

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 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 001-736297

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) 337-9056

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

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

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Yes No

As of April 30, 2024, there were 155,701,301 shares of the Registrant's Common Stock, \$0.0001 par value, outstanding.

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Special Note about Forward-Looking Statements

This Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q, 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 Quarterly Report on Form 10-Q and those included within our final prospectus dated March 19, 2024, as filed with the SEC on March 21, 2024. Forward-looking statements contained in this Quarterly Report on Form 10-Q 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 and adding new product 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 total available market (“TAM”) 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 rising 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 Quarterly Report on Form 10-Q. You should not rely upon forward-looking statements as predictions of future events.

We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q. 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 Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q 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 reports that we, in the future,

may file with the SEC, including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

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 Quarterly Report on Form 10-Q, 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 - Financial Information**ITEM 1. Financial Statements (Unaudited)****ASTERA LABS, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands, except par values)
(unaudited)**

	As of	
	March 31, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 696,077	\$ 45,098
Marketable securities	105,314	104,215
Accounts receivable, net	16,757	8,335
Inventory	29,567	24,095
Prepaid expenses and other current assets	6,725	4,064
Total current assets	854,440	185,807
Property and equipment, net	7,581	4,712
Other assets	2,880	5,773
Total assets	\$ 864,901	\$ 196,292
Liabilities, Redeemable Convertible Preferred Stock and Stockholders' Equity (Deficit)		
Current liabilities		
Accounts payable	\$ 11,465	\$ 6,337
Accrued expenses and other current liabilities	34,122	28,742
Total current liabilities	45,587	35,079
Other liabilities	10,530	3,787
Total liabilities	56,117	38,866
Commitments and contingencies (Note 5)		
Redeemable convertible preferred stock, \$0.0001 par value; 0 and 91,131 shares authorized as of March 31, 2024 and December 31, 2023, respectively; 0 and 90,891 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively; liquidation preference of \$0 and \$265,699 as of March 31, 2024 and December 31, 2023, respectively	—	255,127
Stockholders' equity (deficit)		
Common stock, \$0.0001 par value; 1,000,000 and 162,641 shares authorized as of March 31, 2024 and December 31, 2023, respectively; 155,471 and 42,046 shares issued and outstanding as of March 31, 2024 and December 31, 2023, respectively	16	4
Additional paid-in capital	1,027,197	27,411
Accumulated other comprehensive (loss) income	(59)	259
Accumulated deficit	(218,370)	(125,375)
Total Stockholders' Equity (Deficit)	808,784	(97,701)
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	\$ 864,901	\$ 196,292

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

ASTERA LABS, INC.**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**
(In thousands, except per share amounts)
(unaudited)

	Three Months Ended March 31,	
	2024	2023
Revenue	\$ 65,258	\$ 17,664
Cost of revenue	14,738	13,406
Gross profit	50,520	4,258
Operating expenses		
Research and development	53,558	15,267
Sales and marketing	55,510	4,393
General and administrative	24,419	3,525
Total operating expenses	133,487	23,185
Operating loss	(82,967)	(18,927)
Interest income	2,554	1,596
Loss before income taxes	(80,413)	(17,331)
Income tax provision	12,582	123
Net loss	\$ (92,995)	\$ (17,454)
Other comprehensive (loss) income		
Unrealized (losses) gains on marketable securities, net of taxes	(318)	208
Total other comprehensive (loss) income	(318)	208
Total comprehensive loss	\$ (93,313)	\$ (17,246)
Net loss per share attributable to common stockholders:		
Basic and diluted	\$ (1.77)	\$ (0.49)
Weighted-average shares used in calculating net loss per share attributable to common stockholders:		
Basic and diluted	52,532	35,826

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

ASTERA LABS, INC.,
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE CONVERTIBLE PREFERRED
STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)

(In thousands)
(unaudited)

Three Months Ended March 31, 2024

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount				
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	—	—	14	—	916	—	—	916
Issuance of common stock upon vesting of restricted stock units	—	—	3,336	1	—	—	—	1
Shares of common stock withheld related to net settlement of restricted stock units	—	—	(559)	—	(20,111)	—	—	(20,111)
Repurchase of common stock upon termination	—	—	(16)	—	(3)	—	—	(3)
Warrants contra revenue	—	—	—	—	110	—	—	110
Stock-based compensation	—	—	—	—	97,768	—	—	97,768
Unrealized losses on marketable securities	—	—	—	—	—	(318)	—	(318)
Net loss	—	—	—	—	—	—	(92,995)	(92,995)
Balances as of March 31, 2024	—	\$ —	155,471	\$ 16	\$ 1,027,197	\$ (59)	\$ (218,370)	\$ 808,784

Three Months Ended March 31, 2023

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount				
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	—	—	54	—	553	—	—	553
Repurchase of common stock upon termination	—	—	(125)	—	—	—	—	—
Warrants contra revenue	—	—	—	—	55	—	—	55
Stock-based compensation	—	—	—	—	1,997	—	—	1,997
Unrealized gains on marketable securities	—	—	—	—	—	208	—	208
Net loss	—	—	—	—	—	—	(17,454)	(17,454)
Balances as of March 31, 2023	90,891	\$ 255,127	40,558	\$ 4	\$ 16,656	\$ (21)	\$ (116,572)	\$ (99,933)

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

ASTERA LABS, INC.,
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities		
Net loss	\$ (92,995)	\$ (17,454)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Stock-based compensation	97,768	1,997
Inventory write-down	428	9,733
Depreciation	614	357
Non-cash operating lease expense	522	217
Warrants contra revenue	110	55
Accretion of discounts on marketable securities	(566)	(411)
Changes in operating assets and liabilities:		
Accounts receivable, net	(8,422)	7,048
Inventory	(5,900)	458
Prepaid expenses and other assets	(2,666)	(411)
Accounts payable	4,973	(5,740)
Accrued expenses and other liabilities	10,224	563
Operating lease liability	(438)	(231)
Net cash provided by (used in) operating activities	<u>3,652</u>	<u>(3,819)</u>
Cash flows from investing activities		
Purchases of property and equipment	(3,424)	(439)
Purchases of marketable securities	(23,308)	(22,346)
Maturities of marketable securities	9,365	13,000
Sales of marketable securities	13,116	45,082
Net cash (used in) provided by investing activities	<u>(4,251)</u>	<u>35,297</u>
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	(1,756)	—
Tax withholding related to net share settlements of restricted stock units	(20,111)	—
Proceeds from exercises of stock options, net of repurchases	1,247	31
Net cash provided by financing activities	<u>651,578</u>	<u>31</u>
Net increase in cash and cash equivalents	650,979	31,509
Cash and cash equivalents		
Beginning of the period	45,098	76,088
End of the period	<u>\$ 696,077</u>	<u>\$ 107,597</u>
Noncash investing and financing activities		
Conversion of redeemable convertible preferred stock into common stock in connection with initial public offering	\$ 255,127	\$ —
Deferred offering costs included in accounts payable and accrued expenses	\$ 3,045	\$ —
Right-of-use assets obtained in exchange for lease obligations	\$ 231	\$ 1,342

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

ASTERA LABS, INC.,

NOTES TO CONDENSED 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:

- i) Semiconductor-based, high-speed, mixed-signal connectivity products that integrate a matrix of microcontrollers and sensors; and
- ii) COSMOS, the Company’s software suite which is embedded in its connectivity products and integrated into its customers’ systems

The Company delivers critical connectivity performance, enables flexibility and customization, and supports observability and predictive analytics. This approach addresses the data, network, and memory bottlenecks, scalability, and other infrastructure requirements of hyperscalers and system original equipment manufacturers (“OEMs”).

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements and notes have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (the “SEC”) regarding interim financial information. Certain information and disclosures normally included in annual consolidated financial statements prepared in accordance with GAAP have been condensed or omitted. The unaudited condensed consolidated financial statements and related notes should be read in conjunction with the audited consolidated financial statements and related notes as of and for the year ended December 31, 2023 included in the Company’s final prospectus dated March 19, 2024 (the “Prospectus”), as filed with the SEC pursuant to Rule 424(b) under the Securities Act of 1933, as amended (the “Securities Act”) on March 21, 2024. In the opinion of management, the unaudited condensed consolidated financial statements reflect all normal recurring adjustments necessary to state fairly the balance sheets, statements of operations and comprehensive loss, of redeemable convertible preferred stock and stockholders’ equity (deficit), and of cash flows for the interim periods presented, but are not necessarily indicative of the results of operations to be anticipated for the full fiscal year or any future period.

Principles of Consolidation

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

Use of Estimates

The preparation of condensed 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 period. The Company’s significant estimates include, but are not limited to, the useful lives and recoverability of long-lived assets, the valuation of deferred tax assets, reserves for uncertain tax positions, the valuation of inventory, warranty reserve, the fair value of marketable securities, the grant date fair value of common stock warrants, the valuation and assumptions underlying stock-based compensation including the per share fair value of the Company’s common stock, and the incremental borrowing rate used in the Company’s operating lease calculations. 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 condensed consolidated financial statements in future periods, and actual results could differ from these estimates.

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.

Recently Issued Accounting Pronouncements Not Yet 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 ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements and related disclosures.

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 is currently evaluating the impact of the adoption of this guidance on its consolidated financial statements and related disclosures.

2. Segment and Geographical Information

The Company's chief operating decision maker 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 Company manages its operations and allocates resources as a single operating segment.

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 following table sets forth revenue by geographic area (in thousands):

	Three Months Ended March 31,	
	2024	2023
Taiwan	\$ 59,573	\$ 9,734
Netherlands	-	2,507
United States	857	5,370
Other	4,828	53
Total	\$ 65,258	\$ 17,664

For the three months ended March 31, 2024, two customers accounted for 47% and 36% of revenue, respectively. For the three months ended March 31, 2023, three customers accounted for 55%, 21%, and 14%, of revenue, respectively. No other customers accounted for more than 10% of revenue during the three months ended March 31, 2024 and 2023.

As of March 31, 2024, four customers accounted for 50%, 20%, 14%, and 14%, of total accounts receivable, net, respectively. As of December 31, 2023, two customers accounted for 39% and 27%, of total accounts receivable, net, respectively. No other customers accounted for more than 10% of total accounts receivable, net as of March 31, 2024 and December 31, 2023.

Property and equipment by geographic location is based on the location of the asset. As of March 31, 2024, 68% and 28% of the Company's property and equipment was located in the United States and Taiwan, respectively. As of December 31, 2023, 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 securities by major security type are as follows (in thousands):

	As of March 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash equivalents				
Money market funds	\$ 688,044	\$ -	\$ -	\$ 688,044
Corporate debt securities	495	-	-	495
Commercial paper	249	-	-	249
Total cash equivalents	\$ 688,788	\$ -	\$ -	\$ 688,788
Marketable securities				
U.S treasury and agency securities	\$ 59,193	\$ 35	\$ (99)	\$ 59,129
Commercial paper	4,048	-	(1)	4,047
Corporate debt securities	29,272	29	(16)	29,285
Asset-backed securities	12,860	6	(13)	12,853
Total marketable securities	\$ 105,373	\$ 70	\$ (129)	\$ 105,314

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 March 31, 2024 and December 31, 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 marketable securities classified as available-for-sale, regardless of their classification on the Company's condensed consolidated balance sheets, are as follows (in thousands):

	As of March 31, 2024		As of December 31, 2023	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due within one year	\$ 746,678	\$ 746,612	\$ 65,816	\$ 65,757
Due after one year through five years	47,483	47,490	39,643	39,937
Total available-for-sale securities	\$ 794,161	\$ 794,102	\$ 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 material allowance for credit losses or impairments as of March 31, 2024 and December 31, 2023.

There were no material realized gains or losses from available-for-sale securities that were reclassified out of accumulated other comprehensive loss for the three months ended March 31, 2024 and 2023.

Fair Value of Assets and Liabilities

The Company considers fair value 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. The Company utilizes the following three-level fair value hierarchy to establish the priorities of the inputs used to measure fair value:

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

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 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 March 31, 2024			
	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents				
Money market funds	\$ 688,044	\$ -	\$ -	\$ 688,044
Corporate debt securities	-	495	-	495
Commercial paper	-	249	-	249
Total cash equivalents	\$ 688,044	\$ 744	\$ -	\$ 688,788
Marketable securities				
U.S. treasury and agency securities	\$ -	\$ 59,129	\$ -	\$ 59,129
Commercial paper	-	4,047	-	4,047
Corporate debt securities	-	29,285	-	29,285
Asset-backed securities	-	12,853	-	12,853
Total marketable securities	\$ -	\$ 105,314	\$ -	\$ 105,314

	As of December 31, 2023			
	Level 1	Level 2	Level 3	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

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.

