



MaxLinear Q3'23 Earnings

October 25, 2023

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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 fourth quarter of 2023. 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 terminated merger with Silicon Motion and related arbitration and class action complaint and the risks related to potential payment of damages; 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 geopolitical and economic tensions among the countries in which we conduct business; increased tariffs, export controls 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 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; delays or expenses caused by undetected defects or bugs in our products; failure to attract and retain qualified personnel; failure to timely develop and introduce new or enhanced products; order and shipment uncertainties; failure to accurately predict our future revenue and appropriately budget expenses; lengthy and expensive customer qualification processes; customer product plan cancellations; failure to maintain compliance with government regulations; information technology failures; any adverse impact of rising interest rates on us, our customers, and our distributors and related demand; 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 September 30, 2023. All forward-looking statements are based on the estimates, projections and assumptions of management as of October 25, 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 contains 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 non-GAAP financial measures excludes the effects of (i) stock-based compensation expense; (ii) accruals related to our performance-based bonus plan for 2023, which we currently intend to settle in shares of our common stock; (iii) accruals related to our performance-based bonus plan for 2022, which we settled in shares of common stock in 2023; (iv) amortization of purchased intangible assets; (v) research and development funded by others; (vi) acquisition and integration costs related to our acquisitions, including costs related to the termination of the previously pending (now terminated) merger with Silicon Motion; (vii) impairment of intangible assets; (viii) severance and other restructuring charges; (ix) other non-recurring interest and other income (expenses), net attributable to acquisitions, including a ticking fee paid to lenders following the termination of the Silicon Motion merger which were recorded in other expense and (x) non-cash income 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, a quantitative reconciliation is not available without unreasonable efforts and accordingly, in reliance on the exception provided by Item 10(e)(1)(i)(B) of Regulation S-K, we do not provide reconciliations to forward-looking non-GAAP financial information.

Q3'23 Financial Highlights

- Revenue of \$135.5 million
- GAAP and Non-GAAP gross margin was 54.6% and 60.8%
- GAAP and Non-GAAP operating margin was (13.2)% and 5.4%
- GAAP loss per share was \$(0.49) and Non-GAAP earnings per share was \$0.02
- Cash used in operations was approximately \$13 million

Q3'23 Business Highlights

- Infrastructure revenue up 1% sequentially, and 40% year-over year in Q3, driven by the expanding roll-out of multi-band millimeter wave and microwave backhaul platform solutions
- Strong design win activity in fiber access, Wi-Fi, and wireless infrastructure
- Announced expansion of Keystone PAM4 family and strong customer traction
- Announced availability of Puma 8, a DOCSIS 4.0 cable and gateway platform
- Began sampling our new generation of 2.5G Ethernet PHY-Switch products for a broad range of applications in the enterprise and SMB switch markets, as well as the gateway and router markets.

Q3'23 GAAP Financial Results

\$M	Q3'23	Q2'23	Q3'22
Net Revenue	\$135.5	\$183.9	\$285.7
Gross Margin	54.6%	55.9%	58.6%
Operating Expenses	\$91.8	\$108.8	\$115.5
Interest and Other Income (Expense), Net	\$(23.7)	\$1.2	\$(7.4)
Tax Rate	4.1%	8.6%	36.3%
Net Income (Loss)	\$(39.8)	\$4.4	\$28.4
Diluted Earnings (Loss) Per Share	\$(0.49)	\$(0.05)	\$0.35

Q3'23 Non-GAAP Financial Results

\$M	Q3'23	Q2'23	Q3'22
Net Revenue (GAAP)	\$135.5	\$183.9	\$285.7
Non-GAAP Gross Margin	60.8%	61.0%	62.0%
Non-GAAP Operating Expenses	\$75.1	\$82.5	\$80.4
Non-GAAP Interest and Other Income (Expense), Net	\$(5.3)	\$1.2	\$(7.3)
Non-GAAP Tax Rate	10.0 %	10.0 %	6.0 %
Non-GAAP Net Income	\$1.8	\$27.9	\$84.1
Non-GAAP Diluted Earnings Per Share	\$0.02	\$0.34	\$1.05

