



MAXLINEAR

# MaxLinear Q4'22 Earnings

Feb. 1, 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: the anticipated closing date of our proposed merger with Silicon Motion and our expected financial performance for the first 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 proposed merger with Silicon Motion; including the anticipated timing of the People's Republic of China's State Administration for Market Regulation, or SAMR, review and final determination and the anticipated closing date of the potential merger with Silicon Motion and the risks related to increased indebtedness; the effect of intense and increasing competition; impacts of a global economic downturn and high inflation; our ability to obtain government authorization to export certain of our products or technology; 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; 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; a significant variance in our operating results or rates of growth; 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 Current Reports on Form 8-K, as well as the information to be set forth under the caption "Risk Factors" in MaxLinear's Annual Report on Form 10-K for the year ended December 31, 2022. All forward-looking statements are based on the estimates, projections and assumptions of management as of February 1, 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.

## Additional Information and Where to Find It

This communication makes reference to a proposed merger involving MaxLinear and Silicon Motion. In connection with the proposed transaction, MaxLinear has filed with the Securities and Exchange Commission (the "SEC"), and the SEC has declared effective, a Registration Statement on Form S-4 (File No. 333-265645) that includes a proxy statement of Silicon Motion and a prospectus of MaxLinear.

The proxy statement/prospectus and this communication are not offers to sell MaxLinear securities, and are not soliciting an offer to buy MaxLinear securities, in any state where the offer and sale is not permitted.

MAXLINEAR AND SILICON MOTION URGE INVESTORS AND SECURITY HOLDERS TO READ THE REGISTRATION STATEMENT ON FORM S-4 AND OTHER DOCUMENTS PROVIDED TO SILICON MOTION SECURITY HOLDERS AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.

Investors and security holders are able to obtain the Registration Statement on Form S-4 free of charge at the SEC's website, [www.sec.gov](http://www.sec.gov). Copies of documents filed with the SEC by MaxLinear (when they become available) may be obtained free of charge on MaxLinear's website at [www.maxlinear.com](http://www.maxlinear.com) or by contacting MaxLinear's Investor Relations Department at [IR@MaxLinear.com](mailto:IR@MaxLinear.com). Copies of documents filed or furnished by Silicon Motion (when they become available) may be obtained free of charge on Silicon Motion's website at <https://www.siliconmotion.com> or by contacting Silicon Motion's Investor Relations Department at [IR@siliconmotion.com](mailto:IR@siliconmotion.com).



# 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) professional fees and settlement costs related to IP and commercial litigation matters, and (viii) severance and other restructuring charges; 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.

# Q4'22 and FY'22 Financial Highlights

## Q4'22 Highlights

- Revenue of \$290.6 million, an increase of 17% YoY and an increase of 2% QoQ
- GAAP and non-GAAP gross margin of 56.2% and 59.6%
- GAAP and non-GAAP operating margin of 14.2% and 32.5%
- GAAP and non-GAAP diluted earnings per share of \$0.38 and \$1.07
- Net cash provided by operations of \$69.4 million

## FY22 Highlights

- Net revenue of \$1.1 billion, up 26% over fiscal 2021
- GAAP and non-GAAP gross margin of 58.0% and 61.6%
- GAAP and non-GAAP net income of \$125.0 million and \$342.2 million
- Net cash provided by operations of \$388.7 million

# Business Highlights

- Record net revenue for both Q4'22 and FY'22
- Connectivity revenue more than doubled in FY22, driven by differentiated Wi-Fi6 feature set. For Q4, year-over-year revenue increased by 100%
- Continued strong market traction with our 10Gbit fiber processor gateway SoC solution
- Fiber access revenue for 2022 increased by more than 4x from the prior year
- Infrastructure revenue up 14% in FY22, driven by the expanding roll-out of multi-band millimeter wave and microwave backhaul platform solutions
- Industrial and multi-market revenue up 62% year-over-year in Q4

# Q4'22 Update on Acquisition of Silicon Motion

- Acquisition is progressing, with projected close in second or third quarter 2023
- Announced that the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 expired on June 27, 2022
- Filed simplified filing with China's State Administration for Market Regulation (SAMR) on July 6 and subsequently refiled under normal procedures
- Shareholders approved merger on August 31 (no approval required by MaxLinear stockholders)
- Debt financing is secured, subject to customary closing conditions, with focus on optimizing structure

# Q4'22 GAAP Financial Results

\$M	Q4'22	Q3'22	Q4'21
Net Revenue	\$290.6	\$285.7	\$247.9
Gross Margin	56.2%	58.6%	57.2%
Operating Expenses	\$122.2	\$115.5	\$112.4
Interest and Other Expense, Net	\$(0.4)	\$(7.4)	\$(0.9)
Tax Rate	23.7%	36.3%	1.1%
Net Income	\$31.1	\$28.4	\$28.2
Diluted Earnings Per Share	\$0.38	\$0.35	\$0.35