4. Condensed Consolidated Balance Sheet Components

Inventory

Inventory consists of the following (in thousands):

	As of	
	March 31, 2024	December 31, 2023
Raw materials	\$ 1,866	\$ 2,247
Work-in-progress	12,512	11,780
Finished goods	15,189	10,068
Total inventory	\$ 29,567	\$ 24,095

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consists of the following (in thousands):

	As of	
	March 31, 2024	December 31, 2023
Prepaid expenses	\$ 5,890	\$ 3,378
Other current assets	835	686
Total prepaid expenses and other current assets	\$ 6,725	\$ 4,064

Property and Equipment, Net

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

	As of	
	March 31, 2024	December 31, 2023
Laboratory and manufacturing equipment	\$ 9,689	\$ 6,470
Office furniture	302	242
Leasehold improvements	623	437
Servers and workstations	260	242
Property and equipment, gross	10,874	7,391
Less: accumulated depreciation	(3,293)	(2,679)
Total property and equipment, net	\$ 7,581	\$ 4,712

Depreciation expense of \$0.6 million and \$0.4 million was recognized during the three months ended March 31, 2024 and 2023, respectively.

Accrued Expenses and Other Current Liabilities

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

	As of	
	March 31, 2024	December 31, 2023
Accrued expenses	\$ 13,047	\$ 8,284
Accrued income taxes	10,224	155
Accrued compensation and benefits	6,054	14,923
Accrued software license costs	2,464	3,224
Operating lease liabilities, current	2,333	2,156
Total accrued expenses and other current liabilities	\$ 34,122	\$ 28,742

Other Liabilities

Other liabilities consists of the following (in thousands):

	As of	
	March 31, 2024	December 31, 2023
Customer deposit	\$ 5,000	\$ —
Income taxes	3,897	1,394
Other	1,633	2,393
Total other liabilities	\$ 10,530	\$ 3,787

5. 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. The Company had no material firm purchase commitments as of March 31, 2024.

The Company's purchase commitments include payments for software licenses 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 as of March 31, 2024 (in thousands):

	Purchase Commitments
Remainder of 2024	\$ 647
2025	1,587
Total purchase commitments	\$ 2,234

In April 2024, the Company entered into a non-cancelable purchase commitment for software license in the amount of \$5.9 million and it is excluded in the table presented above. The purchase commitment is ranged from June 2024 to December 2025.

In December 2022, the Company entered into a cloud service agreement with a vendor for three years. The arrangement provides cloud hosting services for the Company's research and development. The minimum purchase commitment is \$2.0 million annually from 2024 through 2025.

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 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.

Indemnification Obligations

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 March 31, 2024 and December 31, 2023.

6. 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 March 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 and 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 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 March 31, 2024 and December 31, 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.

7. 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 global payments by the Holder and its affiliates to the Company. As of March 31, 2024 and December 31, 2023, an aggregate of 198,518 shares underlying the Warrants vested and are exercisable at each period end. Additionally, an aggregate of 64,861 and 34,090 shares were probable of vesting as of March 31, 2024 and December 31, 2023, respectively.

During the three months ended March 31, 2024 and 2023, the Company recognized \$0.1 million and \$0.1 million, 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.

8. 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 restricted stock units ("RSU") 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.

As of March 31, 2024, the 2018 Plan was terminated. 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, will be 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 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 March 31, 2024, no shares have been granted under the 2024 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 ("ESPP"), 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 fair market value of the common stock on the first trading day of the applicable offering period, or the "Price to Public" set forth on the cover page for the Prospectus if the date for which the fair market value of the Common Stock is determined is the first day when trading prices for the Company's Common Stock are reported on a national securities exchange or (ii) the fair market value of the Common Stock on the last trading day of the end of the six-month offering period. No participant has the right to purchase shares of Common Stock in an amount, when aggregated with purchase rights under all 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 March 31, 2024, there have been no shares issued under the ESPP.

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

	Three Months Ended March 31,	
	2024	2023
Cost of revenue	\$ 528	\$ 5
Research and development	30,007	1,679
Sales and marketing	49,258	1
General and administrative	17,975	312
Total	\$ 97,768	\$ 1,997

Stock-based compensation expense recognized during the three months ended March 31, 2024 included \$88.9 million cumulative stock-based compensation expense related to the vesting and settlement of RSUs that had previously met the time vesting condition and for which the liquidity event vesting condition was satisfied in connection with our IPO.

Stock Option

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

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2023	10,059	\$ 0.84	7.5	\$ 175,790
Granted	-	-		
Exercised	(14)	1.76		
Cancelled and forfeited	(42)	0.69		
Outstanding at March 31, 2024	<u>10,003</u>	<u>\$ 0.84</u>	<u>7.1</u>	<u>\$ 733,711</u>
Vested and Exercisable at March 31, 2024	<u>6,798</u>	<u>\$ 0.70</u>	<u>6.9</u>	<u>\$ 499,565</u>

As of March 31, 2024, there was approximately \$16.6 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 1.4 years, using the straight-line method.

Restricted Stock Units

A summary of RSU activity is as follows (in thousands, except per share data):

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2023	8,583	\$ 13.34
Granted	7,534	27.25
Vested	(2,777)	12.15
Cancelled and forfeited	(123)	12.72
Outstanding at March 31, 2024	<u>13,217</u>	<u>\$ 21.52</u>

The aggregate fair value of RSUs that vested and settled during the three months ended March 31, 2024 was \$100.0 million.

As of March 31, 2024, there was \$224.7 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.

9. Net Loss per Common 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):

	Three Months Ended March 31,	
	2024	2023
Numerator:		
Net loss attributable to common stockholders	\$ (92,995)	\$ (17,454)
Denominator:		
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	52,532	35,826
Net loss per share attributable to common stockholders, basic and diluted	<u>\$ (1.77)</u>	<u>\$ (0.49)</u>

As the Company was in a loss position for the three months ended March 31, 2024 and 2023, basic and diluted net loss per share are the same 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):

	Three Months Ended March 31,	
	2024	2023
Options to purchase Common Stock	9,982	11,795
Redeemable convertible Preferred Stock	—	90,891
Unvested RSUs	13,217	5,989
Warrants for Common Stock	2,442	1,610
Total	25,641	110,285

10. Income Taxes

The Company's income tax expense recognized for three months ended March 31, 2024 and 2023 is as follows (in thousands, except percentages):

	Three Months Ended March 31,	
	2024	2023
Income tax expense	\$ 12,582	\$ 123
Effective tax rate	(15.6)%	(0.7)%

The Company accrues for income taxes during interim periods based on the estimated effective tax rate for the year. The effective tax rate for the three months ended March 31, 2024 and 2023 is lower than the statutory federal tax rate primarily due to the valuation allowance in the United States and the capitalization of research and development expenditures under Section 174 of the Internal Revenue Code, which results in current tax expense. This is offset by benefits from the foreign derived intangible income deduction, stock-based compensation tax deduction, and U.S. research and development credits.

Income tax provision consists primarily of U.S. federal, state, and foreign income taxes. The Company maintains a full valuation allowance on its federal and state deferred tax assets as it has concluded that it is not more likely than not that the deferred tax assets will be realized as of March 31, 2024 and December 31, 2023. The Tax Cuts and Jobs Act ("TCJA") requires taxpayers to capitalize and amortize research and development expenditures under Internal Revenue Code Section 174 for tax years beginning after December 31, 2021. The rule became effective for the Company in 2022 and resulted in the capitalization of research and development costs which was offset by a valuation allowance. The Company will amortize these costs for tax purposes over 5 years for research and development performed in the U.S., and over 15 years for research and development performed outside of the United States. The effect of the TCJA has resulted in reporting taxable income in 2023 and 2024, despite incurring a pre-tax loss.

The Company accounts for uncertain tax positions in accordance with Accounting Standards Codification 740-10, Accounting for Uncertainty in Income Taxes. The Company recognizes the tax effects of an uncertain tax position only if it 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. Interest and penalties related to uncertain tax positions are classified in the condensed consolidated financial statements as income tax expense.

Item 2. 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 unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and the audited consolidated financial statements and notes thereto and management’s discussion and analysis of financial condition and results of operations for the year ended December 31, 2023 included in our final prospectus, dated March 19, 2024, filed with the SEC on March 21, 2024, pursuant to Rule 424(b) (the “Prospectus”) under the Securities Act of 1933, as amended (the “Securities Act”). As discussed in the section titled “Special Note about Forward-Look Statements,” 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” and included elsewhere in this Quarterly Report on Form 10-Q and our Prospectus.

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:

- i) Semiconductor-based, high-speed, mixed-signal connectivity products that integrate a matrix of microcontrollers and sensors; and
- ii) 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 efficiently addresses 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. In the last four years, we have successfully introduced three revenue-generating 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, Taurus Ethernet Smart Cable Modules™, and Leo CXL Memory Connectivity Controllers, leverage our ICs which 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, and with more than 300 design wins, we have become a trusted partner and a proven supplier to our hyperscaler and system OEM customers. We have experienced strong growth since our founding in October 2017, and particularly since the commercial launch of Aries in 2020. Our revenue grew from \$34.8 million in 2021 and \$79.9 million in 2022 to \$115.8 million in 2023, driven by a significant 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. For the three months ended March 31, 2024 and 2023, our revenue was \$65.3 million and \$17.7 million,

respectively, and our gross profit was \$50.5 million and \$4.3 million, respectively. We incurred net losses of \$93.0 million and \$17.5 million for the three months ended March 31, 2024 and 2023, respectively.

Summary of Financial Highlights

Our revenue for the three months ended March 31, 2024, increased by 269% compared to the three months ended March 31, 2023, primarily driven by higher demand for our Aries product. Gross margin increased 53.3 percentage points to 77.4% for the three months ended March 31, 2024 from 24.1% for the three months ended March 31, 2023, primarily driven by a 20% increase in the overall average selling prices, partially offset by product mix compared to the three months ended March 31, 2023. The prior year quarter also included a \$9.7 million write down of inventory in excess of our sales forecast for a legacy customer system that did not occur during the three months ended March 31, 2024.

Operating expense increased by \$110.3 million for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, primarily driven by an increase of \$95.8 million in stock-based compensation expense resulting from the vesting and settlement of restricted stock units (“RSUs”) that had previously met the time vesting condition and for which the liquidity event vesting condition was satisfied in connection with our IPO, and a \$9.6 million increase in personnel-related expenses as a result of a 40% increase in 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. In connection with the IPO, we recognized deferred offering costs of \$6.2 million.

We recognized \$88.9 million of stock-based compensation expense associated with vesting and settlement of RSUs that had previously met the time 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 currently derived from engineering services. Product sales consists primarily of shipments of our Intelligent Connectivity Platform solution. Engineering services revenue consists of engineering fees associated with the development of certain custom features for some of our products. Engineering services revenue accounted for a small percentage of total revenue for the three months ended March 31, 2023. There was no revenue attributable to engineering services for the three months ended March 31, 2024.

Cost of Revenue

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

While amortization of capitalized production masks has not been historically material, we expect to incur more significant 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, influenced by several factors, including sales volume and pricing of our

products and services, changes in product costs, contract manufacturing, and supplier pricing, personnel costs, shipping, and logistics costs.

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 costs, pre-production engineering mask costs, professional and consulting services fees, 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 costs, prototype wafer, packaging and test costs, and allocated facilities 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. 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 will be 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, travel and entertainment costs, and allocated facilities 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, legal and human resource functions, professional services fees, audit and compliance expenses, insurance costs, and general corporate expenses including allocated facilities expenses.

We expect general and administrative expenses to increase in absolute dollars and moderately decline as a percentage of revenue over time as our revenue increases as we grow our operations and incur additional expenses associated with operating as a public company. These expenses as a result of operating as a public company include expenses necessary to comply with the rules and regulations applicable to companies listed on a national securities exchange and related compliance and reporting obligations pursuant to the rules and regulations of the SEC, as well as higher expenses for general and director and officer insurance, investor relations and other professional services.

