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 December 30, 2022

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	**27-0306875**
(State or other jurisdiction of incorporation or organization)	**(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:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of January 30, 2023, there were 70,734,929 shares of the registrant's common stock outstanding.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	December 30, 2022	September 30, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 126,155	$ 119,952
Short-term investments	468,577	466,580
Accounts receivable, net	112,039	101,551
Inventories	121,335	114,960
Prepaid and other current assets	19,527	10,040
Total current assets	847,633	813,083
Property and equipment, net	118,945	123,701
Goodwill	312,152	311,417
Intangible assets, net	44,441	51,254
Deferred income taxes	229,253	237,415
Other long-term assets	35,288	34,947
Total assets	$ 1,587,712	$ 1,571,817
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of finance lease obligations	$ 1,034	$ 1,006
Accounts payable	35,647	30,733
Accrued liabilities	57,103	65,475
Total current liabilities	93,784	97,214
Finance lease obligations, less current portion	26,761	27,032
Financing obligation	9,500	9,544
Long-term debt	566,332	565,920
Other long-term liabilities	28,791	29,359
Total liabilities	725,168	729,069
Commitments and contingencies (see Note 11)		
Stockholders’ equity:		
Common stock	71	70
Treasury stock, at cost	(330)	(330)
Accumulated other comprehensive income	(2,567)	(5,851)
Additional paid-in capital	1,190,137	1,203,145
Accumulated deficit	(324,767)	(354,286)
Total stockholders’ equity	862,544	842,748
Total liabilities and stockholders' equity	$ 1,587,712	$ 1,571,817

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	
	December 30, 2022	**December 31, 2021**
Revenue	$ 180,104	$ 159,620
Cost of revenue	69,749	65,477
Gross profit	110,355	94,143
Operating expenses:		
Research and development	38,832	35,470
Selling, general and administrative	32,940	31,604
Total operating expenses	71,772	67,074
Income from operations	38,583	27,069
Other income (expense):		
Interest income (expense), net	602	(1,693)
Other (expense) income, net	(55)	114,908
Total other income, net	547	113,215
Income before income taxes	39,130	140,284
Income tax expense	9,611	1,457
Net income	$ 29,519	$ 138,827
Net income per share:		
Income per share - Basic	$ 0.42	$ 2.00
Income per share - Diluted	$ 0.41	$ 1.95
Weighted average shares used:		
Basic	70,481	69,400
Diluted	71,374	71,224

See notes to condensed consolidated financial statements.

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

	Three Months Ended	
	December 30, 2022	**December 31, 2021**
Net income	$ 29,519	$ 138,827
Unrealized gain (loss) on short term investments, net of tax	2,547	(616)
Foreign currency translation gain (loss), net of tax	737	(325)
Other comprehensive income (loss), net of tax	3,284	(941)
Total comprehensive income	$ 32,803	$ 137,886

See notes to condensed consolidated financial statements.

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

	Three Months Ended							
	Common Stock		Treasury Stock		Accumulated Other Comprehensive Income	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of September 30, 2022	70,022	$ 70	(23)	$ (330)	$ (5,851)	$ 1,203,145	$ (354,286)	$ 842,748
Vesting of restricted common stock and units	1,126	1	—	—	—	—	—	1
Issuance of common stock pursuant to employee stock purchase plan	52	—	—	—	—	2,320	—	2,320
Shares repurchased for tax withholdings on restricted stock awards	(443)	—	—	—	—	(26,375)	—	(26,375)
Share-based compensation	—	—	—	—	—	11,047	—	11,047
Other comprehensive income, net of tax	—	—	—	—	3,284	—	—	3,284
Net income	—	—	—	—	—	—	29,519	29,519
Balance as of December 30, 2022	70,757	$ 71	(23)	$ (330)	$ (2,567)	$ 1,190,137	$ (324,767)	$ 862,544

See notes to condensed consolidated financial statements.

	Three Months Ended							
	Common Stock		Treasury Stock		Accumulated Other Comprehensive Income	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of October 1, 2021	68,877	$ 69	(23)	$ (330)	$ 4,150	$ 1,269,601	$ (801,754)	$ 471,736
Stock option exercises	190	—	—	—	—	2,688	—	2,688
Vesting of restricted common stock and units	969	1	—	—	—	—	—	1
Issuance of common stock pursuant to employee stock purchase plan	56	—	—	—	—	2,447	—	2,447
Shares repurchased for tax withholdings on equity awards	(383)	—	—	—	—	(27,756)	—	(27,756)
Share-based compensation	—	—	—	—	—	9,949	—	9,949
Other comprehensive loss, net of tax	—	—	—	—	(941)	—	—	(941)
Cumulative-effect adjustment from adoption of ASU 2020-06	—	—	—	—	—	(79,690)	7,513	(72,177)
Net income	—	—	—	—	—	—	138,827	138,827
Balance as of December 31, 2021	69,709	$ 70	(23)	$ (330)	$ 3,209	$ 1,177,239	$ (655,414)	$ 524,774

See notes to condensed consolidated financial statements.

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

	Three Months Ended	
	December 30, 2022	December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 29,519	$ 138,827
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and intangibles amortization	12,855	15,234
Share-based compensation	11,047	9,949
Deferred income taxes	9,067	662
Gain on equity method investment, net	—	(114,908)
Other adjustments, net	(381)	627
Change in operating assets and liabilities:		
Accounts receivable	(10,489)	(12,875)
Inventories	(6,375)	(5,839)
Prepaid expenses and other assets	(556)	3,009
Accounts payable	3,689	5,687
Accrued and other liabilities	(10,349)	(6,868)
Income taxes	246	599
Net cash provided by operating activities	38,273	34,104
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of equity method investment	—	127,750
Purchases of property and equipment	(9,616)	(5,095)
Proceeds from sales and maturities of short-term investments	146,966	58,500
Purchases of short-term investments	(145,300)	(75,437)
Proceeds from sale of property and equipment	—	19
Net cash (used in) provided by investing activities	(7,950)	105,737
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on finance leases and other	(278)	(279)
Proceeds from stock option exercises and employee stock purchases	2,320	5,135
Repurchase of common stock - tax withholdings on equity awards	(26,375)	(27,756)
Net cash used in financing activities	(24,333)	(22,900)
Foreign currency effect on cash	213	(82)
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,203	116,859
CASH AND CASH EQUIVALENTS — Beginning of period	119,952	156,537
CASH AND CASH EQUIVALENTS — End of period	$ 126,155	$ 273,396

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 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 30, 2022 is as reported in our audited consolidated financial statements as of that date. Our accounting policies are described in the notes to our September 30, 2022 consolidated financial statements, which were included in our Annual Report on Form 10-K for our fiscal year ended September 30, 2022 filed with the SEC on November 14, 2022 (the "2022 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 2022 Annual Report on Form 10-K.

Principles of Consolidation—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 years 2023 and 2022 each include 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.

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; share-based compensation valuations and income taxes.

Recent Accounting Pronouncements—Our Recent Accounting Pronouncements are described in our 2022 Annual Report on Form 10-K.

Pronouncements for Adoption in Subsequent Periods

The FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, amended by ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, which provides optional expedients and exceptions to applying the guidance on contract modifications, hedge accounting, and other transactions, to simplify the accounting for transitioning from the London Interbank Offered Rate, and other interbank offered rates expected to be discontinued, to alternative reference rates. The guidance in this update was effective upon its issuance. If elected, the guidance is to be applied prospectively through December 31, 2024. We are currently evaluating the effect the potential adoption of this ASU will have on our consolidated financial statements, including, but not limited to, our Credit Agreement (defined below). For additional information regarding our Credit Agreement, refer to *Note 8 - Debt.*

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	
	December 30, 2022	December 31, 2021
Revenue by Market:		
Telecommunications	$ 61,450	$ 55,822
Industrial & Defense	77,169	73,146
Data Center	41,485	30,652
Total	$ 180,104	$ 159,620

	Three Months Ended	
	December 30, 2022	December 31, 2021
Revenue by Geographic Region:		
United States	$ 88,589	$ 74,426
China	41,156	36,063
Asia Pacific, excluding China (1)	21,534	30,650
Other Countries (2)	28,825	18,481
Total	$ 180,104	$ 159,620

(1) Asia Pacific primarily represents Australia, Japan, Malaysia, 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 and Asia Pacific region as presented above.

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 December 30, 2022 (in thousands, except percentage):

	December 30, 2022	September 30, 2022	$ Change	% Change
Contract liabilities	$ 3,404	$ 3,916	$ (512)	(13)%

During the three months ended December 30, 2022, we recognized sales of $1.4 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 December 30, 2022 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.

3. INVESTMENTS

All investments are short-term in nature and are invested in corporate bonds and commercial paper and are classified as available-for-sale. 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):

	December 30, 2022			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Aggregate Fair Value
Corporate bonds	$ 146,334	$ 7	$ (3,707)	$ 142,634
Commercial paper	326,614	32	(703)	325,943
Total short-term investments	$ 472,948	$ 39	$ (4,410)	$ 468,577

	September 30, 2022			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Aggregate Fair Value
Corporate bonds	$ 146,163	$ 5	$ (4,492)	$ 141,676
Commercial paper	326,318	—	(1,414)	324,904
Total short-term investments	$ 472,481	$ 5	$ (5,906)	$ 466,580

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

	December 30, 2022	September 30, 2022
Less than one year	$ 358,416	$ 368,141
Over one year	110,161	98,439
Total available-for-sale investments	$ 468,577	$ 466,580

We have determined that the gross unrealized losses on available for sale securities as of December 30, 2022 and September 30, 2022 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.

