Project; and (vi) all other liabilities, obligations, penalties, fines, claims, actions (including remedial or enforcement actions of any kind and administrative or judicial proceedings, orders or judgments), damages (including consequential and punitive damages), and costs (including attorney, consultant, and expert fees and expenses) resulting from the release or violation. This Section 13.B shall survive the expiration or termination of this Lease.

To the best knowledge of Landlord and except as set forth in the environmental reports on the Project that Landlord made available to Tenant for review prior to the date of this Lease, (i) no Hazardous Materials are present in, on or under the Premises or the Project, or the soil, surface water or groundwater thereof, in violation of any applicable Environmental Law; (ii) no underground storage tanks are present on the Project site; and (iii) no action, proceeding or claim is pending or threatened regarding the Premises or the Project concerning any Hazardous Materials or pursuant to any Environmental Laws.

Notwithstanding the foregoing or anything to the contrary contained in this Lease, under no circumstance shall Tenant be liable for any losses, costs, claims, liabilities or damages (including attorneys' and consultants' fees) of any type or nature, directly or indirectly arising out of or in connection with any Hazardous Materials present at any time on, in, under or about the Premises or the Project, or the soils, surface water or groundwater thereof, or the violation of any Environmental Laws, except to the extent that any of the foregoing actually results from the storage, use, release or disposal of Hazardous Materials by Tenant or its agents, employees, contractors, invitees, subtenants or assignees in violation of applicable environmental Laws.

C. Notice of Release or Violation:

If, during the Lease Term (including any extensions), Tenant becomes aware of (i) any actual or threatened release of any Hazardous Materials on, under or about the Premises or Project or (ii) any inquiry, investigation,

proceeding, claim, notice or order by any private or public person or entity regarding the presence of Hazardous Materials on, under or about the Premises or Project, including without limitation alleged violations of Environmental Laws by Tenant or Tenant's Agents, Tenant shall give Landlord written notice of the release or investigation within five (5) days after learning of it and shall simultaneously and thereafter furnish Landlord with copies of any claims, notices of violation, reports, or other writings received by Tenant concerning the release or investigation. In the event of an actual release of Hazardous Materials, Tenant shall also give Landlord immediate verbal notice of such release. In the event of any release on or into the Premises or any portion of the Project or into the soil or ground water under the Premises or the Project of any Hazardous Materials used, treated, stored or disposed of by Tenant or Tenant's Agents, Tenant agrees to comply, at its sole cost, with all laws, regulations, ordinances and orders of any federal, state or local agency relating to the monitoring or remediation of such Hazardous Materials. In the event of any such release of Hazardous Materials Tenant shall immediately give verbal and follow-up written notice of the release to Landlord, and Tenant agrees to meet and confer with Landlord and any lender designated by Landlord to attempt to eliminate and mitigate any financial exposure to such lender and resultant exposure to Landlord under California Code of Civil Procedure Section 736(b) as a result of such release, and promptly to take reasonable monitoring, cleanup and remedial steps given, inter alia, the historical uses to which the Project has and continues to be used, the risks to public health posed by the release, the then available technology and the costs of remediation, cleanup and monitoring, consistent with acceptable customary practices for the type and severity of such contamination and all applicable Laws. Nothing in the preceding sentence shall eliminate, modify or reduce the obligation of Tenant under Section 13.B of this Lease to indemnify, defend and hold Landlord and the Landlord Related Parties harmless. Tenant shall provide Landlord prompt written notice of Tenant's monitoring, cleanup and remedial steps. In the absence of an order of any federal, state or local governmental or quasi-

governmental agency relating to the cleanup, remediation or other response action required by applicable Laws, any dispute arising between Landlord and Tenant concerning Tenant's obligation to Landlord under this Section 13.C concerning the level, method, and manner of cleanup, remediation or response action required in connection with such a release of Hazardous Materials shall be resolved by arbitration pursuant to this Lease.

D. Remediation Obligations:

In the event of any release on, under or about the Premises or the Project of any Hazardous Materials generated, brought onto, used, stored, created or disposed of by Tenant or Tenant's Agents coming onto the Premises, Tenant shall, at its sole cost, promptly take all necessary and appropriate actions, in compliance with applicable Environmental Laws, to remove or remediate such Hazardous Materials, whether or not any governmental agency has issued a cleanup order, so as to return the Premises and Project to the condition that existed before the introduction of such Hazardous Materials. Tenant shall obtain Landlord's written consent prior to implementing any proposed removal or remedial action, provided, however, that Tenant shall be entitled to respond immediately to an emergency without first obtaining Landlord's written consent. Nothing in the preceding sentence shall in any way eliminate, modify or reduce the obligation of Tenant under 13.B of this Lease to indemnify, defend and hold Landlord and the Landlord Related Parties harmless.

E. Environmental Monitoring:

Landlord and its agents and consultants shall have the right, upon reasonable prior notice except in the case of emergency, to inspect, investigate, sample and monitor the Premises, including any air, soil, water, ground water, or to conduct any other sampling or testing, digging, drilling or analysis, to determine whether Tenant is complying with the terms of this Section 13. If Landlord reasonably determines that Tenant is not in compliance with the terms of this Section 13, all costs incurred by Landlord in determining Tenant's non-compliance, including attorneys',

consultants' and experts' fees, shall be due and payable by Tenant to Landlord within thirty (30) days following receipt of Landlord's written demand therefor, together with reasonable supporting documentation.

15. TENANT'S DEFAULT

A. Events of Default

The occurrence of any of the following shall constitute a material default and breach of this Lease by Tenant: (i) Tenant's failure to pay the Base Monthly Rent or any other payment due under this Lease (including additional rent) by the date such amount is due; provided, however, that that not more than once in any period of twelve (12) consecutive months Landlord shall provide Tenant with three (3) days' written notice that such Base Monthly Rent or other sum due from Tenant is past due and Tenant shall not be in default hereunder if Tenant pays such delinquent payment within the three (3)- day period; (ii) intentionally omitted; (iii) Tenant's failure to deliver to Landlord any document or agreement required to be delivered by Tenant pursuant to Sections 3.D, 20.H, 20.K, 20.T within the time required by those Sections, or failure to discharge any liens within the time required by Section 8.B, or failure to deliver any evidence of insurance within the time required by this Lease, where such failure continues for three (3) business days after notice of the failure has been delivered to Tenant; (iv) Tenant's failure to observe and perform any other required provision of this Lease, or the occurrence of any other event described as a default in other Sections of this Lease or any amendment to this Lease, where such failure or default continues for thirty (30) days after written notice from Landlord (provided, however, that Tenant shall not be in default hereunder if the default is incapable of cure within thirty (30) days and Tenant commences the cure within the thirty (30) day period and thereafter diligently prosecutes the cure to completion within ninety (90) days after written notice from Landlord), except that if this Lease expressly provides that no notice or cure is required for a breach or default to exist then such notice requirement and thirty (30) day cure period shall not apply; (v) Tenant's making of any

general assignment for the benefit of creditors; (vi) the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within thirty (30) days after the filing); (vii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or (viii) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days.

B. Remedies:

In the event of any default by Tenant, then in addition to other remedies available to Landlord at law or in equity, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder by giving written notice of such intention to terminate. In the event Landlord elects to so terminate this Lease, Landlord may recover from Tenant all the following: (i) the worth at time of award of any unpaid rent which had been earned at the time of such termination; (ii) the worth at time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss for the same period that Tenant proves could have been reasonably avoided; (iii) the worth at time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; (iv) any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform its obligations under this Lease, or which in the ordinary course of things would be likely to result therefrom; including the following: (x) expenses for repairing, altering or remodeling the Premises for purposes of reletting, (y) broker's fees, advertising costs or other expenses of reletting the Premises, and (z) costs

of carrying the Premises such as taxes, insurance premiums, utilities and security precautions; and (v) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted by applicable California law. The term "rent", as used in this Lease, is defined as the minimum monthly installments of Base Monthly Rent and all other sums required to be paid by Tenant pursuant to this Lease, all such other sums being deemed as additional rent due hereunder. As used in (i) and (ii) above, "worth at the time of award" shall be computed by allowing interest at a rate equal to the greater of the following (the "Agreed Interest Rate") (i) the discount rate of the Federal Reserve Bank of San Francisco plus five (5%) percent per annum, as of the twenty-fifty (25th) day of the month immediately preceding Tenant's default, on advances to member banks under Section 13 and 13(a) of the Federal Reserve Act, as now in effect or hereafter from time to time amended, or (ii) eight percent (8%) per annum. As used in (iii) above, "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one (1%) percent. Furthermore, in the event of a default as described in clause (v), (vi), (vii) or (viii) in Section 14.A above, Landlord reserves the right to compensation for all damages and costs incurred by Landlord as a result of Tenant's default, including without limitation those based upon a tort claim or contractual claim, and without any cap other than that imposed by the United States Bankruptcy Code (as amended, and as interpreted by case law, the "Code") with respect to rent, as defined in the Code. Tenant hereby waives the protection of any limitation in the Code imposed upon such damages to the extent such waiver is enforceable under the Code, and Tenant hereby agrees that the Security Deposit may be retained by Landlord for purposes of compensation for any and all tort or contractual or other claims by Landlord against Tenant. Any obligation Landlord may have to mitigate damages upon a termination due to Tenant's default shall not include the obligation to relet the Premises if Landlord has other comparable available space within the Project.

C. Right to Re-enter:

In the event of any such default by Tenant, Landlord shall have the right, after terminating this Lease, to re-enter the Premises and remove all persons and property in accordance with applicable Laws. Such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant, and disposed of by Landlord, in any manner permitted by Laws.

D. Continuation of Lease:

If Landlord does not elect to terminate this Lease as provided in Section 14.B above, then the provisions of California Civil Code Section 1951.4, (Landlord may continue the Lease in effect after Tenant's breach and abandonment and recover rent as it becomes due if Tenant has a right to sublet and assign, subject only to reasonable limitations) as amended from time to time, shall apply, this Lease shall continue in effect, and Landlord may enforce all of its rights and remedies under this Lease, including without limitation, the right to recover payment of rent as it becomes due.

E. No Termination:

Neither efforts by Landlord to mitigate damages caused by a breach or default of Tenant, nor acts of maintenance or preservation or efforts to relet the Premises shall constitute an election by Landlord to terminate the Lease or a termination of Tenant's right to possession of the Premises.

F. Non-Waiver:

Landlord may accept Tenant's payments without waiving any rights under this Lease, including rights under a previously served notice of default. No payment by Tenant or receipt by Landlord of a lesser amount than any installment of rent due shall be deemed as other than payment on account of the amount due. If Landlord accepts payments after serving a notice of default, Landlord may nevertheless commence and pursue an action to enforce rights and remedies under the previously served notice of default without giving

Tenant any further notice or demand. Furthermore, Landlord's acceptance of rent from the Tenant when the Tenant is holding over without express written consent does not convert Tenant's tenancy from a tenancy at sufferance to a month to month tenancy. No waiver of any provision of this Lease shall be implied by any failure of Landlord or Tenant to enforce any remedy for the violation of that provision, even if that violation continues or is repeated. Any waiver by Landlord or Tenant of any provision of this Lease must be in writing. Such waiver shall affect only the provision specified and only for the time and in the manner stated in the writing. No delay or omission in the exercise of any right or remedy by Landlord or Tenant shall impair such right or remedy or be construed as a waiver thereof by Landlord or Tenant. No act or conduct of Landlord, including, without limitation, the acceptance of keys to the Premises, shall constitute acceptance of the surrender of the Premises by Tenant before the Expiration Date. Only written notice from Landlord to Tenant of acceptance shall constitute such acceptance of surrender of the Premises. Landlord's consent to or approval of any act by Tenant which requires Landlord's consent or approvals shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger and shall, at the option of Landlord, terminate all or any existing subleases or subtenants, or may, at the option of Landlord, operate as an assignment to Landlord of any or all such subleases or subtenants

G. Performance by Landlord:

If Tenant fails to perform any obligation required under this Lease or by Laws, Landlord in its sole and absolute discretion may, with three (3) days' prior notice, but without waiving any rights or remedies and without releasing Tenant from its obligations hereunder, perform such obligation, in which event Tenant shall pay Landlord as additional rent all sums paid by Landlord in connection with such substitute performance, including interest at the Agreed

Interest Rate within thirty (30) days of receipt of Landlord's written notice for such payment, together with reasonable documentation therefor.

H. Habitual Default:

The provisions of Section 14 notwithstanding, the Parties agree that if Tenant shall have been in material monetary default for three (3) or more times during any twelve (12) month period during the Lease Term, then such conduct shall, at the election of the Landlord, represent a separate event of default which cannot be cured by Tenant. Tenant acknowledges that the purpose of this provision is to prevent repetitive defaults by Tenant, which work a hardship upon Landlord and deprive Landlord of Tenant's timely performance under this Lease.

I. Consequential Damages.

Notwithstanding anything to the contrary contained in this Lease, except with respect to Tenant's obligations pursuant to Section 7.C. above, "Failure to Surrender", Article 13 above, "Toxic Waste and Environmental Damage" and in connection with Tenant's indemnity obligations to Landlord relating to third-party claims in this Lease, in no event shall either Tenant be liable to Landlord for any indirect, consequential, special, exemplary, incidental or punitive damages arising from or relating to this Lease.