Q3'23 Balance Sheet

\$M			
Assets	Q3'23	Q2'23	Q3'22
Cash and cash equivalents	\$187.0	\$224.6	\$181.5
Accounts receivable	\$158.2	\$155.8	\$178.1
Short-term investments	\$14.6	\$20.5	\$18.6
Inventory	\$114.9	\$126.2	\$166.0
Other current assets	\$33.8	\$27.4	\$18.9
Total current assets	\$508.6	\$554.5	\$563.0
Net PP&E	\$69.5	\$73.8	\$67.1
Other assets	\$525.7	\$533.1	\$552.6
Total assets	\$1,103.8	\$1,161.5	\$1,182.7
Liabilities & Stockholders' Equity			
Total current liabilities	\$232.9	\$241.7	\$351.3
Long-term debt	\$122.2	\$122.1	\$171.6
Other liabilities	\$46.0	\$51.6	\$43.9
Total liabilities	\$401.1	\$415.4	\$566.8
Stockholders' equity	\$702.7	\$746.0	\$615.9
Total liabilities and equity	\$1,103.8	\$1,161.5	\$1,182.7

Q4'23 Guidance

\$M, shares in M	GAAP	Non-GAAP (except for revenue)
Revenue	\$115 - \$135	\$115 - \$135
Gross Margin	52.5% - 55.5%	59.5% - 62.5%
Operating Expenses	\$125 - \$135	\$72 - \$78
Interest and Other Income (Expense), Net	*	*
Fully Diluted Share Count	82.5 - 83.5	82.5 - 83.5

*GAAP and non-GAAP interest and other income (expense), net are expected to be negligible.



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Appendix

GAAP to Non-GAAP Reconciliation

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

		Three Months Ended	
	September 30, 2023	June 30, 2023	September 30, 2022
GAAP gross profit	\$ 73,944	\$ 102,873	\$ 167,488
Stock-based compensation	170	246	188
Performance based equity	19	(16)	136
Amortization of purchased intangible assets	8,332	9,117	9,332
Non-GAAP gross profit	82,465	112,220	177,144
GAAP R&D expenses	66,306	70,657	76,437
Stock based compensation	(9,436)	(12,237)	(10,635)
Performance based equity	(2,288)	273	(7,690)
Research and development funded by others	(5,500)	(1,000)	(1,000)
Non-GAAP R&D expenses	49,082	57,693	57,112
GAAP SG&A expenses	25,402	33,717	38,472
Stock based compensation	4,488	(4,713)	(9,308)
Performance based equity	(999)	193	(3,043)
Amortization of purchased intangible assets	(653)	(709)	(1,541)
Acquisition and integration costs	(2,172)	(3,714)	(1,278)
Non-GAAP SG&A expenses	26,066	24,774	23,302

GAAP to Non-GAAP Reconciliation

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

		Three Months Ended	
	September 30, 2023	June 30, 2023	September 30, 2022
GAAP restructuring expenses	54	4,436	631
Restructuring charges	(54)	(4,436)	(631)
Non-GAAP restructuring expenses	—	—	—
GAAP income (loss) from operations	(17,818)	(5,937)	51,948
Total non-GAAP adjustments	25,135	35,690	44,782
Non-GAAP income from operations	7,317	29,753	96,730
GAAP interest and other income (expense), net	(23,700)	1,177	(7,354)
Non-recurring interest and other income (expense), net	18,395	68	58
Non-GAAP interest and other income (expense), net	(5,305)	1,245	(7,296)

GAAP to Non-GAAP Reconciliation

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

	September 30, 2023	Three Months Ended June 30, 2023	September 30, 2022
GAAP income (loss) before income taxes	\$ (41,518)	\$ (4,760)	\$ 44,594
Total non-GAAP adjustments before income taxes	43,530	35,758	44,840
Non-GAAP income before income taxes	2,012	30,998	89,434
GAAP income tax provision (benefit)	(1,689)	(409)	16,186
Adjustment for non-cash tax benefits/expenses	1,891	3,508	(10,820)
Non-GAAP income tax provision	202	3,099	5,366
GAAP net income (loss)	(39,829)	(4,351)	28,408
Total non-GAAP adjustments before income taxes	43,530	35,758	44,840
Total tax adjustments	1,891	3,508	(10,820)
Non-GAAP net income	\$ 1,810	\$ 27,899	\$ 84,068
Shares used in computing non-GAAP basic net income per share	81,249	80,446	78,436
Shares used in computing non-GAAP diluted net income per share	81,968	81,698	80,060
Non-GAAP basic net income per share	\$ 0.02	\$ 0.35	\$ 1.07
Non-GAAP diluted net income per share	\$ 0.02	\$ 0.34	\$ 1.05