During the three months ended December 30, 2022 and December 31, 2021, Interest income (expense), net included interest income on short-term investments of $3.7 million and $0.3 million, respectively.

Other Investments — As of December 30, 2022, we held a non-marketable equity investment in Series B preferred stock of a privately held manufacturing corporation with preferred liquidation rights over other equity shares. As the equity securities do not have a readily determinable fair value and do not qualify for the practical expedient under Accounting Standards Codification 820, *Fair Value Measurement*, we have elected to account for this investment at cost less any impairment. We evaluate this investment for impairment at each balance sheet date. As of December 30, 2022 and September 30, 2022, the carrying value of this investment was $2.5 million and it was classified as a long-term investment.

On December 23, 2021, we sold our non-controlling investment of less than 10% in the outstanding equity of a private company to one of the other limited liability company members, pursuant to the terms of a previously negotiated call option included in the private company's limited liability company agreement, as amended and restated (the "LLC Agreement"), in exchange for a predetermined fixed price as set forth in the LLC Agreement of approximately $127.8 million in cash consideration. As of December 23, 2021, the carrying value of this investment was approximately $9.5 million. As a result of this transaction, during the three months ended December 31, 2021, we recorded a gain of $118.2 million in Other (expense) income, net in our condensed consolidated statements of operations.

4. FAIR VALUE

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 December 30, 2022.

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

	December 30, 2022			
	Fair Value	Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets				
Money market funds	$ 29,448	$ 29,448	$ —	$ —
Commercial paper	325,943	—	325,943	—
Corporate bonds	142,634	—	142,634	—
Total assets measured at fair value	$ 498,025	$ 29,448	$ 468,577	$ —

	September 30, 2022			
	Fair Value	Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets				
Money market funds	$ 1,392	$ 1,392	$ —	$ —
Commercial paper	324,904	—	324,904	—
Corporate bonds	141,676	—	141,676	—
Total assets measured at fair value	$ 467,972	$ 1,392	$ 466,580	$ —

5. INVENTORIES

Inventories consist of the following (in thousands):

	December 30, 2022	September 30, 2022
Raw materials	$ 78,786	$ 72,595
Work-in-process	10,820	12,455
Finished goods	31,729	29,910
Total inventory, net	$ 121,335	$ 114,960

6. PROPERTY AND EQUIPMENT

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

	December 30, 2022	September 30, 2022
Construction in process	$ 18,095	$ 10,837
Machinery and equipment	219,676	227,844
Leasehold improvements	35,434	35,651
Furniture and fixtures	2,538	2,535
Computer equipment and software	18,618	18,347
Finance lease assets	34,417	34,417
Total property and equipment	328,778	329,631
Less accumulated depreciation and amortization	(209,833)	(205,930)
Property and equipment, net	$ 118,945	$ 123,701

Depreciation and amortization expense related to property and equipment for the three months ended December 30, 2022 and December 31, 2021 was \$6.0 million and \$5.9 million, respectively. Accumulated amortization on finance lease assets as of December 30, 2022 and September 30, 2022 was \$6.3 million and \$5.8 million, respectively.

7. INTANGIBLE ASSETS

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

	Three Months Ended	
	December 30, 2022	December 31, 2021
Cost of revenue	$ 910	$ 2,505
Selling, general and administrative	5,903	6,782
Total	$ 6,813	$ 9,287

Intangible assets consist of the following (in thousands):

	December 30, 2022	September 30, 2022
Acquired technology	$ 179,434	$ 179,434
Customer relationships	245,870	245,870
Trade name (indefinite-lived)	3,400	3,400
Total	428,704	428,704
Less accumulated amortization	(384,263)	(377,450)
Intangible assets — net	$ 44,441	$ 51,254

A summary of the activity in gross intangible assets and goodwill is as follows (in thousands):

	Intangible Assets				
	Total Intangible Assets	Acquired Technology	Customer Relationships	Trade Name	Goodwill
Balance as of September 30, 2022	$ 428,704	$ 179,434	$ 245,870	$ 3,400	$ 311,417
Currency translation adjustment	—	—	—	—	735
Balance as of December 30, 2022	$ 428,704	$ 179,434	$ 245,870	$ 3,400	$ 312,152

As of December 30, 2022, our estimated amortization of our intangible assets in future fiscal years was as follows (in thousands):

	2023 Remaining	2024	2025	2026	2027	Thereafter	Total
Amortization expense	$ 19,237	15,410	3,490	1,644	1,260	—	$ 41,041

Accumulated amortization for acquired technology and customer relationships were $176.1 million and $208.2 million, respectively, as of December 30, 2022, and $175.2 million and $202.3 million, respectively, as of September 30, 2022.

8. DEBT

The following represents the outstanding balances and effective interest rates of our borrowings as of December 30, 2022 and September 30, 2022, (in thousands, except percentages):

	December 30, 2022		September 30, 2022	
	Principal Balance	Effective Interest Rate	Principal Balance	Effective Interest Rate
LIBOR plus 2.25% term loans due May 2024	$ 120,766	6.32 %	$ 120,766	4.77 %
0.25% convertible notes due March 2026	450,000	0.54 %	450,000	0.54 %
Total principal amount outstanding	570,766		570,766	
Less: Unamortized discount on term loans and deferred financing costs	(4,434)		(4,846)	
Total long-term debt	$ 566,332		$ 565,920	

Term Loans

As of December 30, 2022, we are party to a credit agreement, dated as of May 8, 2014, with a syndicate of lenders and Goldman Sachs Bank USA, as administrative agent (as amended on February 13, 2015, August 31, 2016, March 10, 2017, May 19, 2017, May 2, 2018 and May 9, 2018, the "Credit Agreement").

As of December 30, 2022, the Credit Agreement consisted of term loans with an initial aggregate principal amount of $700.0 million (the "Term Loans") that will mature in May 2024 and bear interest at: (i) for LIBOR loans for any interest period, a rate per annum equal to the LIBOR rate as determined by the administrative agent, plus an applicable margin of 2.25%; and (ii) for base rate loans, a rate per annum equal to the greater of (a) the prime rate quoted in the print edition of the Wall Street Journal, Money Rates Section, (b) the federal funds rate plus one-half of 1.00% and (c) the LIBOR rate applicable to a one-month interest period plus 1.00% (but, in each case, not less than 1.00%), plus an applicable margin of 1.25%.

As of December 30, 2022, there are no minimum principal repayments on the Term Loans until May 2024 when the remaining principal balance of $120.8 million becomes due. The fair value of the Term Loans was estimated to be approximately $119.6 million and $120.2 million as of December 30, 2022 and September 30, 2022, respectively, and was determined using Level 2 inputs, including a quoted price from a financial institution.

As of December 30, 2022, approximately $0.5 million of deferred financing costs remain unamortized related to the Term Loans and is recorded as a direct reduction of the recognized debt liabilities in our accompanying condensed consolidated balance sheet.

The Term Loans are secured by a first priority lien on substantially all of our assets and provide that we must comply with certain financial and non-financial covenants.

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 "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 aggregate principal balance of the 2026 Convertible Notes is $450.0 million. The 2026 Convertible Notes will mature on March 15, 2026, unless earlier converted, redeemed or repurchased.

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.

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 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 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 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 Indenture). We may not redeem the notes prior to March 20, 2024. 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 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.

In connection with the adoption of ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity,* on October 2, 2021 we reclassified $72.2 million, consisting of $73.1 million of principal and issuance costs of $0.9 million, previously allocated to the conversion feature, from additional paid-in capital to long-term debt on our condensed consolidated balance sheet as of October 2, 2021. The reclassification was recorded to combine the two legacy units of account into a single instrument classified as a liability. We also recognized a cumulative effect adjustment of $7.5 million to accumulated deficit on our condensed consolidated balance sheet as of October 2, 2021, that was primarily driven by the derecognition of interest expense related to the accretion of the Debt Discount as required under the legacy accounting guidance. Under ASU 2020-06, we will no longer incur non-cash interest expense related to the accretion of the debt discount associated with the embedded conversion option.

For the three months ended December 30, 2022 and December 31, 2021, total interest expense for the 2026 Convertible Notes was $0.3 million.

The fair value of our 2026 Convertible Notes, including the conversion feature, was $448.4 million and $411.4 million as of December 30, 2022 and September 30, 2022, 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 December 30, 2022; the full amount of $450.0 million is due in fiscal year 2026.

9. 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. These systems are expected to reduce our consumption of energy while delivering sustainable, resilient energy for heating and cooling. We do not own these systems; however, we control the use of the assets during operation. As of December 30, 2022 and September 30, 2022, the net book value of the systems in Property and equipment, net was $9.3 million and $9.8 million, respectively, and the corresponding liability was $9.7 million and $9.8 million, respectively, primarily classified in Financing obligation on our condensed consolidated balance sheet. The financing obligation was calculated based on future fixed payments allocated to the power generator of $16.8 million over the 15-year term, discounted at an implied discount rate of 7.4%, and the remaining future minimum payments are for power purchases. In total, we have $27.2 million in fixed payments associated with the power purchase agreement, which has a 15-year term.

