



MAXLINEAR

MaxLinear Q4'23 and FY'23 Earnings

January 31, 2024

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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 first quarter of 2024. 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 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; failure to attract and retain qualified personnel; information technology failures; any adverse impact of rising interest rates on us, our customers, and our distributors and related demand; risks related to compliance with privacy, data protection and cybersecurity laws and regulations; risks related to conforming our products to industry standards; risks related to business acquisitions and investments; costs of legal proceedings; claims of intellectual property infringement; our ability to protect our intellectual property; risks related to security vulnerabilities of our products; use of open source software in our products 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, 2023 filed with the SEC on January 31, 2024, and our Current Reports on Form 8-K. All forward-looking statements are based on the estimates, projections and assumptions of management as of January 31, 2024, 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 company's 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 incurred 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.

Q4'23 and FY'23 Financial Highlights

- Revenue of \$125.4 million for Q4 and \$693.3 million for the year
- GAAP and non-GAAP gross margin was 54.7% and 61.4% for Q4 and 55.6% and 60.8% for the year
- GAAP and non-GAAP operating margin was (33.3)% and 1.0% for Q4 and (5.5)% and 15.5% for the year
- GAAP diluted loss per share was \$(0.47) for Q4 and \$(0.91) for the year and non-GAAP diluted earnings per share was \$0.01 for Q4 and \$1.10 for the year
- Cash used in operations was \$16.6 million for Q4 and cash provided by operations was \$43.4 million for the year

Q4'23 Business Highlights

- Infrastructure revenue for Q4 was down 37% sequentially and flat versus Q4 of last year, and up 30% for the year
- Connectivity revenue for Q4 was up 26% sequentially and down 82% versus Q4 of last year, and down 55% for the year
- Broadband revenue for Q4 was flat sequentially, down 66% versus Q4 of last year, and down 59% for the year
- Industrial and multi-market revenue for Q4 was up 13% sequentially and down 25% versus Q4 of last year, and down 7% for the year
- Strong design win activity in wireless and optical datacenter network infrastructure, fiber access, Wi-Fi and Ethernet connectivity
- Announced Wi-Fi 7 SoC certification by Wi-Fi Alliance
- Launched single-port 1G Ethernet PHY family for consumer and industrial IOT applications
- Announced Puma 8, a DOCSIS 4.0 cable and gateway platform, achieves greater than 10Gbps throughput as an Ultra DOCSIS 3.1 solution

Q4'23 GAAP Financial Results

\$M	Q4'23	Q3'23	Q4'22
Net Revenue	\$125.4	\$135.5	\$290.6
Gross Margin	54.7%	54.6%	56.2%
Operating Expenses	\$110.3	\$91.8	\$122.2
Interest and Other Expense, Net	\$(0.9)	\$(23.7)	\$(0.4)
Tax Rate	9.7%	4.1%	23.7%
Net Income (Loss)	\$(38.5)	\$(39.8)	\$31.1
Diluted Earnings (Loss) Per Share	\$(0.47)	\$(0.49)	\$0.38

FY'23 GAAP Financial Results

\$M	FY'23	FY'22
Net Revenue	\$693.3	\$1,120.3
Gross Margin	55.6%	58.0%
Operating Expenses	\$423.9	\$469.5
Interest and Other Expense, Net	\$(25.6)	\$(6.0)
Tax Rate	(14.6)%	28.2%
Net Income (Loss)	\$(73.1)	\$125.0
Diluted Earnings (Loss) Per Share	\$(0.91)	\$1.55

Q4'23 Non-GAAP Financial Results

\$M	Q4'23	Q3'23	Q4'22
Net Revenue (GAAP)	\$125.4	\$135.5	\$290.6
Non-GAAP Gross Margin	61.4%	60.8%	59.6%
Non-GAAP Operating Expenses	\$75.7	\$75.1	\$78.5
Non-GAAP Interest and Other Expense, Net	\$(0.8)	\$(5.3)	\$(0.4)
Non-GAAP Tax Rate	9.9 %	10.0 %	6.0 %
Non-GAAP Net Income	\$0.4	\$1.8	\$88.5
Non-GAAP Diluted Earnings Per Share	\$0.01	\$0.02	\$1.07