# Q4'22 Non-GAAP Financial Results\*

\$M	Q4'22	Q3'22	Q4'21
Net Revenue (GAAP)	\$290.6	\$285.7	\$247.9
Non-GAAP Gross Margin	59.6%	62.0%	61.7%
Non-GAAP Operating Expenses	\$78.5	\$80.4	\$75.9
Non-GAAP Interest and Other Expense, Net	\$(0.4)	\$(7.3)	\$(2.8)
Non-GAAP Tax Rate	6.0%	6.0%	6.0%
Non-GAAP Net Income	\$88.5	\$84.1	\$69.7
Non-GAAP Diluted Earnings Per Share	\$1.07	\$1.05	\$0.86

\*Amounts are non-GAAP except for Net Revenue; refer to reconciliation between non-GAAP and GAAP in the appendix.



# Q4'22 Balance Sheet

\$M			
Assets	Q4'22	Q3'22	Q4'21
Cash and cash equivalents	\$187.4	\$181.5	\$130.6
Accounts receivable	\$171.0	\$178.1	\$119.7
Short-term investments	\$18.5	\$18.6	\$—
Inventory	\$160.5	\$166.0	\$131.7
Other current assets	\$25.7	\$18.9	\$22.1
Total current assets	\$563.1	\$563.0	\$404.1
Net PP&E	\$79.0	\$67.1	\$60.9
Other assets	\$537.9	\$552.6	\$585.4
Total assets	\$1,180.0	\$1,182.7	\$1,050.4
Liabilities & Stockholders' Equity			
Total current liabilities	\$341.1	\$351.3	\$207.4
Long-term debt	\$121.8	\$171.6	\$306.2
Other liabilities	\$40.8	\$43.9	\$47.6
Total liabilities	\$503.6	\$566.8	\$561.2
Stockholders' equity	\$676.4	\$615.9	\$489.2
Total liabilities and equity	\$1,180.0	\$1,182.7	\$1,050.4

# Q1'23 Guidance

\$M, shares in M	GAAP	Non-GAAP*
Revenue	\$240 - \$260	\$240 - \$260
Gross Margin	55.0% - 58.0%	59.0% - 62.0%
Operating Expenses	\$113 - \$119	\$80 - \$86
Interest and Other Income (Expense), Net	\$(4.0)	\$(4.0)
Fully Diluted Share Count	81 - 83	81 - 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, (vi) professional fees and settlement costs related to IP and commercial litigation matters, and (vii) 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.



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# Appendix

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# Q4'22 GAAP to Non-GAAP Reconciliation

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

	Three Months Ended		
	December 31, 2022	September 30, 2022	December 31, 2021
GAAP gross profit	\$ 163,340	\$ 167,488	\$ 141,777
Stock-based compensation	222	188	152
Performance based equity	175	136	137
Amortization of purchased intangible assets	9,325	9,332	10,759
Non-GAAP gross profit	<u>173,062</u>	<u>177,144</u>	<u>152,825</u>
GAAP R&D expenses	73,724	76,437	73,320
Stock based compensation	(10,341)	(10,635)	(8,243)
Performance based equity	(8,205)	(7,690)	(8,224)
Research and development funded by others	(2,000)	(1,000)	(2,000)
Acquisition and integration costs	—	—	(25)
Non-GAAP R&D expenses	<u>53,178</u>	<u>57,112</u>	<u>54,828</u>
GAAP SG&A expenses	44,472	38,472	39,120
Stock based compensation	(12,988)	(9,308)	(8,020)
Performance based equity	(3,791)	(3,043)	(3,934)
Amortization of purchased intangible assets	(1,312)	(1,541)	(5,928)
Acquisition and integration costs	(1,069)	(1,278)	(192)
Non-GAAP SG&A expenses	<u>25,312</u>	<u>23,302</u>	<u>21,046</u>

# Q4'22 GAAP to Non-GAAP Reconciliation

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

	<b>Three Months Ended</b>		
	<b>December 31, 2022</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>
GAAP impairment losses	2,811	—	—
Impairment losses	(2,811)	—	—
Non-GAAP impairment losses	—	—	—
GAAP restructuring expenses	1,172	631	—
Restructuring charges	(1,172)	(631)	—
Non-GAAP restructuring expenses	—	—	—
GAAP income from operations	41,161	51,948	29,337
Total non-GAAP adjustments	53,411	44,782	47,614
Non-GAAP income from operations	94,572	96,730	76,951
GAAP interest and other income (expense), net	(448)	(7,354)	(858)
Non-recurring interest and other income (expense), net	59	58	(1,893)
Non-GAAP interest and other income (expense), net	(389)	(7,296)	(2,751)