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 not more likely than not that the deferred tax assets will be realized.

Results of Operations

Comparison of the Three Months Ended March 31, 2024 and 2023

Revenue

	Three Months Ended March 31,		Change	% Change
	2024	2023		
	(dollars in thousands)			
Revenue	\$ 65,258	\$ 17,664	\$ 47,594	269 %

Total revenue increased \$47.6 million, or 269%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, primarily due to a 293% increase in overall shipments driven by higher demand for our Aries product. The increase in revenue was also attributable to a 20% increase in the overall average selling prices driven by a higher mix of our current generation Aries retimers, which have a higher average selling price than our previous generation. The increase in revenue was partially offset by a decrease in engineering revenue, of which there was none for the three months ended March 31, 2024.

Cost of Revenue

	Three Months Ended March 31,		Change	% Change
	2024	2023		
	(dollars in thousands)			
Cost of revenue	\$ 14,738	\$ 13,406	\$ 1,332	10 %

Total cost of revenue increased \$1.3 million, or 10%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, primarily due to a 293% increase in overall shipments partially offset by a \$9.7 million write down of inventory in excess of our sales forecast for a legacy customer system incurred in the three months ended March 31, 2023.

Gross Profit and Gross Margin

	Three Months Ended March 31,		Change	% Change
	2024	2023		
	(dollars in thousands)			
Gross profit	\$ 50,520	\$ 4,258	\$ 46,262	1,086 %
Gross margin	77.4 %	24.1 %	53.3 %	

Gross profit increased \$46.3 million, or 1,086% for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase was primarily due to a 293% increase in product shipments as well as a \$9.7 million write down of inventory in excess of our sales forecast for a legacy customer system incurred in the three months ended March 31, 2023 that did not occur during the three months ended March 31, 2024.

Gross margin increased 53.3 percentage points to 77.4% for the three months ended March 31, 2024 compared to 24.1% for the three months ended March 31, 2023. The increase was primarily driven by a 20% increase in the overall average selling prices, partially offset by product mix compared to the three months ended March 31, 2023. The prior year quarter also included a \$9.7 million write down of inventory in excess of our sales forecast for a legacy customer system that did not occur during the three months ended March 31, 2024.

Research and Development

	Three Months Ended March 31,		Change	% Change
	2024	2023		
	(dollars in thousands)			
Research and development	\$ 53,558	\$ 15,267	\$ 38,291	251 %
Percentage of revenue	82 %	86 %		

Research and development expense increased \$38.3 million, or 251%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase was primarily due to a \$28.3 million increase in stock-based compensation expense resulting from the vesting and settlement of RSUs that had previously met the time vesting condition and for which the liquidity event vesting condition was satisfied in connection with our IPO, a \$5.9 million increase in personnel-related expenses as a result of a 44% increase in headcount and a \$2.9 million increase in cost of software licenses.

Sales and Marketing

	Three Months Ended March 31,		Change	% Change
	2024	2023		
	(dollars in thousands)			
Sales and marketing	\$ 55,510	\$ 4,393	\$ 51,117	1,164 %
Percentage of revenue	85 %	25 %		

Sales and marketing expense increased \$51.1 million, or 1,164%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase was primarily due to a \$49.3 million increase in stock-based compensation expense resulting from the vesting and settlement of RSUs that had previously met the time vesting condition and for which the liquidity event vesting condition was satisfied in connection with our IPO, and a \$1.6 million increase in personnel-related expenses as a result of a 18% increase in headcount.

General and Administrative

	Three Months Ended March 31,		Change	% Change
	2024	2023		
	(dollars in thousands)			
General and administrative	24,419	3,525	\$ 20,894	593 %
Percentage of revenue	37 %	20 %		

General and administrative expense increased \$20.9 million, or 593%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase was primarily due to a \$17.7 million increase in stock-based compensation expense resulting from the vesting and settlement of RSUs that had previously met the time vesting condition and for which the liquidity event vesting condition was satisfied in connection with our IPO, and a \$2.1 million increase in personnel-related expenses as a result of a 64% increase in headcount.

Interest Income

	Three Months Ended March 31,		Change	% Change
	2024	2023		
	(dollars in thousands)			
Interest income	\$ 2,554	\$ 1,596	\$ 958	60 %

Interest income increased \$1.0 million, or 60%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase was primarily due to higher average short-term investments and cash equivalents balances primarily as a result of our IPO and higher interest rates.

Income Tax Provision

	Three Months Ended March 31,		Change	% Change
	2024	2023		
	(dollars in thousands)			
Income tax provision	\$ 12,582	\$ 123	\$ 12,459	10,129 %

Income tax provision increased \$12.5 million, or 10,129%, for the three months ended March 31, 2024 compared to three months ended March 31, 2023, primarily due to an increase in taxable income and capitalized research and development expenditures in accordance with Section 174 of the Internal Revenue Code.

Non-GAAP Financial Measures

This Quarterly Report on Form 10-Q 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 and 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 and 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 investors 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 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 stock-based compensation, 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 compare business performance across companies and periods, while eliminating 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 is presented below:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
GAAP gross profit	\$ 50,520	\$ 4,258
Stock-based compensation expense upon IPO ⁽¹⁾	516	—
Stock-based compensation expense	12	5
Non-GAAP gross profit	<u>\$ 51,048</u>	<u>\$ 4,263</u>
Revenue	\$ 65,258	\$ 17,664
GAAP gross margin	77.4 %	24.1 %
Non-GAAP gross margin	78.2 %	24.1 %

(1) Stock-based compensation expense recognized in connection with the vesting and settlement of RSUs that had previously met the time 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 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 stock-based compensation and employer payroll taxes related to the vesting and net settlement of restricted stock units in connection with our IPO, charges 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 compare business performance across companies and periods, while eliminating the effects of items that may vary for different companies for reasons unrelated to core operating performance.

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

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
GAAP operating loss	\$ (82,967)	\$ (18,927)
Stock-based compensation expense upon IPO ⁽¹⁾	88,873	—
Stock-based compensation expense	8,895	1,997
Employer payroll tax related to stock-based compensation from IPO ⁽²⁾	1,072	—
Non-GAAP operating income (loss)	\$ 15,873	\$ (16,930)

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

(2) Employer payroll taxes related to the vesting and settlement of RSUs that had previously met the time 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 condensed consolidated statements of operations, excluding the impact of stock-based compensation expenses, employer payroll taxes related to the 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 income (loss), the most directly comparable GAAP financial measure, to our non-GAAP net income (loss) is presented below:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
GAAP net loss	\$ (92,995)	\$ (17,454)
Stock-based compensation expense upon IPO ⁽¹⁾	88,873	—
Stock-based compensation expense	8,895	1,997
Employer payroll tax related to stock-based compensation from IPO ⁽²⁾	1,072	—
Income tax effect ⁽³⁾	8,485	—
Non-GAAP net income (loss)	\$ 14,330	\$ (15,457)

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

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

(3) For the three months ended March 31, 2024, the non-GAAP tax rate of approximately 22% is calculated based on the tax laws in the jurisdictions in which the Company operates and excludes the impact of stock-based compensation expense and associated employer payroll taxes. Such adjustment for the three months ended March 31, 2023 was not material.

Liquidity and Capital Resources

Since our inception, we have financed our operations primarily through proceeds from the issuance of our redeemable convertible preferred stock, our IPO, and cash generated from the sale of our products. As of March 31, 2024, our principal sources of liquidity were cash, cash equivalents, and marketable securities of \$801.4 million and working capital of \$808.9 million. Our principal use of cash is to fund our operations and invest in research and development to support our growth.

We have generated significant losses from operations and negative cash flows from operating activities in the past as reflected in our accumulated deficit of \$218.4 million as of March 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, 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:

	Three Months Ended March 31,	
	2024	2023
	(in thousands)	
Net cash provided by (used in) operating activities	\$ 3,652	\$ (3,819)
Net cash (used in) provided by investing activities	\$ (4,251)	\$ 35,297
Net cash provided by financing activities	\$ 651,578	\$ 31

Operating Activities

Net cash provided by operating activities for the three months ended March 31, 2024 of \$3.7 million included net loss of \$93.0 million, non-cash charges of \$98.9 million primarily related to \$97.8 million in stock-based compensation, a \$10.2 million increase in accrued expenses and other liabilities primarily due to accrued income taxes, higher accrued pre-production engineering mask costs and timing of payments, and a \$5.0 million increase in accounts payable primarily due to timing of payments. These cash flows provided by operating activities were partially offset by an increase of \$8.4 million in accounts receivable due to higher product sales and timing of customer payments, a \$5.9 million increase in inventory, primarily due to build up for anticipated demand, and a \$2.7 million increase in prepaid expenses and other assets related to prepaid insurance.

Net cash used in operating activities for the three months ended March 31, 2023 of \$3.8 million included a net loss of \$17.5 million, and non-cash charges of \$11.9 million primarily related to \$9.7 million in inventory write-down. Operating cash uses included a \$5.7 million decrease in accounts payable primarily due to timing of payments, partially offset by a \$7.0 million decrease in accounts receivable due to timing of customer payments, a \$0.6 million increase in accrued expenses and other liabilities primarily due to higher accrued pre-production engineering mask costs and timing of payments.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2024 of \$4.3 million was the result of \$23.3 million in purchases of marketable securities and \$3.4 million in purchases of property and equipment, partially offset by \$13.1 million in proceeds from sales of marketable securities and \$9.4 million in maturities of marketable securities.

Net cash provided by investing activities for the three months ended March 31, 2023 of \$35.3 million was the result of \$45.1 million in proceeds from sales of marketable securities and \$13.0 million in maturities of marketable securities. This was partially offset by \$22.3 million in purchases of marketable securities and \$0.4 million in purchases of property and equipment.

Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2024 of \$651.6 million was the result of \$672.2 million in proceeds from our IPO, net of underwriting discounts and commissions, and \$1.2 million in proceeds from the exercise of stock options net of repurchases. This was partially offset by \$20.1 million in tax withholding related to net share settlement of RSUs that had previously met the time vesting condition and for which the liquidity event vesting condition was satisfied in connection with our IPO, and \$1.8 million in payments of deferred offering costs.

Net cash provided by financing activities for the three months ended March 31, 2023 was immaterial.

Contractual Obligations and Commitments

Operating lease commitments. Our operating lease commitments primarily include corporate offices. As of March 31, 2024, there have been no material changes to our contractual obligations as previously disclosed in our Prospectus.

Purchase commitments. Our purchase commitments are primarily related to software licenses and engineering services. As of March 31, 2024, there have been no material changes to our contractual obligations as previously disclosed in our Prospectus.

Indemnification Agreements

See “Note 5 - Commitments and Contingencies” in the Notes to the Unaudited Condensed Consolidated Financial Statements set forth in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Critical Accounting Estimates

Our condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q are prepared in accordance with GAAP. The preparation of condensed consolidated financial statements in accordance with GAAP requires us to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities and the related disclosures as of the date of the financial statements, as well as the reported amounts of revenue and expenses during the period presented. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from our estimates. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations, and cash flows could be affected.

There have been no material changes to our critical accounting policies and estimates as described in our Prospectus.

Recent Accounting Pronouncements

For more information, see Note 1 to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Item 3. 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 March 31, 2024, we had cash and cash equivalents of \$696.1 million and marketable securities of \$105.3 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, 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 increase in investment balance. 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 investment in marketable securities by \$1.0 million and \$0.9 million as of March 31, 2024 and December 31, 2023, respectively.

Foreign Currency Exchange Risk

Our reporting currency and the functional currency of our wholly owned foreign subsidiaries in Taiwan, Canada, and Israel is the U.S. dollar. In February 2024, we formed a wholly owned subsidiary in China, and its functional currency is also 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. 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 4. 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 March 31, 2024, which was the end of the period covered by this Quarterly Report on Form 10-Q. 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.

Notwithstanding these identified material weaknesses, management, including our principal executive officer and principal financial and accounting officer, believes that the interim condensed financial statements contained in this Quarterly Report on Form 10-Q fairly present, in all material respects, the financial condition, results of operations and cash flows of the Company for the periods presented in conformity with GAAP.

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 in the Prospectus, 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 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.

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 plan 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 may 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 also plan to establish 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.

