



MAXLINEAR

# MaxLinear Q3'22 Earnings

October 2022

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: anticipated Wi-Fi revenue growth, anticipated closing date of proposed acquisition of Silicon Motion and expected financial performance for the fourth quarter of 2022. 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; intense competition in our industry; increasing supply chain risks within our industry, including increases in shipping and material costs and substantial shipping delays resulting in extended lead-times; inflation trends in our supply chain and in the global economy generally; uncertainties concerning the outcome of global trade negotiations, export control regulations and any changes thereof, and heightened geopolitical risks generally; our dependence on a limited number of customers for a substantial portion of our revenues; potential decreases in average selling prices for our products; our ability to develop and introduce new and enhanced products on a timely basis and achieve market acceptance of those products, particularly as we seek to expand outside of our historic markets; potential uncertainties arising from continued consolidation among cable television and satellite operators in our target markets and continued consolidation among competitors within the semiconductor industry generally; uncertainties concerning how end user markets for our products will develop, including in particular markets we have entered more recently such as broadband, Wi-Fi and 5G wireless and fiber-optic data center high-speed interconnect infrastructure markets but also existing markets; the impact of our indebtedness and limitations on our operating flexibility based on financial and operating covenants in the applicable term loan agreements, including (without limitation) debt covenant restrictions that may limit our ability to obtain additional financing, granting liens, undergoing certain fundamental changes, or making investments or certain restricted payments, and selling assets; risks relating to intellectual property protection and the prevalence of intellectual property litigation in our industry; our reliance on a limited number of third party manufacturers; the impact of the COVID-19 pandemic; and our lack of long-term supply contracts and dependence on limited sources of supply. 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, 2021 filed with the SEC on February 2, 2022, and our Current Reports on Form 8-K, as well as the information to be set forth under the caption "Risk Factors" in MaxLinear's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022. All forward-looking statements are based on the estimates, projections and assumptions of management as of October 25, 2022, 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. 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.

# Q3'22 Financial Highlights

- Revenue of \$285.7 million, an increase of 24% YoY and an increase of 2% QoQ
- GAAP and Non-GAAP gross margin was 58.6% and 62.0%
- GAAP and Non-GAAP operating margin was 18.2% and 33.9%
- GAAP and Non-GAAP earnings per share was \$0.35 and \$1.05
- Cash generated from operations was approximately \$62 million

# Q3'22 Business Highlights

- Strong growth in WiFi coupled with solid progress in fiber broadband access, 5G wireless infrastructure, and Ethernet
- WiFi revenue more than tripled year over year, and expected to reach \$200m+ in 2023
- Announced industry-first single-SoC WiFi7 solution, targeting service provider gateways, Wi-Fi routers, and access points
- Announced newest generation of AnyWAN broadband SoCs that supports multiple access technologies in a single solution, including fiber, copper, DOCSIS, fixed wireless access, and Ethernet.
- Announced the availability of Panther III, the latest in our Panther series of storage accelerators

# Q3'22 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
- Silicon Motion securityholders 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

# Q3'22 GAAP Financial Results

\$M	Q3'22	Q2'22	Q3'21
Net Revenue	\$285.7	\$280.0	\$229.8
Gross Margin	58.6%	58.7%	56.5%
Operating Expenses	\$115.5	\$125.3	\$106.0
Interest and Other Income (Expense), Net	\$(7.4)	\$4.8	\$(2.7)
Tax Rate	36.3%	27.1%	56.0%
Net Income	\$28.4	\$32.0	\$9.3
Diluted Earnings Per Share	\$0.35	\$0.40	\$0.12

# Q3'22 Non-GAAP Financial Results

\$M	Q3'22	Q2'22	Q3'21
Net Revenue (GAAP)	\$285.7	\$280.0	\$229.8
Non-GAAP Gross Margin	62.0%	62.3%	61.3%
Non-GAAP Operating Expenses	\$80.4	\$84.3	\$74.4
Non-GAAP Interest and Other Income (Expense), Net	\$(7.3)	\$4.9	\$(2.7)
Non-GAAP Tax Rate	6.0%	6.0%	6.0%
Non-GAAP Net Income	\$84.1	\$89.3	\$59.9
Non-GAAP Diluted Earnings Per Share	\$1.05	\$1.11	\$0.75