As of December 30, 2022, expected future minimum payments for the financing obligation were as follows (in thousands):

Fiscal year ending:		Amount
2023	$	699
2024		958
2025		982
2026		1,007
2027		1,031
Thereafter		11,914
Total payments	$	16,591
Less: interest		6,865
Present value of liabilities	$	9,726

10. EARNINGS PER SHARE

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

	Three Months Ended	
	December 30, 2022	December 31, 2021
Numerator:		
Net income attributable to common stockholders	$ 29,519	$ 138,827
Denominator:		
Weighted average common shares outstanding-basic	70,481	69,400
Dilutive effect of stock options, restricted stock and restricted stock units	893	1,824
Weighted average common shares outstanding-diluted	71,374	71,224
Net income to common stockholders per share-Basic:	$ 0.42	$ 2.00
Net income to common stockholders per share-Diluted:	$ 0.41	$ 1.95

The 2026 Convertible Notes did not have an impact on diluted net income per share for the three months ended December 30, 2022 or December 31, 2021.

11. 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 December 30, 2022.

12. 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 December 30, 2022.

Stock Plans

As of December 30, 2022, we had 4.6 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 1.3 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 December 30, 2022 are subject to accelerated vesting upon a change in control of the Company.

Incentive Stock Units

Outside of 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 December 30, 2022 and September 30, 2022, the fair value of outstanding ISUs was $5.4 million and $4.9 million, respectively, and the associated accrued compensation liability was $2.5 million and $3.6 million, respectively. During the three months ended December 30, 2022 and December 31, 2021, we recorded an expense for ISU awards of $1.3 million and $1.4 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	
	December 30, 2022	December 31, 2021
Cost of revenue	$ 1,150	$ 1,033
Research and development	4,232	3,599
Selling, general and administrative	5,665	5,317
Total share-based compensation expense	$ 11,047	$ 9,949

As of December 30, 2022, the total unrecognized compensation costs related to RSAs, RSUs and PRSUs was $76.8 million, which we expect to recognize over a weighted-average period of 2.3 years. As of December 30, 2022, total unrecognized compensation cost related to our Employee Stock Purchase Plan was $0.9 million.

Restricted Stock, Restricted Stock Units and Performance-Based Restricted Stock Unit Awards

A summary of stock award activity for the three months ended December 30, 2022 is as follows:

	Number of shares (in thousands)	Weighted-Average Grant Date Fair Value
Balance as of September 30, 2022	1,872	$ 40.44
Granted	669	62.31
Performance-based adjustment (1)	311	27.13
Vested and released	(1,126)	28.78
Forfeited, canceled or expired	(7)	45.15
Balance as of December 30, 2022	1,719	$ 54.17

(1) The amount shown represents performance adjustments for performance-based awards. These were granted in prior fiscal years and vested during the three months ended December 30, 2022 based on the Company’s achievement of adjusted earnings per share performance conditions.

Stock awards that vested during the three months ended December 30, 2022 and December 31, 2021 had combined fair values of $66.8 million and $69.9 million, respectively, as of the vesting date. RSUs granted generally vest over a period of three or four years.

We granted 166,452 market-based PRSUs during the three months ended December 30, 2022, at a weighted average grant date fair value of $80.38 per share, and none were forfeited. 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 3 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
	December 30, 2022
Grant date stock price	$ 56.15
Average stock price at the start of the performance period	$ 54.12
Risk free interest rate	4.2%
Years to maturity	2.90
Expected volatility rate	52.4%
Expected dividend yield	—

Stock Options

As of December 30, 2022 and September 30, 2022, there were 15,000 stock options outstanding with a weighted-average exercise price per share of $16.06. As of December 30, 2022, the weighted-average remaining contractual term was 2.85 years and the aggregate intrinsic value was $0.7 million. Aggregate intrinsic value represents the difference between our closing stock price on December 30, 2022 and the exercise price of outstanding, in-the-money options. The total intrinsic value of options exercised was $11.0 million for the three months ended December 31, 2021. There were no options exercised during the three months ended December 30, 2022.

13. 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 current 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 its 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 and 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	
	December 30, 2022	December 31, 2021
Income tax expense	$ 9,611	$ 1,457
Effective income tax rate	24.6 %	1.0 %

The difference between the U.S. federal statutory income tax rate of 21% and our effective income tax rate for the three months ended December 30, 2022, was primarily driven by tax on global intangible low-taxed income (“GILTI”), non-deductible compensation and state income taxes partially offset by income taxed in foreign jurisdictions generally at lower tax rates, and research and development (“R&D”) tax credits. 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 31, 2021 was primarily driven by the full valuation allowance against any expense associated with income in the U.S. and income taxed in foreign jurisdictions generally at lower tax rates, where a valuation allowance does not apply.

On September 30, 2022, we released the majority of the valuation allowances against U.S. federal and state deferred tax assets including operating loss (“NOL”) carryforwards, R&D tax credit carryforwards and other deferred tax items relating to temporary differences. We continued our ongoing assessment of the realizability of our deferred tax assets and did not note any significant changes from our assessment on September 30, 2022. We continue to maintain a partial valuation allowance against certain of our deferred tax assets primarily relating to state NOLs and R&D tax credit carryforwards which are not expected to be realized. 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 December 30, 2022 and September 30, 2022. It is our policy to recognize any interest and penalties accrued related to unrecognized tax benefits in income tax expense. During the fiscal quarter ended December 30, 2022, we did not make any accrual or payment of interest or penalties.

14. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Three Months Ended	
	December 30, 2022	December 31, 2021
Cash paid for interest	$ 2,258	$ 1,197
Cash paid for income taxes	$ 297	$ 178
Non-cash activities:		
Operating lease right-of-use assets obtained in exchange for new lease liabilities	$ 1,305	$ 280
Additions to property and equipment, net included in liabilities	$ 1,364	$ 1,618

During the three months ended December 31, 2021, we capitalized $0.5 million of non-cash costs to property and equipment associated with construction of a power generator that were paid by our service provider and included in non-cash capital expenditures above. See *Note 9 - Financing Obligation*.

15. 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. 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 and the potential impact of any 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):

	December 30, 2022	September 30, 2022
United States	$ 113,492	$ 108,569
Other Countries (1)	5,453	15,132
Total	$ 118,945	$ 123,701

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

No customer represented more than 10% of revenue or more than 10% of accounts receivable in the periods presented in the accompanying condensed consolidated financial statements. For the three months ended December 30, 2022 and December 31, 2021, our top ten customers represented 52% and 44% of total revenue, respectively.

16. SUBSEQUENT EVENTS

On December 23, 2022, we entered into a definitive agreement to acquire substantially all of the assets and certain specified liabilities of OMMIC SAS, a semiconductor manufacturer based in France with expertise in wafer fabrication, epitaxial growth and monolithic microwave integrated circuit semiconductor processing and integrated circuit design. The purchase price is expected to be approximately €38.5 million, funded by cash-on-hand, and the proposed transaction is expected to close in our fiscal second quarter of 2023, subject to regulatory approvals and the satisfaction of certain customary closing conditions.

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 30, 2022 filed with the United States Securities and Exchange Commission ("SEC") on November 14, 2022 (the "2022 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” within the meaning of the Private Securities Litigation Reform Act of 1995. 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 pending acquisition of OMMIC SAS, industry trends, the potential impacts of COVID-19 on our future operations and results, 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. These statements are based on management's beliefs and assumptions as of the date of this Quarterly Report on Form 10-Q, based on information currently available to us. 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 2022 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 and manufacture semiconductor products for Telecommunications (“Telecom”), Industrial and Defense (“I&D”) and Data Center industries. Headquartered in Lowell, Massachusetts, with operational facilities throughout North America, Europe and Asia, we design, develop and manufacture differentiated semiconductor products for customers who demand high performance, quality and reliability. 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, gallium nitride, indium phosphide 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, diodes, amplifiers, switches and switch limiters, passive and active components and complete subsystems, across dozens of product lines serving over 6,000 end customers in three primary markets. Our semiconductor products are electronic components that our customers generally incorporate into larger electronic systems, such as wireless communication systems including basestations, high capacity optical networks, data center applications, radar, medical systems and test and measurement applications. Our primary end markets are: (1) Telecom, which includes carrier infrastructure such as long-haul/metro, 5G and Fiber-to-the-X/passive optical network, among others; (2) I&D, which includes military and commercial radar, radio frequency (“RF”) jammers, electronic countermeasures, communication data links, satellite communications and multi-market applications, which include industrial, medical, test and measurement and scientific applications; and (3) Data Center, which includes intra-Data Center, Data Center Interconnect applications, at 100G, 200G, 400G, 800G and higher speeds, enabled by our broad portfolio of analog ICs and photonic components for high speed optical module customers.

COVID-19 Impact

COVID-19 has spread throughout areas of the world where we operate and resulted in authorities implementing numerous measures to try to contain the virus. As a result of these measures and the spread of COVID-19, we have modified our business practices and may further modify our practices as required, or as we determine appropriate. While these measures, as well as other disruptions, have impacted our operations, the operations of our customers and those of our respective vendors and suppliers, such impacts did not, through the three months ended December 30, 2022, have a material impact on our consolidated operating results. However, the degree to which COVID-19 may impact our business, financial condition, results of operations, liquidity and cash flows will continue to depend on future developments, which remain highly uncertain and cannot be predicted.

