



MaxLinear Q2'23 Earnings

July 26, 2023

Cautionary Note Concerning Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Unless otherwise indicated, all forward looking statements are based on estimates, projections, and assumptions of MaxLinear as of the date of this presentation. These forward-looking statements include, among others, statements concerning: our expected financial performance for the third quarter of 2023 and potential adoption of AI applications. These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results to be materially different from any future results expressed or implied by the forward-looking statements. Forward-looking statements are based on management's current, preliminary expectations and are subject to various risks and uncertainties. In particular, our future operating results are substantially dependent on our assumptions about market trends and conditions. Additional risks and uncertainties affecting our business, future operating results and financial condition include, without limitation, risks relating to our proposed merger with Silicon Motion and the risks related to increased indebtedness; the effect of intense and increasing competition; impacts of global economic conditions; the cyclical nature of the semiconductor industry; a significant variance in our operating results and impact on volatility in our stock price, and our ability to sustain our current level of revenue, which has declined, and/or manage future growth effectively, and the impact of excess inventory in the channel on our customers' expected demand for certain of our products; the political and economic conditions of the countries in which we conduct business and other factors related to our international operations; increased tariffs or imposition of other trade barriers; our ability to obtain or retain government authorization to export certain of our products or technology; risks related to international geopolitical conflicts; risks related to the loss of, or a significant reduction in orders from major customers; a decrease in the average selling prices of our products; failure to penetrate new applications and markets; development delays and consolidation trends in our industry; inability to make substantial research and development investments; claims of intellectual property infringement; our ability to protect our intellectual property; and a failure to manage our relationships with, or negative impacts from, third parties. In addition to these risks and uncertainties, investors should review the risks and uncertainties contained in our filings with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC on February 1, 2023, and our Current Reports on Form 8-K, as well as the information set forth under the caption "Risk Factors" in MaxLinear's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023. All forward-looking statements are based on the estimates, projections and assumptions of management as of July 26, 2023, and MaxLinear is under no obligation (and expressly disclaims any such obligation) to update or revise any forward-looking statements whether as a result of new information, future events, or otherwise.

Disclaimer

Non-GAAP Financial Measures

This communication may contain certain non-GAAP financial measures, which MaxLinear management believes are useful to investors and reflect how management measures MaxLinear's business. Among other uses, our management uses non-GAAP measures to compare our performance relative to forecasts and strategic plans and to benchmark our performance externally against competitors. In addition, management's incentive compensation will be determined in part using these non-GAAP measures because we believe non-GAAP measures better reflect our core operating performance. The company's guidance for non-GAAP financial measures excludes the effects of (i) stock-based compensation expense, (ii) performance-based bonuses, which we settle in shares of our common stock, (iii) amortization of purchased intangible assets, (iv) research and development funded by others, (v) acquisition and integration costs, (vi) impairment losses, (vii) severance and other restructuring charges, (ix) non-recurring interest and other income (expense), and (x) non-cash tax benefits and expenses, the amount of such exclusions could be significant. Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for the comparable GAAP financial measures. Non-GAAP financial measures are subject to limitations and should be read only in conjunction with the company's consolidated financial statements prepared in accordance with GAAP. Non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similarly titled measures presented by other companies. A description of these non-GAAP financial measures and a reconciliation of the company's non-GAAP financial measures to their most directly comparable GAAP measures have been provided in the Appendix and investors are encouraged to review the reconciliation. Further detail and reconciliations between the non-GAAP financial measures and the GAAP financial measures are available in the Appendix to this presentation and on the Investor Relations section of MaxLinear's website as part of its published financial results press release. Because of the inherent uncertainty associated with our ability to project future charges, particularly those related to stock-based compensation and its related tax effects as well as potential impairments, we do not provide reconciliations to forward-looking non-GAAP financial information.

