



MAXLINEAR

# MaxLinear Q1'23 Earnings

April 26, 2023

ENVISIONING • EMPOWERING • EXCELLING

## 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, statements relating to financing of the acquisition and our expected financial performance for the second 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, the potential for not obtaining antitrust approval for our proposed 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 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 March 31, 2023. All forward-looking statements are based on the estimates, projections and assumptions of management as of April 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.

## 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) impairment losses, and (vii) 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.

# Q1'23 Financial Highlights

- Revenue of \$248.4 million
- GAAP and Non-GAAP gross margin was 56.5% and 60.3%
- GAAP and Non-GAAP operating margin was 11.0% and 27.8%
- GAAP and Non-GAAP earnings per share was \$0.12 and \$0.74
- Cash generated from operations was approximately \$42 million

# Q1'23 Business Highlights

- Infrastructure revenue up 46% sequentially, and 40% year-over-year in Q1 driven by the expanding roll-out of multi-band millimeter wave and microwave backhaul platform solutions
- Industrial and multi-market revenue up 50% year-over-year in Q1
- Connectivity up 10% year-over-year in Q1
- Strong design win activity in fiber access, Wi-Fi, and wireless infrastructure

# Q1'23 Update on Acquisition of Silicon Motion

- Closing expected in the second or third quarter of 2023, subject to customary closing conditions, including antitrust approvals
- Waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (HSR) expired on June 27, 2022; HSR re-filing required if transaction closes after June 27, 2023
- Filed simplified filing with China's State Administration for Market Regulation (SAMR) on July 6 and subsequently refiled under normal procedures; SAMR review is ongoing
- Shareholders approved merger on August 31 (no approval required by MaxLinear stockholders)
- Debt financing is committed, subject to customary closing conditions; we are focused on optimizing structure

# Q1'23 GAAP Financial Results

\$M	Q1'23	Q4'22	Q1'22
Net Revenue	\$248.4	\$290.6	\$263.9
Gross Margin	56.5%	56.2%	58.6%
Operating Expenses	\$113.0	\$122.2	\$106.5
Interest and Other Expense, Net	\$(2.2)	\$(0.4)	\$(3.1)
Tax Rate	62.0%	23.7%	25.4%
Net Income	\$9.5	\$31.1	\$33.6
Diluted Earnings Per Share	\$0.12	\$0.38	\$0.42

# Q1'23 Non-GAAP Financial Results

<b>\$M</b>	<b>Q1'23</b>	<b>Q4'22</b>	<b>Q1'22</b>
Net Revenue (GAAP)	\$248.4	\$290.6	\$263.9
Non-GAAP Gross Margin	60.3%	59.6%	62.8%
Non-GAAP Operating Expenses	\$80.8	\$78.5	\$77.3
Non-GAAP Interest and Other Expense, Net	\$(2.1)	\$(0.4)	\$(3.0)
Non-GAAP Tax Rate	10.0 %	6.0 %	6.0 %
Non-GAAP Net Income	\$60.4	\$88.5	\$80.2
Non-GAAP Diluted Earnings Per Share	\$0.74	\$1.07	\$1.00



# Q1'23 Balance Sheet

<b>\$M</b>			
<b>Assets</b>	<b>Q1'23</b>	<b>Q4'22</b>	<b>Q1'22</b>
Cash and cash equivalents	\$207.9	\$187.4	\$151.1
Accounts receivable	\$188.7	\$171.0	\$125.7
Short-term investments	\$18.7	\$18.5	\$19.1
Inventory	\$149.6	\$160.5	\$139.0
Other current assets	\$28.7	\$25.7	\$19.7
<b>Total current assets</b>	<b>\$593.6</b>	<b>\$563.1</b>	<b>\$454.6</b>
Net PP&E	\$77.7	\$79.0	\$60.0
Other assets	\$527.2	\$537.9	\$584.5
<b>Total assets</b>	<b>\$1,198.5</b>	<b>\$1,180.0</b>	<b>\$1,099.1</b>
<b>Liabilities &amp; Stockholders' Equity</b>			
Total current liabilities	\$300.2	\$341.1	\$234.8
Long-term debt	\$121.9	\$121.8	\$286.3
Other liabilities	\$42.3	\$40.8	\$50.2
<b>Total liabilities</b>	<b>\$464.4</b>	<b>\$503.6</b>	<b>\$571.3</b>
Stockholders' equity	\$734.1	\$676.4	\$527.8
<b>Total liabilities and equity</b>	<b>\$1,198.5</b>	<b>\$1,180.0</b>	<b>\$1,099.1</b>