FY'23 Non-GAAP Financial Results

\$M	FY'23	FY'22
Net Revenue (GAAP)	\$693.3	\$1,120.3
Non-GAAP Gross Margin	60.8%	61.6%
Non-GAAP Operating Expenses	\$314.1	\$320.5
Non-GAAP Interest and Other Expense, Net	\$(7.0)	\$(5.8)
Non-GAAP Tax Rate	10.0%	6.0%
Non-GAAP Net Income	\$90.5	\$342.2
Non-GAAP Diluted Earnings Per Share	\$1.10	\$4.23

Q4'23 Balance Sheet

\$M			
Assets	Q4'23	Q3'23	Q4'22
Cash and cash equivalents	\$187.3	\$187.0	\$187.4
Accounts receivable	\$170.6	\$158.2	\$171.0
Short-term investments	\$0.0	\$14.6	\$18.5
Inventory	\$99.9	\$114.9	\$160.5
Other current assets	\$30.2	\$33.8	\$25.7
Total current assets	\$488.0	\$508.6	\$563.1
Net PP&E	\$66.4	\$69.5	\$79.0
Other assets	\$525.8	\$525.7	\$537.9
Total assets	\$1,080.3	\$1,103.8	\$1,180.0
Liabilities & Stockholders' Equity			
Total current liabilities	\$222.1	\$232.9	\$341.1
Long-term debt	\$122.4	\$122.2	\$121.8
Other liabilities	\$49.5	\$46.0	\$40.8
Total liabilities	\$394.0	\$401.1	\$503.6
Stockholders' equity	\$686.3	\$702.7	\$676.4
Total liabilities and equity	\$1,080.3	\$1,103.8	\$1,180.0

Q1'24 Guidance

\$M, shares in M	GAAP	Non-GAAP (except for revenue)
Revenue	\$85 - \$105	\$85 - \$105
Gross Margin	50.0% - 54.0%	59.5% - 62.5%
Operating Expenses	\$115 - \$125	\$72 - \$78
Interest and Other Expense, Net	\$1.0 - \$2.0	\$1.0 - \$2.0
Fully Diluted Share Count	82.3	82.3



Appendix

GAAP to Non-GAAP Reconciliation

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

		Three Months Ended	
	December 31, 2023	September 30, 2023	December 31, 2022
GAAP gross profit	\$ 68,539	\$ 73,944	\$ 163,340
Stock-based compensation	137	170	222
Performance based equity	17	19	175
Amortization of purchased intangible assets	8,332	8,332	9,325
Non-GAAP gross profit	77,025	82,465	173,062
GAAP R&D expenses	65,250	66,306	73,724
Stock based compensation	(11,061)	(9,436)	(10,341)
Performance based equity	(1,918)	(2,288)	(8,205)
Research and development funded by others	(2,000)	(5,500)	(2,000)
Non-GAAP R&D expenses	50,271	49,082	53,178
GAAP SG&A expenses	34,384	25,402	44,472
Stock based compensation	(5,215)	4,488	(12,988)
Performance based equity	(1,324)	(999)	(3,791)
Amortization of purchased intangible assets	(591)	(653)	(1,312)
Acquisition and integration costs	(1,799)	(2,172)	(1,069)
Non-GAAP SG&A expenses	25,455	26,066	25,312

GAAP to Non-GAAP Reconciliation

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

	Three Months Ended		
	December 31, 2023	September 30, 2023	December 31, 2022
GAAP restructuring expenses	10,648	54	1,172
Restructuring charges	(10,648)	(54)	(1,172)
Non-GAAP restructuring expenses	—	—	—
GAAP income (loss) from operations	(41,743)	(17,818)	41,161
Total non-GAAP adjustments	43,042	25,135	53,411
Non-GAAP income from operations	1,299	7,317	94,572
GAAP interest and other income (expense), net	(888)	(23,700)	(448)
Non-recurring interest and other income (expense), net	54	18,395	59
Non-GAAP interest and other income (expense), net	(834)	(5,305)	(389)

GAAP to Non-GAAP Reconciliation

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

		Three Months Ended	
	December 31, 2023	September 30, 2023	December 31, 2022
GAAP income (loss) before income taxes	\$ (42,631)	\$ (41,518)	\$ 40,713
Total non-GAAP adjustments before income taxes	43,096	43,530	53,470
Non-GAAP income before income taxes	465	2,012	94,183
GAAP income tax provision (benefit)	(4,131)	(1,689)	9,633
Adjustment for non-cash tax benefits/expenses	4,177	1,891	(3,982)
Non-GAAP income tax provision	46	202	5,651
GAAP net income (loss)	(38,500)	(39,829)	31,080
Total non-GAAP adjustments before income taxes	43,096	43,530	53,470
Total tax adjustments	4,177	1,891	(3,982)
Non-GAAP net income	\$ 419	\$ 1,810	\$ 88,532
Shares used in computing non-GAAP basic net income per share	81,681	81,249	78,649
Shares used in computing non-GAAP diluted net income per share	82,681	81,968	82,406
Non-GAAP basic net income per share	\$ 0.01	\$ 0.02	\$ 1.13
Non-GAAP diluted net income per share	\$ 0.01	\$ 0.02	\$ 1.07

