

**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 January 3, 2025

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: 001-35451

MACOM Technology Solutions Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

27-0306875
(I.R.S. Employer
Identification No.)

100 Chelmsford Street
Lowell, MA 01851
(Address of principal executive offices and zip code)
(978) 656-2500
(Registrant's telephone number, including area code)

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

| <u>Title of each class</u> | <u>Trading Symbol(s)</u> | <u>Name of exchange on which registered</u> |
|---|--------------------------|---|
| Common Stock, par value \$0.001 per share | MTSI | 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 | <input checked="" type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| | | Emerging growth company | <input type="checkbox"/> |

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

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

As of February 3, 2025, there were 74,339,819 shares of the registrant's common stock outstanding.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
FORM 10-Q
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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in thousands)**

| | January 3, 2025 | September 27, 2024 |
|---|--------------------|-----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 232,699 | \$ 146,806 |
| Short-term investments | 423,820 | 435,082 |
| Accounts receivable, net | 91,752 | 105,700 |
| Inventories | 198,382 | 194,490 |
| Prepaid and other current assets | 35,782 | 21,000 |
| Total current assets | 982,435 | 903,078 |
| Property and equipment, net | 174,110 | 176,017 |
| Goodwill | 335,656 | 332,201 |
| Intangible assets, net | 89,193 | 76,088 |
| Deferred income taxes | 216,950 | 212,495 |
| Other long-term assets | 45,286 | 55,761 |
| Total assets | \$ 1,843,630 | \$ 1,755,640 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Short-term debt | \$ 160,639 | \$ — |
| Accounts payable | 44,631 | 43,202 |
| Accrued liabilities | 66,493 | 64,336 |
| Current portion of finance lease obligations | 644 | 646 |
| Total current liabilities | 272,407 | 108,184 |
| Finance lease obligations, less current portion | 30,980 | 31,130 |
| Financing obligation | 8,918 | 9,006 |
| Long-term debt | 338,755 | 448,281 |
| Other long-term liabilities | 41,681 | 32,696 |
| Total liabilities | 692,741 | 629,297 |
| Commitments and contingencies (see Note 12) | | |
| Stockholders' equity: | | |
| Common stock | 74 | 72 |
| Treasury stock, at cost | (330) | (330) |
| Accumulated other comprehensive (loss) income | (1,120) | 2,505 |
| Additional paid-in capital | 1,505,645 | 1,309,946 |
| Accumulated deficit | (353,380) | (185,850) |
| Total stockholders' equity | 1,150,889 | 1,126,343 |
| Total liabilities and stockholders' equity | \$ 1,843,630 | \$ 1,755,640 |

See notes to condensed consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in thousands, except per share data)

| | Three Months Ended | |
|-------------------------------------|--------------------|----------------------|
| | January 3, 2025 | December 29, 2023 |
| Revenue | \$ 218,122 | \$ 157,148 |
| Cost of revenue | 101,013 | 69,838 |
| Gross profit | 117,109 | 87,310 |
| Operating expenses: | | |
| Research and development | 60,369 | 39,413 |
| Selling, general and administrative | 39,213 | 36,887 |
| Total operating expenses | 99,582 | 76,300 |
| Income from operations | 17,527 | 11,010 |
| Other (expense) income: | | |
| Interest income | 7,000 | 5,556 |
| Interest expense | (1,366) | (1,290) |
| Loss on extinguishment of debt | (193,098) | — |
| Total other (expense) income | (187,464) | 4,266 |
| (Loss) income before income taxes | (169,937) | 15,276 |
| Income tax (benefit) expense | (2,407) | 2,750 |
| Net (loss) income | \$ (167,530) | \$ 12,526 |
| Net (loss) income per share: | | |
| (Loss) income per share - Basic | \$ (2.30) | \$ 0.18 |
| (Loss) income per share - Diluted | \$ (2.30) | \$ 0.17 |
| Weighted average shares used: | | |
| Basic | 72,780 | 71,425 |
| Diluted | 72,780 | 72,286 |

See notes to condensed consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Unaudited, in thousands)

| | Three Months Ended | |
|--|---------------------|----------------------|
| | January 3, 2025 | December 29, 2023 |
| Net (loss) income | \$ (167,530) | \$ 12,526 |
| Unrealized (loss) gain on short term investments, net of tax | (1,682) | 1,295 |
| Foreign currency translation (loss) gain, net of tax | (1,943) | 1,944 |
| Other comprehensive (loss) income, net of tax | (3,625) | 3,239 |
| Total comprehensive (loss) income | <u>\$ (171,155)</u> | <u>\$ 15,765</u> |

See notes to condensed consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited, in thousands)

Three Months Ended January 3, 2025

| | Common Stock | | Treasury Stock | | Accumulated Other Comprehensive Income (Loss) | Additional Paid-in Capital | Accumulated Deficit | Total Stockholders' Equity |
|---|---------------|--------------|----------------|-----------------|--|----------------------------------|------------------------|----------------------------------|
| | Shares | Amount | Shares | Amount | | | | |
| Balance as of September 27, 2024 | 72,219 | \$ 72 | (23) | \$ (330) | \$ 2,505 | \$ 1,309,946 | \$ (185,850) | \$ 1,126,343 |
| Vesting of restricted common stock and units | 811 | — | — | — | — | — | — | — |
| Issuance of common stock pursuant to employee stock purchase plan | 52 | — | — | — | — | 4,537 | — | 4,537 |
| Common stock withheld for taxes on employee equity awards | (304) | — | — | — | — | (40,273) | — | (40,273) |
| Share-based compensation | — | — | — | — | — | 25,520 | — | 25,520 |
| Issuance of common stock for convertible debt exchange | 1,583 | 2 | — | — | — | 205,915 | — | 205,917 |
| Other comprehensive loss, net of tax | — | — | — | — | (3,625) | — | — | (3,625) |
| Net loss | — | — | — | — | — | — | (167,530) | (167,530) |
| Balance as of January 3, 2025 | <u>74,361</u> | <u>\$ 74</u> | <u>(23)</u> | <u>\$ (330)</u> | <u>\$ (1,120)</u> | <u>\$ 1,505,645</u> | <u>\$ (353,380)</u> | <u>\$ 1,150,889</u> |

See notes to condensed consolidated financial statements.

Three Months Ended December 29, 2023

| | Common Stock | | Treasury Stock | | Accumulated Other Comprehensive (Loss) Income | Additional Paid-in Capital | Accumulated Deficit | Total Stockholders' Equity |
|---|---------------|--------------|----------------|-----------------|--|----------------------------------|------------------------|----------------------------------|
| | Shares | Amount | Shares | Amount | | | | |
| Balance as of September 29, 2023 | 71,013 | \$ 71 | (23) | \$ (330) | \$ (3,635) | \$ 1,214,203 | \$ (262,709) | \$ 947,600 |
| Stock option exercises | 5 | — | — | — | — | 80 | — | 80 |
| Vesting of restricted common stock and units | 459 | — | — | — | — | — | — | — |
| Issuance of common stock pursuant to employee stock purchase plan | 59 | — | — | — | — | 2,769 | — | 2,769 |
| Common stock withheld for taxes on employee equity awards | (160) | — | — | — | — | (11,552) | — | (11,552) |
| Share-based compensation | — | — | — | — | — | 8,657 | — | 8,657 |
| Issuance of common stock as consideration for acquisition | 712 | 1 | — | — | — | 60,771 | — | 60,772 |
| Other comprehensive income, net of tax | — | — | — | — | 3,239 | — | — | 3,239 |
| Net income | — | — | — | — | — | — | 12,526 | 12,526 |
| Balance as of December 29, 2023 | <u>72,088</u> | <u>\$ 72</u> | <u>(23)</u> | <u>\$ (330)</u> | <u>\$ (396)</u> | <u>\$ 1,274,928</u> | <u>\$ (250,183)</u> | <u>\$ 1,024,091</u> |

See notes to condensed consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

| | Three Months Ended | |
|---|--------------------|-------------------|
| | January 3, 2025 | December 29, 2023 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net (loss) income | \$ (167,530) | \$ 12,526 |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: | | |
| Depreciation and intangibles amortization | 15,995 | 14,289 |
| Share-based compensation | 25,520 | 8,657 |
| Deferred income taxes | (6,266) | 294 |
| Loss on extinguishment of debt | 193,098 | — |
| Other adjustments, net | (3,029) | (1,755) |
| Change in operating assets and liabilities: | | |
| Accounts receivable | 14,946 | (12,180) |
| Inventories | (4,610) | 1,555 |
| Prepaid expenses and other assets | (300) | (510) |
| Accounts payable | 1,052 | 2,122 |
| Accrued and other liabilities | (5,033) | 6,612 |
| Income taxes | 2,816 | 1,489 |
| Net cash provided by operating activities | 66,659 | 33,099 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Acquisition of businesses, net of cash acquired | (12,474) | (75,000) |
| Purchases of property and equipment | (5,340) | (4,652) |
| Other investing | (3,400) | — |
| Proceeds from sales and maturities of short-term investments | 72,403 | 100,265 |
| Purchases of short-term investments | (61,416) | (55,387) |
| Net cash used in investing activities | (10,227) | (34,774) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from convertible notes | 86,629 | — |
| Payments for fee on convertible note exchange and debt issuance costs | (22,905) | — |
| Payments on finance leases and other | (228) | (349) |
| Proceeds from stock option exercises and employee stock purchases | 4,537 | 2,848 |
| Common stock withheld for taxes on employee equity awards | (37,908) | (11,552) |
| Net cash provided by (used in) financing activities | 30,125 | (9,053) |
| Foreign currency effect on cash | (664) | 362 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 85,893 | (10,366) |
| CASH AND CASH EQUIVALENTS — Beginning of period | 146,806 | 173,952 |
| CASH AND CASH EQUIVALENTS — End of period | \$ 232,699 | \$ 163,586 |
| Supplemental disclosure of non-cash activities | | |
| Issuance of common stock in connection with the RF Business Acquisition (See Note 3 - Acquisitions) | \$ — | \$ 60,772 |

See notes to condensed consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unaudited Interim Financial Information—The accompanying unaudited, condensed consolidated financial statements have been prepared according to the rules and regulations of the United States (the “U.S.”) Securities and Exchange Commission (the “SEC”) and, in the opinion of management, reflect all adjustments, which include normal recurring adjustments, necessary for a fair statement of the condensed consolidated balance sheets, condensed consolidated statements of operations, comprehensive (loss) income, stockholders' equity and cash flows of MACOM Technology Solutions Holdings, Inc. (“MACOM,” the “Company,” “us,” “we” or “our”) for the periods presented. We prepare our interim financial information using the same accounting principles we use for our annual audited consolidated financial statements. Certain information and note disclosures normally included in the annual audited consolidated financial statements have been condensed or omitted in accordance with prescribed SEC rules. We believe that the disclosures made in our condensed consolidated financial statements and the accompanying notes are adequate to make the information presented not misleading.