16. LANDLORD'S LIABILITY:

A. Limitation on Landlord's Liability:

In the event of Landlord's failure to perform any of its covenants or agreements under this Lease, Tenant shall give Landlord written notice of such failure and shall give Landlord thirty (30) days to cure or commence to cure such failure prior to any claim for breach or resultant damages, provided, however, that if the nature of the default is such that it cannot reasonably be cured within the 30-day period, Landlord shall not be deemed in default if it commences within such period to cure, and thereafter diligently prosecutes the same to completion. In addition,

upon any such failure by Landlord, Tenant shall give notice by registered or certified mail or nationally recognized overnight courier to any person or entity with a security interest in the Premises ("Mortgagee") that has provided Tenant with notice of its interest in the Premises, and shall provide Mortgagee a reasonable opportunity to cure such failure, including such time to obtain possession of the Premises by power of sale or judicial foreclosure, if such should prove necessary to effectuate a cure. Tenant agrees that each of the Mortgagees to whom this Lease has been assigned is an express third-party beneficiary hereof. Tenant waives any right under California Civil Code Section 1950.7 or any other present or future law relating to the collection of any payment or deposit from Mortgagee or any purchaser at a foreclosure sale of Mortgagee's interest unless Mortgagee or such purchaser shall have actually received and not refunded the applicable payment or deposit. Tenant further waives all rights to terminate this Lease and to vacate the Premises on Landlord's default under this Lease, the Parties having agreed that Tenant's remedies in the event of a Landlord default shall be limited to those expressly set forth in this Lease. Tenant's sole remedy on Landlord's default is an action for damages or injunctive or declaratory relief; provided, however, Landlord and the Landlord Related Parties shall not be liable to Tenant for any consequential damages suffered or incurred by Tenant on account of Landlord's default including, without limitation, on account of lost profits or the interruption of Tenant's business. To the fullest extent allowed by Laws, except for personal injury not covered by Tenant's insurance and to the extent caused by the gross negligence or willful misconduct of Landlord or the Landlord Related Parties, Tenant hereby agrees that Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom or for damage to the goods, wares, merchandise, or other property of Tenant, Tenant's employees, invitees, customers, or any other person in or about the Premises or the Project, nor shall Landlord be liable for injury to the person of Tenant, Tenant's employees, agents, contractors, or any other person in or about the Premises or Project, whether such damage or injury is caused

by or results from fire, steam, electricity, gas, water, or rain, or from the breakage, leakage, obstruction, or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning, or lighting fixtures, or from any other cause, whether said damage or injury results from conditions arising upon the Premises or upon other portions of the Project or from other sources or places and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Tenant. To the fullest extent allowed by Laws, Landlord shall not be liable for any damages arising from any act or neglect of any other tenant, occupant, or user of the Project, nor from the failure of Landlord to enforce the provisions of any other lease of the Project.

B. Limitation on Tenant's Recourse:

If Landlord is a corporation, trust, partnership, limited liability company, joint venture, unincorporated association or other form of business entity, then the obligations of Landlord shall not constitute personal obligations of the Landlord Related Parties. If Tenant is a corporation, trust, partnership, limited liability company, joint venture, unincorporated association or other form of business entity, then the obligations of Tenant shall not constitute personal obligations of Tenant or Tenant's officers, directors or shareholders. Tenant shall have recourse only to the interest of Landlord in the Premises (and the rents and proceeds from the Premises) for the satisfaction of the obligations of Landlord and shall not have recourse to any other assets of Landlord for the satisfaction of such obligations.

C. Indemnification of Landlord:

As a material part of the consideration rendered to Landlord, to the fullest extent allowed by Laws, Tenant hereby waives all claims against Landlord for damages to goods, wares and merchandise, and all other personal property in, upon or about said Premises and for injuries to persons in or about said Premises or Project, from any cause arising at any time (including without limitation the sole, active or passive negligence or other acts or omissions of Landlord or the

Landlord Related Parties, but excluding the gross negligence of Landlord or the Landlord Related Parties as it relates to injuries to persons in or about the Premises or Project). Except to the extent due to the negligence or willful misconduct of Landlord, Tenant shall indemnify, defend with counsel reasonably acceptable to Landlord and hold Landlord and the Landlord Related Parties harmless from and against all third-party claims, liabilities, obligations, penalties, fines, actions, losses, damages, costs or expenses (including without limitation reasonable attorneys fees) incurred or suffered arising from the use or occupancy of the Premises or any part of the Project by Tenant or Tenant's Agents, the acts or omissions of Tenant or Tenant's Agents, Tenant's breach of this Lease, or any damage or injury to person or property located on the Project caused by Tenant or Tenant's Agents. Further, in the event Landlord is made party to any litigation due to the acts or omission of Tenant or Tenant's Agents, Tenant shall indemnify, defend (with counsel reasonably acceptable to Landlord) and hold Landlord and the Landlord Related Parties harmless from and against all claims, liabilities, obligations, penalties, fines, actions, losses, damages, costs or expenses (including without limitation reasonable attorneys fees) incurred in connection with such litigation.

17. DESTRUCTION OF PREMISES:

A. Landlord's Obligation to Restore:

Subject to Article 9 above, in the event of damage or destruction of the Premises during the Lease Term (other than Tenant's Specialized Tenant Improvements and other than those Alterations for which Landlord's consent was not obtained) Landlord, and Tenant (as to Alterations for which Landlord's consent was not obtained and Specialized Tenant Improvements, provided that in no event shall Tenant perform any work in violation of the other Sections of this Lease), shall repair the same to a similar condition to that which existed prior to such damage or destruction, to the extent legally allowed, subject to this Section 16 below. Except as expressly provided for in this Section 16, such damage or destruction shall not annul or void this Lease,

however, Tenant shall be entitled to a proportionate reduction of Base Monthly Rent while repairs are being made, such proportionate reduction to be based upon the extent to which Tenant is unable to use the Premises during such repairs, as reasonably determined by Landlord. In no event shall Landlord be required to replace or restore Alterations for which Landlord's consent was not obtained, Specialized Tenant Improvements or Tenant's trade fixtures or personal property.

B. Limitations on Landlord's Restoration Obligation:

Notwithstanding the provisions of Section 16.A above, Landlord shall have no obligation to repair or restore the Premises if any of the following occur: (i) if Landlord estimates the repairs cannot be made in three hundred sixty-five (365) days from the date of the casualty, (ii) if the holder of the first deed of trust or mortgage encumbering the Project elects not to permit the insurance proceeds payable upon damage or destruction to be used for such repair or restoration, (iii) the damage or destruction is not fully covered by the insurance maintained by Landlord (unless the lack of insurance proceeds results from Landlord's failure to carry the insurance required to be carried by Landlord pursuant to this Lease, in which case Landlord shall not be released from its obligations set forth in Section 16.A.), (iv) the damage or destruction occurs in the last twelve (12) months of the Lease Term (taking into consideration all Options then exercised by Tenant) and the repairs will take over thirty (30) days to complete, (v) Tenant is in default beyond the applicable notice and cure periods pursuant to the provisions of Section 14, or (vi) Tenant has vacated the Premises for more than ninety (90) days. In any such event Landlord may elect either to (i) complete the repair or restoration, or (ii) terminate this Lease by providing Tenant written notice of its election within sixty (60) days following the damage or destruction. If Landlord elects to repair or restore, this Lease shall continue in full force and effect. Except as set forth in this Article, Tenant hereby waives the benefits and rights provided to Tenant by the provisions of Civil Code Sections

1932 and 1933, or any similar Law now or hereafter in effect.

C. Tenant's Termination Rights.

Notwithstanding anything to the contrary contained in this Lease, if Tenant is not then in default beyond the applicable notice and cure periods pursuant to the provisions of Section 14, Tenant shall have the right by written notice to Landlord effective upon the date thereof, to terminate this Lease (i) if twenty-five percent (25%) or more of the 2345 Building, and/or twenty-five percent (25%) or more of the 2315 Building Premises is damaged or destroyed; or (ii) if the damage or destruction occurs during the last twelve (12) months of the Term and the repairs will take over thirty (30) days to complete; or (iii) if Landlord commences the restoration of the Premises but fails to complete the restoration within eighteen (18) months thereafter.

18. CONDEMNATION:

If twenty-five percent or more of the 2345 Building and/or twenty-five percent (25%) or more of the 2315 Building Premises shall be taken for any public or quasi-public use, under any statute or by right of eminent domain or private purchase in lieu thereof Tenant shall have the right to terminate this Lease as of the day before title vests in the condemnor or purchaser ("Vesting Date") and Rent payable hereunder shall be adjusted so that Tenant is required to pay for the remainder of the Lease Term only such portion of Base Monthly Rent as the percentage of the part remaining after such taking bears to the percentage of the entire Premises prior to such taking, as reasonably determined by Landlord. If part or all of the Premises be taken, all compensation awarded upon such taking shall go to Landlord, and Tenant shall have no claim thereto; except Landlord shall cooperate with Tenant, without cost to Landlord, to recover compensation for the unamortized cost of any Specialized Tenant Improvements and Alterations paid for by Tenant and not paid or reimbursed through the Work Allowance, and for Tenant's relocation and moving costs. If there is a taking of any parking areas within the Project, and substitute parking cannot be provided within the

Project by means of restriping the remaining existing parking areas within the Project, then the parking allocated to Tenant under this Lease shall be proportionately reduced. Tenant hereby waives the provisions of California Code of Civil Procedures Section 1265.130 and any similar Law now or hereafter in effect, and the provisions of this Section 17 shall govern in the case of a taking.

19. ASSIGNMENT OR SUBLEASE:

A. Consent by Landlord:

Except as specifically provided in Section 18.E below, Tenant may not voluntarily, involuntarily or by operation of law, assign, sell or otherwise transfer all or any part of Tenant's interest in this Lease or in the Premises, cause or permit any part of the Premises to be sublet, occupied or used by anyone other than Tenant, or permit any person to succeed to any interest in this Lease or the Premises (all of the foregoing being a "Transfer") without the express written consent of Landlord, and no partial assignment of Tenant's rights or obligations under this Lease shall be allowed under any circumstances. In the event Tenant desires to effectuate a Transfer, Tenant shall deliver to Landlord (i) executed counterparts of any agreement and of all ancillary agreements with the proposed transferee, (ii) current financial statements of the transferee covering the preceding three (3) years (if the transferee has been in business for three (3) years), (iii) the nature of the proposed transferee's business to be carried on in the Premises, (iv) a statement outlining all consideration to be given on account of the Transfer, and (v) a current financial statement of Tenant (unless Tenant is then a public company whose shares are traded over a public exchange in the United States of America (a "Public Exchange")). Landlord may condition its approval of any Transfer on receipt of a certification from both Tenant and the proposed transferee of all consideration to be paid to Tenant in connection with such Transfer. At Landlord's request, Tenant shall also provide additional information reasonably required by Landlord to determine whether it will consent to the proposed Transfer. Landlord shall have a thirty (30)- day period following receipt of all the

foregoing within which to notify Tenant in writing that Landlord elects to: (i) terminate this Lease if Tenant proposes to assign this Lease to a party other than a Permitted Transferee; or (w) terminate this Lease with respect to the 2345 Building if Tenant proposes to sublease substantially the entirety of the 2345 Building for substantially the balance of the Term, (x) terminate this Lease with respect to the 2315 Building Premises if Tenant proposes to sublease substantially the entirety of the 2315 Building Premises for substantially the balance of the Term; (y) terminate this Lease with respect to Horn House if Tenant proposes to sublease Horn House for substantially the balance of the Term, or (z) terminate this Lease with respect to the Premises if Tenant proposes to sublease the entirety of the Premises for substantially the balance of the Term, (ii) permit Tenant to Transfer such space to the named transferee on the terms and conditions set forth in the notice; or (iii) refuse consent. In the event that Landlord elects to refuse consent, Landlord shall so notify Tenant in writing and provide Landlord's reasoning for electing to refuse consent. In the event Landlord elects option (i) above, this Lease shall expire with respect to the Premises, or such part of the Premises, as applicable, on the date upon which the proposed Transfer was to commence, and from such date forward, Base Monthly Rent shall be adjusted based on the proportion that the rentable area of the Premises remaining bears to the total rentable area of the Premises before exercise of Landlord's election to terminate, and Tenant's Allocable Share of all other costs and charges shall be adjusted in accordance with Section 9.E based upon the remaining rentable area of the Premises. In the event Landlord does not elect to terminate this Lease as set forth in this Section 18.A., Landlord's consent to the proposed Transfer shall not be unreasonably withheld, conditioned or delayed, provided and upon the condition that: (i) the proposed transferee is engaged in a business that is limited to the use expressly permitted under this Lease; (ii) the proposed transferee is a company with sufficient financial worth and management ability to undertake the financial obligation of this Lease and Landlord has been furnished with reasonable proof thereof; (iii) the

proposed transfer agreement, if it is a sublease, conforms to the requirements of Section 18.I below or if it is an assignment, is in a form reasonably satisfactory to Landlord; (iv) the proposed Transfer will not result in there being greater than four (4) subtenants or other occupants (not including employees) within the 2345 Building, or two (2) subtenants in the 2315 Building or one (1) subtenant in the Horn House at any time during the Lease Term; (v) Tenant reimburses Landlord within thirty (30) days after receipt of written demand for all actual and reasonable costs that may be incurred by Landlord in connection with said Transfer, including the costs of making investigations as to the acceptability of the proposed transferee and legal costs incurred in connection with the granting or denial of any requested consent, provided that such costs shall not exceed \$5,000.00 per request for consent; and (vi) Tenant shall not have advertised or publicized in any way the availability of the Premises without prior notice to Landlord. Without otherwise limiting the criteria upon which Landlord may withhold its consent, Landlord shall be deemed reasonable in withholding its consent if it does so for any of the following reasons: (i) intentionally omitted; or (ii) intentionally omitted; or (iii) any one or more of the requirements described in (i) through (vi) of the prior sentence has not been met. In the event all or any one of the foregoing conditions are not satisfied (without limiting other reasonable factors that reasonably may be considered or conditions that may be imposed by Landlord in connection with a requested Transfer), Landlord shall be considered to have acted reasonably if it withholds its consent. Tenant shall not hypothecate, mortgage, pledge or otherwise encumber Tenant's interest in this Lease or the Premises or otherwise use the Lease as a security device in any manner without the consent of Landlord, (all of the foregoing being an "Hypothecation") which consent Landlord may withhold in its sole and absolute discretion. Tenant shall reimburse Landlord on demand for all costs that may be incurred by Landlord in connection with an Hypothecation, including legal costs incurred in connection with the granting or denial of any requested consent. Landlord's consent to one or more Transfers or