Q2'23 Financial Highlights

- Revenue of \$183.9 million
- GAAP and Non-GAAP gross margin was 55.9% and 61.0%
- GAAP and Non-GAAP operating margin was (3.2)% and 16.2%
- GAAP loss per share was \$(0.05) and non-GAAP earnings per share was \$0.34
- Cash generated from operations was approximately \$31 million

Q2'23 Business Highlights

- Infrastructure revenue up 6% sequentially, and 37% year-over-year in Q2 driven by the expanding roll-out of multi-band millimeter wave and microwave backhaul platform solutions
- Increasing design-win activity for Wave700 single-chip, tri-band WiFi7 solution
- Announcement of new 2.5G Ethernet switches for the SMB market and eight-port 2.5G Enterprise PHYs for the campus market that enable the industry transition from 1G to 2.5G
- Increasing design activity for 5nm CMOS 400G and 800G PAM4 solutions, driven by the coming adoption of AI applications

Q2'23 GAAP Financial Results

\$M	Q2'23	Q1'23	Q2'22
Net Revenue	\$183.9	\$248.4	\$280.0
Gross Margin	55.9%	56.5%	58.7%
Operating Expenses	\$108.8	\$113.0	\$125.3
Interest and Other Income (Expense), Net	\$1.2	\$(2.2)	\$4.8
Tax Rate	8.6%	62.0%	27.1%
Net Income (Loss)	\$(4.4)	\$9.5	\$32.0
Diluted Earnings (Loss) Per Share	\$(0.05)	\$0.12	\$0.40

Q2'23 Non-GAAP Financial Results

\$M	Q2'23	Q1'23	Q2'22
Net Revenue (GAAP)	\$183.9	\$248.4	\$280.0
Non-GAAP Gross Margin	61.0%	60.3%	62.3%
Non-GAAP Operating Expenses	\$82.5	\$80.8	\$84.3
Non-GAAP Interest and Other Income (Expense), Net	\$1.2	\$(2.1)	\$4.9
Non-GAAP Tax Rate	10.0 %	10.0 %	6.0 %
Non-GAAP Net Income	\$27.9	\$60.4	\$89.3
Non-GAAP Diluted Earnings Per Share	\$0.34	\$0.74	\$1.11

Q2'23 Balance Sheet

\$M			
Assets	Q2'23	Q1'23	Q2'22
Cash and cash equivalents	\$224.6	\$207.9	\$211.4
Accounts receivable	\$155.8	\$188.7	\$137.1
Short-term investments	\$20.5	\$18.7	\$23.9
Inventory	\$126.2	\$149.6	\$146.4
Other current assets	\$27.4	\$28.7	\$19.9
Total current assets	\$554.5	\$593.6	\$538.6
Net PP&E	\$73.8	\$77.7	\$64.1
Other assets	\$533.1	\$527.2	\$577.9
Total assets	\$1,161.5	\$1,198.5	\$1,180.7
Liabilities & Stockholders' Equity			
Total current liabilities	\$241.7	\$300.2	\$316.1
Long-term debt	\$122.1	\$121.9	\$246.5
Other liabilities	\$51.6	\$42.3	\$48.6
Total liabilities	\$415.4	\$464.4	\$611.1
Stockholders' equity	\$746.0	\$734.1	\$569.6
Total liabilities and equity	\$1,161.5	\$1,198.5	\$1,180.7

Q3'23 Guidance

\$M, shares in M	GAAP	Non-GAAP (except for revenue)
Revenue	\$125 - \$155	\$125 - \$155
Gross Margin	53.0% - 56.0%	59.5% - 62.5%
Operating Expenses	\$104 - \$110	\$75 - \$81
Interest and Other Income (Expense), Net	\$5.0	\$5.0
Fully Diluted Share Count	82 - 83	82 - 83

* The company's guidance for non-GAAP financial measures excludes the effects of (i) stock-based compensation expense, (ii) performance-based bonuses, which we settle in shares of our common stock, (iii) amortization of purchased intangible assets, (iv) research and development funded by others, (v) acquisition and integration costs, (vii) impairment losses, and (viii) severance and other restructuring charges; the amount of such exclusions could be significant. Because of the inherent uncertainty associated with our ability to project future charges, particularly those related to stock-based compensation and its related tax effects as well as potential impairments, we do not provide reconciliations to forward-looking non-GAAP financial information.