The condensed consolidated balance sheet as of September 27, 2024 is as reported in our audited consolidated financial statements as of that date. Our accounting policies are described in the notes to our September 27, 2024 consolidated financial statements, which were included in our Annual Report on Form 10-K for our fiscal year ended September 27, 2024 filed with the SEC on November 12, 2024 (the “2024 Annual Report on Form 10-K”). We recommend that the financial statements included in this Quarterly Report on Form 10-Q be read in conjunction with the consolidated financial statements and notes included in our 2024 Annual Report on Form 10-K.

Principles of Consolidation, Basis of Presentation and Reclassification—The accompanying condensed consolidated financial statements include our accounts and the accounts of our majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

We have a 52- or 53-week fiscal year ending on the Friday closest to the last day of September. Fiscal year 2025 includes 53 weeks and fiscal year 2024 included 52 weeks. To offset the effect of holidays, for fiscal years in which there are 53 weeks, we include the extra week arising in such fiscal years in the first fiscal quarter. Our quarter ended January 3, 2025 includes 14 weeks.

Use of Estimates—The preparation of condensed consolidated financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities during the reporting periods, the reported amounts of revenue and expenses during the reporting periods and the disclosure of contingent assets and liabilities at the date of the financial statements. On an ongoing basis, we base estimates and assumptions on historical experience, currently available information and various other factors that management believes to be reasonable under the circumstances. Actual results may differ materially from these estimates and assumptions. The accounting policies which our management believes involve the most significant application of judgment or involve complex estimation, are inventories and associated reserves; revenue reserves; business combinations; goodwill and intangible asset valuation; share-based compensation valuations and income taxes.

Property and Equipment—Property and equipment is stated at cost, less accumulated depreciation and amortization. Expenditures for maintenance and repairs are charged to expense as incurred, whereas major improvements that significantly extend the useful life of the assets are capitalized as additions to property and equipment.

As of September 28, 2024, the Company changed its accounting estimate for the expected useful lives of certain fabrication-related machinery and equipment. The Company evaluated its current asset base and reassessed the estimated useful lives of certain machinery and equipment in connection with its recent usage of older equipment, including considering the technological and physical obsolescence of such machinery and equipment. Based on our ability to re-use equipment across generations of process technologies and historical usage trends, the Company determined that the expected useful lives for certain fabrication-related machinery and equipment should be increased to ten years to reflect more closely the estimated economic lives of those assets. This change in estimate was applied prospectively effective for the first quarter of fiscal year 2025 and resulted in a decrease in depreciation expense of \$0.7 million for the three months ended January 3, 2025, to cost of revenue. This benefit increased income from operations by \$0.7 million and earnings per share by \$0.01 for the three months ended January 3, 2025.

Recent Accounting Pronouncements—Our Recent Accounting Pronouncements are described in our 2024 Annual Report on Form 10-K.

In November 2024, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2024-04, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) Induced Conversions of Convertible Debt Instruments*, which clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. We elected to early adopt ASU 2024-04 in November 2024 and applied the amendment when assessing the accounting treatment for our debt extinguishment (discussed in *Note 9 - Debt*).

Pronouncements for Adoption in Subsequent Periods

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures*, which improves disclosures about a public entity’s reportable segments and addresses requests from investors and other allocators of capital for additional, more detailed information about a reportable segment’s expenses. The amendments in this update improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses. This ASU should be applied on a retrospective basis. The amendments in this update are effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the future effect the adoption of this ASU will have on our consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740) Improvements to Income Tax Disclosures*, which requires greater disaggregation of income tax disclosures. The amendments in this update improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. Other amendments in this update improve the effectiveness and comparability of disclosures by (1) adding disclosures of pretax income (or loss) and income tax expense (or benefit) and (2) removing disclosures that no longer are considered cost beneficial or relevant. This ASU should be applied on a prospective basis, with retrospective application permitted. The guidance in this update is effective for fiscal years beginning after December 15, 2024. We are currently evaluating the future effect the adoption of this ASU will have on our consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement Reporting Comprehensive Income - Expense Disaggregation Disclosures*, which requires disclosure, in the notes to financial statements, of specified information about certain costs and expenses. The amendments in this update improve financial reporting by requiring that public business entities disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. This ASU should be applied on a prospective basis, with retrospective application permitted. The amendments in this update are effective for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. We are currently evaluating the future effect the adoption of this ASU will have on our consolidated financial statements and related disclosures.

2. REVENUE

Disaggregation of Revenue

We disaggregate revenue from contracts with customers by markets and geography, as we believe it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The following tables present our revenue disaggregated by markets and geography (in thousands):

| | Three Months Ended | |
|---------------------------|--------------------|-------------------|
| | January 3, 2025 | December 29, 2023 |
| Revenue by Market: | | |
| Industrial & Defense | \$ 97,400 | \$ 76,998 |
| Data Center | 65,284 | 49,512 |
| Telecom | 55,438 | 30,638 |
| Total | \$ 218,122 | \$ 157,148 |

| | Three Months Ended | |
|--|--------------------|-------------------|
| | January 3, 2025 | December 29, 2023 |
| Revenue by Geographic Region: | | |
| United States | \$ 97,272 | \$ 69,645 |
| China | 62,728 | 36,348 |
| Asia Pacific, excluding China ⁽¹⁾ | 20,538 | 14,008 |
| Cayman Islands | 11,963 | 18,600 |
| Other Countries ⁽²⁾ | 25,621 | 18,547 |
| Total | \$ 218,122 | \$ 157,148 |

(1) Asia Pacific primarily represents India, Japan, Singapore, South Korea, Taiwan and Thailand.

(2) No country or region represented greater than 10% of our total revenue as of the dates presented, other than the United States, China, Asia Pacific region and Cayman Islands as presented above.

Revenue by geographic region is aggregated by customer billing address.

Contract Balances

We record contract assets or contract liabilities depending on the timing of revenue recognition, billings and cash collections on a contract-by-contract basis. Our contract liabilities primarily relate to deferred revenue, including advanced consideration received from customers for contracts prior to the transfer of control to the customer, and, therefore, revenue is subsequently recognized upon delivery of products and services.

The following table presents the changes in contract liabilities during the three months ended January 3, 2025 (in thousands, except percentage):

| | January 3, 2025 | September 27, 2024 | \$ Change | % Change |
|----------------------|-----------------|--------------------|-----------|----------|
| Contract liabilities | \$ 4,976 | \$ 5,281 | \$ (305) | (6)% |

During the three months ended January 3, 2025, we recognized sales of \$0.9 million, that were included in the contract liabilities balance as of the beginning of the period. The decrease in contract liabilities during the three months ended January 3, 2025 was primarily related to recognition of revenue that was previously deferred for products and services invoiced prior to when certain of our customers obtained control of such products and/or services, offset by additional invoicing prior to when our customers obtain control of such products and/or services.

3. ACQUISITIONS

ENGIN-IC, Inc.— On November 5, 2024, we completed the acquisition of ENGIN-IC, Inc. (“ENGIN-IC”), a fabless semiconductor company that designs advanced gallium arsenide (“GaAs”) and gallium nitride (“GaN”) monolithic microwave integrated circuits (“MMICs”) and integrated microwave assemblies located in Plano, Texas and San Diego, California (the “ENGIN-IC Acquisition”). We acquired ENGIN-IC to further expand and strengthen our MMIC and module design capabilities. In connection with the ENGIN-IC Acquisition, we acquired all of the outstanding shares of ENGIN-IC for a total purchase price of approximately \$14.2 million and was acquired with cash consideration of \$12.5 million, net of cash acquired of \$0.2 million, and consideration payable of \$1.5 million, subject to customary purchase price adjustments. The ENGIN-IC Acquisition was accounted for as a business combination and the operations of ENGIN-IC have been included in our consolidated financial statements since the date of acquisition. We have recorded a preliminary allocation of the purchase price for ENGIN-IC, which primarily resulted in intangible assets, including acquired technology and customer relationships, of \$9.7 million and goodwill of \$5.1 million.

Consolidated estimated pro forma unaudited revenue and consolidated estimated pro forma net loss for the fiscal quarter ended January 3, 2025 and the actual results of operations for ENGIN-IC since the acquisition date are not material to our condensed consolidated financial statements for the periods presented.

RF Business of Wolfspeed, Inc.— On December 2, 2023, we completed the acquisition of certain assets and specified liabilities of the radio frequency (“RF”) business of Wolfspeed, Inc. (“Wolfspeed”) (the “RF Business,”), which was accounted for as a business combination (the “RF Business Acquisition”). The RF Business includes a portfolio of GaN on Silicon Carbide products used in high-performance RF and microwave applications. In connection with the RF Business Acquisition, we expect to assume control of a wafer fabrication facility in Research Triangle Park, North Carolina (the “RTP Fab”) approximately two years following the closing of the RF Business Acquisition (the “RTP Fab Transfer”). Prior to the RTP Fab Transfer, Wolfspeed will continue to operate the facility and supply wafer product and other fabrication services to us pursuant to various agreements entered into between the parties concurrently with the closing of the RF Business Acquisition.

The purchase price for the RF Business Acquisition consisted of \$75.0 million payable in cash and 711,528 shares of our common stock. The fair value of our common stock issued as consideration for the RF Business Acquisition was \$60.8 million as of December 29, 2023 and during the quarter ended March 29, 2024, we reduced the fair value to \$57.7 million. The fair value of the shares were discounted for the lack of marketability as the shares that were transferred were unregistered and legally restricted from being sold. The shares of our common stock issued in connection with the RF Business Acquisition are subject to restrictions on the sale of shares until transfer of the RTP Fab to the Company is complete. In addition, if the RTP Fab has not transferred by the fourth anniversary of the closing date of the RF Business Acquisition, Wolfspeed will forfeit 25% of the share consideration. We funded the cash purchase price for the RF Business Acquisition through cash-on-hand.

During the three months ended January 3, 2025, we did not incur any acquisition-related transaction costs. During the three months ended December 29, 2023, we incurred acquisition-related transaction costs of approximately \$7.1 million, which are included in selling, general and administrative expense.