Hypothecations shall not operate to waive Tenant's obligation to obtain Landlord's consent to other Transfers or Hypothecations nor constitute consent to an assignment or other Transfer following foreclosure of any permitted lien, mortgage or other encumbrance. If Tenant is a corporation, limited liability company, unincorporated association, partnership or other legal entity, the sale, assignment, cancellation, surrender, exchange, conversion or any other transfer or hypothecation of any stock, membership or other ownership interest in such entity (whether occurring at one time or over a period of time) in the aggregate of more than fifty percent (50%) (determined cumulatively) shall be deemed an assignment of this Lease; in the case of a partnership, any withdrawal or substitution (whether occurring at one time or over a period of time) of any partners owning fifty percent (50%) or more (cumulatively) of the partnership, or the dissolution of the partnership shall be deemed an assignment of this Lease; provided that the foregoing provisions of this sentence shall not apply to a transfer of stock in a corporation whose stock is publicly traded on a Public Exchange if the transfer of stock is not in connection with a transaction or series of transaction which would result in Tenant no longer being publicly traded on a Public Exchange. If Tenant is an entity, any sale of all or substantially all of its assets shall be deemed an assignment of this Lease. If Tenant is a corporation whose stock is not publicly traded on a Public Exchange, any dissolution, merger, consolidation or reorganization of Tenant shall be deemed a Transfer. Tenant acknowledges and agrees that the provision of this Section 18 are not unreasonable standards or conditions for purposes of Section 1951.4 of the California Civil Code, as amended from time to time, under bankruptcy laws, or for any other purpose.

B. Assignment or Subletting Consideration:

Landlord and Tenant hereby agree that fifty percent (50%) of any rent or other economic consideration (including without limitation, payments for trade fixtures and personal property in excess of the fair market value thereof, stock, warrants, and options) in excess of the Rent

payable hereunder (after deducting therefrom Reasonable Transfer Costs (defined below)) realized by Tenant in connection with any Transfer by Tenant shall be paid by Tenant to Landlord promptly after such amounts are paid to Tenant. As used in this Section 18.B, "Reasonable Transfer Costs" shall mean the following costs, to the extent reasonably incurred in connection with the Transfer in question: (i) advertising costs and brokerage commissions payable to unaffiliated third parties, (ii) legal fees, and (iii) tenant improvement costs incurred by Tenant solely in connection with such Transfer. In the case of a Transfer other than an assignment of Tenant's entire interest in the Lease and Premises, Reasonable Transfer Costs shall be amortized on a straight-line basis, without interest, over the initial term of the Transfer. Tenant's obligation to pay over Landlord's portion of the consideration constitutes an obligation for additional rent hereunder. The above provisions relating to Landlord's right to terminate the Lease and relating to the allocation of excess rent are independently negotiated terms of the Lease which constitute a material inducement for the Landlord to enter into the Lease, and are agreed by the Parties to be commercially reasonable. No Transfer by Tenant shall relieve it of any obligation under this Lease. Any Transfer which conflicts with the provisions of this Lease shall be voidable by Landlord at any time following such Transfer.

C. No Release:

Any Transfer shall be made only if and shall not be effective until the transferee shall execute, acknowledge, and deliver to Landlord an agreement, in form and substance reasonably satisfactory to Landlord, whereby the transferee, in the event of an assignment of this Lease, shall assume all the obligations of this Lease on the part of Tenant to be performed or observed to the extent of the interest being transferred, and in the event of a sublease the transferee shall be subject to the provisions of Section 18.I. below. Notwithstanding any Transfer and the acceptance of rent or other sums by Landlord from any transferee, unless, in the event of an assignment of this Lease, Landlord agrees, in Landlord's sole

and absolute discretion, in writing to release Tenant from such obligations, Tenant shall remain fully liable for the payment of Base Monthly Rent and additional rent due, and to become due hereunder, for the performance of all the covenants, agreements, terms, provisions and conditions contained in this Lease on the part of Tenant to be performed and for all acts and omissions of any transferee or any other person claiming under or through any transferee that shall be in violation of any of the terms and conditions of this Lease, and any such violation shall be deemed a violation by Tenant. Tenant shall indemnify, defend with counsel reasonably acceptable to Landlord and hold Landlord and the Landlord Related Parties harmless from and against all claims, liabilities, obligations, penalties, fines, actions, losses, damages, costs or expenses (including without limitation reasonable attorneys fees) resulting from any claims that may be made against Landlord by the proposed transferee or by any real estate brokers or other persons claiming compensation in connection with the proposed Transfer.

D. Reorganization of Tenant:

Except with respect to a Permitted Transfer pursuant to Section 18.E. of this Lease, in which event this provision shall not apply, the provisions of this Section 18.D shall apply if: (i) there is a dissolution, merger, consolidation, or other reorganization of or affecting Tenant, where Tenant is not the surviving company, or there is a sale of all or substantially all of the assets of Tenant, or (ii) there is a sale, cancellation, surrender, exchange, conversion or any other transfer of stock involving or consisting of more than fifty percent (50%) of the total combined voting power of all classes of Tenant's capital stock issued, outstanding and entitled to vote for the election of directors, or a transfer of more than a fifty percent (50%) ownership interest in Tenant (where Tenant is not a corporation), or there is any merger, consolidation or other reorganization of or affecting Tenant (other than one described in (i) immediately above), whether the foregoing occurs in a single transaction or in multiple steps. In a transaction under clause (i) of this Section 18.D, the surviving or acquiring

corporation or entity (“Surviving Entity”) shall promptly execute and deliver to Landlord an agreement in form reasonably satisfactory to Landlord under which the Surviving Entity assumes the obligations of Tenant hereunder. In a transaction or series of transactions under clause (ii) of this Section 18.D, the entities which as a result of such transaction(s) own a greater than fifty percent (50%) interest in Tenant (including, without limitation as a result of a reverse triangular merger or a triangular merger) (collectively the “Acquiring Entity”) shall promptly execute and deliver to Landlord a guaranty of lease in form reasonably satisfactory to Landlord under which the Acquiring Entity guarantees the full payment and performance of the obligations of Tenant under the Lease (“Lease Guaranty”). The foregoing notwithstanding, as to all transactions described in this Section 18.D, if the Surviving Entity or Acquiring Entity is itself not a publicly-traded company, but is instead the subsidiary of or owned (directly or indirectly) by a publicly-traded company (or a subsidiary of a subsidiary of a publicly-traded company, or a subsidiary in a chain of entities in which one or more parent companies are publicly traded), then each publicly-traded parent company in such chain shall also be required to execute and deliver to Landlord the Lease Guaranty. In addition, in the event that after such acquisition Tenant does not prepare audited financial statements, then in addition to the financial statements required to be delivered by Tenant hereunder, each entity required to execute the Lease Guaranty shall provide Landlord its audited financial statements at the times and in the manner required of Tenant hereunder. Without limiting the foregoing requirements, it is the intent of the parties that after such any transaction or series of transactions described in this Section 18.D, Landlord shall be entitled to rely on the creditworthiness of publicly-traded companies and to receive audited financial information from publicly-traded companies to the extent

Tenant is owned, directly or indirectly, by a publicly-traded company.

E. Permitted Transfers

Provided that Tenant otherwise complies with the provisions of Section 18.C. above, Tenant may enter into any of the following Transfers described in this Section 18.E (a “Permitted Transfer”) without Landlord’s prior consent, provided however that Tenant shall notify Landlord of any such Transfer not later than ten (10) business days after the effective date of such Transfer. Tenant may sublease all or part of the Premises or assign its interest in this Lease to (i) any corporation or other entity which controls, is controlled by, or is under common control with the original Tenant to this Lease by means of an ownership interest of more than fifty percent (50%); (ii) a corporation or other entity which results from a merger, consolidation or other reorganization in which Tenant is not the surviving corporation or entity, so long as the surviving corporation or entity has a net worth at the time of such assignment or sublease that is sufficient, in Landlord’s reasonable judgment, to permit the Permitted Transferee to perform the remaining obligation under this Lease; and (iii) a corporation or other entity which purchases or otherwise acquires all or substantially all of the assets of Tenant so long as such acquiring corporation or entity has a net worth at the time of such assignment or sublease that is sufficient, in Landlord’s reasonable judgment, to permit the Permitted Transferee to perform the remaining obligation under this Lease. Any transferee pursuant to this Section 18.E is referred to elsewhere in this Lease as a “Permitted Transferee”. Any transferee pursuant to an assignment of all of Tenant’s interest in this Lease pursuant to this Section 18.E above is referred to elsewhere in this Lease as a “Permitted Assignee”. For purposes of this Lease, a transfer or issuance of Tenant’s stock over any Public Exchange (subject to the provisions of Section 18.A. above) shall not be deemed an assignment, subletting or other transfer of this Lease or the Premises requiring Landlord’s consent. Any right of Landlord to recapture the Premises or receive excess rentals or other consideration shall not apply to a Permitted Transfer. If the original Tenant survives the Permitted Transfer, the original Tenant shall not be released from its

liabilities and obligations under this Lease following the Permitted Transfer and shall remain fully liable for all of Tenant's obligations under this Lease.

F. Effect of Default:

In the event of Tenant's default, beyond applicable notice and cure periods, Tenant hereby assigns all amounts due to Tenant from any Transfer as security for performance of Tenant's obligations under this Lease, and Landlord as assignee of Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such amounts and apply it toward Tenant's obligations under this Lease, except that Tenant may collect such amounts unless a default occurs as described in Section 14 above. Landlord's collection of any amounts due from a Transfer shall not constitute an acceptance by Landlord of attornment by any subtenants, and upon Tenant's default Landlord shall have all rights provided by this Lease and applicable Laws, including without limitation terminating this Lease and any or all occupants' rights to possession of the Premises as Landlord shall determine in Landlord's sole and absolute discretion. A termination of the Lease due to Tenant's default shall not automatically terminate a Transfer then in existence; rather at Landlord's election (1) such Transfer shall survive the Lease termination, (2) the transferee shall attorn to Landlord, and (3) Landlord shall undertake the obligations of Tenant under the transfer agreement; except that Landlord shall not be liable for prepaid rent, security deposits or other defaults of Tenant to the transferee, or for any acts or omissions of Tenant and Tenant's Agents.

G. Conveyance by Landlord:

In the event of any transfer by any person or entity comprising Landlord of such person's or entity's entire interest in this Lease, such person or entity (and in case of any subsequent transfer, the then transferor) shall be automatically freed and relieved from and after the date of such transfer of all liability for the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter to be performed; provided, however, that (i) any

successor assumes all of the covenants and obligations of Landlord in writing that arise following the transfer of the Project to such successor, and (ii) any funds in the hands of such person or entity or the then transferor at the time of such transfer, in which Tenant has an interest shall be turned over to the transferee and if the entire interest of Landlord is the subject of the transfer then any amount then due and payable to Tenant by Landlord or the then transferor under any provision of this Lease shall be paid to Tenant. It is intended hereby that the covenants and obligations contained in this Lease to be performed on the part of Landlord shall, subject as aforesaid, shall be binding on each Landlord, its successors and assigns, only during its period of ownership.

H. Successors and Assigns:

Subject to the provisions this Section 18, the covenants and conditions of this Lease shall apply to and bind the heirs, successors, executors, administrators and assigns of all Parties hereto; and all parties hereto comprising Tenant shall be jointly and severally liable hereunder.