For additional information on risk factors that could impact our future results, please refer to the section entitled "Risk Factors" in this Quarterly Report on Form 10-Q and the 2022 Annual Report on Form 10-K.

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: Telecom, I&D and Data Center.

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

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 cloud-based services and the upgrade of data center architectures to 100G, 200G, 400G and 800G interconnects, which we expect will drive adoption of higher speed 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; share-based compensation valuations and income taxes.

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 2022 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	
	December 30, 2022	December 31, 2021
Revenue	$ 180,104	$ 159,620
Cost of revenue (1)	69,749	65,477
Gross profit	110,355	94,143
Operating expenses:		
Research and development (1)	38,832	35,470
Selling, general and administrative (1)	32,940	31,604
Total operating expenses	71,772	67,074
Income from operations	38,583	27,069
Other income (expense):		
Interest income (expense), net	602	(1,693)
Other (expense) income, net (2)	(55)	114,908
Total other income, net	547	113,215
Income before income taxes	39,130	140,284
Income tax expense	9,611	1,457
Net income	$ 29,519	$ 138,827

(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	
	December 30, 2022	December 31, 2021
(a) Intangible amortization expense:		
Cost of revenue	$ 910	$ 2,505
Selling, general and administrative	5,903	6,782
(b) Share-based compensation expense:		
Cost of revenue	$ 1,150	$ 1,033
Research and development	4,232	3,599
Selling, general and administrative	5,665	5,317

(2) The three months ended December 31, 2021 includes a gain on the sale of our equity method investment of $118.2 million and net losses of $3.3 million associated with such equity method investment. See *Note 3 - Investments* to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q for additional information.

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

	Three Months Ended	
	December 30, 2022	December 31, 2021
Revenue	100.0 %	100.0 %
Cost of revenue	38.7	41.0
Gross profit	61.3	59.0
Operating expenses:		
Research and development	21.6	22.2
Selling, general and administrative	18.3	19.8
Total operating expenses	39.9	42.0
Income from operations	21.4	17.0
Other income (expense):		
Interest income (expense), net	0.3	(1.1)
Other (expense) income, net	0.0	72.0
Total other income, net	0.3	70.9
Income before income taxes	21.7	87.9
Income tax expense	5.3	0.9
Net income	16.4 %	87.0 %

Comparison of the Three Months Ended December 30, 2022 to the Three Months Ended December 31, 2021

Revenue. Our revenue increased by $20.5 million, or 12.8%, to $180.1 million for the three months ended December 30, 2022, from $159.6 million for the three months ended December 31, 2021. The increase in revenue in the three months ended December 30, 2022 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		
	December 30, 2022	December 31, 2021	% Change
Telecom	$ 61,450	$ 55,822	10.1 %
Industrial & Defense	77,169	73,146	5.5 %
Data Center	41,485	30,652	35.3 %
Total	$ 180,104	$ 159,620	12.8 %
Telecom	34.1 %	35.0 %	
Industrial & Defense	42.9 %	45.8 %	
Data Center	23.0 %	19.2 %	
Total	100.0 %	100.0 %	

In the three months ended December 30, 2022, our Telecom market revenue increased by $5.6 million, or 10.1%, compared to the three months ended December 31, 2021. The increase for the three months ended December 30, 2022 was primarily driven by an increase in RF and microwave products for metro long-haul broadband access and video infrastructure, products targeted for carrier-based optical semiconductor products and non-recurring license revenue of $2.0 million, partially offset by a decrease in sales of legacy products.

In the three months ended December 30, 2022, our I&D market revenue increased by $4.0 million, or 5.5%, compared to the three months ended December 31, 2021. The increase in the three months ended December 30, 2022 was primarily related to ongoing defense program shipments and expansion of high-performance analog product lines into the I&D market.

In the three months ended December 30, 2022, our Data Center market revenue increased by $10.8 million, or 35.3%, compared to the three months ended December 31, 2021. The increase in the three months ended December 30, 2022 was primarily due to an increase in sales of our high-performance analog Data Center products and certain legacy products which were supply constrained in prior periods, partially offset by a decrease in sales of optical semiconductor products.

Gross profit. Gross margin was 61.3% and 59.0% for the three months ended December 30, 2022 and December 31, 2021, respectively. Gross profit was $110.4 million and $94.1 million for the three months ended December 30, 2022 and December 31, 2021, respectively. Gross profit increased for the three months ended December 30, 2022 as compared to the three months ended December 31, 2021 primarily as a result of higher sales, including $2.0 million of license revenue, favorable revenue mix, production efficiencies, lower intangible amortization, partially offset by increases in production supplies, employee headcount and employee-related costs.

Research and development. Research and development expense increased by $3.4 million, or 9.5%, to $38.8 million, or 21.6% of our revenue, for the three months ended December 30, 2022, compared to $35.5 million, or 22.2% of our revenue, for the three months ended December 31, 2021. Research and development expense increased in the three months ended December 30, 2022 primarily as a result of an increase in employee headcount, employee-related costs, share-based compensation expense, development foundry costs and a loss on disposal of equipment.

Selling, general and administrative. Selling, general and administrative expense increased by $1.3 million, or 4.2%, to $32.9 million, or 18.3% of our revenue, for the three months ended December 30, 2022, compared to $31.6 million, or 19.8% of our revenue, for the three months ended December 31, 2021. Selling, general and administrative expense increased in the three months ended December 30, 2022 primarily due to an increase in outside professional fees, share-based compensation expense and variable costs, partially offset by a decrease in intangible amortization.

Interest income (expense), net. In the three months ended December 30, 2022, interest income, net was $0.6 million, or 0.3% of our revenue, compared to interest expense, net of $1.7 million, or 1.1% of our revenue, for the three months ended December 31, 2021. The change for the three months ended December 30, 2022 is primarily due to an increase in interest income on short-term investments and an increase in short-term investments, partially offset by an increase in interest expense on the Term Loans.

Other (expense) income, net. In the three months ended December 30, 2022, other expense, net was $0.1 million, or less than 0.1% of our revenue, compared to other income, net of $114.9 million, or 72.0% of our revenue, for the three months ended December 31, 2021. The three months ended December 31, 2021 includes a gain on the sale of our equity method investment of $118.2 million and net losses of $3.3 million associated with such equity method investment. See *Note 3 - Investments* 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	
	December 30, 2022	**December 31, 2021**
Income tax expense	9,611	1,457
Effective income tax rate	24.6 %	1.0

The difference between the U.S. federal statutory income tax rate of 21% and our effective income tax rate for the three months ended December 30, 2022, was primarily driven by tax on GILTI, non-deductible compensation and state income taxes partially offset by income taxed in foreign jurisdictions generally at lower tax rates, and R&D tax credits. 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 31, 2021 was primarily driven by the full valuation allowance against any expense associated with income in the U.S. and income taxed in foreign jurisdictions generally at lower tax rates, where a valuation allowance does not apply. Our estimated annual effective tax rate for the year ending September 29, 2023 is expected to be approximately 30%, adjusted for discrete taxation matters arising during the interim periods.

For additional information refer to *Note 13 - 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	
	December 30, 2022	December 31, 2021
Cash and cash equivalents, beginning of period	$ 119,952	$ 156,537
Net cash provided by operating activities	38,273	34,104
Net cash (used in) provided by investing activities	(7,950)	105,737
Net cash used in financing activities	(24,333)	(22,900)
Foreign currency effect on cash	213	(82)
Cash and cash equivalents, end of period	$ 126,155	$ 273,396

Cash Flow from Operating Activities

Our cash flow from operating activities for the three months ended December 30, 2022 of $38.3 million consisted of a net income of $29.5 million plus adjustments of $32.6 million, to reconcile our net income to cash provided by operating activities, less cash used in operating assets and liabilities of $23.8 million. Adjustments to reconcile our net income to cash provided by operating activities primarily included depreciation and intangible amortization expense of $12.9 million, share-based compensation expense of $11.0 million and deferred income tax expense of $9.1 million. In addition, cash used in operating assets and liabilities was $23.8 million for the three months ended December 30, 2022, primarily driven by an increase in accounts receivable of $10.5 million, an increase in inventories of $6.4 million and a decrease of $10.3 million in accrued and other liabilities, partially offset by an increase in accounts payable of $3.7 million.

Our cash flow from operating activities for the three months ended December 31, 2021 of $34.1 million consisted of a net income of $138.8 million, less adjustments to reconcile our net income to cash provided by operating activities of $88.4 million and cash used in operating assets and liabilities of $16.3 million. Adjustments to reconcile our net income to cash provided by operating activities primarily included a net gain of $114.9 million related to the sale of our equity method investment offset by equity method investment losses, depreciation and intangible amortization expense of $15.2 million and share-based compensation expense of $9.9 million. In addition, cash used in operating assets and liabilities was $16.3 million for the three months ended December 31, 2021, primarily driven by an increase in accounts receivable of $12.9 million and an increase in inventories of $5.8 million.

Cash Flow from Investing Activities

Our cash flow used in investing activities for the three months ended December 30, 2022 of $8.0 million consisted primarily of purchases of $145.3 million of short-term investments and capital expenditures of $9.6 million, offset by proceeds of $147.0 million for the sale and maturity of short-term investments.