We finalized the RF Business Acquisition purchase accounting during the fiscal quarter ended January 3, 2025. The following table summarize the final purchase price (in thousands, except shares and closing share price amount):

| | At Acquisition Date as Reported September 27, 2024 | Measurement Period Adjustments | At Acquisition Date as Reported January 3, 2025 |
|--|--|-----------------------------------|---|
| Cash purchase consideration | \$ 72,802 | \$ — | \$ 72,802 |
| Number of shares of MACOM common stock issued at closing | 711,528 | | |
| Fair value of shares issued | \$ 81.14 | | |
| Equity purchase consideration | 57,733 | — | 57,733 |
| Total purchase consideration | \$ 130,535 | \$ — | \$ 130,535 |

The final purchase price has been allocated as follows (in thousands):

| | At Acquisition Date as Reported September 27, 2024 | Measurement Period Adjustments | At Acquisition Date as Reported January 3, 2025 |
|--|--|-----------------------------------|---|
| Current assets | \$ 39 | \$ — | \$ 39 |
| Inventory | 31,097 | 649 | 31,746 |
| Property and equipment | 35,415 | — | 35,415 |
| Intangible assets | 42,000 | 1,800 | 43,800 |
| Prepayment for net assets associated with the RTP Fab Transfer | 16,250 | — | 16,250 |
| Other non-current assets | 5,837 | — | 5,837 |
| Goodwill | 9,967 | (859) | 9,108 |
| Total assets acquired | 140,605 | 1,590 | 142,195 |
| Current liabilities | 6,882 | 1,590 | 8,472 |
| Long-term liabilities | 3,188 | — | 3,188 |
| Total liabilities assumed | 10,070 | 1,590 | 11,660 |
| Purchase Price | \$ 130,535 | \$ — | \$ 130,535 |

Intangible assets consist of technology, a favorable contract and customer relationships with fair values of \$21.0 million, \$14.5 million and \$8.3 million, respectively, and useful lives of 4.8 years, 2.0 years and 8.8 years, respectively. We used variations of income approaches with estimates and assumptions developed by us to determine the fair values of technology, the favorable contract and customer relationships. We valued technology by using the relief-from-royalty method, the favorable contract by using the discounted cash flow method and customer relationships by using the multi-period excess earnings method. We valued backlog using the multi-period excess earnings method and determined that the value for backlog is zero. The process for estimating the fair values of identifiable intangible assets requires the use of significant estimates and assumptions, including revenue growth rates, royalty rates, operating margin and discount rates. We used the cost and market approaches to determine the fair value of our property and equipment. We amortize definite-lived assets based on the pattern over which we expect to receive the economic benefit from these assets. During the three months ended January 3, 2025, based on additional information, we updated inputs and assumptions used to calculate the fair value of certain assets and liabilities, primarily resulting in an increase to the fair value of intangible assets of \$1.8 million, an increase to the fair value of inventory of \$0.6 million and an increase to the fair value of current liabilities of \$1.6 million, with an offsetting decrease to goodwill. The goodwill acquired will be deductible for tax purposes. Due to these adjustments, the condensed consolidated statement of operations for the three months ended January 3, 2025 includes an expense of \$0.4 million for intangible asset and inventory step-up amortization related to prior periods.

The prepayment of \$16.3 million for the net assets associated with the RTP Fab Transfer, classified in Prepaid and other current assets as of January 3, 2025 in our condensed consolidated balance sheet, relates to the estimated fair value of property and equipment, inventory and liabilities that we will assume control of at the time of the RTP Fab Transfer. The cost and market approaches were used in determining the fair value of \$10.4 million for property and equipment expected to transfer at the RTP Fab Transfer date. The remaining prepayment relates to inventory and liabilities, net, that we will assume control of at the time of the RTP Fab Transfer.

The RF Business has been included in our consolidated financial statements since the date of acquisition. Consolidated estimated pro forma unaudited revenue for the fiscal quarter ended December 29, 2023 was \$184.0 million. Consolidated pro forma net loss for the fiscal quarter ended December 29, 2023 is not material to understanding our condensed consolidated financial statements due to the business combination effects from the RF Business Acquisition, primarily acquisition transaction costs. Pro forma revenue was prepared for comparative purposes only and is not indicative of what would have occurred had the acquisition actually occurred on October 1, 2022, or of the results that may occur in the future.

4. INVESTMENTS

All investments are short-term in nature and are invested in certificates of deposit, corporate bonds, commercial paper, U.S. Treasuries and agency bonds, and are classified as available-for-sale. These investments are owned directly by the Company and are segregated in brokerage custody accounts. The amortized cost, gross unrealized holding gains or losses and fair value of our available-for-sale investments by major investment type are summarized in the tables below (in thousands):

| | January 3, 2025 | | | |
|----------------------------------|-------------------|--------------------------------|---------------------------------|----------------------|
| | Amortized Cost | Gross Unrealized Holding Gains | Gross Unrealized Holding Losses | Aggregate Fair Value |
| Corporate bonds | 302,449 | 521 | (617) | 302,353 |
| Commercial paper | 69,236 | 40 | (16) | 69,260 |
| U.S. Treasuries and agency bonds | 52,107 | 121 | (21) | 52,207 |
| Total short-term investments | <u>\$ 423,792</u> | <u>\$ 682</u> | <u>\$ (654)</u> | <u>\$ 423,820</u> |

| | September 27, 2024 | | | |
|----------------------------------|--------------------|--------------------------------|---------------------------------|----------------------|
| | Amortized Cost | Gross Unrealized Holding Gains | Gross Unrealized Holding Losses | Aggregate Fair Value |
| Certificates of deposit | \$ 980 | \$ — | \$ — | \$ 980 |
| Corporate bonds | 303,296 | 2,047 | (193) | 305,150 |
| Commercial paper | 73,641 | 149 | — | 73,790 |
| U.S. Treasuries and agency bonds | 54,931 | 248 | (17) | 55,162 |
| Total short-term investments | <u>\$ 432,848</u> | <u>\$ 2,444</u> | <u>\$ (210)</u> | <u>\$ 435,082</u> |

The contractual maturities of available-for-sale investments were as follows (in thousands):

| | January 3, 2025 | September 27, 2024 |
|--------------------------------------|-------------------|--------------------|
| Less than one year | \$ 258,622 | \$ 284,479 |
| Over one year | 165,198 | 150,603 |
| Total available-for-sale investments | <u>\$ 423,820</u> | <u>\$ 435,082</u> |

We have determined that the gross unrealized losses on available for sale securities as of January 3, 2025 and September 27, 2024 are temporary in nature and/or do not relate to credit loss, and therefore there is no expense for credit losses recorded in our condensed consolidated statements of operations. Unrealized gains and losses on available-for-sale investments are reported as a separate component of stockholders' equity within accumulated other comprehensive income (loss).

5. FAIR VALUE AND FINANCIAL INSTRUMENTS

We group our financial assets and liabilities measured at fair value on a recurring basis in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

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

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets with insufficient volume or infrequent transactions (less active markets), or model-driven valuations in which all significant inputs are observable or can be derived principally from, or corroborated with, observable market data.

Level 3 - Fair value is derived from valuation techniques in which one or more significant inputs are unobservable, including assumptions and judgments made by us.

Assets and Liabilities Measured and Recorded at Fair Value on a Recurring Basis

We measure certain assets and liabilities at fair value on a recurring basis such as our financial instruments. There have been no transfers between Level 1, 2 or 3 assets or liabilities during the three months ended January 3, 2025.

Assets and liabilities measured at fair value on a recurring basis consist of the following (in thousands):

| | January 3, 2025 | | | |
|-------------------------------------|-------------------|---|-----------------------------|-------------------------------|
| | Fair Value | Active Markets for Identical Assets (Level 1) | Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |
| Assets | | | | |
| Money market funds | 152,886 | 152,886 | — | — |
| U.S. Treasuries and agency bonds | \$ 52,207 | \$ 47,208 | \$ 4,999 | \$ — |
| Corporate bonds | 302,353 | — | 302,353 | — |
| Commercial paper | 69,260 | — | 69,260 | — |
| Total assets measured at fair value | <u>\$ 576,706</u> | <u>\$ 200,094</u> | <u>\$ 376,612</u> | <u>\$ —</u> |

| September 27, 2024 | | | | |
|---|-------------------|---|--------------------------------|----------------------------------|
| | Fair Value | Active Markets for Identical Assets (Level 1) | Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |
| Assets | | | | |
| Money market funds | \$ 74,760 | \$ 74,760 | \$ — | \$ — |
| Certificates of deposit | 980 | 980 | — | — |
| U.S. Treasuries and agency bonds | 55,162 | 50,163 | 4,999 | — |
| Corporate bonds | 305,150 | — | 305,150 | — |
| Commercial paper | 73,790 | — | 73,790 | — |
| Total assets measured at fair value | <u>\$ 509,842</u> | <u>\$ 125,903</u> | <u>\$ 383,939</u> | <u>\$ —</u> |
| Liabilities | | | | |
| Non-designated foreign currency hedge contracts | \$ 100 | \$ — | \$ 100 | \$ — |
| Total Liabilities measured at fair value | <u>\$ 100</u> | <u>\$ —</u> | <u>\$ 100</u> | <u>\$ —</u> |

Derivatives

We have foreign currency exposure arising from certain intercompany foreign currency denominated debt. We have entered into foreign currency exchange hedging contracts associated with certain of our Euro and Yen denominated intercompany debt to partially mitigate the impact of currency rate changes. They are not designated as cash flow or fair value hedges under Accounting Standards Codification (“ASC”) 815, *Derivatives and Hedging*. Changes in fair value are reported in current period earnings. These gains and losses are intended to offset the gains and losses recorded on the associated intercompany debt. We do not use derivative financial instruments for trading or speculation purposes.

As of January 3, 2025 and September 27, 2024, we had \$37.3 million and \$34.4 million, respectively, in notional forward foreign currency contracts. As of January 3, 2025 and September 27, 2024, the fair value of derivative instruments not designated as hedges was zero and \$0.1 million, respectively, and was presented in Accrued liabilities on the Consolidated Balance Sheets.

6. INVENTORIES

Inventories consist of the following (in thousands):

| | January 3, 2025 | September 27, 2024 |
|----------------------|--------------------|-----------------------|
| Raw materials | \$ 122,106 | \$ 121,231 |
| Work-in-process | 14,001 | 12,412 |
| Finished goods | 62,275 | 60,847 |
| Total inventory, net | <u>\$ 198,382</u> | <u>\$ 194,490</u> |

7. PROPERTY AND EQUIPMENT

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

| | January 3, 2025 | September 27, 2024 |
|--|--------------------|-----------------------|
| Buildings | \$ 11,024 | \$ — |
| Computer equipment | 19,968 | 19,809 |
| Construction in process | 17,713 | 15,179 |
| Finance lease assets | 39,743 | 65,596 |
| Furniture and fixtures | 3,550 | 3,539 |
| Land | 12,453 | — |
| Leasehold improvements | 38,884 | 38,979 |
| Machinery and equipment | 286,852 | 282,920 |
| Total property and equipment | 430,187 | 426,022 |
| Less accumulated depreciation and amortization | (256,077) | (250,005) |
| Property and equipment, net | \$ 174,110 | \$ 176,017 |

During the three months ended January 3, 2025, we exercised an option to purchase manufacturing facilities that we leased in France for €1 (one Euro). This lease was acquired in May 2023 in connection with a prior year asset acquisition and was valued as part of purchase accounting using a market approach. During the three months ended January 3, 2025, we reclassified the finance lease asset to land and buildings.

In August 2022, the U.S. government enacted the CHIPS and Science Act of 2022 (“CHIPS Act”), which provides funding for manufacturing grants and research investments and establishes a 25% investment tax credit for certain qualifying investments in U.S. semiconductor manufacturing equipment. As of January 3, 2025 and September 27, 2024, there was a \$4.6 million and \$5.2 million reduction to the carrying amounts of the qualifying assets, respectively, in the condensed consolidated balance sheet.

Depreciation and amortization expense related to property and equipment for the three months ended January 3, 2025 and December 29, 2023 was \$7.3 million and \$6.5 million, respectively. Accumulated amortization on finance lease assets as of January 3, 2025 and September 27, 2024 was \$9.8 million and \$10.2 million, respectively.