As of March 31, 2024, the remediation efforts, which have been or 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;
- 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; and
- during the quarter ended March 31, 2024, formed a formal Disclosure Committee that has oversight responsibility for the accuracy and timeliness of 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 and operational for a sufficient period of time, and management concludes, through testing, that these controls are operating effectively. Accordingly, the material weaknesses are not remediated as of March 31, 2024.

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 March 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.

Part II - Other Information

Item 1. 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 1A. Risk Factors

For a discussion of potential risks and uncertainties, see the information in the section titled “Risk Factors” in the Prospectus. As of the date of this Quarterly Report on Form 10-Q, there have been no material changes from the risk factors disclosed in our Prospectus. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. We may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Conversion of the Company’s Preferred Stock into Common Stock in connection with IPO

On March 22, 2024, in connection with our IPO, we issued 90,890,650 shares Common Stock upon conversion on a one-for-one basis (the “Conversion”) of all outstanding shares of our 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”), pursuant to our Amended and Restated Certificate of Incorporation, as amended and in effect immediately prior to the closing of the IPO. The Conversion of the Preferred Stock into an equal number of shares of Common Stock occurred automatically immediately prior to the consummation of the IPO. The issuance of the Common Stock upon the Conversion has not been registered under the Securities Act, in reliance on the exemption from registration provided by Section 3(a)(9) thereof.

Use of Proceeds from our IPO

On March 22, 2024, we completed our IPO in which we registered and sold an aggregate of 19,758,903 shares of our Common Stock for our account, and we registered an aggregate of 3,011,097 shares of our Common Stock that were sold by certain of our existing stockholders. The shares of Common Stock sold in the IPO were registered under the Securities Act pursuant to our registration statement on Form S-1, as amended (File No. 333-277205), which was declared effective by the SEC on March 19, 2024. Our shares of Common Stock were sold at an initial public offering price of \$36.00 per share, which generated aggregate proceeds of \$672.2 million after deducting underwriting discounts and commissions of \$39.1 million, and \$102.4 million for the accounts of the selling stockholders, after deducting underwriting discounts and commissions of \$6.0 million. Morgan Stanley and J.P. Morgan Securities LLC acted as representatives of the underwriters for the offering.

We received net proceeds from the IPO of approximately \$666.0 million, after deducting underwriting discounts and offering expenses of \$6.2 million. No payments for such expenses were made directly or indirectly to (i) any of our officers or directors or their associates, (ii) any persons owning 10% or more of any class of our equity securities or (iii) any of our affiliates.

The net proceeds from our IPO were used to satisfy our tax withholding and remittance obligations related to the settlement, vesting, and/or exercise of certain equity awards in connection with the IPO. There has been no material change in the expected use of the net proceeds from our IPO as described in the Prospectus.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

Securities Trading Plans of Directors or Executive Officers

During the three months ended March 31, 2024, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, terminated or modified a Rule 10b5-1 trading arrangement or any “non-Rule 10b5-1 trading agreement” (as defined in Item 408(c) of Regulation S-K).

Item 6. Exhibits.

The exhibits listed below are filed as part of this Quarterly Report on Form 10-Q, or are incorporated herein by reference, in each case as indicated below:

Exhibit Number	Exhibit Title	Form	File No.	Exhibit No.	Filing Date	Filed Herewith
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	
10.1	Form of Indemnification Agreement between the Company and each of its directors and executive officers.	S-1	333-277205	10.1	2/21/2024	
10.2#	2024 Stock Option and Incentive Plan, and forms of award agreements thereunder					X
10.3#	2024 Employee Stock Purchase Plan					X
10.4#	Form of Non-Employee Director Compensation Policy	S-1	333-277205	10.6	2/21/2024	
10.5#	Senior Executive Cash Incentive Bonus Plan	S-1	333-277205	10.7	2/21/2024	
10.6	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	3/01/2024	
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
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.					
101. SCH	Inline XBRL Schema Document					
101. CA:	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).					

Indicates management contract or compensatory plan, contract or agreement.

* The certifications attached as Exhibits 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q 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.

SIGNATURES

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

ASTERA LABS, INC.

Date: May 7, 2024

By: /s/ Jitendra Mohan _____

Name: Jitendra Mohan

Title: Chief Executive Officer (Principal Executive Officer)

Date: May 7, 2024

By: /s/ Michael Tate _____

Name: Michael Tate

Title: Chief Financial Officer (Principal Financial and Accounting Officer)

ASTERA LABS, INC.**2024 STOCK OPTION AND INCENTIVE PLAN****SECTION 1. GENERAL PURPOSE OF THE PLAN; DEFINITIONS**

The name of the plan is the Astera Labs, Inc. 2024 Stock Option and Incentive Plan (as amended from time to time, the “Plan”). The purpose of the Plan is to encourage and enable the officers, employees, Non-Employee Directors and Consultants of Astera Labs, Inc. (the “Company”) and its Affiliates upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business to acquire a proprietary interest in the Company. It is anticipated that providing such persons with a direct stake in the Company’s welfare will assure a closer identification of their interests with those of the Company and its stockholders, thereby stimulating their efforts on the Company’s behalf and strengthening their desire to remain with the Company.

The following terms shall be defined as set forth below:

“*Act*” means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

“*Administrator*” means either the Board or the compensation committee of the Board or a similar committee performing the functions of the compensation committee and which is comprised of not less than two Non-Employee Directors who are independent.

“*Affiliate*” means, at the time of determination, any “parent” or “subsidiary” of the Company as such terms are defined in Rule 405 of the Act. The Board will have the authority to determine the time or times at which “parent” or “subsidiary” status is determined within the foregoing definition.

“*Award*” or “*Awards*,” except where referring to a particular category of grant under the Plan, shall include Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Restricted Stock Units, Unrestricted Stock Awards, Cash-Based Awards, and Dividend Equivalent Rights.

“*Award Certificate*” means a written or electronic document setting forth the terms and provisions applicable to an Award granted under the Plan. Each Award Certificate is subject to the terms and conditions of the Plan.

“*Board*” means the Board of Directors of the Company.

“*Cash-Based Award*” means an Award entitling the recipient to receive a cash-denominated payment.

“*Code*” means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.

“*Consultant*” means a consultant or adviser who provides *bona fide* services to the Company or an Affiliate as an independent contractor and who qualifies as a consultant or advisor under Instruction A.1.(a)(1) of Form S-8 under the Act.

“*Dividend Equivalent Right*” means an Award entitling the grantee to receive credits based on cash dividends that would have been paid on the shares of Stock specified in the Dividend Equivalent Right (or other award to which it relates) if such shares had been issued to and held by the grantee.

“*Effective Date*” means the date on which the Plan becomes effective as set forth in Section 19.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

“*Fair Market Value*” of the Stock on any given date means the fair market value of the Stock determined in good faith by the Administrator; provided, however, that if the Stock is listed on the National Association of Securities Dealers Automated Quotation System (“Nasdaq”), Nasdaq Global Market, The New York Stock Exchange or another national securities exchange or traded on any established market, the determination shall be made by reference to the closing price. If there is no closing price for such date, the determination shall be made by reference to the last date preceding such date for which there is a closing price; provided further, however, that if the date for which Fair Market Value is determined is the Registration Date, the Fair Market Value shall be the “Price to the Public” (or equivalent) set forth on the cover page for the final prospectus relating to the Company’s initial public offering.

“*Incentive Stock Option*” means any Stock Option designated and qualified as an “incentive stock option” as defined in Section 422 of the Code.

“*Non-Employee Director*” means a member of the Board who is not also an employee of the Company or any Subsidiary.

“*Non-Qualified Stock Option*” means any Stock Option that is not an Incentive Stock Option.

“*Option*” or “*Stock Option*” means any option to purchase shares of Stock granted pursuant to Section 5.

“*Registration Date*” means the date upon which the registration statement on Form S-1 that is filed by the Company with respect to its initial public offering is declared effective by the Securities and Exchange Commission.

“*Restricted Shares*” means the shares of Stock underlying a Restricted Stock Award that remain subject to a risk of forfeiture or the Company’s right of repurchase.

“Restricted Stock Award” means an Award of Restricted Shares subject to such restrictions and conditions as the Administrator may determine at the time of grant.

“Restricted Stock Units” means an Award of stock units subject to such restrictions and conditions as the Administrator may determine at the time of grant.

“Sale Event” means (i) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (ii) a merger, reorganization or consolidation pursuant to which the holders of the Company’s outstanding voting power and outstanding stock immediately prior to such transaction do not own a majority of the outstanding voting power and outstanding stock or other equity interests of the resulting or successor entity (or its ultimate parent, if applicable) immediately upon completion of such transaction, (iii) the sale of all of the Stock of the Company to an unrelated person, entity or group thereof acting in concert, or (iv) any other transaction in which the owners of the Company’s outstanding voting power immediately prior to such transaction do not own at least a majority of the outstanding voting power of the Company or any successor entity immediately upon completion of the transaction other than as a result of the acquisition of securities directly from the Company.

“Sale Price” means the value as determined by the Administrator of the consideration payable, or otherwise to be received by stockholders, per share of Stock pursuant to a Sale Event.

“Section 409A” means Section 409A of the Code and the regulations and other guidance promulgated thereunder.

“Service Relationship” means any relationship as an employee, director or Consultant of the Company or any Affiliate (e.g., a Service Relationship shall be deemed to continue without interruption in the event an individual’s status changes from full-time employee to part-time employee or Consultant).

“Stock” means the Common Stock, par value \$0.0001 per share, of the Company, subject to adjustments pursuant to Section 3.

“Stock Appreciation Right” means an Award entitling the recipient to receive shares of Stock (or cash, to the extent explicitly provided for in the applicable Award Certificate) having a value equal to the excess of the Fair Market Value of the Stock on the date of exercise over the exercise price of the Stock Appreciation Right multiplied by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised.

“Subsidiary” means any corporation or other entity (other than the Company) in which the Company has at least a 50 percent interest, either directly or indirectly.

“Ten Percent Owner” means an employee who owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10 percent of the combined voting power of all classes of stock of the Company or any parent or subsidiary corporation.

“Unrestricted Stock Award” means an Award of shares of Stock free of any restrictions.

SECTION 2. ADMINISTRATION OF PLAN; ADMINISTRATOR AUTHORITY TO SELECT GRANTEES AND DETERMINE AWARDS

(a) Administration of Plan. The Plan shall be administered by the Administrator.

(b) Powers of Administrator. The Administrator shall have the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority:

(i) to select the individuals to whom Awards may from time to time be granted;

(ii) to determine the time or times of grant, and the extent, if any, of Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Restricted Stock Units, Unrestricted Stock Awards, Cash-Based Awards, and Dividend Equivalent Rights, or any combination of the foregoing, granted to any one or more grantees;

(iii) to determine the number of shares of Stock to be covered by any Award;

(iv) to determine and modify from time to time the terms and conditions, including restrictions, not inconsistent with the terms of the Plan, of any Award, which terms and conditions may differ among individual Awards and grantees, and to approve the forms of Award Certificates;

(v) to accelerate at any time the exercisability or vesting of all or any portion of any Award;

(vi) subject to the provisions of Section 5(c) or Section 6(d), as applicable, to extend at any time the period in which Stock Options and Stock Appreciation Rights may be exercised; and

(vii) at any time to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any Award (including related written instruments); to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan.

All decisions and interpretations of the Administrator shall be binding on all persons, including the Company and Plan grantees.

(c) Delegation of Authority to Grant Awards. Subject to applicable law, the Administrator, in its discretion, may delegate to a committee consisting of one or more officers of the Company including the Chief Executive Officer of the Company all or part of the Administrator's authority and duties with respect to the granting of Awards to individuals who are (i) not subject to the reporting and other provisions of Section 16 of the Exchange Act and (ii) not members of the delegated committee. Any such delegation by the Administrator shall include a limitation as to the amount of Stock underlying Awards that may be granted during the

period of the delegation and shall contain guidelines as to the determination of the exercise price and the vesting criteria. The Administrator may revoke or amend the terms of a delegation at any time, but such action shall not invalidate any prior actions of the Administrator's delegate or delegates that were consistent with the terms of the Plan.

(d) Award Certificate. Awards under the Plan shall be evidenced by Award Certificates that set forth the terms, conditions and limitations for each Award which may include, without limitation, the term of an Award and the provisions applicable in the event employment or service terminates.