GAAP to Non-GAAP Reconciliation

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

	Year Ended	
	December 31, 2023	December 31, 2022
GAAP gross profit	\$ 385,663	\$ 649,769
Stock-based compensation	763	735
Performance based equity	111	569
Amortization of purchased intangible assets	35,102	39,288
Non-GAAP gross profit	421,639	690,361
GAAP R&D expenses	269,504	296,442
Stock based compensation	(44,189)	(40,635)
Performance based equity	(7,568)	(28,463)
Acquisition and integration costs	(9,500)	(2,200)
Non-GAAP R&D expenses	208,247	225,144
GAAP SG&A expenses	132,156	168,008
Stock based compensation	(10,224)	(40,335)
Performance based equity	(3,874)	(11,610)
Amortization of purchased intangible assets	(2,881)	(11,955)
Acquisition and integration costs	(9,286)	(8,711)
Non-GAAP SG&A expenses	105,891	95,397

GAAP to Non-GAAP Reconciliation

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

	Year Ended	
	December 31, 2023	December 31, 2022
GAAP impairment losses	2,438	2,811
Impairment losses	(2,438)	(2,811)
Non-GAAP impairment losses	—	—
GAAP restructuring expenses	19,786	2,265
Restructuring charges	(19,786)	(2,265)
Non-GAAP restructuring expenses	—	—
GAAP income (loss) from operations	(38,221)	180,243
Total non-GAAP adjustments	145,722	189,577
Non-GAAP income from operations	107,501	369,820
GAAP interest and other income (expense), net	(25,589)	(6,045)
Non-recurring interest and other income (expense), net	18,628	241
Non-GAAP interest and other income (expense), net	(6,961)	(5,804)

GAAP to Non-GAAP Reconciliation

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

	Year Ended	
	December 31, 2023	December 31, 2022
GAAP income (loss) before income taxes	\$ (63,810)	\$ 174,198
Total non-GAAP adjustments before income taxes	164,350	189,818
Non-GAAP income before income taxes	100,540	364,016
GAAP income tax provision	9,337	49,158
Adjustment for non-cash tax benefits/expenses	717	(27,317)
Non-GAAP income tax provision	10,054	21,841
GAAP net income (loss)	(73,147)	125,040
Total non-GAAP adjustments before income taxes	164,350	189,818
Total tax adjustments	717	(27,317)
Non-GAAP net income	\$ 90,486	\$ 342,175
Shares used in computing non-GAAP basic net income per share	80,719	78,039
Shares used in computing non-GAAP diluted net income per share	81,929	80,852
Non-GAAP basic net income per share	\$ 1.12	\$ 4.38
Non-GAAP diluted net income per share	\$ 1.10	\$ 4.23

GAAP to Non-GAAP Reconciliation

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

	December 31, 2023	Three Months Ended September 30, 2023	December 31, 2022
GAAP gross margin	54.7 %	54.6 %	56.2 %
Stock-based compensation	0.1 %	0.1 %	0.1 %
Performance based equity	— %	— %	0.1 %
Amortization of purchased intangible assets	6.7 %	6.2 %	3.2 %
Non-GAAP gross margin	61.4 %	60.8 %	59.6 %
GAAP operating margin	(33.3)%	(13.2)%	14.2 %
Total non-GAAP adjustments	34.3 %	18.6 %	18.4 %
Non-GAAP operating margin	1.0 %	5.4 %	32.5 %

GAAP to Non-GAAP Reconciliation

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

	Year Ended	
	December 31, 2023	December 31, 2022
GAAP gross margin	55.6 %	58.0 %
Stock-based compensation	0.1 %	0.1 %
Performance based equity	— %	0.1 %
Amortization of purchased intangible assets	5.1 %	3.5 %
Non-GAAP gross margin	60.8 %	61.6 %
GAAP operating margin	(5.5)%	16.1 %
Total non-GAAP adjustments	21.0 %	16.9 %
Non-GAAP operating margin	15.5 %	33.0 %



Thank You