GAAP to Non-GAAP Reconciliation

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

	Nine Months Ended	
	September 30, 2023	September 30, 2022
GAAP gross profit	\$ 317,124	\$ 486,429
Stock-based compensation	626	513
Performance based equity	94	394
Amortization of purchased intangible assets	26,770	29,963
Non-GAAP gross profit	344,614	517,299
GAAP R&D expenses	204,254	222,718
Stock based compensation	(33,128)	(30,294)
Performance based equity	(5,650)	(20,258)
Acquisition and integration costs	(7,500)	(200)
Non-GAAP R&D expenses	157,976	171,966
GAAP SG&A expenses	97,772	123,536
Stock based compensation	(5,009)	(27,347)
Performance based equity	(2,550)	(7,819)
Amortization of purchased intangible assets	(2,290)	(10,643)
Acquisition and integration costs	(7,487)	(7,642)
Non-GAAP SG&A expenses	80,436	70,085

GAAP to Non-GAAP Reconciliation

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

	Nine Months Ended	
	September 30, 2023	September 30, 2022
GAAP impairment losses	2,438	—
Impairment losses	(2,438)	—
Non-GAAP impairment losses	—	—
GAAP restructuring expenses	9,138	1,093
Restructuring charges	(9,138)	(1,093)
Non-GAAP restructuring expenses	—	—
GAAP income from operations	3,522	139,082
Total non-GAAP adjustments	102,680	136,166
Non-GAAP income from operations	106,202	275,248
GAAP interest and other income (expense), net	(24,701)	(5,597)
Non-recurring interest and other income (expense), net	18,574	182
Non-GAAP interest and other income (expense), net	(6,127)	(5,415)

GAAP to Non-GAAP Reconciliation

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

	Nine Months Ended	
	September 30, 2023	September 30, 2022
GAAP income (loss) before income taxes	\$ (21,179)	\$ 133,485
Total non-GAAP adjustments before income taxes	121,254	136,348
Non-GAAP income before income taxes	100,075	269,833
GAAP income tax provision (benefit)	13,468	39,525
Adjustment for non-cash tax benefits/expenses	(3,460)	(23,335)
Non-GAAP income tax provision	10,008	16,190
GAAP net income (loss)	(34,647)	93,960
Total non-GAAP adjustments before income taxes	121,254	136,348
Total tax adjustments	(3,460)	(23,335)
Non-GAAP net income	\$ 90,067	\$ 253,643
Shares used in computing non-GAAP basic net income per share	80,395	77,833
Shares used in computing non-GAAP diluted net income per share	81,674	80,331
Non-GAAP basic net income per share	\$ 1.12	\$ 3.26
Non-GAAP diluted net income per share	\$ 1.10	\$ 3.16

GAAP to Non-GAAP Reconciliation

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

		Three Months Ended	
	September 30, 2023	June 30, 2023	September 30, 2022
GAAP gross margin	54.6 %	55.9 %	58.6 %
Stock-based compensation	0.1 %	0.1 %	0.1 %
Performance based equity	— %	— %	0.1 %
Amortization of purchased intangible assets	6.2 %	5.0 %	3.3 %
Non-GAAP gross margin	60.8 %	61.0 %	62.0 %
GAAP operating margin	(13.2)%	(3.2)%	18.2 %
Total non-GAAP adjustments	18.6 %	19.4 %	15.7 %
Non-GAAP operating margin	5.4 %	16.2 %	33.9 %

GAAP to Non-GAAP Reconciliation

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

	Nine Months Ended	
	September 30, 2023	September 30, 2022
GAAP gross margin	55.8 %	58.6 %
Stock-based compensation	0.1 %	0.1 %
Performance based equity	— %	0.1 %
Amortization of purchased intangible assets	4.7 %	3.6 %
Non-GAAP gross margin	60.7 %	62.4 %
GAAP operating margin	0.6 %	16.8 %
Total non-GAAP adjustments	18.1 %	16.4 %
Non-GAAP operating margin	18.7 %	33.2 %



Thank You