(e) Indemnification. Neither the Board nor the Administrator, nor any member of either or any delegate thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and the members of the Board and the Administrator (and any delegate thereof) shall be entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, reasonable attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under the Company's articles or bylaws or any directors' and officers' liability insurance coverage which may be in effect from time to time and/or any indemnification agreement between such individual and the Company.

(f) Foreign Award Recipients. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and its Subsidiaries operate or have employees or other individuals eligible for Awards, the Administrator, in its sole discretion, shall have the power and authority to: (i) determine which Subsidiaries shall be covered by the Plan; (ii) determine which individuals outside the United States are eligible to participate in the Plan; (iii) modify the terms and conditions of any Award granted to individuals outside the United States to comply with applicable foreign laws; (iv) establish subplans and modify exercise procedures and other terms and procedures, to the extent the Administrator determines such actions to be necessary or advisable (and such subplans and/or modifications shall be attached to this Plan as appendices); provided, however, that no such subplans and/or modifications shall increase the share limitations contained in Section 3(a) hereof; and (v) take any action, before or after an Award is made, that the Administrator determines to be necessary or advisable to obtain approval or comply with any local governmental regulatory exemptions or approvals. Notwithstanding the foregoing, the Administrator may not take any actions hereunder, and no Awards shall be granted, that would violate the Exchange Act or any other applicable United States securities law, the Code, or any other applicable United States governing statute or law.

SECTION 3. STOCK ISSUABLE UNDER THE PLAN; MERGERS; SUBSTITUTION

(a) Stock Issuable. The maximum number of shares of Stock reserved and available for issuance under the Plan shall be 12,362,662 shares (the "Initial Limit"), subject to adjustment as provided in this Section 3, plus on January 1, 2025 and each January 1 thereafter, the number of shares of Stock reserved and available for issuance under the Plan shall be cumulatively increased by (i) 5 percent of the number of shares of Stock issued and outstanding on the immediately preceding December 31 or (ii) such lesser number of shares as determined by the

Administrator (the “Annual Increase”). Subject to such overall limitation, the maximum aggregate number of shares of Stock that may be issued in the form of Incentive Stock Options shall not exceed the Initial Limit, as cumulatively increased on January 1, 2025 and each January 1 thereafter by the lesser of the Annual Increase for such year or 12,362,662 shares of Stock, subject in all cases to adjustment as provided in Section 3. For purposes of this limitation, the shares of Stock underlying any awards under the Plan and the Amended and Restated 2018 Equity Incentive Plan, as amended, that are forfeited, canceled, held back upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding, reacquired by the Company prior to vesting, satisfied without the issuance of Stock or otherwise terminated (other than by exercise) shall be added back to the shares of Stock available for issuance under the Plan and, to the extent permitted under Section 422 of the Code and the regulations promulgated thereunder, the shares of Stock that may be issued as Incentive Stock Options. In the event the Company repurchases shares of Stock on the open market, such shares shall not be added to the shares of Stock available for issuance under the Plan. Subject to such overall limitations, shares of Stock may be issued up to such maximum number pursuant to any type or types of Award. The shares available for issuance under the Plan may be authorized but unissued shares of Stock or shares of Stock reacquired by the Company.

(b) Changes in Stock. Subject to Section 3(c) hereof, if, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Company’s capital stock, the outstanding shares of Stock are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Stock or other securities, or, if, as a result of any merger or consolidation, sale of all or substantially all of the assets of the Company, the outstanding shares of Stock are converted into or exchanged for securities of the Company or any successor entity (or a parent or subsidiary thereof), the Administrator shall make an appropriate or proportionate adjustment in (i) the maximum number of shares reserved for issuance under the Plan, including the maximum number of shares that may be issued in the form of Incentive Stock Options, (ii) the number and kind of shares or other securities subject to any then outstanding Awards under the Plan, (iii) the repurchase price, if any, per share subject to each outstanding Restricted Stock Award, and (iv) the exercise price for each share subject to any then outstanding Stock Options and Stock Appreciation Rights under the Plan, without changing the aggregate exercise price (i.e., the exercise price multiplied by the number of shares subject to Stock Options and Stock Appreciation Rights) as to which such Stock Options and Stock Appreciation Rights remain exercisable. The Administrator shall also make equitable or proportionate adjustments in the number of shares subject to outstanding Awards and the exercise price and the terms of outstanding Awards to take into consideration cash dividends paid other than in the ordinary course or any other extraordinary corporate event. The adjustment by the Administrator shall be final, binding and conclusive. No fractional shares of Stock shall be issued under the Plan resulting from any such adjustment, but the Administrator in its discretion may make a cash payment in lieu of fractional shares.

(c) Mergers and Other Transactions. In the case of and subject to the consummation of a Sale Event, the parties thereto may cause the assumption or continuation of Awards

theretofore granted by the successor entity, or the substitution of such Awards with new Awards of the successor entity or parent thereof, with appropriate adjustment as to the number and kind of shares and, if appropriate, the per share exercise prices, as such parties shall agree. To the extent the parties to such Sale Event do not provide for the assumption, continuation or substitution of Awards, upon the effective time of the Sale Event, the Plan and all outstanding Awards granted hereunder shall terminate. In such case, except as may be otherwise provided in the relevant Award Certificate, all Options and Stock Appreciation Rights with time-based vesting conditions or restrictions that are not vested and/or exercisable immediately prior to the effective time of the Sale Event shall become fully vested and exercisable as of the effective time of the Sale Event, all other Awards with time-based vesting, conditions or restrictions shall become fully vested and nonforfeitable as of the effective time of the Sale Event, and all Awards with conditions and restrictions relating to the attainment of performance goals may become vested and nonforfeitable in connection with a Sale Event in the Administrator's discretion or to the extent specified in the relevant Award Certificate. In the event of such termination, (i) the Company shall have the option (in its sole discretion) to make or provide for a payment, in cash or in kind, to the grantees holding Options and Stock Appreciation Rights, in exchange for the cancellation thereof, in an amount equal to the difference between (A) the Sale Price multiplied by the number of shares of Stock subject to outstanding Options and Stock Appreciation Rights (to the extent then exercisable at prices not in excess of the Sale Price) and (B) the aggregate exercise price of all such outstanding Options and Stock Appreciation Rights (provided that, in the case of an Option or Stock Appreciation Right with an exercise price equal to or greater than the Sale Price, such Option or Stock Appreciation Right shall be cancelled for no consideration); or (ii) each grantee shall be permitted, within a specified period of time prior to the consummation of the Sale Event as determined by the Administrator, to exercise all outstanding Options and Stock Appreciation Rights (to the extent then exercisable) held by such grantee. The Company shall also have the option (in its sole discretion) to make or provide for a payment, in cash or in kind, to the grantees holding other Awards in an amount equal to the Sale Price multiplied by the number of vested shares of Stock under such Awards.

(d) Maximum Awards to Non-Employee Directors. Notwithstanding anything to the contrary in this Plan, the value of all Awards awarded under this Plan and all other cash compensation paid by the Company to any Non-Employee Director in any calendar year for services as a Non-Employee Director shall not exceed \$750,000; provided, however, that such amount shall be \$1,000,000 for the calendar year in which the applicable Non-Employee Director is initially elected or appointed to the Board. For the purpose of these limitations, the value of any Award shall be its grant date fair value, as determined in accordance with ASC 718 or successor provision but excluding the impact of estimated forfeitures related to service-based vesting provisions.

SECTION 4. ELIGIBILITY

Grantees under the Plan will be such employees, Non-Employee Directors or Consultants of the Company and its Affiliates as are selected from time to time by the Administrator in its sole discretion; provided that Awards may not be granted to employees, Directors or Consultants who are providing services only to any "parent" of the Company, as such term is defined in Rule

405 of the Act, unless (i) the stock underlying the Awards is treated as “service recipient stock” under Section 409A or (ii) the Company, in consultation with its legal counsel, has determined that such Awards are exempt from or otherwise comply with Section 409A.

SECTION 5. STOCK OPTIONS

(a) Award of Stock Options. The Administrator may grant Stock Options under the Plan. Any Stock Option granted under the Plan shall be in such form as the Administrator may from time to time approve.

Stock Options granted under the Plan may be either Incentive Stock Options or Non-Qualified Stock Options. Incentive Stock Options may be granted only to employees of the Company or any Subsidiary that is a “subsidiary corporation” within the meaning of Section 424(f) of the Code. To the extent that any Option does not qualify as an Incentive Stock Option, it shall be deemed a Non-Qualified Stock Option.

Stock Options granted pursuant to this Section 5 shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable. If the Administrator so determines, Stock Options may be granted in lieu of cash compensation at the optionee’s election, subject to such terms and conditions as the Administrator may establish.

(b) Exercise Price. The exercise price per share for the Stock covered by a Stock Option granted pursuant to this Section 5 shall be determined by the Administrator at the time of grant but shall not be less than 100 percent of the Fair Market Value on the date of grant. In the case of an Incentive Stock Option that is granted to a Ten Percent Owner, the exercise price of such Incentive Stock Option shall be not less than 110 percent of the Fair Market Value on the grant date. Notwithstanding the foregoing, Stock Options may be granted with an exercise price per share that is less than 100 percent of the Fair Market Value on the date of grant (i) pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code, (ii) to individuals who are not subject to U.S. income tax on the date of grant or (iii) if the Stock Option is otherwise compliant with Section 409A.

(c) Option Term. The term of each Stock Option shall be fixed by the Administrator, but no Stock Option shall be exercisable more than ten years after the date the Stock Option is granted. In the case of an Incentive Stock Option that is granted to a Ten Percent Owner, the term of such Stock Option shall be no more than five years from the date of grant.

(d) Exercisability; Rights of a Stockholder. Stock Options shall become exercisable at such time or times, whether or not in installments, as shall be determined by the Administrator at or after the grant date. The Administrator may at any time accelerate the exercisability of all or any portion of any Stock Option. An optionee shall have the rights of a stockholder only as to shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options.

(e) Method of Exercise. Stock Options may be exercised in whole or in part, by giving written or electronic notice of exercise to the Company, specifying the number of shares

to be purchased. Payment of the purchase price may be made by one or more of the following methods except to the extent otherwise provided in the Award Certificate:

(i) In cash, by certified or bank check or other instrument acceptable to the Administrator;

(ii) Through the delivery (or attestation to the ownership following such procedures as the Company may prescribe) of shares of Stock that are not then subject to restrictions under any Company plan. Such surrendered shares shall be valued at Fair Market Value on the exercise date;

(iii) By the optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company for the purchase price; provided that in the event the optionee chooses to pay the purchase price as so provided, the optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Company shall prescribe as a condition of such payment procedure; or

(iv) With respect to Stock Options that are not Incentive Stock Options, by a “net exercise” arrangement pursuant to which the Company will reduce the number of shares of Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price.

Payment instruments will be received subject to collection. The transfer to the optionee on the records of the Company or of the transfer agent of the shares of Stock to be purchased pursuant to the exercise of a Stock Option will be contingent upon receipt from the optionee (or a purchaser acting in his stead in accordance with the provisions of the Stock Option) by the Company of the full purchase price for such shares and the fulfillment of any other requirements contained in the Award Certificate or applicable provisions of laws (including the satisfaction of any withholding taxes that the Company is obligated to withhold with respect to the optionee). In the event an optionee chooses to pay the purchase price by previously-owned shares of Stock through the attestation method, the number of shares of Stock transferred to the optionee upon the exercise of the Stock Option shall be net of the number of attested shares. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the exercise of Stock Options, such as a system using an internet website or interactive voice response, then the paperless exercise of Stock Options may be permitted through the use of such an automated system.

(f) Annual Limit on Incentive Stock Options. To the extent required for “incentive stock option” treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the time of grant) of the shares of Stock with respect to which Incentive Stock Options granted under this Plan and any other plan of the Company or its parent and subsidiary corporations become exercisable for the first time by an optionee during any calendar year shall not exceed \$100,000. To the extent that any Stock Option exceeds this limit, it shall constitute a Non-Qualified Stock Option.

SECTION 6. STOCK APPRECIATION RIGHTS

(a) Award of Stock Appreciation Rights. The Administrator may grant Stock Appreciation Rights under the Plan. A Stock Appreciation Right is an Award entitling the recipient to receive shares of Stock (or cash, to the extent explicitly provided for in the applicable Award Certificate) having a value equal to the excess of the Fair Market Value of a share of Stock on the date of exercise over the exercise price of the Stock Appreciation Right multiplied by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised.