8. INTANGIBLE ASSETS

Amortization expense related to intangible assets is as follows (in thousands):

| | Three Months Ended | |
|-------------------------------------|--------------------|----------------------|
| | January 3, 2025 | December 29, 2023 |
| Cost of revenue | \$ 3,332 | \$ 1,942 |
| Research and development | 2,065 | 1,044 |
| Selling, general and administrative | 3,260 | 4,798 |
| Total | \$ 8,657 | \$ 7,784 |

A summary of the activity in gross intangible assets as of January 3, 2025 and September 27, 2024 is as follows (in thousands):

| | January 3, 2025 | | |
|--|-----------------------|--------------------------|---------------------|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Acquired technology | \$ 34,374 | \$ (9,106) | \$ 25,268 |
| Customer relationships | 190,138 | (152,306) | 37,832 |
| Favorable contract | 14,500 | (9,102) | 5,398 |
| Software licenses | 22,900 | (6,919) | 15,981 |
| Trade name ⁽¹⁾ | 5,200 | (486) | 4,714 |
| Balance as of January 3, 2025 ⁽²⁾ | <u>\$ 267,112</u> | <u>\$ (177,919)</u> | <u>\$ 89,193</u> |

| | September 27, 2024 | | |
|---|-----------------------|--------------------------|---------------------|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Acquired technology | \$ 33,226 | \$ (7,320) | \$ 25,906 |
| Customer relationships | 180,214 | (149,206) | 31,008 |
| Favorable contract | 14,500 | (7,620) | 6,880 |
| Software licenses | 12,292 | (4,775) | 7,517 |
| Trade name ⁽¹⁾ | 5,200 | (423) | 4,777 |
| Balance as of September 27, 2024 ⁽²⁾ | <u>\$ 245,432</u> | <u>\$ (169,344)</u> | <u>\$ 76,088</u> |

(1) Includes an indefinite-lived trade name of \$3.4 million that is not amortized.

(2) Foreign intangible asset carrying amounts include foreign currency translation adjustments.

As of January 3, 2025, our estimated amortization of our intangible assets in future fiscal years is as follows (in thousands):

| | 2025 Remaining | 2026 | 2027 | 2028 | 2029 | Thereafter | Total |
|----------------------|----------------|--------|--------|-------|-------|------------|-----------|
| Amortization expense | \$ 22,018 | 19,422 | 15,358 | 9,197 | 5,685 | 14,113 | \$ 85,793 |

A summary of the changes in goodwill as of January 3, 2025 is as follows (in thousands):

| | January 3, 2025 |
|---|-------------------|
| Balance as of September 27, 2024 | \$ 332,201 |
| Acquired ⁽¹⁾ | 4,243 |
| Foreign currency translation adjustment | (788) |
| Balance as of January 3, 2025 | <u>\$ 335,656</u> |

(1) The acquired balance consists of an increase of \$5.1 million related to the ENGIN-IC Acquisition, partially offset by a decrease of \$0.9 million related to measurement period adjustments for the RF Business Acquisition. For additional information refer to *Note 3 - Acquisitions*.

9. DEBT

The following represents the outstanding balances and effective interest rates of our borrowings as of January 3, 2025 and September 27, 2024, (in thousands, except percentages):

| | January 3, 2025 | | September 27, 2024 | |
|--|-------------------|-------------------------|--------------------|-------------------------|
| | Principal Balance | Effective Interest Rate | Principal Balance | Effective Interest Rate |
| 0.25% convertible notes due March 2026 | \$ 161,151 | 0.54 % | \$ 450,000 | 0.54 % |
| 0.00% convertible notes due December 2029 | 344,316 | 0.33 % | — | |
| Total principal amount outstanding | 505,467 | | 450,000 | |
| Less: Short-term debt | 160,639 | | — | |
| Unamortized discount on deferred financing costs | (6,073) | | (1,719) | |
| Total long-term debt | <u>\$ 338,755</u> | | <u>\$ 448,281</u> | |

2026 Convertible Notes

On March 25, 2021, we issued 0.25% convertible senior notes due in fiscal year 2026, pursuant to an indenture dated as of such date (the “2021 Indenture”), between the Company and U.S. Bank National Association, as trustee, with an aggregate principal amount of \$400.0 million (the “Initial Notes”), and on April 6, 2021, we issued an additional \$50.0 million aggregate principal amount (the “Additional Notes”) (together, the “2026 Convertible Notes”). The Additional Notes were issued and sold to the initial purchaser of the Initial Notes, pursuant to the option to purchase the Additional Notes granted by the Company to the initial purchaser and have the same terms as the Initial Notes.

On December 12, 2024, we entered into separate, privately negotiated exchange and subscription agreements (the “Exchange and Subscription Agreements”) with a limited number of holders of the 2026 Convertible Notes. Under the terms of the Exchange and Subscription Agreements, the holders exchanged \$288.8 million in aggregate principal amount of 2026 Convertible Notes held by them for \$257.7 million of our 2029 Convertible Notes (defined below), 1,582,958 newly-issued shares of the Company’s common stock, par value \$0.001 per share, issued at a fair value of \$205.9 million, and \$17.6 million in cash. These exchanges resulted in aggregate pre-tax debt extinguishment charges of \$193.1 million. The Company also issued approximately \$86.6 million in additional aggregate principal amount of the 2029 Convertible Notes in a private placement to certain investors (the “Subscription” and, together with the Exchange, the “Transactions”). The Transactions closed on December 19, 2024.

Following the closing of the Transactions, the aggregate principal balance of the 2026 Convertible Notes is \$161.2 million and the terms of the 2021 Indenture are unchanged. The 2026 Convertible Notes will mature on March 15, 2026, unless earlier converted, redeemed or repurchased.

Holders of the 2026 Convertible Notes may convert their notes at their option at any time prior to the close of business on the business day immediately preceding December 15, 2025 in multiples of \$1,000 principal amount, only under the following circumstances: (i) during any fiscal quarter commencing after the fiscal quarter ending on July 2, 2021 (and only during such fiscal quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price for the notes on each applicable trading day; (ii) during the five business day period after any five consecutive trading day period (the “Measurement Period”) in which the “trading price” (as defined in the 2021 Indenture) per \$1,000 principal amount of the notes for each trading day of the Measurement Period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate for the notes on each such trading day; (iii) if we call such notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the applicable redemption date; or (iv) upon the occurrence of specified corporate events described in the 2021 Indenture. On or after December 15, 2025 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their notes in multiples of \$1,000 principal amount, regardless of the foregoing circumstances.

The initial conversion rate for the 2026 Convertible Notes is 12.1767 shares of common stock per \$1,000 principal amount of the notes, equivalent to an initial conversion price of approximately \$82.12 per share of common stock. The conversion rate will be subject to adjustment upon the occurrence of certain specified events in the 2021 Indenture.

In November 2021, we made an irrevocable election to pay cash for the aggregate principal amount of notes to be converted. Upon conversion of the 2026 Convertible Notes, we are required to pay cash up to the aggregate principal amount of the notes to be converted and pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, in respect of the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the notes being converted (subject to, and in accordance with, the settlement provisions of the 2021 Indenture). We may redeem for cash all or any portion of the notes, at our option, on or after March 20, 2024 if the last reported sale price per share of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which we provide notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, to, but not including, the redemption date.

The 2021 Indenture does not contain any financial or operating covenants or restrictions on the payments of dividends, the making of investments, the incurrence of indebtedness or the purchase or prepayment of securities by us or any of our subsidiaries.

During the fiscal quarter ended January 3, 2025, our common stock price met the price trigger defined above, and therefore, holders of our 2026 Convertible Notes may convert their notes at their option at any time during our second fiscal quarter ended April 4, 2025. Therefore, the 2026 Convertible Notes balance of \$160.6 million, net of deferred financing costs, is classified as short-term debt in our condensed consolidated balance sheet.

For the three months ended January 3, 2025 and December 29, 2023, total interest expense for the 2026 Convertible Notes was \$0.3 million and \$0.3 million, respectively.

The fair value of our 2026 Convertible Notes was \$267.5 million and \$640.6 million as of January 3, 2025 and September 27, 2024, respectively, and was determined based on quoted prices in markets that are not active, which is considered a Level 2 valuation input.

There are no future minimum principal payments under the notes as of January 3, 2025; the full amount of \$161.2 million is due on March 15, 2026.

2029 Convertible Notes

On December 19, 2024, we issued 0.00% convertible senior notes due in fiscal year 2030, pursuant to an indenture dated as of such date (the “2024 Indenture”), between the Company and U.S. Bank National Association, as trustee with an aggregate principal amount of \$344.3 million (the “2029 Convertible Notes”).

Holders of the 2029 Convertible Notes may convert their notes at their option at any time prior to the close of business on the business day immediately preceding September 15, 2029 in multiples of \$1,000 principal amount, only under the following circumstances: (i) during any fiscal quarter commencing after the fiscal quarter ending on April 4, 2025 (and only during such fiscal quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price for the notes on each applicable trading day; (ii) during the five business day period after any five consecutive trading day period (the “Measurement Period”) in which the “trading price” (as defined in the 2024 Indenture) per \$1,000 principal amount of the notes for each trading day of the Measurement Period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate for the notes on each such trading day; (iii) if we call such notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or (iv) upon the occurrence of specified corporate events described in the 2024 Indenture. On or after September 15, 2029 until the close of business on the second scheduled trading day immediately preceding the maturity date, the holders may convert their notes, in multiples of \$1,000 principal amount, regardless of the foregoing circumstances.

The initial conversion rate for the Notes is 5.7463 shares of common stock (subject to adjustment as provided for in the 2024 Indenture) per \$1,000 principal amount of the notes, which is equal to an initial conversion price of approximately \$174.03 per share of common stock.

The 2029 Convertible Notes do not bear regular interest, and the principal amount of the notes does not accrete. The notes are senior unsecured obligations of the Company and will mature on December 15, 2029, unless earlier redeemed, repurchased or converted. Upon conversion of the 2029 Convertible Notes, we are required to pay cash up to the aggregate principal amount of the notes to be converted and pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, in respect of the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the notes being converted (subject to, and in accordance with, the settlement provisions of the 2024 Indenture). We may redeem for cash all or any portion of the notes, at our option, on or after December 20, 2027 and prior to September 15, 2029 if the last reported sale price per share of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which we provide notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, to, but not including, the redemption date.

The 2024 Indenture does not contain any financial or operating covenants or restrictions on the payments of dividends, the making of investments, the incurrence of indebtedness or the purchase or prepayment of securities by us or any of our subsidiaries.

The fair value of our 2029 Convertible Notes was \$351.3 million as of January 3, 2025 and was determined based on quoted prices in markets that are not active, which is considered a Level 2 valuation input.

There are no future minimum principal payments under the notes as of January 3, 2025; the full amount of \$344.3 million is due on December 15, 2029.

10. FINANCING OBLIGATION

We are party to a power purchase agreement for the use of electric power and thermal energy producing systems at our fabrication facility in Lowell, Massachusetts. We do not own these systems; however, we control the use of the assets during operation. As of January 3, 2025 and September 27, 2024, the net book value of the systems in Property and equipment, net was \$8.0 million and \$8.2 million, respectively, and the corresponding liability was \$9.2 million and \$9.3 million, respectively, primarily classified in Financing obligation on our condensed consolidated balance sheet.