# Q3'22 Balance Sheet

\$M			
Assets	Q3'22	Q2'22	Q3'21
Cash and cash equivalents	\$181.5	\$211.4	\$169.4
Accounts receivable	\$178.1	\$137.1	\$106.9
Short-term investments	\$18.6	\$23.9	\$—
Inventory	\$166.0	\$146.4	\$127.3
Other current assets	\$18.9	\$19.9	\$14.6
Total current assets	\$563.0	\$538.6	\$418.3
Net PP&E	\$67.1	\$64.1	\$53.0
Other assets	\$552.6	\$577.9	\$582.6
Total assets	\$1,182.7	\$1,180.7	\$1,053.9
Liabilities & Stockholders' Equity			
Total current liabilities	\$351.3	\$316.1	\$231.3
Long-term debt	\$171.6	\$246.5	\$326.0
Other liabilities	\$43.9	\$48.6	\$39.1
Total liabilities	\$566.8	\$611.1	\$596.4
Stockholders' equity	\$615.9	\$569.6	\$457.5
Total liabilities and equity	\$1,182.7	\$1,180.7	\$1,053.9

# Q4'22 Guidance

<b>\$M, shares in M</b>	<b>GAAP</b>	<b>Non-GAAP</b>
Revenue	\$285 - \$295	\$285 - \$295
Gross Margin	55.5% - 58.5%	59.0% - 62.0%
Operating Expenses	\$114 - \$120	\$77 - \$83
Interest and Other Income (Expense), Net	\$5.0	\$5.0



MAXLINEAR

# Appendix

ENVISIONING • EMPOWERING • EXCELLING

# Q3'22 GAAP to Non-GAAP Reconciliation

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

	Three Months Ended		
	September 30, 2022	June 30, 2022	September 30, 2021
GAAP gross profit	\$ 167,488	\$ 164,351	\$ 129,793
Stock-based compensation	188	162	151
Performance based equity	136	146	123
Amortization of purchased intangible assets	9,332	9,820	10,743
Non-GAAP gross profit	177,144	174,479	140,810
GAAP R&D expenses	76,437	80,395	67,538
Stock based compensation	(10,635)	(9,983)	(7,691)
Performance based equity	(7,690)	(7,231)	(6,642)
Research and development funded by others	(1,000)	(2,000)	—
Non-GAAP R&D expenses	57,112	61,181	53,205
GAAP SG&A expenses	38,472	44,487	38,469
Stock based compensation	(9,308)	(9,324)	(8,179)
Performance based equity	(3,043)	(2,708)	(3,120)
Amortization of purchased intangible assets	(1,541)	(2,926)	(5,811)
Acquisition and integration costs	(1,278)	(6,369)	(135)
Non-GAAP SG&A expenses	23,302	23,160	21,224

# Q3'22 GAAP to Non-GAAP Reconciliation

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

	September 30, 2022	Three Months Ended June 30, 2022	September 30, 2021
GAAP restructuring expenses	631	462	—
Restructuring charges	(631)	(462)	—
Non-GAAP restructuring expenses	—	—	—
GAAP income from operations	51,948	39,007	23,786
Total non-GAAP adjustments	44,782	51,131	42,595
Non-GAAP income from operations	96,730	90,138	66,381
GAAP interest and other income (expense), net	(7,354)	4,845	(2,726)
Non-recurring interest and other income (expense), net	58	56	73
Non-GAAP interest and other income (expense), net	(7,296)	4,901	(2,653)

# Q3'22 GAAP to Non-GAAP Reconciliation

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

	Three Months Ended		
	September 30, 2022	June 30, 2022	September 30, 2021
GAAP income before income taxes	\$ 44,594	\$ 43,852	\$ 21,060
Total non-GAAP adjustments before income taxes	44,840	51,187	42,668
Non-GAAP income before income taxes	89,434	95,039	63,728
GAAP income tax provision	16,186	11,886	11,802
Adjustment for non-cash tax benefits/expenses	(10,820)	(6,184)	(7,979)
Non-GAAP income tax provision	5,366	5,702	3,823
GAAP net income	28,408	31,966	9,258
Total non-GAAP adjustments before income taxes	44,840	51,187	42,668
Total tax adjustments	(10,820)	(6,184)	(7,979)
Non-GAAP net income	\$ 84,068	\$ 89,337	\$ 59,905
Shares used in computing non-GAAP basic net income per share	78,436	77,858	76,582
Shares used in computing non-GAAP diluted net income per share	80,060	80,279	79,815
Non-GAAP basic net income per share	\$ 1.07	\$ 1.15	\$ 0.78
Non-GAAP diluted net income per share	\$ 1.05	\$ 1.11	\$ 0.75



MAXLINEAR

Thank You

ENVISIONING • EMPOWERING • EXCELLING