(b) Exercise Price of Stock Appreciation Rights. The exercise price of a Stock Appreciation Right shall not be less than 100 percent of the Fair Market Value of the Stock on the date of grant.

(c) Grant and Exercise of Stock Appreciation Rights. Stock Appreciation Rights may be granted by the Administrator independently of any Stock Option granted pursuant to Section 5 of the Plan.

(d) Terms and Conditions of Stock Appreciation Rights. Stock Appreciation Rights shall be subject to such terms and conditions as shall be determined on the date of grant by the Administrator. The term of a Stock Appreciation Right may not exceed ten years. The terms and conditions of each such Award shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and grantees.

SECTION 7. RESTRICTED STOCK AWARDS

(a) Nature of Restricted Stock Awards. The Administrator may grant Restricted Stock Awards under the Plan. A Restricted Stock Award is any Award of Restricted Shares subject to such restrictions and conditions as the Administrator may determine at the time of grant. Conditions may be based on continuing employment (or other Service Relationship) and/or achievement of pre-established performance goals and objectives.

(b) Rights as a Stockholder. Upon the grant of the Restricted Stock Award and payment of any applicable purchase price, a grantee shall have the rights of a stockholder with respect to the voting of the Restricted Shares and receipt of dividends; provided that if the lapse of restrictions with respect to the Restricted Stock Award is tied to the attainment of performance goals, any dividends paid by the Company during the performance period shall accrue and shall not be paid to the grantee until and to the extent the performance goals are met with respect to the Restricted Stock Award. Unless the Administrator shall otherwise determine, (i) uncertificated Restricted Shares shall be accompanied by a notation on the records of the Company or the transfer agent to the effect that they are subject to forfeiture until such Restricted Shares are vested as provided in Section 7(d) below, and (ii) certificated Restricted Shares shall remain in the possession of the Company until such Restricted Shares are vested as provided in Section 7(d) below, and the grantee shall be required, as a condition of the grant, to deliver to the Company such instruments of transfer as the Administrator may prescribe.

(c) Restrictions. Restricted Shares may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein or in the Restricted Stock Award Certificate. Except as may otherwise be provided by the Administrator either in the Award Certificate or, subject to Section 16 below, in writing after the Award is issued, if a grantee's employment (or other Service Relationship) with the Company and its Subsidiaries terminates for any reason, any Restricted Shares that have not vested at the time of termination shall automatically and without any requirement of notice to such grantee from or other action by or on behalf of, the Company be deemed to have been reacquired by the Company at its original purchase price (if any) from such grantee or such grantee's legal representative simultaneously with such termination of employment (or other Service Relationship), and thereafter shall cease to represent any ownership of the Company by the grantee or rights of the grantee as a stockholder. Following such deemed reacquisition of Restricted Shares that are represented by physical certificates, a grantee shall surrender such certificates to the Company upon request without consideration.

(d) Vesting of Restricted Shares. The Administrator at the time of grant shall specify the date or dates and/or the attainment of pre-established performance goals, objectives and other conditions on which the non-transferability of the Restricted Shares and the Company's right of repurchase or forfeiture shall lapse. Subsequent to such date or dates and/or the attainment of such pre-established performance goals, objectives and other conditions, the shares on which all restrictions have lapsed shall no longer be Restricted Shares and shall be deemed "vested."

SECTION 8. RESTRICTED STOCK UNITS

(a) Nature of Restricted Stock Units. The Administrator may grant Restricted Stock Units under the Plan. A Restricted Stock Unit is an Award of stock units that may be settled in shares of Stock (or cash, to the extent explicitly provided for in the Award Certificate) upon the satisfaction of such restrictions and conditions at the time of grant. Conditions may be based on continuing employment (or other Service Relationship) and/or achievement of pre-established performance goals and objectives. The terms and conditions of each such Award shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and grantees. Except in the case of Restricted Stock Units with a deferred settlement date that complies with Section 409A, at the end of the vesting period, the Restricted Stock Units, to the extent vested, shall be settled in the form of shares of Stock. Restricted Stock Units with deferred settlement dates are subject to Section 409A and shall contain such additional terms and conditions as the Administrator shall determine in its sole discretion in order to comply with the requirements of Section 409A.

(b) Election to Receive Restricted Stock Units in Lieu of Compensation. The Administrator may, in its sole discretion, permit a grantee to elect to receive a portion of future cash compensation otherwise due to such grantee in the form of an award of Restricted Stock Units. Any such election shall be made in writing and shall be delivered to the Company no later than the date specified by the Administrator and in accordance with Section 409A and such other rules and procedures established by the Administrator. Any such future cash compensation that the grantee elects to defer shall be converted to a fixed number of Restricted Stock Units based

on the Fair Market Value of Stock on the date the compensation would otherwise have been paid to the grantee if such payment had not been deferred as provided herein. The Administrator shall have the sole right to determine whether and under what circumstances to permit such elections and to impose such limitations and other terms and conditions thereon as the Administrator deems appropriate. Any Restricted Stock Units that are elected to be received in lieu of cash compensation shall be fully vested, unless otherwise provided in the Award Certificate.

(c) Rights as a Stockholder. A grantee shall have the rights as a stockholder only as to shares of Stock acquired by the grantee upon settlement of Restricted Stock Units; provided, however, that the grantee may be credited with Dividend Equivalent Rights with respect to the stock units underlying his or her Restricted Stock Units, subject to the provisions of Section 11 and such terms and conditions as the Administrator may determine.

(d) Termination. Except as may otherwise be provided by the Administrator either in the Award Certificate or, subject to Section 16 below, in writing after the Award is issued, a grantee's right in all Restricted Stock Units that have not vested shall automatically terminate upon the grantee's termination of employment (or cessation of Service Relationship) with the Company and its Subsidiaries for any reason.

SECTION 9. UNRESTRICTED STOCK AWARDS

Grant or Sale of Unrestricted Stock. The Administrator may grant (or sell at par value or such higher purchase price determined by the Administrator) an Unrestricted Stock Award under the Plan. An Unrestricted Stock Award is an Award pursuant to which the grantee may receive shares of Stock free of any restrictions under the Plan. Unrestricted Stock Awards may be granted in respect of past services or other valid consideration, or in lieu of cash compensation due to such grantee.

SECTION 10. CASH-BASED AWARDS

Grant of Cash-Based Awards. The Administrator may grant Cash-Based Awards under the Plan. A Cash-Based Award is an Award that entitles the grantee to a payment in cash upon the attainment of specified performance goals. The Administrator shall determine the maximum duration of the Cash-Based Award, the amount of cash to which the Cash-Based Award pertains, the conditions upon which the Cash-Based Award shall become vested or payable, and such other provisions as the Administrator shall determine. Each Cash-Based Award shall specify a cash-denominated payment amount, formula or payment ranges as determined by the Administrator. Payment, if any, with respect to a Cash-Based Award shall be made in accordance with the terms of the Award and may be made in cash.

SECTION 11. DIVIDEND EQUIVALENT RIGHTS

(a) Dividend Equivalent Rights. The Administrator may grant Dividend Equivalent Rights under the Plan. A Dividend Equivalent Right is an Award entitling the grantee to receive credits based on cash dividends that would have been paid on the shares of Stock specified in the Dividend Equivalent Right (or other Award to which it relates) if such shares had been issued to

the grantee. A Dividend Equivalent Right may be granted hereunder to any grantee as a component of an award of Restricted Stock Units or as a freestanding award. The terms and conditions of Dividend Equivalent Rights shall be specified in the Award Certificate. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be paid currently or may be deemed to be reinvested in additional shares of Stock, which may thereafter accrue additional equivalents. Any such reinvestment shall be at Fair Market Value on the date of reinvestment or such other price as may then apply under a dividend reinvestment plan sponsored by the Company, if any. Dividend Equivalent Rights may be settled in cash or shares of Stock or a combination thereof, in a single installment or installments. A Dividend Equivalent Right granted as a component of an Award of Restricted Stock Units shall provide that such Dividend Equivalent Right shall be settled only upon settlement or payment of, or lapse of restrictions on, such other Award, and that such Dividend Equivalent Right shall expire or be forfeited or annulled under the same conditions as such other Award.

(b) Termination. Except as may otherwise be provided by the Administrator either in the Award Certificate or, subject to Section 16 below, in writing after the Award is issued, a grantee's rights in all Dividend Equivalent Rights shall automatically terminate upon the grantee's termination of employment (or cessation of Service Relationship) with the Company and its Subsidiaries for any reason.

SECTION 12. TRANSFERABILITY OF AWARDS

(a) Transferability. Except as provided in Section 12(b) below, during a grantee's lifetime, his or her Awards shall be exercisable only by the grantee, or by the grantee's legal representative or guardian in the event of the grantee's incapacity. No Awards shall be sold, assigned, transferred or otherwise encumbered or disposed of by a grantee other than by will or by the laws of descent and distribution or pursuant to a domestic relations order. No Awards shall be subject, in whole or in part, to attachment, execution, or levy of any kind, and any purported transfer in violation hereof shall be null and void.

(b) Administrator Action. Notwithstanding Section 12(a), the Administrator, in its discretion, may provide either in the Award Certificate regarding a given Award or by subsequent written approval that the grantee (who is an employee or director) may transfer his or her Non-Qualified Stock Options to his or her immediate family members, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Award. In no event may an Award be transferred by a grantee for value.

(c) Family Member. For purposes of Section 12(b), "family member" shall mean a grantee's child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the grantee's household (other than a tenant of the grantee), a trust in which these persons (or the grantee) have more than 50 percent of the beneficial interest, a foundation in which these persons (or the

grantee) control the management of assets, and any other entity in which these persons (or the grantee) own more than 50 percent of the voting interests.

(d) Designation of Beneficiary. To the extent permitted by the Company, each grantee to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to exercise any Award or receive any payment under any Award payable on or after the grantee's death. Any such designation shall be on a form provided for that purpose by the Administrator and shall not be effective until received by the Administrator. If no beneficiary has been designated by a deceased grantee, or if the designated beneficiaries have predeceased the grantee, the beneficiary shall be the grantee's estate.

SECTION 13. TAX WITHHOLDING

(a) Payment by Grantee. Each grantee shall, no later than the date as of which the value of an Award or of any Stock or other amounts received thereunder first becomes includable in the gross income of the grantee for federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Administrator regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld by the Company with respect to such income. The Company and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the grantee. The Company's obligation to deliver evidence of book entry (or stock certificates) to any grantee is subject to and conditioned on tax withholding obligations being satisfied by the grantee.

(b) Payment in Stock. The Administrator may require the Company's tax withholding obligation to be satisfied, in whole or in part, by the Company withholding from shares of Stock to be issued pursuant to any Award a number of shares with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due; provided, however, that the amount withheld does not exceed the maximum statutory tax rate or such lesser amount as is necessary to avoid liability accounting treatment. For purposes of share withholding, the Fair Market Value of withheld shares shall be determined in the same manner as the value of Stock includible in income of the grantees. The Administrator may also require the Company's tax withholding obligation to be satisfied, in whole or in part, by an arrangement whereby a certain number of shares of Stock issued pursuant to any Award are immediately sold and proceeds from such sale are remitted to the Company in an amount that would satisfy the withholding amount due.

SECTION 14. SECTION 409A AWARDS

Awards are intended to be exempt from Section 409A to the greatest extent possible and to otherwise comply with Section 409A. The Plan and all Awards shall be interpreted in accordance with such intent. To the extent that any Award is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A (a "409A Award"), the Award shall be subject to such additional rules and requirements as specified by the Administrator from time to time in order to comply with Section 409A. In this regard, if any amount under a 409A Award is payable upon a "separation from service" (within the meaning of Section 409A) to a grantee who is then considered a "specified employee" (within the meaning

of Section 409A), then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after the grantee's separation from service, or (ii) the grantee's death, but only to the extent such delay is necessary to prevent such payment from being subject to interest, penalties and/or additional tax imposed pursuant to Section 409A. Further, the settlement of any 409A Award may not be accelerated except to the extent permitted by Section 409A. The Company makes no representation that any or all of the payments or benefits described in the Plan will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payment. The grantee shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A.