Our cash flow provided by investing activities for the three months ended December 31, 2021 of $105.7 million consisted primarily of proceeds from the sale of our equity method investment of $127.8 million, proceeds of $58.5 million for the sale and maturity of short-term investments, offset by purchases of $75.4 million of short-term investments and capital expenditures of $5.1 million. For additional information on the sale of our equity method investment, see *Note 3 - Investments* to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Cash Flow from Financing Activities

During the three months ended December 30, 2022, our cash used in financing activities of $24.3 million was primarily related to $26.4 million of repurchases of common stock associated with employee tax withholdings on vested equity awards, partially offset by $2.3 million of proceeds from employee stock purchases.

During the three months ended December 31, 2021, our cash used in financing activities of $22.9 million was primarily related to $27.8 million of repurchases of stock associated with employee tax withholdings on vested equity awards, partially offset by $5.1 million of proceeds from stock option exercises and employee stock purchases.

Liquidity

As of December 30, 2022, we held $126.2 million of cash and cash equivalents, primarily deposited with financial institutions, as well as $468.6 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 December 30, 2022, cash held by our indefinitely reinvested foreign subsidiaries was $14.1 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.

We plan to use our remaining available cash and cash equivalents and short-term investments for general corporate purposes, including working capital, 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 December 30, 2022, we had no off-balance sheet arrangements.

For additional information related to our Liquidity and Capital Resources, see *Note 8 - 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, short-term investments and our variable rate debt, 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 and commercial paper. 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 10% change in interest rates would not have a material impact on our financial position or results of operations. We do not enter into financial instruments for trading or speculative purposes.

Our exposure to interest rate risk also relates to the increase or decrease in the amount of interest expense we must pay on the outstanding debt under the Credit Agreement. The interest rates on our Term Loans are variable interest rates based on our lender’s prime rate or a LIBOR rate, in each case plus an applicable margin, which exposes us to market interest rate risk when we have outstanding borrowings under the Credit Agreement. As of December 30, 2022, we had $120.8 million of outstanding borrowings under the Credit Agreement. Assuming our outstanding debt remains constant under the Credit Agreement for an entire year and the applicable annual interest rate increases or decreases by 1%, our annual interest expense would increase or decrease by $1.2 million. The interest rates on our 2026 Convertible Notes are fixed and therefore not subject to interest rate risk.

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. In the future, we may enter into foreign currency exchange hedging contracts to reduce our exposure to changes in exchange rates.

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 December 30, 2022.

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 11 - 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 2022 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 2022 Annual Report on Form 10-K.

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 December 30, 2022.

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
October 1, 2022-October 28, 2022	72,262	$ 56.29	—	—
October 29, 2022-November 25, 2022	370,519	60.09	—	—
November 26, 2022-December 30, 2022	627	65.68	—	—
Total	443,408	$ 59.48	—	—

(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 6. EXHIBITS

Exhibit Number	Description
3.1	Fifth Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on June 2, 2016).
3.2	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).
10.1	MACOM Technology Solutions Holdings, Inc. Amended and Restated Change in Control Plan and Form of Participation Notice, amended and restated on December 21, 2021.
31.1	Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1	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.
101	The following material from the Quarterly Report on Form 10-Q of MACOM Technology Solutions Holdings, Inc. for the fiscal quarter ended December 30, 2022, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive 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 December 30, 2022, 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 2, 2023	By:	/s/ Stephen G. Daly
		Stephen G. Daly *President and Chief Executive Officer* *(Principal Executive Officer)*
Dated: February 2, 2023	By:	/s/ John F. Kober
		John F. Kober *Senior Vice President and Chief Financial Officer* *(Principal Accounting and Principal Financial Officer)*

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CHANGE IN CONTROL PLAN

Effective as of October 3, 2014

Amended and Restated on December 21, 2021

The Plan established by MACOM Technology Solutions Holdings, Inc., a Delaware corporation, was originally effective as of the Effective Date and was amended and restated effective as of the date set forth above. The purpose of the Plan is to secure for the benefit of the Company the services of the participating Employees, without concern for whether such Employees might be hindered in discharging their duties by the personal uncertainties and risks associated with a Change in Control, by affording such Employees the opportunity to protect and share in the value they have helped create and offering income protection to such Employees in the event their employment terminates involuntarily without Cause or for Good Reason, in either case, in connection with a Change in Control as provided for in the Plan. All capitalized terms in the Plan have the meaning set forth in Section 2 or elsewhere in the Plan.

1. Applicability of Plan.

1.1 Applicability of Plan. Subject to the terms and conditions of the Plan, the benefits provided by the Plan shall be available to those Employees who, on or after the Effective Date, are designated as a Participant and who sign and return to the Company a Notice of Participation pursuant to Section 3.

1.2 Contractual Right to Benefits. The Plan and the Notice of Participation establish and vest in each Participant a contractual right to the benefits to which he or she is entitled pursuant to the terms and conditions thereof, enforceable by the Participant against the Company.

2. Definitions and Construction.

Whenever capitalized in the Plan, the following terms shall have the meanings set forth below.

2.1 Administrator. "Administrator" shall mean the Board; provided, that the Board (or its delegate) may delegate some or all of its authority under the Plan to its Compensation Committee or and such committee shall be the Administrator for purposes of the Plan; notwithstanding the foregoing, following a Change in Control the Plan shall be administered by the Board or, if the Company is not the surviving corporation, the board of directors of the surviving corporation or acquirer, as applicable.

2.2 Base Salary. "Base Salary" shall mean an amount equal to the Participant's gross monthly base salary, as in effect immediately preceding the Change in Control (or as increased after the date of such Change in Control).

2.3 Board. "Board" shall mean the Board of Directors of the Company.

2.4 Cause. "Cause" shall mean (a) an act of fraud by the Participant in connection with the Participant's responsibilities as an Employee; (b) the Participant's conviction of, or plea of nolo contendere to, a felony, or commission of an act of moral turpitude; (c) the Participant's willful and gross misconduct that results, or is reasonably likely to result, in material adverse harm to the Company; or (d) the Participant's willful and material failure to substantially perform the duties and responsibilities of the Participant's position that Participant does not remedy within the thirty (30)-day period after a written demand for substantial performance is delivered to the Participant by the Company, which demand specifically identifies the manner in which the Company believes that the Participant has not substantially performed such duties or responsibilities. No act, or failure to act, on the Participant's part shall be deemed "willful" for purposes of the Plan unless committed or omitted by the Participant in bad faith and without reasonable belief that the Participant's act or failure to act was in, or not opposed to, the best interest of the Company.

2.5 Change in Control. "Change in Control" shall mean the occurrence of any of the following events:

(a) An acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (i) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); excluding, however, the following acquisitions of Outstanding Company Common Stock and/or Outstanding Company Voting Securities: (1) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted was itself acquired directly from the Company, (2) any acquisition by the Company or a wholly-owned subsidiary of the Company, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company, or (4) any acquisition by any Person pursuant to a transaction that is described in clauses (i), (ii) and (iii) of Section 2.5(c); or

(b) A change in the composition of the Board such that the individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual who becomes a member of the Board subsequent to the Effective Date whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual was a member of the Incumbent Board; but, provided, further, that any such individual whose initial assumption of office occurs as a result of or in connection with an actual or threatened election contest with respect to the removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board shall not be considered a member of the Incumbent Board; or

(c) The consummation of a reorganization, merger or consolidation (any of the foregoing, a "Business Combination") or sale or other disposition of all or substantially all of the assets of the Company; excluding, however, such a Business Combination pursuant to which:

(i) all or substantially all of the individuals and entities who are the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination shall beneficially own, directly or indirectly, more than 50% of, respectively, the outstanding shares of common stock, and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns the Company or all or substantially all of the Company's assets) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be,

(ii) no Person (other than any employee benefit plan (or related trust) sponsored or maintained by the Company or any entity controlled by the Company or such corporation resulting from such Business Combination) shall beneficially own, directly or indirectly, 50% or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the outstanding voting securities of such corporation entitled to vote generally in the election of directors, except to the extent that such ownership existed with respect to the Company prior to the Business Combination, and

(iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination shall have been members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination.

Notwithstanding the foregoing, in any case where the occurrence of a Change in Control could affect the vesting of or payment of any amount subject to the requirements of Code Section 409A, to the extent required to comply with Code Section 409A, the term "Change of Control" shall mean an occurrence that both (i) satisfies the requirements set forth above in this definition and (ii) is a "change in control event" as that term is defined in the regulations under Code Section 409A. If all or a portion of any amount payable under the Plan constitutes deferred compensation under Code Section 409A and such amount (or portion thereof) is to be settled, distributed or paid on an accelerated basis due to a Change in Control that is not a "change in control event" under Code Section 409A, if such settlement, distribution or payment would result in additional tax under Code Section 409A, such amount (or portion thereof) shall vest at the time of the Change in Control (provided such accelerated vesting will not result in additional tax under Section 409A), but settlement, distribution or payment, as the case may be, shall only be accelerated to the maximum extent possible without resulting in a violation of Code Section 409A. For the avoidance of doubt, in no event shall the foregoing two sentences act so as to reduce the aggregate amounts otherwise payable to a Participant pursuant to this Plan.

