



MAXLINEAR

MaxLinear Q2'24 Earnings

July 24, 2024

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 third quarter of 2024; our potential growth and revenue opportunities; plans regarding development and production of our technology and products; and statements regarding the functionality, performance and the benefits of use of such technologies and products. 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; costs of legal proceedings or potential violations of regulations; information technology failures; 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; substantial quarterly and annual fluctuations in our revenue and operating results; 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; 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; 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 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 Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 filed with the SEC on July 24, 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 July 24, 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 2024, which we currently intend to settle in shares of our common stock; (iii) accruals related to our performance-based bonus plan for 2023, which we settled in shares of common stock in February 2024; (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, 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.

Q2'24 Financial Highlights

- Revenue of \$92.0 million
- GAAP and non-GAAP gross margin was 54.6% and 60.2%
- GAAP and non-GAAP operating margin was (44.4)% and (21.1)%
- GAAP and non-GAAP diluted loss per share was \$(0.47) and \$(0.25)
- Cash used in operations was \$2.7 million

Q2'24 Business Highlights

- Broadband market recovery is slower than expected.
- MaxLinear taking further actions to align with market conditions
- Continued AI-related, high-speed optical interconnect design win portfolio success. Early-stage revenues have begun, with new production ramps expected to begin in the second half of 2024.
- Announced launch of 2.5G 7 and 10-port switches and 2.5G 8-port Ethernet PHYs offering a large packet buffer, low power consumption and broad feature set

Q2'24 GAAP Financial Results

\$M	Q2'24	Q1'24	Q2'23
Net Revenue	\$92.0	\$95.3	\$183.9
Gross Margin	54.6%	51.7%	55.9%
Operating Expenses	\$91.0	\$123.9	\$108.8
Interest and Other Income (Expense), Net	\$(0.5)	\$0.5	\$1.2
Tax Rate	5.0%	2.4%	8.6%
Net Loss	\$(39.3)	\$(72.3)	\$(4.4)
Diluted Loss Per Share	\$(0.47)	\$(0.88)	\$(0.05)

Q2'24 Non-GAAP Financial Results

\$M	Q2'24	Q1'24	Q2'23
Net Revenue (GAAP)	\$92.0	\$95.3	\$183.9
Non-GAAP Gross Margin	60.2%	60.6%	61.0%
Non-GAAP Operating Expenses	\$74.8	\$74.8	\$82.5
Non-GAAP Interest and Other Income (Expense), Net	\$(0.4)	\$0.6	\$1.2
Non-GAAP Tax Rate	(5.8)%	(6.1)%	10.0%
Non-GAAP Net Income (Loss)	\$(20.9)	\$(17.4)	\$27.9
Non-GAAP Net Earnings (Loss) Per Share	\$(0.25)	\$(0.21)	\$0.34

Q2'24 Balance Sheet

\$M			
Assets	Q2'24	Q1'24	Q2'23
Cash and cash equivalents	\$185.1	\$191.9	\$224.6
Accounts receivable	\$84.9	\$126.2	\$155.8
Short-term investments	\$0.0	\$0.0	\$20.5
Inventory	\$94.7	\$96.1	\$126.2
Other current assets	\$32.8	\$30.4	\$27.4
Total current assets	\$397.6	\$444.7	\$554.5
Net PP&E	\$65.4	\$68.3	\$73.8
Other assets	\$510.2	\$517.6	\$533.1
Total assets	\$973.2	\$1,030.6	\$1,161.5
Liabilities & Stockholders' Equity			
Total current liabilities	\$190.3	\$223.9	\$241.7
Long-term debt	\$122.7	\$122.5	\$122.1
Other liabilities	\$43.0	\$46.3	\$51.6
Total liabilities	\$355.9	\$392.6	\$415.4
Stockholders' equity	\$617.3	\$638.0	\$746.0
Total liabilities and equity	\$973.2	\$1,030.6	\$1,161.5