SECTION 15. TERMINATION OF SERVICE RELATIONSHIP, TRANSFER, LEAVE OF ABSENCE, ETC.

(a) Termination of Service Relationship. If the grantee's Service Relationship is with an Affiliate and such Affiliate ceases to be an Affiliate, the grantee shall be deemed to have terminated his or her Service Relationship for purposes of the Plan.

(b) For purposes of the Plan, the following events shall not be deemed a termination of a Service Relationship:

(i) a transfer to the employment of the Company from an Affiliate or from the Company to an Affiliate, or from one Affiliate to another; or

(ii) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the employee's right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Administrator otherwise so provides in writing.

SECTION 16. AMENDMENTS AND TERMINATION

The Board may, at any time, amend or discontinue the Plan and the Administrator may, at any time, amend or cancel any outstanding Award for the purpose of satisfying changes in law or for any other lawful purpose, but no such action shall materially and adversely affect rights under any outstanding Award without the holder's consent. The Administrator is specifically authorized to exercise its discretion to reduce the exercise price of outstanding Stock Options or Stock Appreciation Rights or effect the repricing of such Awards through cancellation and re-grants. To the extent required under the rules of any securities exchange or market system on which the Stock is listed, to the extent determined by the Administrator to be required by the Code to ensure that Incentive Stock Options granted under the Plan are qualified under Section 422 of the Code, Plan amendments shall be subject to approval by Company stockholders. Nothing in this Section 16 shall limit the Administrator's authority to take any action permitted pursuant to Section 3(b) or 3(c).

SECTION 17. STATUS OF PLAN

With respect to the portion of any Award that has not been exercised and any payments in cash, Stock or other consideration not received by a grantee, a grantee shall have no rights greater than those of a general creditor of the Company unless the Administrator shall otherwise expressly determine in connection with any Award or Awards. In its sole discretion, the Administrator may authorize the creation of trusts or other arrangements to meet the Company's obligations to deliver Stock or make payments with respect to Awards hereunder, provided that the existence of such trusts or other arrangements is consistent with the foregoing sentence.

SECTION 18. GENERAL PROVISIONS

(a) No Distribution. The Administrator may require each person acquiring Stock pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof.

(b) Issuance of Stock. To the extent certificated, stock certificates to grantees under this Plan shall be deemed delivered for all purposes when the Company or a stock transfer agent of the Company shall have mailed such certificates in the United States mail, addressed to the grantee, at the grantee's last known address on file with the Company. Uncertificated Stock shall be deemed delivered for all purposes when the Company or a Stock transfer agent of the Company shall have given to the grantee by electronic mail (with proof of receipt) or by United States mail, addressed to the grantee, at the grantee's last known address on file with the Company, notice of issuance and recorded the issuance in its records (which may include electronic "book entry" records). Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any evidence of book entry or certificates evidencing shares of Stock pursuant to the exercise or settlement of any Award, unless and until the Administrator has determined, with advice of counsel (to the extent the Administrator deems such advice necessary or advisable), that the issuance and delivery is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the shares of Stock are listed, quoted or traded. Any Stock issued pursuant to the Plan shall be subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with federal, state or foreign jurisdiction, securities or other laws, rules and quotation system on which the Stock is listed, quoted or traded. The Administrator may place legends on any Stock certificate or notations on any book entry to reference restrictions applicable to the Stock. In addition to the terms and conditions provided herein, the Administrator may require that an individual make such reasonable covenants, agreements, and representations as the Administrator, in its discretion, deems necessary or advisable in order to comply with any such laws, regulations, or requirements. The Administrator shall have the right to require any individual to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Administrator.

(c) No Fractional Shares. No fractional shares of Stock shall be issued or delivered pursuant to the Plan or any Award, and the Administrator shall determine whether cash, other

securities or other property shall be paid or transferred in lieu of any fractional shares, or whether such fractional shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

(d) Stockholder Rights. Until Stock is deemed delivered in accordance with Section 18(b), no right to vote or receive dividends or any other rights of a stockholder will exist with respect to shares of Stock to be issued in connection with an Award, notwithstanding the exercise of a Stock Option or any other action by the grantee with respect to an Award.

(e) Other Compensation Arrangements; No Employment Rights. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, including trusts, and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of this Plan and the grant of Awards do not confer upon any employee any right to continued employment with the Company or any Subsidiary.

(f) Trading Policy Restrictions. Option exercises and other Awards under the Plan shall be subject to the Company's insider trading policies and procedures, as in effect from time to time.

(g) Clawback Policy. A participant's rights with respect to any Award hereunder shall in all events be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (i) any right that the Company may have under any Company clawback, forfeiture or recoupment policy as in effect from time to time or other agreement or arrangement with a grantee, or (ii) applicable law.

SECTION 19. EFFECTIVE DATE OF PLAN

This Plan shall become effective upon the date immediately preceding the Registration Date following stockholder approval in accordance with applicable state law, the Company's bylaws and articles of incorporation, and applicable stock exchange rules. No grants of Stock Options and other Awards may be made hereunder after the tenth anniversary of the Effective Date and no grants of Incentive Stock Options may be made hereunder after the tenth anniversary of the date the Plan is approved by the Board.

SECTION 20. GOVERNING LAW

This Plan and all Awards and actions taken thereunder shall be governed by, and construed in accordance with, the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the State of California, applied without regard to conflict of law principles.

DATE APPROVED BY BOARD OF DIRECTORS: February 16, 2024

DATE APPROVED BY STOCKHOLDERS: March 1, 2024

ASTERA LABS, INC.
2024 EMPLOYEE STOCK PURCHASE PLAN

The purpose of the Astera Labs, Inc. 2024 Employee Stock Purchase Plan (the “Plan”) is to provide eligible employees of Astera Labs, Inc. (the “Company”) and each Designated Subsidiary (as defined in Section 11) with opportunities to purchase shares of the Company’s common stock, par value \$0.0001 per share (the “Common Stock”). An aggregate of 3,090,666 shares of Common Stock have been approved and reserved for this purpose, plus on January 1, 2025, and each January 1 thereafter through January 1, 2034, the number of shares of Common Stock reserved and available for issuance under the Plan shall be cumulatively increased by the lesser of (i) 3,090,666 shares of Common Stock, (ii) one percent (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 Administrator.

The Plan includes two components: a Code Section 423 Component (the “423 Component”) and a non-Code Section 423 Component (the “Non-423 Component”). It is intended for the 423 Component to constitute an “employee stock purchase plan” within the meaning of Section 423(b) of the Internal Revenue Code of 1986, as amended (the “Code”), and the 423 Component shall be interpreted in accordance with that intent. Under the Non-423 Component, which does not qualify as an “employee stock purchase plan” within the meaning of Section 423(b) of the Code, options will be granted pursuant to rules, procedures or sub-plans adopted by the Administrator designed to achieve tax, securities laws or other objectives for eligible employees. Except as otherwise provided herein or determined by the Administrator, the Non-423 Component will operate and be administered in the same manner as the 423 Component.

1. Administration. The Plan will be administered by the person or persons (the “Administrator”) appointed by the Company’s Board of Directors (the “Board”) for such purpose. The Administrator has authority at any time to: (i) adopt, alter and repeal such rules, guidelines and practices for the administration of the Plan and for its own acts and proceedings as it shall deem advisable; (ii) interpret the terms and provisions of the Plan; (iii) make all determinations it deems advisable for the administration of the Plan; (iv) decide all disputes arising in connection with the Plan; and (v) otherwise supervise the administration of the Plan. All interpretations and decisions of the Administrator shall be binding on all persons, including the Company and the Participants. No member of the Board or individual exercising administrative authority with respect to the Plan shall be liable for any action or determination made in good faith with respect to the Plan or any option granted hereunder.

2. Offerings. The Company may make one or more offerings to eligible employees to purchase Common Stock under the Plan (“Offerings”). Unless otherwise determined by the Administrator, the initial Offering will begin on the date of the Company’s Initial Public Offering and will end on November 14, 2024 (the “Initial Offering”). Thereafter, unless otherwise determined by the Administrator, an Offering will begin on the first business day occurring on or after each May 15 and November 15 and will end on the last business day occurring on or before the following November 14 and May 14, respectively. The Administrator may, in its discretion, designate a different period for any Offering (which may be longer or shorter than 6 months), provided that no Offering shall exceed 24 months in duration or overlap any other Offering.

3. Eligibility. All individuals classified as employees on the payroll records of the Company and each Designated Subsidiary are eligible to participate in any one or more of the

Offerings under the Plan, provided that as of the first day of the applicable Offering (the “Offering Date”) they are customarily employed by the Company or a Designated Subsidiary. Notwithstanding any other provision herein, individuals who are not contemporaneously classified as employees of the Company or a Designated Subsidiary for purposes of the Company’s or applicable Designated Subsidiary’s payroll system are not considered to be eligible employees of the Company or any Designated Subsidiary and shall not be eligible to participate in the Plan. In the event any such individuals are reclassified as employees of the Company or a Designated Subsidiary for any purpose, including, without limitation, common law or statutory employees, by any action of any third party, including, without limitation, any government agency, or as a result of any private lawsuit, action or administrative proceeding, such individuals shall, notwithstanding such reclassification, remain ineligible for participation. Notwithstanding the foregoing, the exclusive means for individuals who are not contemporaneously classified as employees of the Company or a Designated Subsidiary on the Company’s or Designated Subsidiary’s payroll system to become eligible to participate in this Plan is through an amendment to this Plan, duly executed by the Company, which specifically renders such individuals eligible to participate herein.

4. Participation.

(a) Participants on Effective Date. Each eligible employee as of the Initial Public Offering shall be deemed to be a Participant at such time. If an eligible employee is deemed to be a Participant pursuant to this Section 4(a), such individual shall be deemed not to have authorized payroll deductions or contributions and shall not purchase any Common Stock hereunder unless he or she thereafter authorizes payroll deductions or contributions by submitting an enrollment form (in the manner described in Section 4(c)) within 10 calendar days

of the commencement of the Initial Offering. If such a Participant does not authorize payroll deductions or contributions by submitting an enrollment form within 10 calendar days of the commencement of the Initial Offering, that Participant will be deemed to have withdrawn from the Plan.

(b) Participants in Subsequent Offerings. An eligible employee who is not a Participant in any prior Offering may participate in a subsequent Offering by submitting an enrollment form to his or her appropriate payroll location at least 10 calendar days before the Offering Date (or by such other deadline as shall be established by the Administrator for the Offering).

(c) Enrollment. The enrollment form (which may be in an electronic format or such other method as determined by the Company in accordance with the Company's practices) may include, but is not limited to, the following information from the Participant: (a) state a whole percentage to be deducted from an eligible employee's Compensation (as defined in Section 11) per pay period, (b) authorize the purchase of Common Stock in each Offering in accordance with the terms of the Plan and (c) specify the exact name or names in which shares of Common Stock purchased for such individual are to be issued pursuant to Section 10. An employee who does not enroll in accordance with these procedures will be deemed to have waived the right to participate. Unless a Participant files a new enrollment form or withdraws from the Plan, such Participant's deductions and purchases will continue at the same percentage of Compensation for future Offerings, provided he or she remains eligible.

(d) Notwithstanding the foregoing, participation in the Plan will neither be permitted nor be denied contrary to the requirements of the Code.

5. Employee Contributions. Each eligible employee may authorize payroll deductions at a minimum of one percent (1%) up to a maximum of fifteen percent (15%) of such employee's Compensation for each pay period. The Company will maintain book accounts showing the amount of payroll deductions made by each Participant for each Offering. No interest will accrue or be paid on payroll deductions.

6. Deduction Changes. Except in the event of a Participant increasing his or her payroll deduction from 0 percent during the Initial Offering as specified in Section 4(a) or as may be determined by the Administrator in advance of an Offering, a Participant may not increase or decrease his or her payroll deduction during any Offering, but may increase or decrease his or her payroll deduction with respect to the next Offering (subject to the limitations of Section 5) by filing a new enrollment form at least ten (10) calendar days before the next Offering Date (or by such other deadline as shall be established by the Administrator for the Offering). The Administrator may, in advance of any Offering, establish rules permitting a Participant to increase, decrease or terminate his or her payroll deduction during an Offering.