2.6 Code. "Code" shall mean the Internal Revenue Code of 1986, as amended.

2.7 Company. "Company" shall mean MACOM Technology Solutions Holdings, Inc., any successor entities as provided in Section 8.1 and any Section 409A Affiliates as defined in Section 10.2(b).

2.8 Disability. "Disability" shall mean a mental or physical impairment of the Participant that is expected to result in death or that has lasted or is expected to last for a continuous period of 12 months or more and that causes the Participant to be unable to perform his or her material duties for the Company and to be engaged in any substantial gainful activity, in each case as determined by the Administrator, whose determination shall be conclusive and binding.

2.9 Effective Date. "Effective Date" for purposes of the Plan shall mean the October 3, 2014.

2.10 Employee. "Employee" shall mean an employee of the Company.

2.11 ERISA. "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

2.12 Exchange Act. "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

2.13 Good Reason. "Good Reason" shall mean any of the following that occur without the Participant's express written consent and that the Company fails to cure within the time frame specified in Section 12.3: (a) the material reduction of the Participant's authority, duties or responsibilities, or assignment to the Participant of duties, in either case, which results in a material diminution of the Participant's authority, duties or responsibilities as compared to those in effect immediately prior to a Change in Control; (b) a reduction in the Participant's Base Salary; (c) a reduction in the Participant's "target" bonus opportunity, "target" long-term incentive opportunity or "target" equity incentive opportunity, in each case, as determined by taking into account each opportunity in effect immediately prior to a Change in Control (or as increased after the date of a Change in Control); (d) any action or inaction by the Company that constitutes a material breach by the Company of the Plan; or (e) a change in the Participant's geographic work location of over 50 miles from the Participant's geographic work location immediately prior to such change, except for required travel in furtherance of the Company's business to the extent consistent with the Participant's duties.

2.14 Notice of Participation. "Notice of Participation" shall mean an individualized written notice of participation in the Plan from an authorized officer of the Company issued to an individual approved for Plan participation by the Administrator.

2.15 Participant. "Participant" shall mean each Employee designated by the Administrator as a Participant and who signs and returns to the Company a Notice of Participation indicating that such Employee agrees to be a Participant.

2.16 Plan. "Plan" shall mean the MACOM Technology Solutions Holdings, Inc. Change in Control Plan, as set forth herein, together with all amendments hereto.

2.17 Protected Period. "Protected Period" shall mean the period beginning three months immediately prior to a Change in Control and ending at the time specified in the Participant's Notice of Participation.

2.18 Qualifying Termination. "Qualifying Termination" shall mean, with respect to a Participant, a termination of the Participant's employment by the Company involuntarily without Cause or by the Participant for Good Reason (i) during the Protected Period prior to a Change in Control where such termination without Cause or such changes comprising Good Reason, as the case may be, are measures taken in connection with a Change in Control or (ii) during the Protected Period following a Change in Control.

2.19 Release. "Release" shall mean a separation and release agreement containing a general waiver and release of claims, and a mutual nondisparagement provision, in substantially the same form as provided to the Participant with the Notice of Participation.

2.20 Severance Payments. "Severance Payments" shall mean the severance compensation and benefits as provided in Section 4.

3. Eligibility.

3.1 Release of Claims. As a condition of receiving any payments or benefits under the Plan, a Participant must sign (and not revoke, if applicable) a Release, which Release must become effective (*i.e.*, the Participant must sign the Release and any revocation period specified therein must have expired without the Participant revoking the Release) no later than 60 days following the Participant's termination of employment (or, if earlier, by the date specified in the Release). If the Release does not become effective by the deadline specified in the immediately preceding sentence, then no such payments or benefits shall be provided to the Participant.

3.2 Participation in Plan. Each Employee who is designated by the Administrator as a Participant and who signs and returns to the Company a Notice of Participation by the date set forth therein shall be a Participant in the Plan. A Participant shall cease to be a Participant in the Plan upon ceasing to be an Employee; provided, however, that once a Participant has become entitled to payments and benefits hereunder, he or she shall remain a Participant in the Plan until the full amount of the payments and benefits has been delivered to the Participant.

4. Severance Payments.

4.1 Cash Severance Payments. If a Participant experiences a Qualifying Termination then, subject to the terms and conditions of the Plan, including Sections 3.1, 5 and 6, the Participant shall be entitled to receive the cash payment described in the Participant's Notice of Participation.

4.2 Treatment of Equity Awards. Notwithstanding any provision in the instrument evidencing an equity award and except as otherwise provided in Section 4.2(d):

(a) If a Participant experiences a Qualifying Termination then, subject to the terms and conditions of the Plan, including Sections 3.1, 5 and 6, all then outstanding equity-based awards that become exercisable, vested or payable based solely on continued service granted to the Participant under any applicable equity compensation plans of the Company as in effect on the date of the Change in Control, whether granted before or after the Effective Date, shall become fully vested and exercisable or payable as of the effective date of the Participant's termination of employment; provided, that if an award provides deferred compensation subject to Code Section 409A, such award will be paid at the same time and in the same form as it would have been paid had no Change in Control occurred.

(b) In the event of a Change in Control, all outstanding equity-based awards that are eligible to become exercisable, vested and/or payable (or that provide for accelerated vesting or payment) upon the attainment of specified performance goals granted to the Participant under any applicable equity compensation plans of the Company as in effect on the date of the Change in Control, whether granted before or after the Effective Date, shall be deemed earned at maximum levels of performance as of immediately prior to the Change in Control, such equity-based awards to become exercisable, vested and/or payable upon completion of the later of (i) any originally applicable performance period and (ii) any applicable service-based vesting period relating to such award, subject to the Participant's continued employment through the applicable vesting dates; provided, that, subject to Sections 3.1, 5 and 6, such equity-based awards shall immediately become fully exercisable, vested and/or payable if, the Participant experiences a Qualifying Termination; provided further, that if an award provides deferred compensation subject to Code Section 409A, such award will be paid at the same time and in the same form as it would have been paid had no Change in Control occurred.

(c) For the avoidance of doubt, any unvested equity-based awards shall cease vesting immediately on the date of Participant's termination of employment, but shall not terminate until the date on which it is determined whether the Participant is eligible to receive accelerated vesting under this Section 4.2.

(d) Notwithstanding the foregoing or anything herein to the contrary, (i) any equity-based award with terms that are more favorable to the Participant in the event of a Change in Control or termination of the Participant's employment than the terms set forth in Section 4.2(a) or 4.2(b) above, as applicable, shall continue to be subject to such terms, and (ii) if the instrument evidencing an equity award expressly refers to this Plan and overrides and supersedes its terms, such express exclusion shall be controlling as to such applicable award.

4.3 Method of Payment. Any cash Severance Payment to which a Participant becomes entitled pursuant to Section 4.1 shall be paid to the Participant in a lump sum within 10 days of the effective date of the Participant's Release; provided, that, to the extent any cash Severance Payment is subject to Code Section 409A, such cash severance payment will be paid at the same time and in the same form as it would have been paid had no Change in Control occurred to the extent necessary to avoid adverse tax consequences under Code Section 409A; provided, further that if the consideration period for the Release spans two calendar years, any cash Severance Payment that is subject to Code Section 409A will in all events be paid in the second calendar year. If a Participant dies after becoming eligible for a cash Severance Payment and executing a Release but before payment of the cash Severance Payment, the cash Severance Payment will be paid to the Participant's estate in a lump sum within 60 days of the Participant's death, provided that the Release becomes effective prior to such date. If a Participant dies after becoming eligible for a cash Severance Payment but before executing a Release, the personal representative of the Participant's estate shall be permitted to sign a Release on the Participant's (and the Participant's estate's) behalf. All payments and benefits under the Plan will be net of amounts withheld with respect to taxes, offsets or other obligations.

4.4 Voluntary Resignation; Termination for Cause. If (a) the Participant's employment terminates by reason of the Participant's voluntary resignation after a Change in Control other than for Good Reason, or (b) the Company terminates the Participant for Cause, then the Participant shall not be entitled to receive any payments or benefits under the Plan and shall be entitled only to those payments and benefits (if any) as may be available under the Company's then existing benefit plans and policies at the time of such termination.

4.5 Disability; Death. If the Participant's employment terminates by reason of the Participant's death, or in the event the Company terminates the Participant's employment following his or her Disability, the Participant shall not be entitled to receive any payments or benefits under the Plan and shall be entitled only to those payments and benefits (if any) as may be available under the Company's then existing benefits plans and policies at the time of such termination.

5. Golden Parachute Excise Tax.

5.1 Gross-Up Payment. In the event that an Employee who became a Participant prior to January 1, 2022 becomes entitled to receive any payment or benefit under the Plan, either alone or when aggregated with any other payments or benefits received (or to be received) by such Participant from the Company (each, a "Payment" and, collectively, the "Total Payments"), and any of the Total Payments will be subject to any excise tax pursuant to Section 4999 of the Code or any similar or successor provision (the "Excise Tax"), the Company shall make an additional lump-sum cash payment to such Participant (a "Gross-Up Payment") in an amount such that after payment by such Participant of all taxes (including any interest or penalties imposed with respect to such taxes), including, without limitation, any income and employment taxes (and any interest and penalties imposed with respect thereto) and the Excise Tax imposed upon the Gross-Up Payment, such Participant retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Total Payments. For the avoidance of doubt, no Employee who becomes a Participant on or after January 1, 2022 will be entitled to a Gross-Up Payment.