Q3'24 Guidance

\$M, shares in M	GAAP	Non-GAAP (except for revenue)
Revenue	\$70 - \$90	\$70 - \$90
Gross Margin	52.5% - 55.5%	57.0% - 60.0%
Operating Expenses	\$102 - \$108	\$70 - \$76
Interest and Other Expense, Net	\$0 - \$2.0 million	\$0 - \$2.0 million
Fully Diluted Share Count	84.1	84.1



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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		
	June 30, 2024	March 31, 2024	June 30, 2023
GAAP gross profit	\$ 50,186	\$ 49,268	\$ 102,873
Stock-based compensation	173	181	246
Performance based equity	(37)	72	(16)
Amortization of purchased intangible assets	5,089	8,221	9,117
Non-GAAP gross profit	<u>55,411</u>	<u>57,742</u>	<u>112,220</u>
GAAP R&D expenses	56,541	64,766	70,657
Stock based compensation	(10,088)	(10,441)	(12,237)
Performance based equity	1,789	(4,929)	273
Research and development funded by others	—	(1,000)	(1,000)
Non-GAAP R&D expenses	<u>48,242</u>	<u>48,396</u>	<u>57,693</u>
GAAP SG&A expenses	33,600	36,488	33,717
Stock based compensation	(7,097)	(6,439)	(4,713)
Performance based equity	722	(2,427)	193
Amortization of purchased intangible assets	(592)	(591)	(709)
Acquisition and integration costs	(102)	(664)	(3,714)
Non-GAAP SG&A expenses	<u>26,531</u>	<u>26,367</u>	<u>24,774</u>

GAAP to Non-GAAP Reconciliation

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

	Three Months Ended		
	June 30, 2024	March 31, 2024	June 30, 2023
GAAP restructuring expenses	865	22,630	4,436
Restructuring charges	(865)	(22,630)	(4,436)
Non-GAAP restructuring expenses	—	—	—
GAAP loss from operations	(40,820)	(74,616)	(5,937)
Total non-GAAP adjustments	21,458	57,595	35,690
Non-GAAP income (loss) from operations	(19,362)	(17,021)	29,753
GAAP interest and other income (expense), net	(506)	545	1,177
Non-recurring interest and other income (expense), net	65	73	68
Non-GAAP interest and other income (expense), net	(441)	618	1,245

GAAP to Non-GAAP Reconciliation

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

	Three Months Ended		
	June 30, 2024	March 31, 2024	June 30, 2023
GAAP loss before income taxes	\$ (41,326)	\$ (74,071)	\$ (4,760)
Total non-GAAP adjustments before income taxes	21,523	57,668	35,758
Non-GAAP income (loss) before income taxes	(19,803)	(16,403)	30,998
GAAP income tax benefit	(2,060)	(1,762)	(409)
Adjustment for non-cash tax benefits/expenses	3,205	2,762	3,508
Non-GAAP income tax provision	1,145	1,000	3,099
GAAP net loss	(39,266)	(72,309)	(4,351)
Total non-GAAP adjustments before income taxes	21,523	57,668	35,758
Total tax adjustments	3,205	2,762	3,508
Non-GAAP net income (loss)	\$ (20,948)	\$ (17,403)	\$ 27,899
Shares used in computing non-GAAP basic net income (loss) per share	83,477	82,349	80,446
Shares used in computing GAAP diluted net loss per share	83,477	82,349	80,446
Dilutive common stock equivalents	—	—	1,252
Shares used in computing non-GAAP diluted net income (loss) per share	83,477	82,349	81,698
Non-GAAP basic net income (loss) per share	\$ (0.25)	\$ (0.21)	\$ 0.35
Non-GAAP diluted net income (loss) per share	\$ (0.25)	\$ (0.21)	\$ 0.34