Appendix

GAAP to Non-GAAP Reconciliation

UNAUDITED RECONCILIATION OF NON-GAAP ADJUSTMENTS (in thousands, except per share data)

		Three Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022
GAAP gross profit	\$ 102,873	\$ 140,307	\$ 164,351
Stock-based compensation	246	210	162
Performance based equity	(16)	91	146
Amortization of purchased intangible assets	9,117	9,321	9,820
Non-GAAP gross profit	112,220	149,929	174,479
GAAP R&D expenses	70,657	67,291	80,395
Stock based compensation	(12,237)	(11,455)	(9,983)
Performance based equity	273	(3,635)	(7,231)
Research and development funded by others	(1,000)	(1,000)	(2,000)
Non-GAAP R&D expenses	57,693	51,201	61,181
GAAP SG&A expenses	33,717	38,653	44,487
Stock based compensation	(4,713)	(4,784)	(9,324)
Performance based equity	193	(1,744)	(2,708)
Amortization of purchased intangible assets	(709)	(928)	(2,926)
Acquisition and integration costs	(3,714)	(1,601)	(6,369)
Non-GAAP SG&A expenses	24,774	29,596	23,160

GAAP to Non-GAAP Reconciliation

UNAUDITED RECONCILIATION OF NON-GAAP ADJUSTMENTS (in thousands, except per share data)

	Three Months Ended		
	June 30, 2023	March 31, 2023	June 30, 2022
GAAP impairment losses	—	2,438	—
Impairment losses	—	(2,438)	—
Non-GAAP impairment losses	—	—	—
GAAP restructuring expenses	4,436	4,648	462
Restructuring charges	(4,436)	(4,648)	(462)
Non-GAAP restructuring expenses	—	—	—
GAAP income (loss) from operations	(5,937)	27,277	39,007
Total non-GAAP adjustments	35,690	41,855	51,131
Non-GAAP income from operations	29,753	69,132	90,138
GAAP interest and other income (expense), net	1,177	(2,178)	4,845
Non-recurring interest and other income (expense), net	68	111	56
Non-GAAP interest and other income (expense), net	1,245	(2,067)	4,901

GAAP to Non-GAAP Reconciliation

UNAUDITED RECONCILIATION OF NON-GAAP ADJUSTMENTS (in thousands, except per share data)

		Three Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022
GAAP income (loss) before income taxes	\$ (4,760)	\$ 25,099	\$ 43,852
Total non-GAAP adjustments before income taxes	35,758	41,966	51,187
Non-GAAP income before income taxes	30,998	67,065	95,039
GAAP income tax provision (benefit)	(409)	15,566	11,886
Adjustment for non-cash tax benefits/expenses	3,508	(8,859)	(6,184)
Non-GAAP income tax provision	3,099	6,707	5,702
GAAP net income (loss)	(4,351)	9,533	31,966
Total non-GAAP adjustments before income taxes	35,758	41,966	51,187
Total tax adjustments	3,508	(8,859)	(6,184)
Non-GAAP net income	\$ 27,899	\$ 60,358	\$ 89,337
Shares used in computing non-GAAP basic net income per share	80,446	79,471	77,858
Shares used in computing non-GAAP diluted net income per share	81,698	81,338	80,279
Non-GAAP basic net income per share	\$ 0.35	\$ 0.76	\$ 1.15
Non-GAAP diluted net income per share	\$ 0.34	\$ 0.74	\$ 1.11

GAAP to Non-GAAP Reconciliation

UNAUDITED RECONCILIATION OF NON-GAAP ADJUSTMENTS (in thousands, except per share data)