I. Sublease Requirements:

With respect to any permitted sublet of the Premises by Tenant to an approved Subtenant ("Subtenant"), the sublet transaction shall be evidenced by a written sublease between Tenant and Subtenant (the "Sublease"). The Sublease shall comply with the following requirements: (i) The form of the Sublease and the terms and conditions thereof shall be subject to Landlord's approval which shall not be withheld, conditioned or delayed unreasonably; (ii) The Sublease shall provide that it is subject to and shall incorporate by reference all of the terms and conditions of this Lease, except those terms and conditions relating to Rent, additional rent, and any other amount due under this Lease; (iii) The Sublease shall provide that the Subtenant shall have no right to exercise any option or other right granted to Tenant in this Lease; (iv) The Sublease shall contain a waiver of subrogation against Landlord for any occurrence that would be covered under the property insurance policy that Tenant is required to or does carry under or with respect to this Lease and shall

require Subtenant's property insurance policies to acknowledge such waiver of subrogation, and Landlord shall agree that the waiver of subrogation is a three-party agreement among Landlord, Tenant and the Subtenant; (v) The Sublease shall provide that all requirements of the Lease applicable to subleases shall be applicable to sub-subleases; (vi) The Sublease shall require Subtenant, acting through Tenant, to obtain Landlord's prior written approval, to any alteration to the Premises to the same extent Tenant is required by this Lease to obtain such consent; (vii) The Sublease shall require Subtenant to send Landlord copies of any and all notices concerning the Premises that Subtenant is obligated to provide to Tenant and Tenant to send Landlord copies of any and all notices concerning the Premises that Tenant is obligated to provide to Subtenant; (viii) The Sublease shall provide that, at Landlord's option, the Sublease shall not terminate in the event that this Lease terminates and shall require Subtenant to execute an attornment agreement if Landlord, in its sole and absolute discretion, shall elect to have the Sublease continue beyond the date of termination of this Lease as a direct lease between Landlord and the Subtenant (provided however that in no event shall Landlord be liable for any default under the Sublease occurring prior to such attornment); and (ix) The Sublease shall require the Subtenant to agree that on receipt of notice from Landlord that Tenant has defaulted, Subtenant shall pay all sums due under the Sublease to Landlord.

20. OPTION TO EXTEND AND EXPAND:

A. Grant and Exercise of Option:

Landlord grants to Tenant, subject to the terms and conditions set forth in this Article 19 two (2) options (each an "Option" and collectively the "Options") to extend the Lease Term for an additional term (each an "Option Term"). Each Option Term shall be for a period of five (5) years and shall be exercised, if at all, by written notice to Landlord no earlier than fifteen (15) months prior to the date the Lease Term would expire but for such exercise but no later than twelve (12) months prior to the date the

Lease Term would expire but for such exercise, time being of the essence for the giving of such notice. If Tenant exercises an Option, all of the terms, covenants and conditions of this Lease shall apply except for the grant of additional Options pursuant to this Article 19 and rights with respect to the lease of additional space within the 2315 Building pursuant to Sections 19.E and 19.F below and except for tenant improvements, improvement allowances or relocation allowances, free rent or other leasing concessions and inducements, and provided that Base Monthly Rent for the Premises payable by Tenant during the Option Term shall be the Fair Market Rental as hereinafter defined, without taking into consideration the Base Monthly Rent paid by Tenant during the last year of the initial Lease Term or the first Option Term, as applicable. Notwithstanding anything herein to the contrary, (i) if Tenant is in monetary or material non-monetary default, beyond applicable notice and cure periods, under any of the terms, covenants or conditions of this Lease either at the time Tenant exercises the Option or at any time thereafter prior to the commencement date of the Option Term, or (ii) so long as Tenant has a net worth at the time of exercising the Option sufficient, in Landlord's reasonable judgment, to permit Tenant to perform the obligations under this Lease for the Option Term, then Landlord shall have, in addition to all of Landlord's other rights and remedies provided in this Lease, the right to terminate the Option upon notice to Tenant, in which event the Lease Term shall not be extended pursuant to this Section 19.A. As used herein, the term "Fair Market Rental" is defined as the rental and all other monetary payments, including any escalations and adjustments thereto that Landlord could obtain during the Option Term from a third party desiring to lease the Premises, based upon rental rates being charged in comparable buildings in the same real estate submarket area as the Project for space of comparable size and condition to the Premises, taking into consideration all relevant factors, including, without limitation, such factors as credit-worthiness of the Tenant, the duration of the term, any rental or other concessions granted, whether a broker's commission or finder's fee will be paid, responsibility for Operating Expenses, and the

tenant improvement allowance, if any, required for an extended term

B. Determination of Fair Market Rental:

If Tenant exercises an Option, Landlord shall send Tenant a notice setting forth the Fair Market Rental for the Option Term within thirty (30) days following the date of exercise. If Tenant disputes Landlord's determination of Fair Market Rental for the Option Term, Tenant shall, within thirty (30) days after delivery to Tenant of Landlord's notice setting forth Fair Market Rental for the Option Term, send to Landlord a notice stating that Tenant either elects to terminate its exercise of the Option, in which event the Option shall lapse and this Lease shall terminate on the Expiration Date, or that Tenant disagrees with Landlord's determination of Fair Market Rental for the Option Term and elects to resolve the disagreement as provided in Section 19.C below. If Tenant does not timely send Landlord a notice as provided in the previous sentence, Landlord's determination of Fair Market Rental shall be deemed rejected by Tenant. If Tenant elects, or is deemed to have elected, to resolve the disagreement as provided in Section 19.C below and such procedures are not concluded prior to the commencement date of the Option Term, Tenant shall pay to Landlord as Base Monthly Rent in effect immediately before the start of the Option Term (without regard to temporary reductions or abatements then in effect. If the Fair Market Rental as finally determined pursuant to Section 19.C is greater than Landlord's determination, Tenant shall pay Landlord the difference between the amount paid by Tenant and the actual Base Monthly Rent due as so determined in this Article 19 within thirty (30) days after such determination. If the Fair Market Rental as finally determined in Section 19.C is less than Landlord's determination, the difference between the amount paid by Tenant and the actual Base Monthly Rent due as so determined pursuant to this Article 19 shall be credited against the next installments of Base Monthly Rent due from Tenant to Landlord hereunder.

C. Resolution of a Disagreement over the Fair Market Rental:

Any disagreement regarding Fair Market Rental shall be resolved as follows: Within thirty (30) days after Tenant's response to Landlord's notice setting forth the Fair Market Rental, Landlord and Tenant shall meet at a mutually agreeable time and place, in an attempt to resolve the disagreement. If within the 30-day consultation period referred to above, Landlord and Tenant cannot reach agreement as to Fair Market Rental, each party shall select one appraiser to determine Fair Market Rental. Each such appraiser shall arrive at a determination of Fair Market Rental and submit their conclusions to Landlord and Tenant within thirty (30) days after the expiration of the 30-day consultation period described above. If only one appraisal is submitted within the requisite time period, it shall be deemed as Fair Market Rental. If both appraisals are submitted within such time period and the two (2) appraisals so submitted differ by less than ten percent (10%) of the higher appraisal, the average of the two shall be deemed as Fair Market Rental. If the two (2) appraisals differ by ten percent (10%) or more of the higher appraisal, the appraisers shall immediately select a third appraiser who shall, within thirty (30) days after this selection, make and submit to Landlord and Tenant a determination of Fair Market Rental. This third appraisal will then be averaged with the closer of the two (2) previous appraisals and the result shall be Fair Market Rental, or if it is exactly in the middle of the two (2) previous appraisals (i.e. not any closer to one than it is to the other) the third appraisal shall be the Fair Market Rental. All appraisers specified pursuant to this Section 19.C shall be members of the American Institute of Real Estate Appraisers with not less than ten (10) years experience appraising office and industrial properties in the Santa Clara Valley. Each party shall pay the cost of the appraiser selected by such party and one-half of the cost of the third appraiser.

D. Personal to Tenant:

All Options and other rights provided to Tenant under this Article 19 (including, but not limited to, the Right of First Refusal and the

Expansion Right) are (i) personal and granted solely to Astera Labs, Inc. and any Permitted Assignee, (ii) not exercisable by any other person or entity other than a Permitted Assignee whether or not a Transfer has occurred unless Landlord consents to permit exercise of any Option by any assignee or subtenant in Landlord's sole and absolute discretion, and (iii) not exercisable by Tenant during any period in which Tenant is subleasing more than thirty-three percent (33%) of the rentable square footage of the Premises. In the event Tenant has multiple options to extend this Lease, a later Option to extend the Lease cannot be exercised unless the prior Option has been properly exercised and the Option Term for that exercised prior Option has commenced. All Options provided to Tenant in this Lease shall terminate upon the expiration or sooner termination of this Lease and shall not apply during any holdover period.

E. Right of First Refusal:

Provided no default, beyond applicable notice and cure periods, then exists, Tenant shall have a right of first refusal (the "Right of First Refusal") commencing on the date hereof and continuing for the first thirty-six (36) months of the Initial Term to lease any space within the remainder of the 2315 Building as to which Landlord receives a bona fide written offer from an unaffiliated third party tenant which Landlord desires to accept (such space being the "Offered Space"), subject to all the terms and conditions of this Section 19.E. If Landlord receives a term sheet, letter of intent or similar document from a prospective tenant (or its affiliate or broker) (a "Lease Offer") which Landlord desires to accept for the lease of space within the Offered Space setting forth the space to be leased, the economic terms (meaning for the purposes of this Section 19.E monthly rent, monthly rent escalations, tenant improvement allowance (if any), free rent (if any)), and length of initial lease term (including any options to renew or extend), then Landlord agrees to deliver a copy of the Lease Offer to Tenant together with written notice to Tenant tendering the same to Tenant in accordance with this paragraph (the "Lease Notice"), subject to this Section 19.E below;

provided, however, if Tenant exercises the Right of First Refusal, the Termination Date and the initial Lease Term shall be automatically extended to the date that is sixty (60) months from the commencement date of Tenant's lease of the Offered Space if such date is after the original Termination Date (which is ninety (90) months following the Commencement Date). For example, if Tenant exercised the Right of First Refusal and the commencement date of the Offered Space is forty-two (42) months after the original Commencement Date, then the Expiration Date would be extended to one hundred two (102) months after the original Commencement Date. If Tenant exercised the Right of First Refusal and the commencement date of the Offered Space is twenty-five (25) months after the original Commencement Date, then the Expiration Date would not change, since adding sixty (60) months to the twenty-fifth (25th) month would be earlier than the original Expiration Date.

Not later than seven (7) business days after delivery of the Lease Offer and Lease Notice to Tenant, Tenant shall have the right to accept the offer by written notice delivered to Landlord within this seven (7) business day period. If Tenant does not respond to Landlord in writing within said seven (7) business day period, Tenant shall be deemed to have rejected Landlord's Lease Offer, and Landlord shall have the right to lease the Offered Space to the proposed tenant or any affiliate of the proposed tenant for a six (6) month period following such seven (7) business day period at rents and other economics that are not less than ninety percent (90%) of the rents and other economics offered to Tenant and on such other terms and conditions acceptable to Landlord in Landlord's sole and absolute discretion, free of Tenant's rights under this Section 19.E, and upon Landlord entering into such lease Tenant's rights under this paragraph with respect to the Offered Space shall not be subject to revival until such time as such Offered Space once again becomes available for lease. If Landlord wishes to lease the Offered Space to the proposed tenant or any affiliate of the proposed tenant on rents and other economics that are less than ninety percent (90%) of the rents and other economics offered to

Tenant or to another party or after such six (6) month period, then Landlord must first deliver another Lease Notice to Tenant and deliver to Tenant a copy of the Lease Offer reflecting the new economic terms, and Tenant shall respond to such additional Lease Notice in the time and manner provided for in this Section 19.E. If Tenant accepts Landlord's offer in writing within the required seven (7) business day period, an amendment to this Lease shall be prepared by Landlord setting forth the terms in the Lease Notice as modified by this Section 19.E, but otherwise containing the same terms and conditions of this Lease, except to the extent inconsistent with the Lease Notice and except that this Section 19.E shall not be included in the amendment to this Lease and the Security Deposit shall be increased to the amount of the Base Monthly Rent for the last full calendar month of the Lease Term as increased with the addition of the Offer Space to the Premises. Each amendment to this Lease for space within the Offered Space which is entered into between Landlord and Tenant pursuant to this Section 19.E is referred to in this Lease as a "Lease Amendment", and collectively the "Lease Amendments." The Lease Amendments presented to Tenant for the Offered Space shall be consistent with the terms of this Section 19.E and shall be promptly signed by both Parties.

F. Expansion Right:

Provided no default, beyond applicable notice and cure periods, then exists, commencing on the date hereof and continuing for the first twenty-four (24) months of the Initial Term (the "Expansion Period"), Tenant shall have an ongoing right (the "Expansion Right") to expand the Premises to include all of the remainder of the 2315 Building (the "Expansion Space"), but not a portion of the Expansion Space. Tenant shall exercise the Expansion Right, if at all, by delivering written notice to Landlord (the "Expansion Notice") specifying the date Tenant intends to lease the Expansion Space; provided such date shall be no less than three (3) months following Landlord's receipt of the Expansion Notice, time being of the essence for the giving of such notice. Tenant's failure to so deliver the

Expansion Notice during the Expansion Period shall conclusively be deemed Tenant's election not to exercise the Expansion Right, and, in such event, the Expansion Right shall expire and terminate without further force or effect and Landlord may lease all or a portion of the Expansion Space to third parties on such terms as Landlord may elect, subject to Section 19.E. If Tenant timely exercises the Expansion Right, then Landlord and Tenant shall execute an amendment to this Lease, effective as of the date the Expansion Space is to be included as part of the Premises, on all of the terms, covenants and conditions of this Lease except for (i) the Security Deposit shall be increased to the amount of the Base Monthly Rent for the last full calendar month of the Lease Term as increased with the addition of the Expansion Space to the Premises, (ii) the Right of First Refusal in Section 19.E shall terminate and Tenant shall have no right to exercise the Right of First Refusal pursuant to Section 19.E, (iii) tenant improvements or improvement allowances for the Expansion Space shall be prorated based on the remaining term of the initial Lease Term, and (iv) the Base Monthly Rent for the Expansion Space shall not be abated during the Abated Rent Period.