# Q2'23 Guidance

\$M, shares in M	GAAP	Non-GAAP
Revenue	\$175 - \$205	\$175 - \$205
Gross Margin	54.5% - 57.5%	59.5% - 62.5%
Operating Expenses	\$110 - \$116	\$79 - \$85
Interest and Other Income (Expense), Net	\$4.0	\$4.0
Fully Diluted Share Count	81.5 - 82.5	81.5 - 82.5

\* 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, 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.



MAXLINEAR

# Appendix

ENVISIONING • EMPOWERING • EXCELLING

# GAAP to Non-GAAP Reconciliation

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

	<b>Three Months Ended</b>		
	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
GAAP gross profit	\$ 140,307	\$ 163,340	\$ 154,590
Stock-based compensation	210	222	163
Performance based equity	91	175	112
Amortization of purchased intangible assets	9,321	9,325	10,811
Non-GAAP gross profit	<u>149,929</u>	<u>173,062</u>	<u>165,676</u>
GAAP R&D expenses	67,291	73,724	65,886
Stock based compensation	(11,455)	(10,341)	(9,676)
Performance based equity	(3,635)	(8,205)	(5,337)
Research and development funded by others	(1,000)	(2,000)	2,800
Non-GAAP R&D expenses	<u>51,201</u>	<u>53,178</u>	<u>53,673</u>
GAAP SG&A expenses	38,653	44,472	40,577
Stock based compensation	(4,784)	(12,988)	(8,715)
Performance based equity	(1,744)	(3,791)	(2,068)
Amortization of purchased intangible assets	(928)	(1,312)	(6,176)
Acquisition and integration costs	(1,601)	(1,069)	5
Non-GAAP SG&A expenses	<u>29,596</u>	<u>25,312</u>	<u>23,623</u>

# GAAP to Non-GAAP Reconciliation

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

	<b>Three Months Ended</b>		
	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
GAAP impairment losses	2,438	2,811	—
Impairment losses	(2,438)	(2,811)	—
Non-GAAP impairment losses	—	—	—
GAAP restructuring expenses	4,648	1,172	—
Restructuring charges	(4,648)	(1,172)	—
Non-GAAP restructuring expenses	—	—	—
GAAP income from operations	27,277	41,161	48,127
Total non-GAAP adjustments	41,855	53,411	40,253
Non-GAAP income from operations	69,132	94,572	88,380
GAAP interest and other income (expense), net	(2,178)	(448)	(3,088)
Non-recurring interest and other income (expense), net	111	59	68
Non-GAAP interest and other income (expense), net	(2,067)	(389)	(3,020)

# GAAP to Non-GAAP Reconciliation

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

	Three Months Ended		
	March 31, 2023	December 31, 2022	March 31, 2022
GAAP income before income taxes	\$ 25,099	\$ 40,713	\$ 45,039
Total non-GAAP adjustments before income taxes	41,966	53,470	40,321
Non-GAAP income before income taxes	67,065	94,183	85,360
GAAP income tax provision	15,566	9,633	11,453
Adjustment for non-cash tax benefits/expenses	(8,859)	(3,982)	(6,331)
Non-GAAP income tax provision	6,707	5,651	5,122
GAAP net income	9,533	31,080	33,586
Total non-GAAP adjustments before income taxes	41,966	53,470	40,321
Total tax adjustments	(8,859)	(3,982)	(6,331)
Non-GAAP net income	\$ 60,358	\$ 88,532	\$ 80,238
Shares used in computing non-GAAP basic net income per share	79,471	78,649	77,192
Shares used in computing non-GAAP diluted net income per share	81,338	82,406	80,641
Non-GAAP basic net income per share	\$ 0.76	\$ 1.13	\$ 1.04
Non-GAAP diluted net income per share	\$ 0.74	\$ 1.07	\$ 1.00



MAXLINEAR

Thank You

ENVISIONING • EMPOWERING • EXCELLING