GAAP to Non-GAAP Reconciliation

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

	Six Months Ended	
	June 30, 2024	June 30, 2023
GAAP gross profit	\$ 99,454	\$ 243,180
Stock-based compensation	354	456
Performance based equity	35	75
Amortization of purchased intangible assets	13,310	18,438
Non-GAAP gross profit	113,153	262,149
GAAP R&D expenses	121,307	137,948
Stock based compensation	(20,529)	(23,692)
Performance based equity	(3,140)	(3,362)
Research and development funded by others	(1,000)	(2,000)
Non-GAAP R&D expenses	96,638	108,894
GAAP SG&A expenses	70,088	72,370
Stock based compensation	(13,536)	(9,497)
Performance based equity	(1,705)	(1,551)
Amortization of purchased intangible assets	(1,183)	(1,637)
Acquisition and integration costs	(766)	(5,315)
Non-GAAP SG&A expenses	52,898	54,370

GAAP to Non-GAAP Reconciliation

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

	Six Months Ended	
	June 30, 2024	June 30, 2023
GAAP impairment losses	—	2,438
Impairment losses	—	(2,438)
Non-GAAP impairment losses	—	—
GAAP restructuring expenses	23,495	9,084
Restructuring charges	(23,495)	(9,084)
Non-GAAP restructuring expenses	—	—
GAAP income (loss) from operations	(115,436)	21,340
Total non-GAAP adjustments	79,053	77,545
Non-GAAP income (loss) from operations	(36,383)	98,885
GAAP interest and other income (expense), net	39	(1,001)
Non-recurring interest and other income (expense), net	138	179
Non-GAAP interest and other income (expense), net	177	(822)

GAAP to Non-GAAP Reconciliation

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

	Six Months Ended	
	June 30, 2024	June 30, 2023
GAAP income (loss) before income taxes	\$ (115,397)	\$ 20,339
Total non-GAAP adjustments before income taxes	79,191	77,724
Non-GAAP income (loss) before income taxes	<u>(36,206)</u>	<u>98,063</u>
GAAP income tax provision (benefit)	(3,822)	15,157
Adjustment for non-cash tax benefits/expenses	5,967	(5,351)
Non-GAAP income tax provision	<u>2,145</u>	<u>9,806</u>
GAAP net income (loss)	(111,575)	5,182
Total non-GAAP adjustments before income taxes	79,191	77,724
Total tax adjustments	5,967	(5,351)
Non-GAAP net income (loss)	<u>\$ (38,351)</u>	<u>\$ 88,257</u>
Shares used in computing GAAP and non-GAAP basic net income (loss) per share	<u>82,913</u>	<u>79,961</u>
Shares used in computing GAAP and non-GAAP diluted net income (loss) per share	<u>82,913</u>	<u>81,520</u>
Non-GAAP basic net income (loss) per share	<u>\$ (0.46)</u>	<u>\$ 1.10</u>
Non-GAAP diluted net income (loss) per share	<u>\$ (0.46)</u>	<u>\$ 1.08</u>

GAAP to Non-GAAP Reconciliation

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

	Three Months Ended		
	June 30, 2024	March 31, 2024	June 30, 2023
GAAP gross margin	54.6 %	51.7 %	55.9 %
Stock-based compensation	0.2 %	0.2 %	0.1 %
Performance based equity	— %	0.1 %	— %
Amortization of purchased intangible assets	5.5 %	8.6 %	5.0 %
Non-GAAP gross margin	60.2 %	60.6 %	61.0 %
GAAP operating margin	(44.4)%	(78.3)%	(3.2)%
Total non-GAAP adjustments	23.3 %	60.5 %	19.4 %
Non-GAAP operating margin	(21.1)%	(17.9)%	16.2 %

GAAP to Non-GAAP Reconciliation

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

	Six Months Ended	
	June 30, 2024	June 30, 2023
GAAP gross margin	53.1 %	56.2 %
Stock-based compensation	0.2 %	0.1 %
Performance based equity	— %	— %
Amortization of purchased intangible assets	7.1 %	4.3 %
Non-GAAP gross margin	60.4 %	60.6 %
GAAP operating margin	(61.7)%	4.9 %
Total non-GAAP adjustments	42.2 %	17.9 %
Non-GAAP operating margin	(19.4)%	22.9 %



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Thank You