21. GENERAL PROVISIONS:

A. Attorney's Fees:

In the event a suit or alternative form of dispute resolution is brought for the possession of the Premises, for the recovery of any sum due hereunder, to interpret the Lease, or because of the breach of any other covenant herein; then the losing party shall pay to the prevailing party reasonable attorney's fees and costs incurred in connection with such proceeding, including the expense of expert witnesses, depositions and court testimony. The prevailing party shall also be entitled to recover all costs and expenses including reasonable attorney's fees incurred in enforcing any judgment or award against the other party. The foregoing provision relating to post-judgment costs is severable from all other provisions of this Lease.

B. Authority of Parties:

If Tenant is a corporation, partnership or other entity, Tenant and each individual signing this Lease on behalf of Tenant represents and warrants that Tenant is duly formed and in good standing, that each individual signing this Lease is duly authorized to execute and deliver this Lease on behalf of Tenant and to bind Tenant to this Lease in accordance with Tenant's governing documents, and that this Lease is binding upon Tenant in accordance with its terms. At Landlord's request, Tenant shall provide Landlord with corporate resolutions or other proof in a form acceptable to Landlord, of the authorizations described in this Section 20.B. If Landlord is a corporation, partnership or other entity, Landlord and each individual signing this Lease on behalf of Landlord represents and warrants that Landlord is duly formed and in good standing, that each individual signing this Lease is duly authorized to execute and deliver this Lease on behalf of Landlord and to bind Landlord to this Lease in accordance with Landlord's governing documents, and that this Lease is binding upon Landlord in accordance with its terms.

C. Brokers:

Tenant represents it has not utilized or contacted a real estate broker or finder with respect to this Lease other than CBRE, Inc. and Tenant agrees to indemnify, defend with counsel reasonably acceptable to Landlord and hold Landlord and the Landlord Related Parties harmless from and against all claims, liabilities, obligations, penalties, fines, actions, losses, damages, costs or expenses (including without limitation reasonable attorneys' fees) asserted by any other broker or finder claiming through Tenant or suffered or incurred by Landlord as the result of Tenant's breach of its representation in this paragraph above. Landlord represents it has not utilized or contacted a real estate broker or finder with respect to this Lease other than CBRE, Inc. and Landlord agrees to indemnify, defend with counsel reasonably acceptable to Tenant and hold Tenant harmless from and against all claims, liabilities, obligations, penalties, fines, actions, losses, damages, costs or

expenses (including without limitation reasonable attorneys' fees) asserted by any other broker or finder claiming through Landlord or suffered or incurred by Tenant as the result of Landlord's breach of its representation in this paragraph above. Landlord shall pay to CBRE, Inc. a leasing commission for this Lease pursuant to a written agreement between Landlord and CBRE, Inc.

D. Choice of Law:

This Lease shall be governed by and construed in accordance with California law, without regard to choice of law principles. Venue for all court proceedings or alternative forms of dispute resolution proceedings shall be Santa Clara County, California.

E. INTENTIONALLY OMITTED.

F. Entire Agreement:

This Lease and the exhibits attached hereto contain all of the agreements and conditions made between the Parties hereto and may not be modified orally or in any other manner other than by written agreement signed by all parties hereto or their respective successors in interest. This Lease supersedes and revokes all previous negotiations, letters of intent, lease proposals, brochures, agreements, representations, promises, warranties, and understandings, whether oral or in writing, between the parties or their respective representatives or any other person purporting to represent Landlord or Tenant.

G. Entry by Landlord:

Upon at least twenty-four (24) hours' prior notice to Tenant (except in case of emergency, where no prior notice shall be required) and subject to Tenant's reasonable security regulations, Tenant shall permit Landlord and Landlord's agents to enter into and upon the Premises at all reasonable times, and without any rent abatement or reduction or any liability to Tenant for any loss of occupation or quiet

enjoyment of the Premises thereby occasioned, for the following purposes: (i) inspecting and maintaining the Premises; (ii) making repairs, alterations or additions to the Premises; (iii) intentionally omitted; (iv) performing any obligations of Landlord under the Lease including remediation of Hazardous Materials if determined to be the responsibility of Landlord, (v) posting and keeping posted thereon notices of non-responsibility for any construction, alteration or repair thereof, as required or permitted by any Law, and (vi) placing "For Sale" signs, and showing the Premises to Landlord's existing or potential successors, purchasers and lenders. Tenant shall permit Landlord and Landlord's agents, at any time within twelve (12) months prior to the Expiration Date (or at any time during the Lease Term that Tenant is in default, beyond applicable notice and cure periods hereunder), to place upon the Premises "For Lease" signs, and during the last twelve (12) months of the Lease Term, to exhibit the Premises to real estate brokers and prospective tenants at reasonable hours. At any time when Tenant does not rent all rentable space in the Project, and at any time within twelve (12) months prior to the Expiration Date (or at any time during the Lease Term that Tenant is in default, beyond applicable notice and cure periods hereunder) if Tenant does rent all rentable space in the Project, Landlord shall have the right to place "For Lease" signs within the exterior Common Area, including signage for the lease of the portion of 2315 Building which Tenant is not initially leasing pursuant to this Lease.

H. Estoppel Certificates:

At any time during the Lease Term, Tenant shall, within ten (10) business days following written notice from Landlord, execute and deliver to Landlord a written statement certifying, if true, the following: (i) that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification); (ii) the date to which rent and other charges are paid in advance, if any; (iii) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on Landlord's part hereunder (or specifying such defaults if they are claimed); and (iv) such other

information as Landlord may reasonably request. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of Landlord's interest in the Premises. Tenant's failure to deliver such statement within such time shall be conclusive upon the Tenant that this Lease is in full force and effect without modification, except as may be represented by Landlord, and that there are no uncured defaults in Landlord's performance. Tenant agrees to provide, within five (5) days after Landlord's request, Tenant's most recent three (3) years of audited financial statements for Landlord's use in financing or sale of the Premises or Landlord's interest therein; provided, however, that the foregoing shall not apply at any time that Tenant is a public company whose shares are traded over any Public Exchange.

I. Exhibits:

All exhibits referred to are attached to this Lease and incorporated by reference.

J. Interest:

All rent due hereunder, if not paid when due, shall bear interest at the Agreed Interest Rate. This provision shall survive the expiration or sooner termination of the Lease. Despite any other provision of this Lease, the total liability for interest payments shall not exceed the limits, if any, imposed by the usury laws of the State of California. Any interest paid in excess of those limits shall be refunded to Tenant by application of the amount of excess interest paid against any sums outstanding in any order that Landlord requires. If the amount of excess interest paid exceeds the sums outstanding, the portion exceeding those sums shall be refunded in cash to Tenant by Landlord.

K. Modifications Required by Lender:

If any lender of Landlord or ground lessor of the Premises requires a modification of this Lease that will not increase Tenant's cost or expense or change Tenant's rights and obligations, this Lease shall be so modified and Tenant shall execute whatever documents are required and deliver

them to Landlord within ten (10) business days after receipt of written request.

L. No Presumption Against Drafter:

Landlord and Tenant understand, agree and acknowledge that this Lease has been freely negotiated by both Parties; and that in any controversy, dispute, or contest over the meaning, interpretation, validity, or enforceability of this Lease or any of its terms or conditions, there shall be no inference, presumption, or conclusion drawn whatsoever against either party by virtue of that party having drafted this Lease or any portion thereof.

M. Notices:

All notices, demands, requests, or consents required to be given under this Lease shall be sent in writing by U.S. certified mail return receipt required, by nationally recognized overnight courier, or by personal delivery addressed to the party to be notified at the address for such party specified in Section 1 above of this Lease, or to such other place as the party to be notified may from time to time designate by at least fifteen (15) days prior notice to the notifying party; provided that such other address shall not be a P.O. Box or other address to which personal service or overnight courier delivery cannot be effectuated. When this Lease requires service of a notice, that notice shall be deemed to constitute and satisfy the requirements of any equivalent or similar statutory notice, including any notices required by Code of Civil Procedure Section 1161 or any similar or successor statute.

N. Property Management:

In addition, Tenant agrees to pay Landlord along with the expenses to be reimbursed by Tenant a monthly fee for management services rendered by either Landlord or a third party manager engaged by Landlord (which may be a party affiliated with Landlord), in the amount of three percent (3%) of the Base Monthly Rent.

O. Rent:

All monetary sums due from Tenant to Landlord under this Lease, including, without limitation those referred to as "additional rent", shall be deemed as rent (Base Monthly Rent, all additional rent and all other sums payable by Tenant hereunder shall be referred to as "Rent").

P. Representations:

Except for the provisions of this Lease, Tenant acknowledges that neither Landlord nor any of its employees or agents have made any agreements, representations, warranties or promises with respect to the Premises or Project or with respect to present or future rents, expenses, operations, tenancies or any other matter. Except as herein expressly set forth herein, Tenant relied on no statement of Landlord or its employees or agents for that purpose.

Q. Rights and Remedies:

Subject to Section 14 above, all rights and remedies hereunder are cumulative and not alternative to the extent permitted by Laws, and are in addition to all other rights and remedies in law and in equity.

R. Severability:

If any term or provision of this Lease is held unenforceable or invalid by a court of competent jurisdiction, the remainder of the Lease shall not be invalidated thereby but shall be enforceable in accordance with its terms, omitting the invalid or unenforceable term.

S. Submission of Lease:

Submission of this document for examination or signature by the Parties does not constitute an option or offer to lease the Premises on the terms in this document or a reservation of the Premises in favor of Tenant. This document is not effective as a lease or otherwise until executed and delivered by both Landlord and Tenant.

T. Subordination:

This Lease is subject and subordinate to ground and underlying leases, mortgages and deeds of trust (collectively "Encumbrances") which may now affect the Premises, to any covenants, conditions or restrictions of record, and to all renewals, modifications, consolidations, replacements and extensions thereof; provided, however, if the holder or holders of any such Encumbrance ("Holder") require that this Lease be prior and superior thereto, within ten (10) business days after receipt of written request of Landlord to Tenant, Tenant shall execute, have acknowledged and deliver all commercially reasonable documents or instruments, in the form presented to Tenant, which Landlord or Holder reasonably deems necessary or desirable for such purposes. Landlord shall have the right to cause this Lease to be and become and remain subject and subordinate to any and all Encumbrances which are now or may hereafter be executed covering the Project or any renewals, modifications, consolidations, replacements or extensions thereof, for the full amount of all advances made or to be made thereunder and without regard to the time or character of such advances, together with interest thereon and subject to all the terms and provisions thereof; provided only, that with respect to such Encumbrances created after the Effective Date, in the event of termination of any such lease or upon the foreclosure of any such mortgage or deed of trust, Holder shall agree in writing pursuant to a commercially reasonable subordination, non-disturbance and attornment agreement ("SNDA"), to recognize Tenant's rights under this Lease as long as Tenant is not then in default, beyond applicable notice and cure periods, and continues to pay Base Monthly Rent and additional rent and observes and performs all required provisions of this Lease. Within ten (10) business days after receipt of Landlord's written request, Tenant shall execute any documents in the form required by the preceding sentence that Landlord or the Holder reasonably deems necessary to make this Lease subordinate to any lien of the Encumbrance. Notwithstanding anything to the contrary in this Section 20.T, Tenant hereby attorns and agrees to attorn to any entity

purchasing or otherwise acquiring the Premises at any sale or other proceeding or pursuant to the exercise of any other rights, powers or remedies under such Encumbrance.

Also notwithstanding anything to the contrary contained in this Section 20.T, Tenant's obligations under this Lease are conditioned upon Landlord obtaining from the current Holder, at Tenant's cost, within forty-five (45) days after the date on which Landlord executes this Lease, a form of SNDA reasonably acceptable to Tenant providing for the recognition of Tenant's rights, interests and options under this Lease in the event of a foreclosure, deed given in lieu of foreclosure or sale under the existing Encumbrance so long as Tenant is not in default, beyond applicable notice and cure periods, pursuant to this Lease, except the current Holder shall have no obligation to fund the Work Allowances or construct the Tenant Improvements (the "Landlord Improvement Obligations"), unless Holder agrees in the SNDA to assume the Landlord Improvement Obligations if Holder takes title to the Project.

U. Survival of Indemnities:

All indemnification, defense, and hold harmless obligations of Landlord and Tenant under this Lease shall survive the expiration or sooner termination of the Lease.

V. Time:

Time is of the essence hereunder.

W. Transportation Demand Management Programs:

Should a government agency or municipality require Landlord to institute TDM (Transportation Demand Management) facilities and/or programs, Tenant agrees that the cost of TDM imposed facilities and programs required specifically on the Premises (as opposed to for the Project generally), including but not limited to employee showers, lockers, cafeteria, or lunchroom facilities, shall be paid by Tenant. Further, any ongoing costs or expenses associated with a TDM program which are required

specifically for the Premises and not provided by Tenant, such as an on-site TDM coordinator, shall be provided by Landlord with such costs being included as additional rent and reimbursed to Landlord by Tenant within thirty (30) days receipt of written demand. If TDM facilities and programs are instituted on a Project wide basis, Tenant shall pay Tenant's Allocable Share of such costs in accordance with Section 9.E above.