11. EARNINGS PER SHARE

The following table sets forth the computation for basic and diluted net (loss) income per share of common stock (in thousands, except per share data):

| | Three Months Ended | |
|--|--------------------|-------------------|
| | January 3, 2025 | December 29, 2023 |
| Numerator: | | |
| Net (loss) income attributable to common stockholders | \$ (167,530) | \$ 12,526 |
| Denominator: | | |
| Weighted average common shares outstanding-basic | 72,780 | 71,425 |
| Dilutive effect of convertible debt, stock options, restricted stock and restricted stock units ⁽¹⁾ | — | 861 |
| Weighted average common shares outstanding-diluted | 72,780 | 72,286 |
| Net (loss) income to common stockholders per share-basic: | \$ (2.30) | \$ 0.18 |
| Net (loss) income to common stockholders per share-diluted: | \$ (2.30) | \$ 0.17 |

(1) Excludes the effects of 2,914,956 and 112,021 shares for the three months ended January 3, 2025 and December 29, 2023, respectively, of the assumed issuance of common stock associated with a conversion premium for the 2026 Convertible Notes, the assumed exercise of outstanding stock options and potential shares of common stock issuable upon vesting of restricted stock and restricted stock units, as the inclusion would be anti-dilutive, but they could become dilutive in the future. The three months ended January 3, 2025 excludes 1,696,940 potential shares of common stock associated with a conversion premium for the 2026 Convertible Notes, as the inclusion would be anti-dilutive.

Potentially dilutive shares of common stock from employee equity incentive plans are determined by applying the treasury stock method to the assumed exercise of outstanding stock options and the assumed vesting of outstanding restricted stock and restricted stock units. The potentially dilutive impact from the assumed issuance of common stock associated with a conversion premium for our convertible notes is determined by applying the if-converted method to the assumed exercise of the outstanding conversion premium.

12. COMMITMENTS AND CONTINGENCIES

From time to time, we may be subject to commercial disputes, employment issues, claims by other companies in the industry that we have infringed their intellectual property rights and other similar claims and litigation. Any such claims may lead to future litigation and material damages and defense costs. We were not involved in any material pending legal proceedings during the three months ended January 3, 2025.

13. STOCKHOLDERS' EQUITY AND SHARE-BASED COMPENSATION

We have authorized 10 million shares of \$0.001 par value preferred stock and 300 million shares of \$0.001 par value common stock as of January 3, 2025.

Stock Plans

As of January 3, 2025, we had 3.2 million shares available for issuance under our 2021 Omnibus Incentive Plan (the "2021 Plan"), which replaced our 2012 Omnibus Incentive Plan (as amended and restated) (the "2012 Plan"), and 1.1 million shares available for issuance under our 2021 Employee Stock Purchase Plan (the "Employee Stock Purchase Plan"), which replaced our 2012 Employee Stock Purchase Plan. We have outstanding awards under the 2021 Plan and the 2012 Plan. Following the adoption of the 2021 Plan, no additional awards have been or will be made under the 2012 Plan. Under the 2021 Plan, we have the ability to issue incentive stock options ("ISOs"), non-statutory stock options ("NSOs"), stock appreciation rights ("SARs"), restricted stock awards ("RSAs"), unrestricted stock awards, stock units (including restricted stock units ("RSUs") and performance-based restricted stock units ("PRSUs")), performance awards, cash awards, and other share-based awards to employees, directors, consultants and advisors. The ISOs and NSOs must be granted at an exercise price, and the SARs must be granted at a base value, per share of not less than 100% of the closing price of a share of our common stock on the date of grant (or, if no closing price is reported on that date, the closing price on the immediately preceding date on which a closing price was reported) (110% in the case of certain ISOs). Options granted under the 2012 Plan primarily vested based on certain market-based and performance-based criteria and generally have a term of four years to seven years. Certain of the share-based awards granted and outstanding as of January 3, 2025 are subject to accelerated vesting upon a change in control of the Company.

Incentive Stock Units

Aside from the equity plans described above, we also grant incentive stock units ("ISUs") to certain of our international employees which typically vest over three or four years and for which the fair value is determined by our underlying stock price, which are classified as liabilities and settled in cash upon vesting.

As of January 3, 2025 and September 27, 2024, the fair value of outstanding ISUs was \$5.9 million and \$6.8 million, respectively, and the associated accrued compensation liability was \$2.5 million and \$4.6 million, respectively. During the three months ended January 3, 2025 and December 29, 2023, we recorded an expense for ISU awards of \$1.5 million and \$0.5 million, respectively. These expenses are not included in the share-based compensation expense totals below.

Share-Based Compensation

The following table shows a summary of share-based compensation expense included in the condensed consolidated statements of operations (in thousands):

| | Three Months Ended | |
|--|--------------------|----------------------|
| | January 3, 2025 | December 29, 2023 |
| Cost of revenue | \$ 2,945 | \$ 1,270 |
| Research and development | 11,251 | 2,765 |
| Selling, general and administrative | 11,324 | 4,622 |
| Total share-based compensation expense | <u>\$ 25,520</u> | <u>\$ 8,657</u> |

As of January 3, 2025, the total unrecognized compensation costs related to RSUs and PRSUs was \$120.9 million, which we expect to recognize over a weighted-average period of 2.2 years. As of January 3, 2025, total unrecognized compensation cost related to our Employee Stock Purchase Plan was \$1.5 million.

Restricted Stock Units and Performance-Based Restricted Stock Units

A summary of RSU and PRSU activity for the three months ended January 3, 2025 is as follows:

| | Number of shares (in thousands) | Weighted- Average Grant Date Fair Value |
|---|------------------------------------|---|
| Balance as of September 27, 2024 | 1,634 | \$ 72.37 |
| Granted | 595 | \$ 127.77 |
| Performance-based adjustment ⁽¹⁾ | 144 | \$ 89.82 |
| Vested and released | (811) | \$ 75.48 |
| Forfeited, canceled or expired | (60) | \$ 66.84 |
| Balance as of January 3, 2025 | 1,502 | \$ 94.56 |

(1) The amount shown represents performance adjustments for market-based performance awards. These were granted in prior fiscal years and vested during the three months ended January 3, 2025 based on the Company's achievement of total stockholder return.

Stock awards that vested during the three months ended January 3, 2025 and December 29, 2023 had combined fair values of \$106.7 million and \$33.3 million, respectively, as of the vesting date. RSUs granted generally vest over a period of three or four years.

Market-based PRSUs

We granted 106,166 market-based PRSUs during the three months ended January 3, 2025, at a weighted average grant date fair value of \$168.01 per share. Recipients may earn between 0% and 200% of the target number of shares based on the Company's achievement of total stockholder return in comparison to a peer group of companies in the PHLX Semiconductor Sector Index (^SOX) over a period of approximately three years. The fair value of the awards was estimated using a Monte Carlo simulation and compensation expense is recognized ratably over the service period based on the grant date fair value of the awards subject to the market condition. The expected volatility of the Company's common stock was estimated based on the historical average volatility rate over the three-year period. The dividend yield assumption was based on historical and anticipated dividend payouts. The risk-free rate assumption was based on observed interest rates consistent with the three-year measurement period. The assumptions used to value the awards are as follows:

| | Three Months Ended | |
|--|--------------------|--------|
| | January 3, 2025 | |
| Grant date stock price | \$ | 115.57 |
| Average stock price at the start of the performance period | \$ | 103.09 |
| Risk free interest rate | | 4.0% |
| Years to maturity | | 2.9 |
| Expected volatility rate | | 39.2% |
| Expected dividend yield | | — |

Stock Options

As of each of January 3, 2025 and September 27, 2024, there were 5,000 stock options outstanding, with a weighted-average exercise price per share of \$16.06. As of January 3, 2025, the weighted-average remaining contractual term was 0.84 years and the aggregate intrinsic value was \$0.6 million. Aggregate intrinsic value is calculated using the difference between our closing stock price on January 3, 2025 and the exercise price of outstanding, in-the-money options. There were no options exercised during the three months ended January 3, 2025. The total intrinsic value of options exercised during the three months ended December 29, 2023 was \$0.3 million.

14. INCOME TAXES

We are subject to income tax in the U.S. as well as other tax jurisdictions in which we conduct business. Earnings from non-U.S. activities are subject to local country income tax and may also be subject to U.S. income tax. For interim periods, we record a tax provision or benefit based upon the estimated effective tax rate expected for the full fiscal year, adjusted for material discrete taxation matters arising during the interim periods. Our quarterly tax provision or benefit, and our quarterly estimate of the annual effective tax rate, are subject to significant variation due to several factors. These factors include items such as: variability in accurately predicting pre-tax income/loss, the mix of jurisdictions in which we operate, intercompany transactions, changes in how we do business, tax law developments, the realizability of our deferred tax assets, any related valuation allowance and relative changes in permanent tax benefits or expenses.

The provision for income taxes and effective income tax rate are as follows (in thousands, except percentages):

| | Three Months Ended | |
|------------------------------|--------------------|----------------------|
| | January 3, 2025 | December 29, 2023 |
| Income tax (benefit) expense | \$ (2,407) | \$ 2,750 |
| Effective income tax rate | 1.4 % | 18.0 % |

The difference between the U.S. federal statutory income tax rate of 21% and our effective income tax rate for the three months ended January 3, 2025 was primarily driven by the non-deductibility of the loss on extinguishment of debt and favorable stock based compensation and research and development (“R&D”) tax credits, partially offset by global intangible low taxed income (“GILTI”). The difference between the U.S. federal statutory income tax rate of 21% and our effective income tax rate for the three months ended December 29, 2023 was primarily driven by favorable stock based compensation and R&D tax credits, partially offset by foreign withholding taxes and GILTI.

During the three months ended December 29, 2023, we determined the earnings of one of our entities in India are no longer permanently reinvested, and due to the change in our position, we recorded a foreign withholding tax expense of \$1.0 million associated with undistributed earnings.

We recognize deferred tax assets to the extent that we believe that these assets are more likely than not to be realized. In making this determination, we consider available positive and negative evidence. We look at factors that may impact the valuation of our deferred tax assets including results of recent operations, future reversals of existing taxable temporary differences, projected future taxable income and tax-planning strategies.

There were no unrecognized tax benefits as of January 3, 2025 and September 27, 2024. It is our policy to recognize any interest and penalties accrued related to unrecognized tax benefits in income tax expense. During the fiscal quarters ended January 3, 2025 and December 29, 2023, we did not make any accrual or payment of interest or penalties.

15. SUPPLEMENTAL CASH FLOW INFORMATION

The following is a summary of supplemental cash flow information for the periods presented (in thousands):

| | Three Months Ended | |
|--|--------------------|----------------------|
| | January 3, 2025 | December 29, 2023 |
| Cash paid for interest | \$ 739 | \$ 722 |
| Cash paid for income taxes | \$ 1,050 | \$ 923 |
| Non-cash activities: | | |
| Issuance of common stock for convertible debt exchange | \$ 205,915 | \$ — |
| Operating lease right-of-use assets obtained in exchange for new lease liabilities | \$ 7,921 | \$ 6,321 |
| Additions to property and equipment, net included in liabilities | \$ 607 | \$ 379 |
| Purchase of software licenses included in liabilities | \$ 5,578 | \$ — |

Operating lease right-of-use assets obtained in exchange for new lease liabilities for the three months ended December 29, 2023 includes \$5.6 million operating lease right-of-use assets acquired as part of the RF Business Acquisition. For additional information on the RF Business Acquisition, see *Note 3 - Acquisitions*.