5.2 Timing of Payment. A Gross-Up Payment, if any, shall be made by the Company to the Participant on or within 10 business days of the date that the related Excise Tax on the Total Payments is required to be remitted to the relevant taxing authorities. Notwithstanding anything to the contrary in this Section 5, in no event will a Gross-Up Payment be made on a day that is later than the last day of the Participant's taxable year that immediately follows the Participant's taxable year in which the related Excise Tax on the Total Payments is remitted to the relevant taxing authorities.

5.3 Determination. Unless the Company and the Participant otherwise agree in writing, any determination required under this Section 5 or the Participant's Notice of Participation shall be made in writing by an independent accounting firm appointed by the Company (the "Accountants"), whose determination shall be conclusive and binding upon the Participant and the Company. For purposes of making the calculations required by Section 5, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Code Sections 280G and 4999. The Company and the Participant shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section 5. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations pursuant to this Section 5.

6. Forfeiture of Severance Payments.

The Severance Payments are conditioned on a Participant's execution of the Release and compliance with any non-competition or non-solicitation agreement between Participant and the Company or any confidentiality or invention assignment agreement entered into between Participant and the Company, in each case, prior to the Change in Control (collectively, the "Participant's Contractual Obligations"). Notwithstanding any other provision of the Plan to the contrary, if the Company reasonably determines based on demonstrable and substantial evidence that the Participant has materially breached any of the Participant's Contractual Obligations, the Company may suspend any payments due (but not yet paid) to the Participant under the Plan; provided that the Company has provided Participant written notice of its intention to suspend such payments, which notice specifically describes the facts and circumstances supporting the Company's belief that Participant has breached the Participant's Contractual Obligations, and an opportunity of not less than ten business days in which to respond to the written notice. Should it be determined through final adjudication that Participant materially has breached any of the Participant's Contractual Obligations, then Participant shall be required to repay to the Company an amount equal to the economic value of all payments and benefits already paid or provided to the Participant under the Plan and the Participant (including the Participant's estate and successors) shall forfeit all other entitlements under the Plan. Additional forfeiture provisions may apply under the Plan or other agreements between the Participant and the Company, and any such forfeiture provisions shall remain in full force and effect. On the other hand, should it be determined through final adjudication that Participant has not materially breached any of the Participant's Contractual Obligations, then the Participant shall be entitled to recover all amounts withheld or suspended by the Company pursuant to this Section 6, in addition to interest on such amounts at the rate of six percent (6%) per year (compounded) beginning on the date such amounts would have been paid, absent such withholding or suspension, and the reasonable attorneys' fees and costs incurred by Participant in such action, as provided under Section 11.4.

7. Employment Status; Withholding.

7.1 Employment Status. The Plan does not constitute a contract of employment or impose on any Participant or the Company any obligation to retain the Participant as an Employee, to change the status of the Participant's employment, or to change the Company's policies regarding termination of employment. Each Participant's employment with the Company is and shall continue to be at-will.

7.2 Tax Withholdings. All payments and benefits made or provided pursuant to the Plan shall be subject to applicable payroll and income tax withholding and other legally required deductions; provided that the amount so withheld shall not exceed the minimum amount required to be withheld by applicable law.

8. Successors to Company and Participants.

8.1 Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) or acquirer of all or substantially all of the Company's business and/or assets shall assume the obligations under the Plan and agree expressly to perform the obligations under the Plan. For all purposes under the Plan, the term "Company" shall include any successor to the Company or acquirer of the Company's business and/or assets pursuant to the terms of an agreement between the Company and such successor or acquirer or by operation of law.

8.2 Participant's Successors. All rights of the Participant hereunder shall inure to the benefit of, and be enforceable by, the Participant's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

9. Duration, Amendment and Termination.

9.1 Term/Duration. The Term of this Plan (the "Term") commenced on the Effective Date and shall continue in effect through June 30, 2024; provided, however, that commencing on July 1, 2024 and each July 1st thereafter, the Term shall automatically be extended for one additional year unless, not later than three months prior to the expiration of the Term (i.e., on or before April 1), the Administrator shall have given notice not to extend the Term. Notwithstanding the foregoing, if a Change in Control occurs during the Term, then the Plan shall terminate upon the date that all obligations of the Company hereunder have been satisfied.

9.2 Amendment and Termination. The Administrator shall have the discretionary authority to amend the Plan in any respect, including as to the removal or addition of Participants, or to terminate or suspend the Plan, by resolution adopted by a majority of the Board or its Compensation Committee, as applicable; provided, however, that with respect to any Participant that has been designated by the Administrator as a Participant and has signed and returned to the Company a Notice of Participation indicating that such Employee has agreed to be a Participant, no such amendment, termination or suspension of the Plan shall be effective as to such Participant unless (a) the Participant would not be adversely affected in any way by such amendment, termination or suspension or (b) the Participant consents in writing to such amendment, termination or suspension. Following a Change in Control, the Administrator shall not be entitled to, and shall be prohibited from, amending or terminating the Plan, other than such amendment or termination taking effect prospectively after the end of the Protected Period; *provided* that any such amendment or termination will not adversely affect any benefit provided to any Participant under this Plan.

10. Administration.

10.1 Power and Authority. The Administrator has all power and authority necessary or convenient to administer the Plan, including, but not limited to, the exclusive authority and discretion: (a) to construe and interpret the Plan; (b) to decide all questions of eligibility for and the amount of benefits under the Plan; (c) to prescribe procedures to be followed and the forms to be used by the Participants pursuant to the Plan; and (d) to request and receive from all Participants such information as the Administrator determines is necessary for the proper administration of the Plan.

10.2 Code Section 409A. The provisions for Code Section 409A shall be applied as follows:

(a) The Company makes no representations or warranties to any Employee with respect to any tax, economic or legal consequences of the Plan or any payments to any Participant hereunder, including, without limitation, under Code Section 409A, and no provision of the Plan shall be interpreted or construed to transfer any liability for failure to comply with Code Section 409A or any other applicable legal requirements from the Participant or other individual to the Company or any of its affiliates. Each Participant, by executing a Notice of Participation, shall be deemed to have waived any claim against the Company and its affiliates with respect to any such tax, economic or legal consequences. However, the payments and benefits provided under the Plan are not intended to constitute deferred compensation that is subject to the requirements of Code Section 409A. Rather, the Company intends that the Plan and the payments and other benefits provided hereunder be exempt from the requirements of Code Section 409A, whether pursuant to the short-term deferral exception described in Treas. Reg. § 1.409A-1(b)(4), the involuntary separation pay plan exception described in Treas. Reg. § 1.409A-1(b)(9)(iii) or otherwise. Notwithstanding any provision of the Plan to the contrary, the Plan shall be interpreted, operated and administered in a manner consistent with such intention;

(b) Without limiting the generality of the foregoing, and notwithstanding any other provision of the Plan to the contrary, all references herein to a Participant's termination of employment are intended to mean the Participant's "separation from service" from the Company and its Section 409A Affiliates within the meaning of Code Section 409A. "Section 409A Affiliates" means each entity that is required to be included in the Company's controlled group of corporations within the meaning of Code Section 414(b) or (c); provided, however, that the phrase "at least 50 percent" shall be used in place of the phrase "at least 80 percent" each place it appears therein or in the regulations thereunder;

(c) If the Company determines that any of the payments or benefits under the Plan constitute "deferred compensation" under Code Section 409A and the Participant is, on the date of his or her termination of employment, a "specified employee" of the Company, as such term is defined in Code Section 409A(a)(2)(B)(i), then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Code Section 409A, the timing of the payment of such pay or benefits shall be delayed until the earlier to occur of the date that is six months and one day after the Participant's termination of employment or the date of the Participant's death after the Participant's termination of employment;

(d) To the extent that any reimbursement under the Plan is deemed to constitute taxable compensation to a Participant, such reimbursement will be made no later than December 31 of the year following the year in which the expense was incurred. The amount of any such reimbursement provided in one year shall not affect the expenses eligible for reimbursement in any subsequent year, and the Participant's right to such reimbursement will not be subject to liquidation or exchange for any other benefit; and

(e) If any payments or benefits under the Plan would violate the terms of Section 16(b) of the Exchange Act or other federal securities laws, or any other applicable law, then the payment or the provision of such payments or benefits shall be delayed until the earliest date on which making such payment or providing such benefit would not violate such law.

11. Claims Process.

11.1 Claim for Benefits. A Participant (or any individual authorized by such Participant) has the right under ERISA and the Plan to file a written claim for benefits. To file a claim, the Participant must send the written claim to the Company's Vice President of Human Resources. If such claim is denied in whole or in part, the Participant shall receive written notice of the decision of the Company's Vice President of Human Resources within 90 days after the claim is received. Such written notice shall include the following information: (a) specific reasons for the denial; (b) specific reference to pertinent

Plan provisions on which the denial is based; (c) a description of any additional material or information necessary for the perfection of the claim and an explanation of why it is needed; and (d) steps to be taken if the Participant wishes to appeal the denial of the claim, including a statement of the Participant's right to bring a civil action under Section 502(a) of ERISA upon an adverse decision on appeal. If the Company's Vice President of Human Resources needs more than 90 days to make a decision, he or she shall notify the Participant in writing within the initial 90 days and explain why more time is required, and how long is needed. If a Participant (or any individual authorized by such Participant) submits a claim according to the procedures above and does not hear from the Company's Vice President of Human Resources within the appropriate time, the Participant may consider the claim denied.