7. Withdrawal. A Participant may withdraw from participation in the Plan by delivering a written notice of withdrawal to the Company (in accordance with such procedures as may be specified by the Administrator). The Participant's withdrawal will be effective as soon as practicable. Following a Participant's withdrawal, the Company will promptly refund such individual's entire account balance under the Plan to him or her (after payment for any Common Stock purchased before the effective date of withdrawal). Partial withdrawals are not permitted. Such an employee may not begin participation again during the remainder of the Offering, but may enroll in a subsequent Offering in accordance with Section 4.

8. Grant of Options. On each Offering Date, the Company will grant to each eligible employee who is then a Participant in the Plan an option (“Option”) to purchase on the last day of such Offering (the “Exercise Date”), at the Option Price hereinafter provided for, the lowest of (a) a number of shares of Common Stock determined by dividing such Participant’s accumulated payroll deductions on such Exercise Date by the lower of (i) 85 percent of the Fair Market Value of the Common Stock on the Offering Date or (ii) 85 percent of the Fair Market Value of the Common Stock on the Exercise Date, (b) 3,000 shares or (c) such other lesser maximum number of shares as shall have been established by the Administrator in advance of the Offering; provided, however, that such Option shall be subject to the limitations set forth below. Each Participant’s Option shall be exercisable only to the extent of such Participant’s accumulated payroll deductions on the Exercise Date. The purchase price for each share purchased under each Option (the “Option Price”) will be 85 percent of the Fair Market Value of the Common Stock on the Offering Date or the Exercise Date, whichever is less.

Notwithstanding the foregoing, no Participant may be granted an option hereunder if such Participant, immediately after the option was granted, would be treated as owning stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any Parent or Subsidiary (as defined in Section 11). For purposes of the preceding sentence, the attribution rules of Section 424(d) of the Code shall apply in determining the stock ownership of a Participant, and all stock which the Participant has a contractual right to purchase shall be treated as stock owned by the Participant. In addition, no Participant may be granted an Option which permits such Participant rights to purchase stock under the Plan, and any other employee stock purchase plan of the Company and its Parents and Subsidiaries, to accrue at a rate which exceeds \$25,000 of the fair market value of such stock

(determined on the option grant date or dates) for each calendar year in which the Option is outstanding at any time. The purpose of the limitation in the preceding sentence is to comply with Section 423(b)(8) of the Code and shall be applied taking Options into account in the order in which they were granted.

9. Exercise of Option and Purchase of Shares. Each employee who continues to be a Participant in the Plan on the Exercise Date shall be deemed to have exercised his or her Option on such date and shall acquire from the Company such number of whole shares of Common Stock reserved for the purpose of the Plan as his or her accumulated payroll deductions on such date will purchase at the Option Price, subject to any other limitations contained in the Plan. Unless otherwise determined by the Administrator in advance of an Offering, any amount remaining in a Participant's account at the end of an Offering solely by reason of the inability to purchase a fractional share will be carried forward to the next Offering; any other balance remaining in a Participant's account at the end of an Offering will be refunded to the Participant promptly.

10. Issuance of Certificates. Certificates representing shares of Common Stock purchased under the Plan may be issued only in the name of the employee, in the name of the employee and another person of legal age as joint tenants with rights of survivorship, or in the name of a broker authorized by the employee to be his, her or their nominee for such purpose.

11. Definitions.

The term "Compensation" means the amount of base pay, prior to salary reduction pursuant to Sections 125, 132(f) or 401(k) of the Code, but excluding overtime, commissions, incentive or bonus awards, allowances and reimbursements for expenses such as relocation allowances or travel expenses, income or gains on the exercise of Company stock options and

similar items. The Administrator shall have the discretion to determine the application of this definition to Participants outside the United States.

The term “Designated Subsidiary” means any present or future Subsidiary (as defined below) that has been designated by the Board to participate in the Plan. The Board may so designate any Subsidiary, or revoke any such designation, at any time and from time to time, either before or after the Plan is approved by the stockholders. The current list of Designated Subsidiaries is attached hereto as Appendix A.

The term “Fair Market Value of the Common Stock” on any given date means the fair market value of the Common Stock determined in good faith by the Administrator; provided, however, that if the Common Stock is admitted to quotation on the National Association of Securities Dealers Automated Quotation System (“NASDAQ”), the NASDAQ Global Market, The New York Stock Exchange or another national securities exchange, the determination shall be made by reference to the closing price on such date. If there is no closing price for such date, the determination shall be made by reference to the last date preceding such date for which there is a closing price. Notwithstanding the foregoing, if the date for which the Fair Market Value of the Common Stock is determined is the first day when trading prices for the Common Stock are reported on Nasdaq or another national securities exchange, the Fair Market Value of the Common Stock shall be the “Price to the Public” (or equivalent) set forth on the cover page for the final prospectus relating to the Company’s Initial Public Offering.

The term “Initial Public Offering” means the first underwritten, firm commitment public offering pursuant to an effective registration statement under the U.S. Securities Act of 1933, as amended, covering the offer and sale by the Company of its Common Stock.

The terms “New Exercise Date” means Exercise Date if the Administrator shortens any Offering then in progress.

The term “Parent” means a “parent corporation” with respect to the Company, as defined in Section 424(e) of the Code.

The term “Participant” means an individual who is eligible as determined in Section 3 and who has complied with the provisions of Section 4.

The term “Registration Date” means the date on which the registration statement on Form S-1 that is filed by the Company with respect to its Initial Public Offering is declared effective by the U.S. Securities and Exchange Commission.

The term “Sale Event” shall have the meaning set forth in the Company’s 2024 Stock Option and Incentive Plan.

The term “Subsidiary” means a “subsidiary corporation” with respect to the Company, as defined in Section 424(f) of the Code.

12. Rights on Termination of Employment. If a Participant’s employment terminates for any reason before the Exercise Date for any Offering, no payroll deduction will be taken from any pay due and owing to the Participant and the balance in the Participant’s account will be paid to such Participant or, in the case of such Participant’s death, to his or her designated beneficiary as if such Participant had withdrawn from the Plan under Section 7. An employee will be deemed to have terminated employment, for this purpose, if the corporation that employs him or her, having been a Designated Subsidiary, ceases to be a Subsidiary, or if the employee is transferred to any corporation other than the Company or a Designated Subsidiary; provided, however, that if a Participant transfers from an Offering under the 423 Component to an Offering under the Non-423 Component, the exercise of the Participant’s Option will be qualified under

the 423 Component only to the extent that such exercise complies with Section 423 of the Code. If a Participant transfers from an Offering under the Non-423 Component to an Offering under the 423 Component, the exercise of the Participant's Option will remain non-qualified under the Non-423 Component. An employee will not be deemed to have terminated employment for this purpose if the employee is on an approved leave of absence for military service or sickness or for any other purpose approved by the Company, if the employee's right to reemployment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Administrator otherwise provides in writing.

13. Special Rules and Sub-Plans. Notwithstanding anything herein to the contrary, the Administrator may adopt special rules applicable to the employees of a particular Designated Subsidiary whenever the Administrator determines that such rules are necessary or appropriate for the implementation of the Plan in a jurisdiction where such Designated Subsidiary has employees; provided that if such special rules or sub-plans are inconsistent with the requirements of Section 423(b) of the Code, the employees subject to such special rules or sub-plans will participate in the Non-423 Component. Any special rules or sub-plans established pursuant to this Section 13 shall, to the extent possible, result in the employees subject to such rules having substantially the same rights as other Participants in the Plan.

14. Optionees Not Stockholders. Neither the granting of an Option to a Participant nor the deductions from his or her pay shall constitute such Participant a holder of the shares of Common Stock covered by an Option under the Plan until such shares have been purchased by and issued to the Participant.

15. Rights Not Transferable. Rights under the Plan are not transferable by a Participant other than by will or the laws of descent and distribution, and are exercisable during the Participant's lifetime only by the Participant.

16. Application of Funds. All funds received or held by the Company under the Plan may be combined with other corporate funds and may be used for any corporate purpose.

17. Adjustment in Case of Changes Affecting Common Stock. In the event of a subdivision of outstanding shares of Common Stock, the payment of a dividend in Common Stock or any other change affecting the Common Stock, the number of shares approved for the Plan and any other share limitations in the Plan shall be equitably or proportionately adjusted to give proper effect to such event. In the case of and subject to the consummation of a Sale Event, the Administrator, in its discretion, and on such terms and conditions as it deems appropriate, is hereby authorized to take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent the dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any right under the Plan or to facilitate such transactions or events:

(a) to provide for either (i) termination of any outstanding Option in exchange for an amount of cash, if any, equal to the amount that would have been obtained upon the exercise of such Option had such Option been currently exercisable or (ii) the replacement of such outstanding Option with other options or property selected by the Administrator in its sole discretion;

(b) to provide that the outstanding Options under the Plan shall be assumed by the successor or survivor corporation, or a parent or subsidiary thereof, or shall be substituted for

similar options covering the stock of the successor or survivor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(c) to make adjustments in the number and type of shares of Common Stock (or other securities or property) subject to outstanding Options under the Plan and/or in the terms and conditions of outstanding Options and Options that may be granted in the future;

(d) to provide that the Offering with respect to which an Option relates will be shortened by setting a New Exercise Date on which such Offering will end. The New Exercise Date will occur before the date of the Sale Event. The Administrator will notify each Participant in writing or electronically prior to the New Exercise Date, that the Exercise Date for the Participant's Option has been changed to the New Exercise Date and that the Participant's Option will be exercised automatically on the New Exercise Date, unless the Participant has withdrawn from the Offering in advance of the New Exercise Date as provided in Section 7 hereof; or

(e) to provide that all outstanding Options shall terminate without being exercised and all amounts in the accounts of Participants shall be promptly refunded.

18. Amendment of the Plan. The Board may at any time and from time to time amend the Plan in any respect, except that without the approval within twelve (12) months of such Board action by the stockholders, no amendment shall be made increasing the number of shares approved for the Plan or making any other change that would require stockholder approval in order for the 423 Component of the Plan, as amended, to qualify as an "employee stock purchase plan" under Section 423(b) of the Code.

19. Insufficient Shares. If the total number of shares of Common Stock that would otherwise be purchased on any Exercise Date plus the number of shares purchased under

previous Offerings under the Plan exceeds the maximum number of shares issuable under the Plan, the shares then available shall be apportioned among Participants in proportion to the amount of payroll deductions accumulated on behalf of each Participant that would otherwise be used to purchase Common Stock on such Exercise Date.

20. Termination of the Plan. The Plan may be terminated at any time by the Board. Upon termination of the Plan, all amounts in the accounts of Participants shall be promptly refunded. Unless terminated earlier, the Plan shall expire on the ten-year anniversary of the Registration Date.

21. Governmental Regulations. The Company's obligation to sell and deliver Common Stock under the Plan is subject to obtaining all governmental approvals required in connection with the authorization, issuance, or sale of such stock.

22. Governing Law. This Plan and all Options and actions taken thereunder shall be governed by, and construed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the State of California, applied without regard to conflict of law principles.

23. Issuance of Shares. Shares may be issued upon exercise of an Option from authorized but unissued Common Stock, from shares held in the treasury of the Company, or from any other proper source.

24. Tax Withholding. Participation in the Plan is subject to any minimum required tax withholding on income of the Participant in connection with the Plan. Each Participant agrees, by entering the Plan, that the Company and its Subsidiaries shall have the right to deduct

any such taxes from any payment of any kind otherwise due to the Participant, including shares issuable under the Plan.

25. Notification Upon Sale of Shares Under the 423 Component. Each Participant agrees, by entering the 423 Component of the Plan, to give the Company prompt notice of any disposition of shares purchased under the Plan where such disposition occurs within two (2) years after the date of grant of the Option pursuant to which such shares were purchased or within one (1) year after the date such shares were purchased.

26. Effective Date. The Plan shall take effect on the date immediately preceding the Registration Date, subject to prior approval by the holders of a majority of the votes cast at a meeting of stockholders at which a quorum is present or by written consent of the stockholders.

APPENDIX A

Designated Subsidiaries

**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-Q 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: May 7, 2024

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-Q 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: May 7, 2024

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 Quarterly Report on Form 10-Q of Astera Labs, Inc. (the “Company”) for the fiscal quarter ended March 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: May 7, 2024

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 Quarterly Report on Form 10-Q of Astera Labs, Inc. (the “Company”) for the fiscal quarter ended March 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: May 7, 2024

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.