16. GEOGRAPHIC AND SIGNIFICANT CUSTOMER INFORMATION

We have one reportable operating segment that designs, develops, manufactures and markets semiconductors and modules. The determination of the number of reportable operating segments is based on the chief operating decision maker’s (“CODM”) use of financial information provided for the purposes of assessing performance and making operating decisions. The Company’s CODM is its President and Chief Executive Officer and Chair of the Board. In evaluating financial performance and making operating decisions, the CODM primarily uses consolidated metrics. The Company assesses its determination of operating segments at least annually. We continue to evaluate our internal reporting structure, changes to our business and the potential impact of these changes on our segment reporting.

For information about our revenue in different geographic regions, based upon customer locations, see *Note 2 - Revenue*.

Information about net property and equipment in different geographic regions is presented below (in thousands):

| | January 3, 2025 | September 27, 2024 |
|--------------------------------|--------------------|-----------------------|
| United States | \$ 123,930 | \$ 123,618 |
| France | 32,143 | 33,934 |
| Other Countries ⁽¹⁾ | 18,037 | 18,465 |
| Total | <u>\$ 174,110</u> | <u>\$ 176,017</u> |

(1) Other than the United States and France, no country or region represented greater than 10% of the total net property and equipment as of the dates presented.

The following is a summary of customer concentrations as a percentage of revenue and accounts receivable as of and for the periods presented:

| | Three Months Ended | |
|----------------------------|--------------------|-----------------------|
| | January 3, 2025 | December 29, 2023 |
| Revenue | | |
| Customer A | — % | 13 % |
| Customer B | 14 % | — % |
| Customer C | 11 % | — % |
| | | |
| | January 3, 2025 | September 27, 2024 |
| Accounts Receivable | | |
| Customer B | 15 % | — % |

Customer Concentration

Customer A did not represent more than 10% of our revenue in the three months ended January 3, 2025. Customer B and Customer C did not represent more than 10% of our revenue in the three months ended December 29, 2023. No other customer represented more than 10% of revenue or accounts receivable in the periods presented in the accompanying condensed consolidated financial statements. For the three months ended January 3, 2025 and December 29, 2023, our top ten customers represented 60% and 57%, respectively, of total revenue.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended September 27, 2024 filed with the United States Securities and Exchange Commission ("SEC") on November 12, 2024 (the "2024 Annual Report on Form 10-K").

In this document, the words "Company," "we," "our," "us," and similar terms refer only to MACOM Technology Solutions Holdings, Inc. and its consolidated subsidiaries, and not any other person or entity.

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Cautionary Note Regarding Forward-Looking Statements

This Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other sections of this Quarterly Report on Form 10-Q contain "forward-looking statements." In addition, we may make other written and oral communications from time to time that contain such statements. Forward-looking statements include statements regarding our business outlook, strategic plans and priorities, expectations, anticipated drivers of future revenue growth, our ability to develop new products, achieve market acceptance of those products and better address certain markets, expand our capabilities and extend our product offerings, including through the RF Business Acquisition and the ENGIN-IC acquisition, industry trends, our strategic investment plan, including negotiation and finalization of a definitive agreement with, and receipt of funding from the Federal and State governments, our estimated annual effective tax rate, our plans for use of our cash and cash equivalents and short-term investments, interest rate and foreign currency risks, our ability to meet working capital requirements, estimates and objectives for future operations, our future results of operations and our financial position, including liquidity, and other matters that do not relate strictly to historical facts. Forward-looking statements generally may be identified by terms such as "anticipates," "believes," "could," "continue," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "seeks," "should," "targets," "will," "would" or similar expressions or variations or the negatives of those terms.

Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from the forward-looking statements include, among others, the risks described in the section entitled “Risk Factors” in this Quarterly Report on Form 10-Q and the 2024 Annual Report on Form 10-K. We caution the reader to carefully consider such factors. Furthermore, such forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Overview

We design, develop and manufacture differentiated semiconductor products and solutions for the Industrial and Defense (“I&D”), Data Center and Telecommunications (“Telecom”) industries for customers who demand high performance, quality and reliability. We are headquartered in Lowell, Massachusetts, with operational facilities throughout North America, Europe and Asia. We have more than 70 years of application expertise, combined with expertise in analog and mixed signal circuit design, compound semiconductor fabrication (including gallium arsenide (GaAs), gallium nitride (GaN), indium phosphide (InP) and specialized silicon), advanced packaging and back-end assembly and test. We offer a broad portfolio of thousands of standard and custom devices, which include integrated circuits (IC), multi-chip modules (MCM), diodes, amplifiers, switches and switch limiters, passive and active components and radio frequency (RF) and optical subsystems, which make up dozens of product lines that service over 6,000 end customers in our three primary markets. Our products are electronic components that our customers generally incorporate into larger electronic systems, such as wireless basestations, high-capacity optical networks, data center networks, radar, medical systems, satellite networks and test and measurement applications. Our primary end markets are: (1) I&D, which includes military and commercial radar, RF jammers, electronic countermeasures, communication data links, satellite communications (“SATCOM”) and various wired and wireless multi-market applications, which include industrial, medical, test and measurement and scientific applications; (2) Data Center, which includes intra-Data Center, Data Center Interconnect (DCI) applications, at 100G, 200G, 400G, 800G, 1.6T and higher speeds, enabled by our broad portfolio of analog ICs and photonic components for high speed connectivity customers; and (3) Telecom, which includes carrier infrastructure such as long-haul/metro, 5G and 6G infrastructure, satellite communications and Fiber-to-the-X (FTTx)/passive optical network (PON), among others.

Description of Our Revenue

Revenue. Our revenue is derived from sales of high-performance RF, microwave, millimeter wave, optical and photonic semiconductor products. We design, integrate, manufacture and package differentiated, semiconductor-based products that we sell to customers through our direct sales organization, our network of independent sales representatives and our distributors.

We believe the primary drivers of our future revenue growth will include:

- continued growth in the demand for high-performance analog, digital and optical semiconductors in our three primary markets;
- introducing new products using advanced technologies, added features, higher levels of integration and improved performance;
- increasing content of our semiconductor solutions in customers’ systems through cross-selling our product lines;
- leveraging our core strength and leadership position in standard, catalog products that service all of our end applications; and
- engaging early with our lead customers to develop custom and standard products.

Our core strategy is to develop and innovate high-performance products that address our customers’ most difficult technical challenges in our primary markets: I&D, Data Center and Telecom.

We expect our revenue in the I&D market to be driven by the expanding product portfolio that we offer which services applications such as test and measurement, satellite communications, civil and military radar, industrial, automotive, scientific and medical applications, further supported by growth in applications for our multi-market catalog products.

We expect our revenue in the Data Center market to be driven by the adoption of higher speed processing technologies and the upgrade of data center architectures to 100G, 200G, 400G, 800G and 1.6T interconnects, which we expect will drive adoption of higher speed optical and photonic components.

We expect our revenue in the Telecom market to be driven by 5G deployments, with continued upgrades and expansion of communications equipment, satellite communications networks and increasing adoption of our high-performance RF, millimeter wave, optical and photonic components.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our condensed consolidated financial statements. The preparation of financial statements, in conformity with GAAP, requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the reported amounts of revenue and expenses during the reporting period and disclosure of contingent assets and liabilities at the date of the financial statements. By their nature, these estimates and judgments are subject to an inherent degree of uncertainty and could be material if our actual or expected experience were to change unexpectedly. On an ongoing basis, we re-evaluate our estimates and judgments.

We base our estimates and judgments on our historical experience and on other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates and material effects on our operating results and financial position may result. The accounting policies which our management believes involve the most significant application of judgment or involve complex estimation, are inventories and associated reserves; revenue reserves; business combinations; goodwill and intangible asset valuation; share-based compensation valuations and income taxes.

Business combinations

We apply significant estimates and judgments in order to determine the fair value of the identified tangible and intangible assets acquired, liabilities assumed and goodwill recognized in business combinations. The value of all assets and liabilities are recognized at fair value as of the acquisition date using a market participant approach. In measuring the fair value, we utilize a number of valuation techniques. When determining the fair value of property and equipment acquired, generally we must estimate the cost to replace the asset with a new asset taking into consideration such factors as age, condition and the economic useful life of the asset. When determining the fair value of intangible assets acquired, typically determined using a discounted cash flow valuation method, we use assumptions such as the timing and amount of future cash flows, discount rates, weighted average cost of capital and estimated useful lives. These assessments can be significantly affected by our judgments.

Goodwill and intangible asset valuation

Significant management judgment is required in our valuation of goodwill and intangible assets, many of which are based on the creation of forecasts of future operating results that are used in the valuation, including (i) estimation of future cash flows, (ii) estimation of the long-term rate of growth for our business, (iii) estimation of the useful life over which cash flows will occur, (iv) terminal values, if applicable, and (v) the determination of our weighted average cost of capital, which helps determine the discount rate. It is possible that these forecasts may change, and our performance projections included in our forecasts of future results may prove to be inaccurate. The value of our goodwill and purchased intangible assets could also be impacted by future adverse changes, such as a decline in the valuation of technology company stocks, including the valuation of our common stock, or a significant slowdown in the worldwide economy or in the semiconductor industry.

For additional information related to these and other accounting policies refer to *Note 2 - Summary of Significant Accounting Policies* to our Consolidated Financial Statements included in Item 8 of Part II, "Financial Statements and Supplementary Data," of the 2024 Annual Report on Form 10-K and *Note 1 - Basis of Presentation and Summary of Significant Accounting Policies* to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

Results of Operations

The following table sets forth, for the periods indicated, our statements of operations data (in thousands):

| | Three Months Ended | |
|--|--------------------|----------------------|
| | January 3, 2025 | December 29, 2023 |
| Revenue | \$ 218,122 | \$ 157,148 |
| Cost of revenue ⁽¹⁾ | 101,013 | 69,838 |
| Gross profit | 117,109 | 87,310 |
| Operating expenses: | | |
| Research and development ⁽¹⁾ | 60,369 | 39,413 |
| Selling, general and administrative ^{(1) (2)} | 39,213 | 36,887 |
| Total operating expenses | 99,582 | 76,300 |
| Income from operations | 17,527 | 11,010 |
| Other (expense) income: | | |
| Interest income | 7,000 | 5,556 |
| Interest expense | (1,366) | (1,290) |
| Loss on extinguishment of debt | (193,098) | — |
| Total other (expense) income | (187,464) | 4,266 |
| (Loss) income before income taxes | (169,937) | 15,276 |
| Income tax (benefit) expense | (2,407) | 2,750 |
| Net (loss) income | \$ (167,530) | \$ 12,526 |

- (1) Includes (a) Amortization expense related to intangible assets arising from acquisitions and (b) Share-based compensation expense included in our condensed consolidated statements of operations as set forth below (in thousands):

| | Three Months Ended | |
|---------------------------------------|--------------------|----------------------|
| | January 3, 2025 | December 29, 2023 |
| (a) Intangible amortization expense: | | |
| Cost of revenue | \$ 3,332 | \$ 1,942 |
| Research and development | 2,065 | 1,044 |
| Selling, general and administrative | 3,260 | 4,798 |
| (b) Share-based compensation expense: | | |
| Cost of revenue | \$ 2,945 | \$ 1,270 |
| Research and development | 11,251 | 2,765 |
| Selling, general and administrative | 11,324 | 4,622 |

(2) The three months ended January 3, 2025 and December 29, 2023 include less than \$0.1 million and \$8.4 million, respectively, of acquisition-related transaction costs.