X. Waiver of Right to Jury Trial:

To the extent then authorized by Laws as of the time of any actual litigation between them and to the extent not already encompassed within the various agreements to arbitrate otherwise contained herein, and as an alternative to arbitration should arbitration for any reason not be enforced, to the fullest extent allowed by Laws, Landlord and Tenant waive their respective rights to trial by jury of any contract or tort claim, counterclaim, cross-complaint, or cause of action in any action, proceeding, or hearing brought by either party against the other on any matter arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, or Tenant's use or occupancy of the Premises, including any claim of injury or damage or the enforcement of any remedy under any current or future law, statute, regulation, code, or ordinance.

Y. General:

The captions and section headings of this Lease are for convenience of reference only, and shall not be used to limit, extend or interpret the meaning of any part of this Lease. This Lease may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document. Signatures and initials to this Lease created by the signer by electronic means (i.e., DocuSign, Adobe Sign) and/or transmitted in PDF format or other electronic transmission shall be valid and effective to bind such signing party. Each party agrees to promptly deliver an execution original to this Lease with its actual signature and initials to the other party, but a failure to do so shall not affect the enforceability of this Lease, it being expressly agreed that each party to this Lease shall be bound by its own

electronically created and/or electronically transmitted signature and initials and shall accept the electronically created and/or telecopied or electronically transmitted signature and initials of the other party to this Lease. All agreements by Tenant contained in this Lease, whether expressed as covenants or conditions, shall be construed to be both covenants and conditions, conferring upon Landlord, in the event of a default thereof beyond applicable notice and cure periods, the right to terminate this Lease.

Y. Force Majeure:

Any prevention, delay, stoppage or inability to perform Landlord's or Tenant's obligations hereunder due to any of the following (each a "Force Majeure Event") shall extend by a period equal to the period of any said prevention, delay, stoppage or inability to perform: strikes, lockouts, inclement weather, labor disputes, inability to obtain labor, materials, fuel or reasonable substitutes therefor, governmental restrictions, regulations, controls, civil commotion, terrorist act, fire, epidemic, pandemic or other act of God, and other causes beyond the reasonable control of Landlord or Tenant; provided that, a Force Majeure Event shall not extend the due date of any Rent or other payments that either party are required to pay to the other party under this Lease.

Z. Tenant's Access.

Tenant shall have access to the Premises twenty-four (24) hours a day, seven (7) days a week, three hundred sixty-five (365) days a year.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease on the day and year first above written.

Landlord:

**SI 37, LLC,
a California limited liability company**

**By: Sobrato Interests 3,
 a California limited partnership
Its: Sole Member**

**By: Sobrato Development Companies, LLC, a
 California limited liability company
Its: General Partner**

**By: _____
 John Michael Sobrato
Its: Manager**

Tenant:

**Astera Labs, Inc.,
a Delaware corporation**

By:_____

Name:_____

Its:_____

EXHIBIT "A" – Premises and Project

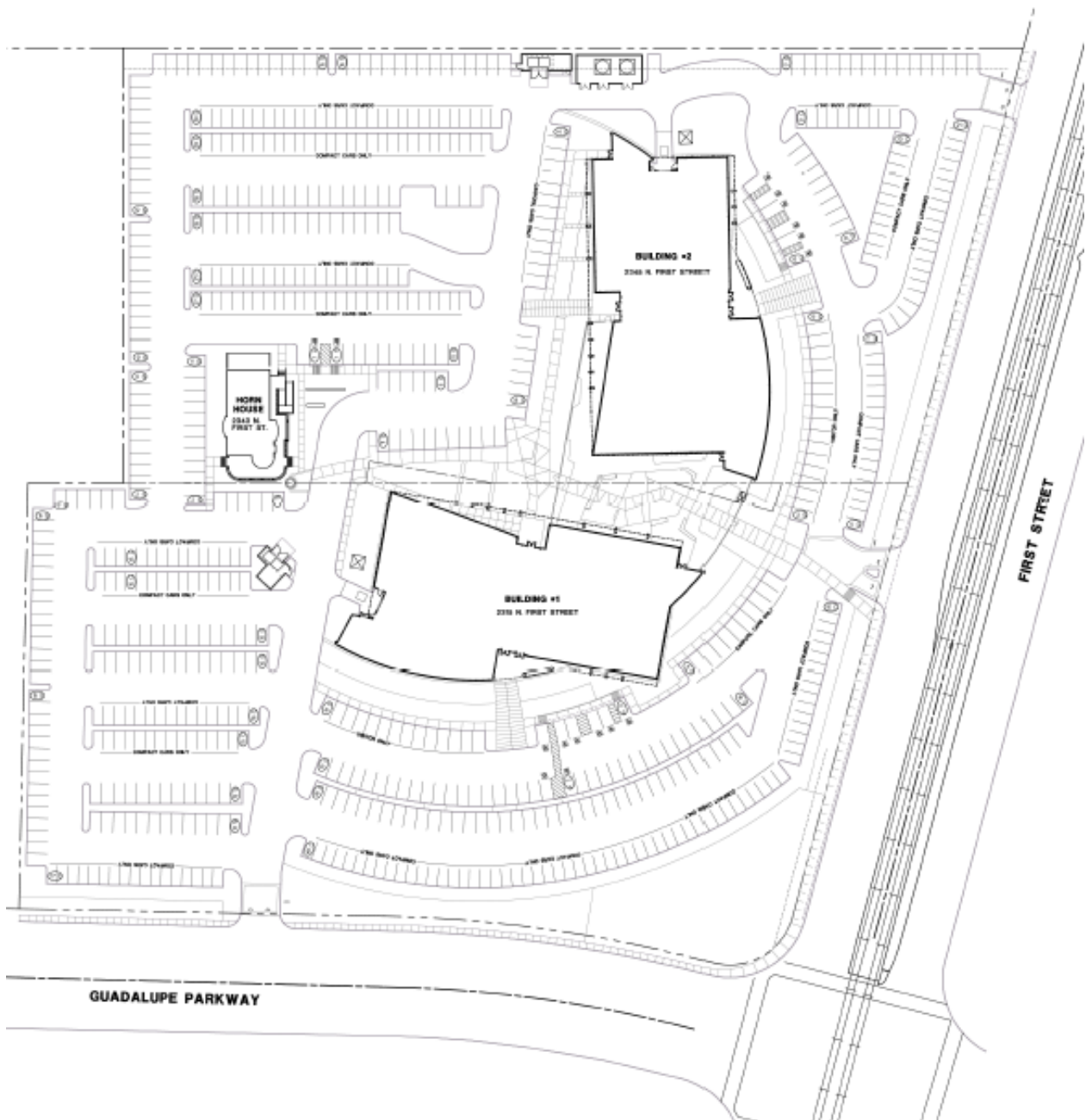
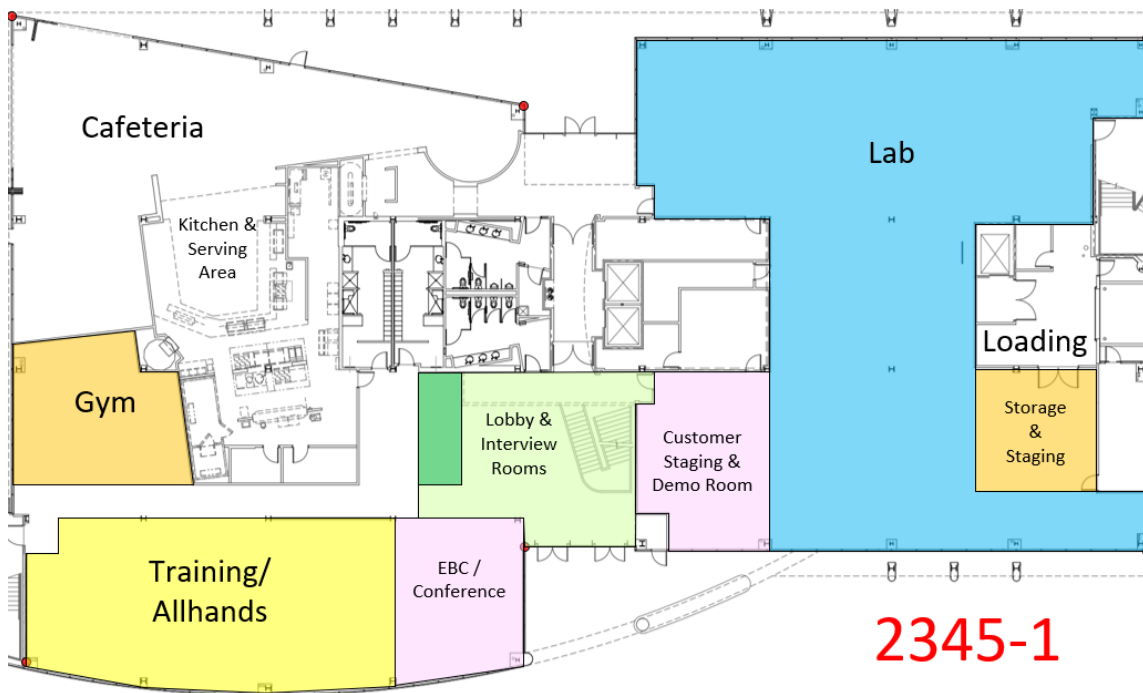
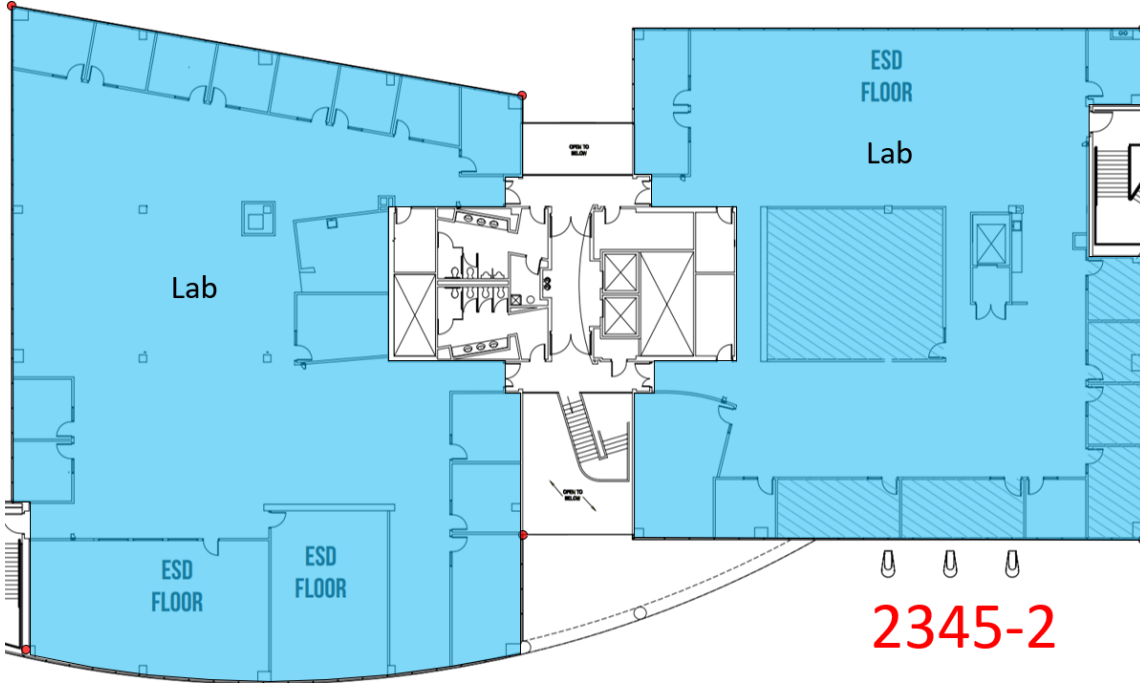


EXHIBIT “B” – Initial Scope of Tenant Improvements

The Tenant Improvements shall include the Tenant Improvements for 2345 Building and 2315 Building as shown on the preliminary plans attached hereto as Exhibit “B-1” and as set forth in the additional build-out details attached hereto as Exhibit “B-2”:

EXHIBIT “B-1” – Preliminary Plans for Tenant Improvements to 2345 Building and 2315 Building