# Q4'22 GAAP to Non-GAAP Reconciliation

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

	Three Months Ended		
	December 31, 2022	September 30, 2022	December 31, 2021
GAAP income before income taxes	\$ 40,713	\$ 44,594	\$ 28,479
Total non-GAAP adjustments before income taxes	53,470	44,840	45,721
Non-GAAP income before income taxes	94,183	89,434	74,200
GAAP income tax provision	9,633	16,186	303
Adjustment for non-cash tax benefits/expenses	(3,982)	(10,820)	4,149
Non-GAAP income tax provision	5,651	5,366	4,452
GAAP net income	31,080	28,408	28,176
Total non-GAAP adjustments before income taxes	53,470	44,840	45,721
Total tax adjustments	(3,982)	(10,820)	4,149
Non-GAAP net income	\$ 88,532	\$ 84,068	\$ 69,748
Shares used in computing non-GAAP basic net income per share	78,649	78,436	76,755
Shares used in computing non-GAAP diluted net income per share	82,406	80,060	81,567
Non-GAAP basic net income per share	\$ 1.13	\$ 1.07	\$ 0.91
Non-GAAP diluted net income per share	\$ 1.07	\$ 1.05	\$ 0.86

# 2022 GAAP to Non-GAAP Reconciliation

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

	Year Ended	
	December 31, 2022	December 31, 2021
GAAP gross profit	\$ 649,769	\$ 495,832
Stock-based compensation	735	620
Performance based equity	569	469
Amortization of purchased intangible assets	39,288	42,992
Non-GAAP gross profit	690,361	539,913
GAAP R&D expenses	296,442	278,440
Stock based compensation	(40,635)	(30,364)
Performance based equity	(28,463)	(27,713)
Acquisition and integration costs	(2,200)	(5,800)
Depreciation of fixed asset fair value adjustments	—	(155)
Non-GAAP R&D expenses	225,144	214,408
GAAP SG&A expenses	168,008	149,943
Stock based compensation	(40,335)	(28,374)
Performance based equity	(11,610)	(12,301)
Amortization of purchased intangible assets	(11,955)	(23,625)
Restricted merger proceeds and contingent consideration	(8,711)	(1,913)
Depreciation of fixed asset fair value adjustments	—	(11)
Non-GAAP SG&A expenses	95,397	83,719

# 2022 GAAP to Non-GAAP Reconciliation

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

	Year Ended	
	December 31, 2022	December 31, 2021
GAAP impairment losses	2,811	—
Impairment losses	(2,811)	—
Non-GAAP impairment losses	—	—
GAAP restructuring expenses	2,265	2,204
Restructuring charges	(2,265)	(2,204)
Non-GAAP restructuring expenses	—	—
GAAP income from operations	180,243	65,245
Total non-GAAP adjustments	189,577	176,541
Non-GAAP income from operations	369,820	241,786
GAAP loss on extinguishment of debt	—	(5,221)
Loss on extinguishment of debt	—	5,221
Non-GAAP loss on extinguishment of debt	—	—
GAAP interest and other income (expense), net	(6,045)	(12,154)
Non-recurring interest and other income (expense), net	241	(1,377)
Non-GAAP interest and other income (expense), net	(5,804)	(13,531)



# 2022 GAAP to Non-GAAP Reconciliation

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

	Year Ended	
	December 31, 2022	December 31, 2021
GAAP income before income taxes	\$ 174,198	\$ 47,870
Total non-GAAP adjustments before income taxes	189,818	180,385
Non-GAAP income before income taxes	<u>364,016</u>	<u>228,255</u>
GAAP income tax provision	49,158	5,901
Adjustment for non-cash tax benefits/expenses	(27,317)	7,794
Non-GAAP income tax provision	<u>21,841</u>	<u>13,695</u>
GAAP net income	125,040	41,969
Total non-GAAP adjustments before income taxes	189,818	180,385
Total tax adjustments	(27,317)	7,794
Non-GAAP net income	<u>\$ 342,175</u>	<u>\$ 214,560</u>
Shares used in computing non-GAAP basic net income per share	<u>78,039</u>	<u>76,037</u>
Shares used in computing non-GAAP diluted net income per share	<u>80,852</u>	<u>79,679</u>
Non-GAAP basic net income per share	<u>\$ 4.38</u>	<u>\$ 2.82</u>
Non-GAAP diluted net income per share	<u>\$ 4.23</u>	<u>\$ 2.69</u>



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Thank You

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