	Six Months Ended	
	June 30, 2023	June 30, 2022
GAAP gross profit	\$ 243,180	\$ 318,941
Stock-based compensation	456	325
Performance based equity	75	258
Amortization of purchased intangible assets	18,438	20,631
Non-GAAP gross profit	262,149	340,155
GAAP R&D expenses	137,948	146,281
Stock based compensation	(23,692)	(19,659)
Performance based equity	(3,362)	(12,568)
Acquisition and integration costs	(2,000)	800
Non-GAAP R&D expenses	108,894	114,854
GAAP SG&A expenses	72,370	85,064
Stock based compensation	(9,497)	(18,039)
Performance based equity	(1,551)	(4,776)
Amortization of purchased intangible assets	(1,637)	(9,102)
Acquisition and integration costs	(5,315)	(6,364)
Non-GAAP SG&A expenses	54,370	46,783

GAAP to Non-GAAP Reconciliation

UNAUDITED RECONCILIATION OF NON-GAAP ADJUSTMENTS (in thousands, except per share data)

	Six Months Ended	
	June 30, 2023	June 30, 2022
GAAP impairment losses	2,438	—
Impairment losses	(2,438)	—
Non-GAAP impairment losses	—	—
GAAP restructuring expenses	9,084	462
Restructuring charges	(9,084)	(462)
Non-GAAP restructuring expenses	—	—
GAAP income from operations	21,340	87,134
Total non-GAAP adjustments	77,545	91,384
Non-GAAP income from operations	98,885	178,518
GAAP interest and other income (expense), net	(1,001)	1,757
Non-recurring interest and other income (expense), net	179	124
Non-GAAP interest and other income (expense), net	(822)	1,881

GAAP to Non-GAAP Reconciliation

UNAUDITED RECONCILIATION OF NON-GAAP ADJUSTMENTS (in thousands, except per share data)

	Six Months Ended	
	June 30, 2023	June 30, 2022
GAAP income (loss) before income taxes	\$ 20,339	\$ 88,891
Total non-GAAP adjustments before income taxes	77,724	91,508
Non-GAAP income before income taxes	98,063	180,399
GAAP income tax provision (benefit)	15,157	23,339
Adjustment for non-cash tax benefits/expenses	(5,351)	(12,515)
Non-GAAP income tax provision	9,806	10,824
GAAP net income (loss)	5,182	65,552
Total non-GAAP adjustments before income taxes	77,724	91,508
Total tax adjustments	(5,351)	(12,515)
Non-GAAP net income	\$ 88,257	\$ 169,575
Shares used in computing non-GAAP basic net income per share	79,961	77,527
Shares used in computing non-GAAP diluted net income per share	81,520	80,462
Non-GAAP basic net income per share	\$ 1.10	\$ 2.19
Non-GAAP diluted net income per share	\$ 1.08	\$ 2.11

GAAP to Non-GAAP Reconciliation

UNAUDITED RECONCILIATION OF NON-GAAP GROSS MARGIN AND NON-GAAP OPERATING MARGIN

		Three Months Ended	
	June 30, 2023	March 31, 2023	June 30, 2022
GAAP gross margin	55.9 %	56.5 %	58.7 %
Stock-based compensation	0.1 %	0.1 %	0.1 %
Performance based equity	— %	— %	0.1 %
Amortization of purchased intangible assets	5.0 %	3.8 %	3.5 %
Non-GAAP gross margin	61.0 %	60.3 %	62.3 %
GAAP operating margin	(3.2)%	11.0 %	13.9 %
Total non-GAAP adjustments	19.4 %	16.9 %	18.3 %
Non-GAAP operating margin	16.2 %	27.8 %	32.2 %

GAAP to Non-GAAP Reconciliation

UNAUDITED RECONCILIATION OF NON-GAAP GROSS MARGIN AND NON-GAAP OPERATING MARGIN

	Six Months Ended	
	June 30, 2023	June 30, 2022
GAAP gross margin	56.2 %	58.6 %
Stock-based compensation	0.1 %	0.1 %
Performance based equity	— %	0.1 %
Amortization of purchased intangible assets	4.3 %	3.8 %
Non-GAAP gross margin	60.6 %	62.5 %
GAAP operating margin	4.9 %	16.0 %
Total non-GAAP adjustments	17.9 %	16.8 %
Non-GAAP operating margin	22.9 %	32.8 %



Thank You