The following table sets forth, for the periods indicated, our statements of operations data expressed as a percentage of our revenue:

| | Three Months Ended | |
|-------------------------------------|--------------------|----------------------|
| | January 3, 2025 | December 29, 2023 |
| Revenue | 100.0 % | 100.0 % |
| Cost of revenue | 46.3 | 44.4 |
| Gross profit | 53.7 | 55.6 |
| Operating expenses: | | |
| Research and development | 27.7 | 25.1 |
| Selling, general and administrative | 18.0 | 23.5 |
| Total operating expenses | 45.7 | 48.6 |
| Income from operations | 8.0 | 7.0 |
| Other (expense) income: | | |
| Interest income | 3.2 | 3.5 |
| Interest expense | (0.6) | (0.8) |
| Loss on extinguishment of debt | (88.5) | — |
| Total other (expense) income | (85.9) | 2.7 |
| (Loss) income before income taxes | (77.9) | 9.7 |
| Income tax (benefit) expense | (1.1) | 1.7 |
| Net (loss) income | (76.8)% | 8.0 % |

Comparison of the Three Months Ended January 3, 2025 to the Three Months Ended December 29, 2023

Revenue. Our revenue increased by \$61.0 million, or 38.8%, to \$218.1 million for the three months ended January 3, 2025, from \$157.1 million for the three months ended December 29, 2023. The increase in revenue in the three months ended January 3, 2025 is described by end market in the following paragraphs.

Revenue from our primary markets, the percentage of change between the periods presented, and revenue by primary markets expressed as a percentage of total revenue in the periods presented were (in thousands, except percentages):

| | Three Months Ended | | % Change |
|----------------------|--------------------|----------------------|-------------|
| | January 3, 2025 | December 29, 2023 | |
| Industrial & Defense | \$ 97,400 | \$ 76,998 | 26.5% |
| Data Center | 65,284 | 49,512 | 31.9% |
| Telecom | 55,438 | 30,638 | 80.9% |
| Total | \$ 218,122 | \$ 157,148 | 38.8% |
| Industrial & Defense | 44.7 % | 49.0 % | |
| Data Center | 29.9 % | 31.5 % | |
| Telecom | 25.4 % | 19.5 % | |
| Total | 100.0 % | 100.0 % | |

In the three months ended January 3, 2025, our I&D market revenue increased by \$20.4 million, or 26.5%, compared to the three months ended December 29, 2023. The increase in the three months ended January 3, 2025 was primarily driven by incremental revenue from the RF Business Acquisition, partially offset by lower sales of legacy products for industrial markets.

In the three months ended January 3, 2025, our Data Center market revenue increased by \$15.8 million, or 31.9%, compared to the three months ended December 29, 2023. The increase in the three months ended January 3, 2025 was primarily

driven by an increase in sales of high-performance analog Data Center products, including legacy 100G as well as high speed 400G, 800G and 1.6T data rates.

In the three months ended January 3, 2025, our Telecom market revenue increased by \$24.8 million, or 80.9%, compared to the three months ended December 29, 2023. The increase in the three months ended January 3, 2025 was primarily driven by an increase in sales in 5G applications, primarily driven by incremental revenue from recent acquisitions, and SATCOM.

Certain sectors of our end markets continue to be negatively impacted by macroeconomic and geopolitical conditions, which we expect may result in weaker near-term demand for our products across all three of our primary markets.

Gross profit. Gross margin was 53.7% and 55.6% for the three months ended January 3, 2025 and December 29, 2023, respectively. Gross profit was \$117.1 million and \$87.3 million for the three months ended January 3, 2025 and December 29, 2023, respectively. Gross profit increased for the three months ended January 3, 2025 as compared to the three months ended December 29, 2023 primarily as a result of higher sales from the RF Business Acquisition, partially offset by increases in employee-related costs, product mix, higher intangible asset amortization and share-based compensation expense.

Research and development. Research and development expense increased by \$21.0 million, or 53.2%, to \$60.4 million, or 27.7% of our revenue, for the three months ended January 3, 2025, compared to \$39.4 million, or 25.1% of our revenue, for the three months ended December 29, 2023. Research and development expense increased in the three months ended January 3, 2025 primarily as a result of increases in employee-related costs due to acquisitions, higher share-based compensation expense and supplies expense.

Selling, general and administrative. Selling, general and administrative expense increased by \$2.3 million, or 6.3%, to \$39.2 million, or 18.0% of our revenue, for the three months ended January 3, 2025, compared to \$36.9 million, or 23.5% of our revenue, for the three months ended December 29, 2023. Selling, general and administrative expense increased in the three months ended January 3, 2025 primarily due to an increase in employee-related costs and share-based compensation, partially offset by decreases in acquisition-related transaction costs and intangible asset amortization.

Interest income. In the three months ended January 3, 2025, interest income was \$7.0 million, compared to \$5.6 million for the three months ended December 29, 2023. The increase for the three months ended January 3, 2025 is primarily due to the increase in our short-term investments.

Loss on extinguishment of debt. In the three months ended January 3, 2025, we recognized a \$193.1 million loss on exchange of our 2026 Convertible Notes. See *Note 9 - Debt* to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q for additional information.

Provision for income taxes. Our income tax expense and effective income tax rates for the periods indicated were (in thousands, except percentages):

| | Three Months Ended | |
|---------------------------|--------------------|----------------------|
| | January 3, 2025 | December 29, 2023 |
| Income tax expense | \$ (2,407) | \$ 2,750 |
| Effective income tax rate | 1.4 % | 18.0 |

The primary driver for the rate reduction for the three months ended January 3, 2025 as compared to the three months ended December 29, 2023 is the non-deductibility of the loss on extinguishment of debt.

The difference between the U.S. federal statutory income tax rate of 21% and our effective income tax rate for the three months ended January 3, 2025 was primarily driven by the non-deductibility of the loss on extinguishment of debt and favorable stock based compensation and R&D tax credits, partially offset by GILTI. The difference between the U.S. federal statutory income tax rate of 21% and our effective income tax rate for the three months ended December 29, 2023, was primarily driven by favorable stock based compensation and R&D tax credits, partially offset by foreign withholding taxes and GILTI.

Our estimated annual effective tax rate for the year ending October 3, 2025 is expected to be approximately 16%, adjusted for discrete taxation matters arising during the interim periods, primarily the removal of the loss on extinguishment of debt of \$193.1 million.

For additional information refer to *Note 14 - Income Taxes* to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

Liquidity and Capital Resources

The following table summarizes our cash flow activities (in thousands):

| | Three Months Ended | |
|---|--------------------|-------------------|
| | January 3, 2025 | December 29, 2023 |
| Cash and cash equivalents, beginning of period | \$ 146,806 | \$ 173,952 |
| Net cash provided by operating activities | 66,659 | 33,099 |
| Net cash used in investing activities | (10,227) | (34,774) |
| Net cash provided by (used in) financing activities | 30,125 | (9,053) |
| Foreign currency effect on cash | (664) | 362 |
| Cash and cash equivalents, end of period | <u>\$ 232,699</u> | <u>\$ 163,586</u> |

Cash Flow from Operating Activities

Our cash flow from operating activities for the three months ended January 3, 2025 of \$66.7 million consisted of a net loss of \$167.5 million plus adjustments of \$225.3 million, to reconcile our net loss to cash provided by operating activities, less cash provided by operating assets and liabilities of \$8.9 million. Adjustments to reconcile our net loss to cash provided by operating activities primarily included loss on extinguishment of debt of \$193.1 million, share-based compensation expense of \$25.5 million and depreciation and intangible amortization expense of \$16.0 million. In addition, cash provided by operating assets and liabilities was \$8.9 million for the three months ended January 3, 2025, primarily driven by a decrease in accounts receivables of \$14.9 million, partially offset by an increase in inventories of \$4.6 million. The decrease in accounts receivable is primarily due to improved revenue linearity during the three months ended January 3, 2025.

Our cash flow from operating activities for the three months ended December 29, 2023 of \$33.1 million consisted of a net income of \$12.5 million plus adjustments of \$21.5 million, to reconcile our net income to cash provided by operating activities, less cash used in operating assets and liabilities of \$0.9 million. Adjustments to reconcile our net income to cash provided by operating activities primarily included depreciation and intangible amortization expense of \$14.3 million and share-based compensation expense of \$8.7 million. In addition, cash used in operating assets and liabilities was \$0.9 million for the three months ended December 29, 2023, primarily driven by an increase in accounts receivables of \$12.2 million, partially offset by an increase of \$6.6 million in accrued and other liabilities, an increase of \$2.1 million in accounts payable and a decrease in inventories of \$1.6 million.

Cash Flow from Investing Activities

Our cash flow used in investing activities for the three months ended January 3, 2025 of \$10.2 million consisted primarily of cash paid for acquisitions, net of cash acquired of \$12.5 million for acquisitions, capital expenditures of \$5.3 million and purchases of \$61.4 million of short-term investments and other investing activities of \$3.4 million, offset by proceeds of \$72.4 million for the sale and maturity of short-term investments. For additional information on the consideration paid for our acquisitions, see *Note 3 - Acquisitions* to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

Our cash flow used in investing activities for the three months ended December 29, 2023 of \$34.8 million consisted primarily of \$75.0 million for acquisitions, capital expenditures of \$4.7 million and purchases of \$55.4 million of short-term investments, offset by proceeds of \$100.3 million for the sale and maturity of short-term investments. For additional information on the cash paid for our acquisitions, see *Note 3 - Acquisitions* to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

Cash Flow from Financing Activities

During the three months ended January 3, 2025, our cash provided by financing activities of \$30.1 million was primarily related to \$86.6 million of proceeds from convertible notes and \$4.5 million of proceeds from stock option exercises and employee stock purchases, partially offset by \$37.9 million of common stock withheld associated with employee taxes on vested equity awards and \$22.9 million of fees for the convertible note exchange and payments for debt issuance costs.

During the three months ended December 29, 2023, our cash used in financing activities of \$9.1 million was primarily related to \$11.6 million of common stock withheld associated with employee taxes on vested equity awards, partially offset by \$2.8 million of proceeds from stock option exercises and employee stock purchases.

Liquidity

As of January 3, 2025, we held \$232.7 million of cash and cash equivalents, primarily deposited with financial institutions, as well as \$423.8 million of liquid short-term investments. The undistributed earnings of certain foreign subsidiaries are considered indefinitely reinvested for the periods presented and we do not intend to repatriate such earnings. We believe the decision to reinvest these earnings will not have a significant impact on our liquidity. As of January 3, 2025, cash held by our indefinitely reinvested foreign subsidiaries was \$9.0 million, which, along with cash generated from foreign operations, is expected to be used in the support of international growth and working capital requirements as well as the repayment of certain intercompany loans.