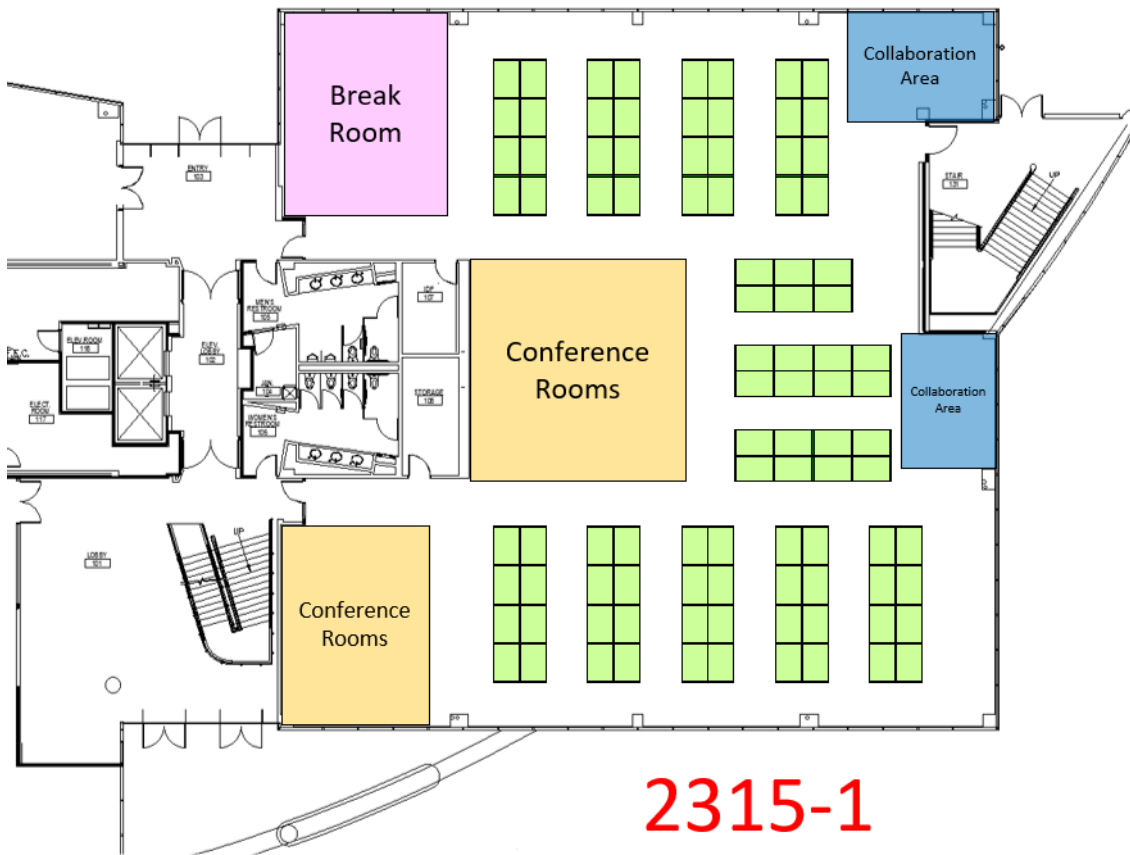




2345-2







2315-1



2315-4

EXHIBIT “B-2” – Tenant’s Additional Build-out Details

- **General build considerations:**

- Full-height walls & insulation between rooms to reduce noise transfer
- Title 24 upgrades in all occupied spaces
- ESD tile floor in all areas designated as lab space, either new or existing
- New paint & carpet in all areas without market ready improvements
- Updated restroom fit & finish in all floors to match market ready condition in 2315, floor 1
- Floor core power to all designated workstation areas

- **Floor Programming:**

- 2345-1
 - Reception with connected interview rooms
 - EBC and product demo space
 - Divisible training space
 - Gym
 - Cafeteria can remain; can close or KD food prep area
 - Large bench lab on NW side of floor with ESD floor tile, electrical & cooling distribution
 - Shipping & receiving space connected to loading dock
 - Storage area with fenced partitions adjacent to shipping & receiving
- 2345-2
 - Preserve existing lab space
 - Add ESD tile floor to remaining carpeted areas & rooms
- 2345-3
 - Board room + attached storage and/or food prep & pass through to be created using conference rooms adjacent to patio
 - Removal of approximately 1/3 of private offices along windows to allow more natural light and space for cubicles
 - Target capacity of up to 200 workstations based on 4' x 6' cubicle footprint; open to alternatives
 - Partially separated seating areas for leadership, HR, and Legal teams
- 2345-4
 - Removal of approximately 1/3 of private offices along windows to allow more natural light and space for cubicles
 - Target capacity of up to 200 workstations based on 4' x 6' cubicle footprint; open to alternatives
- 2315-1
 - Add break area in corner
 - Add conference rooms along interior walls
 - Fit & finish to match market-ready improvements on 2nd floor of 2315
 - Target capacity of up to 100 workstations based on 4' x 6' cubicle footprint; open to alternatives
- 2315-4

Removal of (4) interior office walls along NW side to create larger conference rooms
Workstations & collaboration area density to match 2345 floors 3 & 4

EXHIBIT “C” - Tenant Improvement Plans and Specifications

(sheet references to be attached)

EXHIBIT “D” – Form of Acceptance Agreement

ACCEPTANCE AGREEMENT

This Acceptance Agreement is being provided pursuant to that certain Lease dated as of December __, 2023 (the “**Lease**”), by and between SI 37, LLC, a California limited liability company (“**Landlord**”), and ASTERA LABS, INC., a Delaware corporation (“**Tenant**”). The parties to the Lease desire to confirm the following:

1. The Lease Commencement Date is ____, 2025.
2. The initial Term of the Lease shall expire on ____, 202__.
3. The Base Monthly Rent schedule shall be as follows:

<u>Time Period</u>	<u>Base Monthly Rent</u>
__ / __ /25 through __ / __ /26	\$385,577.50
__ /1/26 through __ / __ /27	\$397,144.83
__ /1/27 through __ / __ /28	\$409,059.17
__ /1/28 through __ / __ /29	\$421,330.95
__ /1/29 through __ / __ /30	\$433,970.87
__ /1/30 through __ / __ /31*	\$446,990.00
__ /1/31 through __ / __ /32	\$460,399.70
__ /1/31 through __ / __ /33	\$474,211.69

*Notwithstanding the foregoing, if Tenant is not then in default under this Lease beyond the applicable notice and cure periods, then the Base Monthly Rent for the original Premises (not any expansion of the Premises) shall be abated for the period from __/1/30__ to __/__/__.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Acceptance Agreement on _____, 202__.

Landlord:

SI 37, LLC,

a California limited liability company

By: Sobrato Interests 3,
a California limited partnership

Its: Sole Member

By: Sobrato Development Companies, LLC, a
California limited liability company

Its: General Partner

By:_____

John Michael Sobrato Manager

Tenant:

ASTERA LABS, INC.,

a Delaware corporation

By:

Its:

EXHIBIT “E” – Base Monthly Rent Chart

<u>Time Period</u>	<u>Total Base Monthly Rent for entire Premises</u>	<u>Base Monthly Rent for 2345 Building</u>	<u>Base Monthly Rent for 2315 Building Premises</u>	<u>Base Monthly rent for Horn House</u>	<u>Monthly Rental Rate per Rentable Square Foot</u>
Months 1-12	\$385,577.50	\$276,855.00	\$102,447.50	\$6,275.00	\$2.50
Months 13-24	\$397,144.83	\$285,160.65	\$105,520.93	\$6,463.25	\$2.58
Months 25-36	\$409,059.17	\$293,715.47	\$108,686.55	\$6,657.15	\$2.65
Months 37-48	\$421,330.95	\$302,526.93	\$111,947.16	\$6,856.86	\$2.73
Months 49-60	\$433,970.87	\$311,602.74	\$115,305.57	\$7,062.56	\$2.81
Months 61-72*	\$446,990.00	\$320,950.84	\$118,764.73	\$7,274.43	\$2.90
Months 73-84	\$460,399.70	\$330,579.35	\$122,327.67	\$7,492.68	\$2.99
Months 85-90**	\$474,211.69	\$340,496.73	\$125,997.50	\$7,717.46	\$3.07

*Notwithstanding the foregoing, if Tenant is not then in default under this Lease beyond the applicable notice and cure periods, then the Base Monthly Rent for the original Premises shall be abated for Months 61-66 of the Lease Term (the “**Abated Rent Period**”). The Base Monthly Rent shall not be abated during the Abated Rent Period for any additional space added as part of the Premises pursuant to Tenant’s exercise of the Right of First Refusal in Section 19.E.

**If Tenant exercises the Right of First Refusal in Section 19.E and the initial Lease Term is extended beyond ninety (90) months, then the Base Monthly Rent shall continue to increase on each anniversary of the Commencement Date by three percent (3%).

Option Term Rent: the Fair Market Rental
(Section 19)

Holdover After Lease Expiration:

Month to month tenancy, at one hundred fifty percent (150%) of the Base Monthly Rent for the month preceding expiration or sooner termination of this Lease (without regard to temporary abatements or reductions).
(Section 7.D)

ASTERA LABS, INC.
INSIDER TRADING POLICY
Adopted on February 16, 2024

I. BACKGROUND AND PURPOSE

A. Why have we adopted this policy?

Astera Labs, Inc. (“Astera Labs”) has adopted this policy to help you comply with U.S. federal securities laws and to avoid even the appearance of impropriety. We have all worked hard to establish our reputation for integrity and ethical conduct. We cannot afford to damage this reputation.

Under U.S. federal securities laws, it is generally illegal for any person to trade in the securities of Astera Labs while in the possession of material nonpublic information about the company. It is also generally illegal for any such person to give material nonpublic information about Astera Labs to others, who then trade on the basis of that information. The consequences of prohibited insider trading or the “tipping” of material nonpublic information can be severe for both individuals engaging in such behavior and for Astera Labs. Violators, as well as Astera Labs, its directors, executives, and even the managers of the person violating the rules may be required to pay major civil or criminal penalties (including jail time) and could be subject to private lawsuits in connection with the violation of insider trading laws.

B. What is insider trading?

“Insider trading” occurs when any person **PURCHASES or SELLS** Astera Labs securities on the basis of material nonpublic information concerning Astera Labs, or from “tipping” (directly or indirectly passing on) material nonpublic information to others. “Tipping” also includes making recommendations or expressing opinions as to trading in any entity on the basis of such material nonpublic information. Astera Labs securities include not only stock, but also include options, restricted stock units (“RSUs”), warrants, bonds and notes and derivative securities that are not issued by Astera Labs, such as exchange-traded put or call options or swaps related to Astera Labs’ securities. “Purchase” includes not only the actual purchase of a security, but any contract to purchase or otherwise acquire a security. “Sale” includes not only the actual sale of a security, but any contract to sell or otherwise dispose of a security.

C. What is “Material Nonpublic Information”?

Information is considered “**MATERIAL**” if there is a substantial likelihood that a reasonable investor would consider the information important in making a decision to purchase, sell, or hold Astera Labs’ securities. Material information can be positive or negative and can relate to virtually any aspect of Astera Labs’ business.

Examples of material information may include facts concerning:

- historical or forecasted revenues, earnings or other financial results;
- significant new products or other product developments;
- significant new contracts or partners or the loss of a significant contract or partner;
- significant developments regarding Astera Labs' products, technologies, or business operations;
- cybersecurity or privacy risks, incidents, or breaches;
- possible mergers or acquisitions or dispositions of significant assets;
- major new litigation or regulatory inquiries or developments in existing litigation or inquiries;
- significant developments in borrowings, or financings or capital investments;
- significant changes in financial condition or asset value or liquidity issues;
- changes in senior management or to a member of Astera Labs' Board of Directors;
- changes in compensation policies;
- changes related to Astera Labs' auditors;
- significant changes in corporate strategy;
- changes in accounting methods and write-offs; and
- stock offerings, stock splits or changes in dividend policy.

This list is illustrative only and is not intended to provide a comprehensive list of facts or circumstances that could result in your possession of material information. Determination of what may constitute material information will depend upon the facts and circumstances in each particular situation.

Information is “**NONPUBLIC**” if it is not available to the general public. In order for information to be considered public, it must be generally available to the general public and widely disseminated through (i) press releases, publicly accessible webcasts or conference calls or a public filing with the SEC, or (ii) publication in a widely-available newspaper, news magazine or news website. In addition, a sufficient amount of time must pass so that the information has had an opportunity to be digested by the market. As a general rule, information should not be considered fully absorbed by the market until the completion of one (1) full trading day after the release of such information. Keep in mind that in practice this will require at least two (2) days to pass before you will be able to trade, because the day of the announcement cannot be counted as a full trading day. Further, if the announcement is made before or during a public holiday or weekend, this period will be extended to account for the markets being closed.

One helpful way to determine if you have material nonpublic information is to ask yourself, “Would the person on the other side of this transaction still want to complete the trade at this price if the person knew what I know?” If the answer is “no,” chances are you possess material nonpublic information.

A good rule of thumb: WHEN IN DOUBT, DO NOT TRADE.

D. Who is covered under this policy?

If you receive or have access to material nonpublic information regarding Astera Labs and you fall under any of the categories below, you are subject to this policy:

- Members of the Board of Directors (“Directors”), officers, executives and employees of Astera Labs and its subsidiaries;
- consultants and contractors of Astera Labs and its subsidiaries;
- immediate family members of any of the above (e.g., spouse, domestic partner, parents, grandparents, children and siblings, whether by blood, marriage or adoption);
- anyone who lives in the same household as any of the above; and
- all investment funds, trusts, retirement plans, partnerships, corporations and other types of entities or persons controlled by any of the above or for which any of the above have the ability to influence or direct investment decisions concerning securities; provided, however, that this policy does not apply to any such entity that engages in the investment of securities in the ordinary course of its business (e.g., an investment fund or partnership) if the entity has established its own insider trading controls and procedures in compliance with applicable securities laws and it (or an affiliated entity) has represented to Astera Labs that its affiliated entities: (a) engage in the investment of securities in the ordinary course of their respective businesses; (b) have established insider trading controls and procedures in compliance with securities laws; and (c) are aware the securities laws prohibit any person or entity who has material nonpublic information concerning Astera Labs from purchasing or selling securities of Astera Labs or from communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell securities.