11.2 Appeals. The following appeal procedures give the rules for appealing a denied claim. If a claim for benefits is denied, in whole or in part, or if the Participant believes benefits under the Plan have not been properly provided, the Participant (or any individual authorized by such Participant) may appeal this denial in writing within 60 days after the denial is received by filing a written request for review with the Administrator. The Administrator shall conduct a review and make a final decision within 60 days after receiving the Participant's written request for review. If the Administrator needs more than 60 days to make a decision, it shall notify the Participant in writing within the initial 60 days and explain why more time is required and the date by which the Administrator expects to render its decision. The Administrator may then take 60 more days to make a decision. If such appeal is denied in whole or in part, the decision shall be in writing and shall include the following information: (a) specific reasons for the denial; (b) specific reference to pertinent Plan provisions on which the denial is based; (c) a statement of the Participant's right to access and receive copies, upon request and free of charge, of all documents and other information relevant to such claim for benefits; and (d) a statement of the Participant's (or representative's) right to bring a civil action under Section 502(a) of ERISA. If the Administrator does not respond within the applicable time frame, the Participant may consider the appeal denied. If a Participant's claim is denied, in whole or in part, the Participant (or any individual authorized by such Participant) will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant (within the meaning of 29 C.F.R. § 2560.503-1(m)(8)) to his or her claim. Likewise, a Participant (or any individual authorized by such Participant) who submits a written request to appeal a denied claim shall have the right to submit any comments, documents, records or other information relating to the claim that he or she wishes to provide.

11.3 Limitations Period. A Participant must pursue the claim and appeal rights described above within 365 days following the date of which the Participant knew of should have known that the benefits in dispute would not be paid under the Plan. The Participant must exhaust the claim and appeals rights described above before seeking any other legal recourse regarding a claim for benefits. The Participant may thereafter file an action in a court of competent jurisdiction, but he or she must do so within 365 days after the date of the notice of decision on appeal or such action will be forever barred. Any judicial review of the Administrator's decision on a claim will be limited to whether, in the particular instance, the Administrator abused its discretion. In no event will such judicial review be on a de novo basis, because the Administrator has discretionary authority to determine eligibility for (and the amount of) payments and benefits under the Plan and to construe and interpret the terms and provisions of the Plan.

11.4 Legal Fees. The Company shall pay to the Participant all legal fees and expenses incurred by the Participant in disputing in good faith any issue hereunder relating to the termination of the Participant's employment or in seeking in good faith to obtain or enforce any benefit or right provided by this Plan. Any such payments shall be made within five (5) business days after delivery of the Participant's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require. The Participant must submit the written reimbursement request described above within 180 days following the date upon which the applicable fee or expense is incurred.

12. Notices, Effect of Dispute and Assignment.

12.1 General. Notices and all other communications contemplated by the Plan shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Participant, mailed notices shall be addressed to him or her at the home address that he or she most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Vice President of Human Resources.

12.2 Notice of Termination by the Company. Any termination of employment by the Company in connection with a Change in Control pursuant to the terms herein shall be communicated by a notice of termination of employment to the Participant at least five days prior to the date of such termination (or at least 30 days prior to the date of a termination by reason of the Participant's Disability). Such notice shall indicate the specific provision or provisions in the Plan applicable to the termination of employment (if any), shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision or provisions so indicated, provide any necessary cure period that may apply, and shall specify the termination date. If a dispute arises regarding a purported Cause termination by the Company, then the provisions of Section 12.4 shall apply.

12.3 Notice of Good Reason Termination by the Participant. For purposes of the Plan, a Participant's termination of employment shall be for Good Reason only if (a) the Participant delivers written notice to the Company of the existence of the condition which the Participant believes constitutes Good Reason within 90 days of the initial existence of such condition (which notice specifically identifies such condition), (b) the Company fails to remedy such condition within 30 days after the date on which it receives such notice (the "Good Reason Cure Period"), and (c) subject to the provisions of Section 12.4, the Participant actually terminates employment with the Company within 90 days after the expiration of the Good Reason Cure Period. If the Company fails to remedy the condition constituting Good Reason during the Good Reason Cure Period and the Participant decides to terminate his or her employment for Good Reason, then the Participant shall provide the Company with written notice of such intent to terminate employment. Subject to the first sentence of this Section 12.3, any such termination shall be effective on the date such notice of termination is given to the Company, such later date specified therein, or, in the event of a dispute, as set forth in Section 12.4. If a dispute arises regarding whether a Good Reason condition has occurred and/or whether the Company has remedied such condition, then the provisions of Section 12.4 shall apply.

12.4 Dispute Concerning Termination. If, prior to the date of termination of employment set forth in any notice of termination provided under Sections 12.2 or 12.3, either party provides the other with written notice of a dispute concerning (a) the termination from employment, (b) the designation of the termination as for Cause or not for Cause or for Good Reason or not for Good Reason, as the case may be, or (c) other rights provided or available to Participant under the Plan, the Participant's date of termination shall be deemed extended for purposes of the Plan to the maximum extent permitted under Code Section 409A, and the Participant will continue to receive his or her full compensation and benefits in effect when such notice was given, until the earlier of (i) the date on which the Term of the Plan ends or (ii) the date on which the dispute is finally resolved, whether by mutual written agreement of the parties or by a final judgment, order or decree of the any court of competent jurisdiction (which is not appealable or with respect to which the time for appeal therefrom has expired and no appeal has been perfected); provided, however, the date of termination shall be deemed extended by a notice of dispute given by the Participant only if such notice is given in good faith with a reasonable basis and the Participant pursues the resolution of such dispute with reasonable diligence. If the date of termination is deemed extended in accordance with this Section 12.4, the Company shall continue to pay the Participant's full compensation and benefits in effect when the notice giving rise to the dispute was given, and such amounts shall be in addition to (and without offset from) all other amounts due to Participant under this Plan.

12.5 Assignment by Company. The Company may assign its rights under the Plan to an affiliate, and an affiliate may assign its rights under the Plan to another affiliate of the Company or to the Company. In the case of any such assignment, the term "Company" when used in the Plan shall mean the entity that actually employs the Participant.

13. Miscellaneous.

13.1 Governing Law, Jurisdiction and Venue. The Plan is intended to be, and shall be interpreted as, an unfunded employee welfare benefit plan (within the meaning of Section 3(1) of ERISA) for a select group of management or highly compensated employees (within the meaning of 29 C.F.R. §2520.104-24) and it shall be enforced in accordance with ERISA. Any Participant or other Person filing an action related to the Plan shall be subject to the jurisdiction and venue of the federal courts of the State of Delaware.

13.2 Employment Status. Except as may be provided under any other agreement between a Participant and the Company, the employment of the Participant by the Company is “at will” and may be terminated by either the Participant or the Company at any time, subject to applicable law.

13.3 Indebtedness of Participant. If a Participant is indebted to the Company, the Company reserves the right to offset any Severance Payments by the amount of such indebtedness, to the full extent permitted by applicable law; provided that such offset is structured in a manner intended to comply with Code Section 409A.

13.4 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included. Further, the captions of the Plan are not part of the provisions hereof and shall have no force and effect.

13.5 Effect of Plan. The Plan, as amended, together with each Participant’s applicable Notice of Participation shall completely replace and supersede any prior version of the Plan and any other verbal or written promise, agreement, document or communication concerning the payments or benefits under the Plan. Without limiting the generality of the foregoing, effective immediately upon delivery by the Participant of a signed Notice of Participation, except as otherwise provided in Section 4.2(d), the Participant (a) thereby waives, without need of any further agreement or action, any potential rights the Participant may have to severance pay, equity acceleration or other benefits specifically arising from or in respect of a Change in Control occurring during the term of the Plan (including any such potential rights arising from any verbal or written promise, offer letter, employment agreement, other agreement, document, or communication between the Participant and the Company or pre-existing practice of the Company with respect to such benefits, but expressly excluding any rights to benefits arising from the Plan), and (b) thereby agrees that, if the Participant has an existing agreement with the Company relating to potential rights to severance pay, equity acceleration or other benefits specifically arising from or in respect of a Change in Control, those rights shall be deemed completely replaced and superseded by the Participant’s rights under the Plan with respect to any Change in Control occurring during the term of the Plan; provided that, except as specifically modified (mutatis mutandis) by the foregoing subsection (b), such agreement shall remain enforceable and in full force and effect. In addition, none of the payments or benefits under the Plan shall be counted as “compensation” or any equivalent term for purposes of determining benefits under other plans, programs or practices owing to the Participant from the Company, except to the extent expressly provided therein or required by applicable law. Except as otherwise specifically provided for in the Plan, the Participant’s rights under all such agreements, plans, provisions and practices continue to be subject to the respective terms and conditions thereof.

Exhibit 31.1

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 2, 2023

/s/ Stephen G. Daly
Stephen G. Daly
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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 2, 2023

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

Exhibit 32.1

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 December 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Stephen G. Daly, as President and Chief Executive Officer 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 2, 2023

By: /s/ Stephen G. Daly
Stephen G. Daly
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ John F. Kober
John F. Kober
SVP and Chief Financial Officer
(Principal Financial Officer)