On December 19, 2024, we exchanged approximately \$288.8 million in aggregate principal amount of our 2026 Convertible Notes (as defined in *Note 9 - Debt* to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q) for approximately \$257.7 million in aggregate principal amount of the 2029 Convertible Notes (as defined in *Note 9 - Debt* to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q), 1,582,958 newly-issued shares of the Company's common stock, issued at a fair value of \$205.9 million, and \$17.6 million in cash. We also issued approximately \$86.6 million in aggregate principal amount of the 2029 Convertible Notes, and net proceeds, net of amounts paid associated with the exchange, totaled approximately \$63.7 million and are expected to be used for general corporate purposes. As of January 3, 2025, the aggregate principal balances of the 2026 Convertible Notes and 2029 Convertible Notes are \$161.2 million and \$344.3 million, respectively, and we are required to pay cash for the principal amount of the notes upon conversion.

During the fiscal quarter ended January 3, 2025, our common stock price for at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending January 3, 2025 was greater than \$106.76 on each applicable trading day. Therefore, holders of our 2026 Convertible Notes may convert their notes at their option at any time during the subsequent second fiscal quarter ended April 4, 2025 in multiples of \$1,000 principal amount. For additional information on the 2026 Convertible Notes, see *Note 9 - Debt* to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

On January 14, 2025, we announced the execution of a preliminary, non-binding agreement with the CHIPS Program Office, which could provide for proposed direct funding from the U.S. Department of Commerce under the CHIPS Act of up to \$70 million.

We plan to use our remaining available cash and cash equivalents and short-term investments for general corporate purposes, including working capital, payment on the 2026 Convertible Notes and 2029 Convertible Notes, or for the acquisition of or investment in complementary technologies, design teams, products and businesses. We believe that our cash and cash equivalents, short-term investments and cash generated from operations will be sufficient to meet our working capital requirements for at least the next twelve months. We may need to raise additional capital from time to time through the issuance and sale of equity or debt securities, and there is no assurance that we will be able to do so on favorable terms or at all.

As of January 3, 2025, we had no off-balance sheet arrangements.

For additional information related to our Liquidity and Capital Resources, see *Note 9 - Debt* to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

Recent Accounting Pronouncements

See *Note 1 - Basis of Presentation and Summary of Significant Accounting Policies* to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q for information about recent accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk in the ordinary course of business, which consists primarily of interest rate risk associated with our cash and cash equivalents and short-term investments, as well as foreign exchange rate risk.

Interest rate risk. The primary objectives of our investment activity are to preserve principal, provide liquidity and invest excess cash for an average rate of return. To minimize market risk, we maintain our portfolio in cash and diversified investments, which may consist of corporate bonds, bank deposits, money market funds, commercial paper and U.S. Treasury securities. The interest rates are variable and fluctuate with current market conditions. The risk associated with fluctuating interest rates is limited to this investment portfolio. We believe that a 1% change in interest rates would have a \$6.6 million impact on our interest income, based on cash and cash equivalents and short-term investments balances as of January 3, 2025. We believe that a change in interest rates would not have a material impact on our results of operations, however, such change(s) could impact net income and earnings per share. We do not enter into financial instruments for trading or speculative purposes.

Foreign currency risk. To date, our international customer agreements have been denominated primarily in U.S. dollars. Accordingly, we have limited exposure to foreign currency exchange rates. The functional currency of a majority of our foreign operations continues to be in U.S. dollars with the remaining operations being local currency. Changes in the value of the U.S. dollar relative to other currencies could make our products more expensive, which could negatively impact demand in certain regions, reduce or delay customer orders, or otherwise negatively affect how customers do business with us. The effects of exchange rate fluctuations on the net assets of the majority of our operations are accounted for as transaction gains or losses. We believe that a change of 10% in such foreign currency exchange rates would not have a material impact on our financial position or results of operations.

We have entered into foreign currency exchange hedging contracts to reduce the impact of foreign currency changes on certain intercompany foreign currency denominated debt. These foreign currency forward contracts are entered into for periods consistent with currency transaction exposures, generally one month. They are not designated as cash flow or fair value hedges under ASC 815, *Derivatives and Hedging*. These forward contracts are marked-to-market with changes in fair value recorded to earnings. As of January 3, 2025, we had \$37.3 million in notional forward foreign currency contracts, which were denominated in Euro and Yen.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) were effective as of January 3, 2025.

Changes in Internal Control over Financial Reporting

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

Limitations on Controls

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving the desired control objectives. Our management recognizes that any control system, no matter how well designed and operated, is based upon certain judgments and assumptions and cannot provide absolute assurance that its objectives will be met. Similarly, an evaluation of controls cannot provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See *Note 12 - Commitments and Contingencies* to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q for information about our legal proceedings.

ITEM 1A. RISK FACTORS

Our business involves a high degree of risk. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our 2024 Annual Report on Form 10-K, which could materially affect our business, financial condition or future results. As of the date of this Quarterly Report on Form 10-Q, there have been no material changes in any of the risk factors described in our 2024 Annual Report on Form 10-K, except as noted below.

Changes in U.S. Government Administration Could Materially Affect Our Business, Financial Condition and Results of Operations

We operate in a highly regulated industry, and changes in the U.S. political landscape can significantly impact our business. The recent changes in the U.S. Government Administration may result in substantial modifications to laws and regulations, including, but not limited to, those related to trade policies, tariffs, export controls and technology transfers. New executive orders and legislative actions could alter the business environment in which we operate.

The new administration may implement new policies or reverse existing ones, affecting our international trade relations. The imposition of new tariffs or trade barriers, particularly on the semiconductor industry, could increase the cost of our raw materials or affect our ability to sell products in international markets. Additionally, changes in U.S. foreign policy or trade agreements may impact our supply chain, manufacturing and distribution of our products. Furthermore, new regulations or changes to existing regulations could require us to modify our operations and incur additional expenses to comply with the new legal standards. These changes could disrupt our business operations and negatively impact our profitability.

Further, the new administration may reverse or modify the terms of the CHIPS Act and associated funding provisions and opportunities contained therein and resulting therefrom, potentially freezing or retracting the provision of government funding under the CHIPS Act and impacting our ability to execute our strategic investment plan and to negotiate and finalize a definitive agreement with and receive funding from the Federal and State governments.

In addition, any significant changes enacted by the current U.S. Government Administration to the Code or specifically to the Tax Cuts and Jobs Act (the “U.S. Tax Act”) enacted in 2017, or to regulatory guidance associated with the U.S. Tax Act, could materially adversely affect our effective tax rate.

Any such changes could have a material adverse effect on our business, financial condition and results of operations. We are actively monitoring policy developments; however, there can be no assurance that we will be successful in mitigating the risks posed by changes in government policies and regulations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

The following table presents information with respect to purchases of common stock we made during the fiscal quarter ended January 3, 2025.

| Period | Total Number of Shares (or Units) Purchased ⁽¹⁾ | Average Price Paid per Share (or Unit) | Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs | Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs |
|-------------------------------------|--|--|---|---|
| September 28, 2024-November 1, 2024 | 104,359 | \$ 121.48 | — | — |
| November 2, 2024-November 29, 2024 | 169,392 | 138.80 | — | — |
| November 30, 2024-January 3, 2025 | 30,818 | 132.51 | — | — |
| Total | 304,569 | \$ 132.23 | — | — |

- (1) We employ “withhold to cover” as a tax payment method for vesting of restricted stock awards for our employees, pursuant to which, we withheld from employees the shares noted in the table above to cover tax withholding related to the vesting of their awards. The average prices listed in the above table are averages of the fair market prices at which we valued shares withheld for purposes of calculating the number of shares to be withheld.

ITEM 5. OTHER INFORMATION

During the three months ended January 3, 2025, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

| <u>Exhibit Number</u> | <u>Description</u> |
|---------------------------|---|
| 3.1 | <u>Fifth Amended and Restated Certificate of Incorporation, as amended by the Certificate of Amendment dated March 2, 2023 and as further amended by the Certificate of Amendment dated March 11, 2024 (incorporated by reference to Exhibit 3.1 to our Quarterly Report on Form 10Q filed on May 2, 2024).</u> |
| 3.2 | <u>Fourth Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on January 6, 2023).</u> |
| 4.1 | <u>Indenture, dated as of December 19, 2024, by and between MACOM Technology Solutions Holdings, Inc. and U.S. Bank Trust Company, National Association (including the form of the 0.000% Convertible Senior Note due 2029) (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed on December 20, 2024).</u> |
| 4.2 | <u>Form of 0.000% Convertible Senior Note due 2029 (incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed on December 20, 2024).</u> |
| 10.1 | <u>Form of Exchange and Subscription Agreement, dated as of December 12, 2024, among MACOM Technology Solutions Holdings, Inc. and each investor party thereto (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on December 13, 2024).</u> |
| 31.1 | <u>Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.</u> |
| 31.2 | <u>Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.</u> |
| 32.1 | <u>Certification of Principal Executive Officer and Principal Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.</u> |
| 101 | The following material from the Quarterly Report on Form 10-Q of MACOM Technology Solutions Holdings, Inc. for the fiscal quarter ended January 3, 2025, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive (Loss) Income, (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flows, (vi) Notes to Consolidated Financial Statements and (vii) document and entity information, tagged as blocks of text and including detailed tags. |
| 104 | The cover page for the Quarterly Report on Form 10-Q of MACOM Technology Solutions Holdings, Inc. for the fiscal quarter ended January 3, 2025, formatted in Inline XBRL and included as Exhibit 101. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

Dated: February 6, 2025

By: /s/ Stephen G. Daly

Stephen G. Daly

*President and Chief Executive Officer and Chair of the Board
(Principal Executive Officer)*

Dated: February 6, 2025

By: /s/ John F. Kober

John F. Kober

*Senior Vice President and Chief Financial Officer
(Principal Accounting and Principal Financial Officer)*

CERTIFICATION OF THE PRESIDENT AND CEO PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen G. Daly, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MACOM Technology Solutions Holdings, 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 6, 2025

/s/ Stephen G. Daly

Stephen G. Daly

President and Chief Executive Officer and Chair of the
Board
(Principal Executive Officer)

CERTIFICATION OF THE CFO PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John F. Kober, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MACOM Technology Solutions Holdings, 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 6, 2025

/s/ John F. Kober

John F. Kober

SVP and Chief Financial Officer

(Principal Financial Officer)

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

In connection with the Quarterly Report of MACOM Technology Solutions Holdings, Inc. (the “Company”) on Form 10-Q for the quarter ended January 3, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Stephen G. Daly, as President and Chief Executive Officer and Chair of the Board of the Company, and John F. Kober, as SVP and Chief Financial Officer of the Company, each hereby certifies, pursuant to and solely for the purpose of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(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 for the period covered by the Report.

Date: February 6, 2025

By: /s/ Stephen G. Daly

Stephen G. Daly
President and Chief Executive Officer and Chair of the Board
(Principal Executive Officer)

By: /s/ John F. Kober

John F. Kober
SVP and Chief Financial Officer
(Principal Financial Officer)