E. Who is the Compliance Officer under this policy?

Astera Labs’ General Counsel administers this policy and serves as the Insider Trading Compliance Officer (for purposes of this policy, the “Compliance Officer”). In the General Counsel’s absence, Astera Labs’ Chief Financial Officer will serve as the Compliance Officer. The Compliance Officer may, from time to time, also designate one or more individuals in the Legal and Finance departments who may perform the functions of the Compliance Officer. The Compliance Officer will review and either approve or prohibit all proposed trades covered by this policy according to the procedures set forth in this policy, except that any proposed trades by the General Counsel must be approved by Astera Labs’ Chief Financial Officer. All determinations and interpretations by the Compliance Officer will be final and not subject to further review.

II. INSIDER TRADING POLICIES

OVERRIDING RULE: NO ONE CAN TRADE ASTERA LABS SECURITIES WHILE IN POSSESSION OF MATERIAL NONPUBLIC INFORMATION, AND NO ONE CAN HELP OR ENCOURAGE ANYONE TO TRADE ASTERA LABS SECURITIES WHILE IN POSSESSION OF MATERIAL NONPUBLIC INFORMATION.

A. No Trading on the Basis of Material Nonpublic Information

If you possess material nonpublic information, you may not purchase or sell, including any offer to purchase or offer to sell, any of Astera Labs' securities, during any period beginning with the date you received the material nonpublic information concerning Astera Labs, and ending at the close of business one (1) full trading day after the date of public disclosure of that information, or at such time when the nonpublic information is no longer material.

B. No Trading During Black-out Periods

1. Regular Earnings Black-Out Periods

No person subject to this policy, may trade, directly or through others, in any security of Astera Labs during the period beginning on the day that is two weeks before the end of any fiscal quarter of Astera Labs and ending one (1) full trading day after the public release of earnings data for such fiscal quarter (a "Regular Earnings Black-Out Period").

However, "open trading windows" should not be considered a safe harbor, as you may otherwise be restricted from trading under this policy if you possess material nonpublic information.

2. Extended Earnings Black-out Periods

In addition to being subject to the Regular Black-Out Periods described above, all Directors, all executives designated as "officers" of Astera Labs under Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (such executives, a "Section 16 Officer"), and certain designated employees of Astera Labs or its subsidiaries as set forth in a list maintained by the Compliance Officer or the Compliance Officer's designee (collectively, "Restricted Persons"), may not trade, directly or through others, in any security of Astera Labs during the period beginning on the day that is four (4) weeks before the end of any fiscal quarter of Astera Labs and ending one (1) full trading day after the public release of earnings data for such fiscal quarter (a "Extended Earnings Black-Out Period").

The Compliance Officer or the Compliance Officer's designee will notify you if you are a Restricted Person and subject to Extended Earnings Black-Out Periods.

3. Special Black-Out Periods

The Compliance Officer may, as the Compliance Officer deems appropriate, suspend trading in Astera Labs securities from time to time for some or all persons subject to this policy because of material developments known to Astera Labs or certain persons within Astera Labs and not yet disclosed to the public (a "Special Black-Out Period" and together with a Regular Earnings Black-Out Period and an Extended Earnings Black-Out Period, a "Black-Out Period"). The Compliance Officer does not need to provide any reason for such suspension. The Compliance Officer or the Compliance Officer's designee will notify you if you are subject to a Special Black-Out Period and will notify you once the Special Black-Out Period has ended.

4. Pre-Clearance of Trades

In addition to being subject to the Black-Out Periods described above, all Directors, Section 16 Officers, members of each of Astera Labs' Chief Executive Officer's and President's staff with a level of Senior Vice-President or above (collectively, the "Key Insiders") are designated on a "Pre-Clearance List" and are required to pre-clear **ALL** trades in Astera Labs securities with the Compliance Officer at least three (3) trading days prior to trading (or such shorter period as is approved by the Compliance Officer), even during an open trading window. The Compliance Officer or the Compliance Officer's designee will notify you if you are on the Pre-Clearance List. From time to time, the Compliance Officer may identify other persons who should be subject to the pre-clearance requirements set forth above.

Approval of trades for those on the Pre-Clearance List is in the sole discretion of the Compliance Officer. If a transaction is approved, you must execute the transaction within five (5) trading days after the day you receive such approval, but in no event after the commencement of a Black-Out Period. If for any reason you do not complete the trade within five (5) trading days after you receive approval, you must obtain pre-clearance again before you can trade the securities. For example, if the Compliance Officer approves a trade on a Friday, then you will have until the end of the trading day the following Friday to complete your trade.

At the time of executing a trade in Astera Labs securities, you will be responsible for determining that you are not in possession of, and do not have access to, material nonpublic information, and for verifying that Astera Labs has not imposed any subsequent restriction on your ability to engage in trades.

Key Insiders who are required to file reports under Section 16 of the Exchange Act shall inform their broker-dealers that (a) the Key Insider is subject to Section 16; (b) the broker shall confirm that any trade by the Key Insider or any of their affiliates has been precleared by Astera Labs; and (c) the broker is to provide transaction information to the Key Insider and/or Compliance Officer on the day of a trade.

C. No Tipping

You may not tip material nonpublic information to any other person where the information may be used by such person to trade in the securities to which such information relates. You may not make recommendations or express opinions as to trading in Astera Labs' securities. For example, you may not recommend that others buy or sell Astera Labs' securities (or that they refrain from buying or selling), including through participation in any investment or stock-related group, message board or other similar medium.

D. No Margining or Pledging of Astera Labs Securities

You may not hold Astera Labs securities in margin accounts or pledge such securities as collateral for a loan. However, you may maintain a margin account so long as you do not use the account to trade Astera Labs securities on margin or otherwise use Astera Labs securities held in such margin account as collateral.

E. No Trading in Futures or Derivative Securities or other Hedging Transactions

You may not engage in hedging activities or transactions involving Astera Labs securities, including without limitation any purchase or sale of exchange traded options or other futures contracts, such as “puts” and “calls” or “collars,” equity or total return swaps, exchange funds or other derivative securities related to Astera Labs securities.

F. No Short Sales

You may not sell Astera Labs securities “short” (meaning any transaction in which you would benefit from a *decline* in the price of the securities).

G. Additional Restrictions

The Compliance Officer has the authority to impose additional restrictions on trading in Astera Labs securities at any time. In such event, the Compliance Officer or the Compliance Officer’s designee imposing the additional restrictions will notify the affected individuals of the additional restrictions.

H. Confidentiality of Nonpublic Information

Nonpublic information relating to Astera Labs and its subsidiaries is the property of Astera Labs and the unauthorized disclosure or improper use of such information is forbidden. You may not disclose material nonpublic information to other persons within Astera Labs whose jobs do not require them to have that information, or outside of Astera Labs to other persons, unless such disclosure is made in accordance with Astera Labs’ policies regarding the protection or unauthorized external disclosure of information regarding Astera Labs and its subsidiaries. In addition, your confidentiality agreement with Astera Labs provides that Astera Labs’ confidential information will only be used for the benefit of Astera Labs and solely to the extent necessary to perform your job. Any other use – such as trading on such information for personal benefit/profit – is prohibited. In addition to violating this policy and/or your confidentiality agreement, any unauthorized disclosures or improper use of such information may also violate Astera Labs’ agreements with third parties.

III. Exceptions to Trading Restrictions

A. 10b5-1 Trading Plans

Transactions in Astera Labs’ securities that are executed pursuant to an approved trading plan established pursuant to Rule 10b5-1 under the Exchange Act (a “10b5-1 Trading Plan”), will not be subject to this policy. Rule 10b5-1 generally provides an affirmative defense from insider trading liability under U.S. federal securities laws for securities trading plans that are entered into in good faith and only when you are not in possession of material nonpublic information.

Astera Labs has adopted a separate Rule 10b5-1 Trading Plan Policy that sets forth the requirements for putting in place a Rule 10b5-1 Plan with respect to Astera Labs’ securities. For more information about 10b5-1 Trading Plans, please contact the Compliance Officer.

B. Bona Fide Gifts

You may make a bona fide gift, even in a Blackout Period, provided such gift is first pre-cleared by the Compliance Officer before such gift is made and you don't know or don't have reason to believe that the recipient intends to sell Astera Labs securities before the earliest time after the gift is completed that you are permitted to sell Astera Labs securities on the open market under this policy and you have no control over the sales decisions of the recipient. Whether a gift is bona fide will depend on the facts and circumstances surrounding the gift, including, but not limited to, the donor's relationship with the recipient, what the recipient does with the donated securities, and the nature of the tax benefit of the donor. If you are uncertain whether a gift is bona fide, you should contact the Compliance Officer.

C. Company Incentive Plans

1. Stock Option Exercises

This policy does not apply to (i) the cash exercise of a stock option acquired pursuant to Astera Labs' incentive plans, and (ii) the net exercise of a stock option in which the optionee receives a net number of shares from Astera Labs that is equal to the number of shares exercised less the number of shares retained by the Astera Labs to cover the exercise price of the shares provided that such net exercise does not occur while you are aware of material nonpublic information or during a Blackout Period. However, the securities acquired as a result of cash option exercises or net option exercises may not be sold nor may you use a "broker assisted" cashless exercise or other transaction where shares are sold in the market to satisfy the exercise price while you are aware of material nonpublic information or during a Blackout Period.

2. Restricted Stock Units

This policy does not apply to (i) the vesting or settlement of RSUs for which you have no discretion to sell; (ii) the exercise of a tax withholding right pursuant to which you elect in advance to have Astera Labs withhold shares of stock to satisfy tax withholding requirements upon the vesting of any RSUs; or (iii) a sell to cover transaction that is otherwise mandated by Astera Labs or under which you have previously elected in advance to have a broker sell vested RSUs to cover any applicable tax withholding requirements (so long as such sell to cover election was made in an open trading window when you were not in possession of material nonpublic information in compliance with Rule 10b5-1). This policy does apply, however, to any sale or other transaction involving Astera Labs shares that you actually receive upon vesting and settlement of your RSUs.

IV. Penalties for Violation

Violation of the rules in this policy is grounds for disciplinary action by Astera Labs, up to and including termination of employment. Trading on or tipping material nonpublic information can also result in disgorgement of all profits and the imposition of substantial fines, extending significantly beyond any profits made or losses avoided, both for you and Astera Labs. Moreover, in tipping cases, liability can extend to both the "tippee" – the person to whom you disclosed material nonpublic

information – and you as the “tipper”, and will apply whether or not you derive any benefit from the tippee’s actions.

V. Individual Responsibility

You are individually responsible for complying with this policy. You should always use your best judgement. You may, from time to time, have to forego a proposed transaction in Astera Labs’ securities even if you had planned to make the transaction before learning of any material nonpublic information and even though you believe you may suffer an economic loss or forego anticipated profit by waiting.

None of Astera Labs, the Compliance Officer or Astera Labs’ other employees will have any liability for any delay in reviewing, or refusal of, a request for pre-clearance of any potential trade or a trading plan. Notwithstanding any review of any pre-clearance of a transaction or any review of a trading plan, none of Astera Labs, the Compliance Officer or Astera Labs’ other employees assumes any liability for the legality or consequences of such trading plan or transaction to your engagement in or adoption of such transaction or trading plan.

VI. Inquiries and Reporting Violations of this Policy

Please direct all inquiries regarding any of the provisions or procedures of this policy to the Compliance Officer. To report a violation or raise a concern please talk to the Compliance Officer or use EthicsPoint, our third party hotline reporting service available at asteralabs.ethicspoint.com. Astera Labs will not retaliate, nor will it permit retaliation, against you for making a good faith report.

VII. Amendments and Waivers

Amendments to this policy may be approved by action of the Audit Committee and waivers under this policy may be approved in writing by the Compliance Officer provided, however, all waivers shall be reported to the Audit Committee and no waivers may be issued for the restrictions in Section II.E above (“No Trading in Futures or Derivative Securities or other Hedging Transactions”), including the restriction against engaging in hedging transactions.

Subsidiaries of the Registrant

<u>Name</u>	<u>Jurisdiction of Organization</u>
Astera Labs Taiwan Limited	Taiwan
Astera Labs Canada Inc.	Canada
Astera Labs Israel Ltd.	Israel
Astera (Shanghai) Information Technology Co., Ltd.	China
Astera Labs Semiconductor India Private Limited	India

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-279234 and 333-278078) of Astera Labs, Inc. of our report dated February 13, 2025 relating to the financial statements, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Seattle, Washington
February 13, 2025

**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**

I, Jitendra Mohan, certify that:

1. I have reviewed this report on Form 10-K of Astera Labs, Inc.;
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)) 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) (Paragraph omitted in accordance with Exchange Act Rule 13a-14(a));
 - (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: February 13, 2025

By: /s/ Jitendra Mohan
Name: Jitendra Mohan
Title: Chief Executive Officer
(Principal Executive Officer)

**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**

I, Michael Tate, certify that:

1. I have reviewed this report on Form 10-K of Astera Labs, Inc.;
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)) 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) (Paragraph omitted in accordance with Exchange Act Rule 13a-14(a));
 - (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: February 13, 2025

By: /s/ Michael Tate
Name: Michael Tate
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
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 Annual Report on Form 10-K of Astera Labs, Inc. (the “Company”) for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jitendra Mohan, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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: February 13, 2025

By: /s/ Jitendra Mohan
Name: Jitendra Mohan
Title: Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification is being furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. This certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
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 Annual Report on Form 10-K of Astera Labs, Inc. (the “Company”) for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael Tate, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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: February 13, 2025

By: /s/ Michael Tate
Name: Michael Tate
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This certification is being furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. This certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.