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DELTA REPORT

10-Q

MTSI - MACOM TECHNOLOGY SOLUTION

10-Q - DECEMBER 29, 2023 COMPARED TO 10-Q - JUNE 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1110
CHANGES	204
DELETIONS	311
ADDITIONS	595

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2023 December 29, 2023

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-35451

MACOM Technology Solutions Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**27-0306875**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

100 Chelmsford Street
Lowell, MA 01851
(Address of principal executive offices and zip code)
(978) 656-2500
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, par value $0.001 per share	MTSI	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 31, 2023 January 29, 2024, there were 70,987,756 72,067,141 shares of the registrant's common stock outstanding.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
FORM 10-Q
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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, in thousands)

		June 30, 2023	September 30, 2022		
	December 29, 2023			December 29, 2023	September 29, 2023
ASSETS	ASSETS				
Current assets:	Current assets:				
Current assets:					
Current assets:					
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents	Cash and cash equivalents	$ 121,520	$ 119,952		
Short-term investments	Short-term investments	466,072	466,580		
Accounts receivable, net	Accounts receivable, net	105,893	101,551		
Inventories	Inventories	139,008	114,960		

Prepaid and other current assets	Prepaid and other current assets	19,558	10,040
Total current assets	Total current assets	852,051	813,083
Property and equipment, net	Property and equipment, net	155,376	123,701
Goodwill	Goodwill	323,734	311,417
Intangible assets, net	Intangible assets, net	66,288	51,254
Deferred income taxes	Deferred income taxes	210,675	237,415
Other long-term assets	Other long-term assets	34,587	34,947
Other long-term assets			
Other long-term assets			
Total assets	Total assets	$1,642,711	$1,571,817
LIABILITIES AND STOCKHOLDERS' EQUITY	LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:	Current liabilities:		
Current portion of long-term debt		$ 120,307	$ —
Current liabilities:			
Current liabilities:			
Current portion of finance lease obligations			
Current portion of finance lease obligations			
Current portion of finance lease obligations	Current portion of finance lease obligations	4,935	1,006
Accounts payable	Accounts payable	27,409	30,733
Accrued liabilities	Accrued liabilities	57,986	65,475
Total current liabilities	Total current liabilities	210,637	97,214
Long-term debt, less current portion		446,848	565,920
Finance lease obligations, less current portion	Finance lease obligations, less current portion	32,081	27,032
Financing obligation	Financing obligation	9,371	9,544
Long-term debt			
Other long-term liabilities	Other long-term liabilities	29,066	29,359
Total liabilities	Total liabilities	728,003	729,069
Commitments and contingencies (see Note 12)	Commitments and contingencies (see Note 12)		
Stockholders’ equity:	Stockholders’ equity:		
Stockholders’ equity:			
Stockholders’ equity:			
Common stock			
Common stock			
Common stock	Common stock	71	70

Treasury stock, at cost	Treasury stock, at cost	(330)	(330)
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(2,883)	(5,851)
Additional paid-in capital	Additional paid-in capital	1,205,009	1,203,145
Accumulated deficit	Accumulated deficit	(287,159)	(354,286)
Total stockholders' equity	Total stockholders' equity	914,708	842,748
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$1,642,711	$1,571,817

See notes to condensed consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in thousands, except per share data)

		Three Months Ended		Nine Months Ended	
		June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
Revenue	Revenue	$ 148,522	$ 172,259	$ 498,032	$ 497,027
Revenue					
Revenue					
Cost of revenue					
Cost of revenue					
Cost of revenue	Cost of revenue	62,396	67,717	198,861	199,353
Gross profit	Gross profit	86,126	104,542	299,171	297,674
Gross profit					
Gross profit					
Operating expenses:					
Operating expenses:					
Operating expenses:	Operating expenses:				
Research and development	Research and development	36,668	37,625	111,037	108,550
Research and development					
Research and development					
Selling, general and administrative					
Selling, general and administrative					
Selling, general and administrative	Selling, general and administrative	32,152	30,914	96,341	93,481
Total operating expenses	Total operating expenses	68,820	68,539	207,378	202,031
Total operating expenses					
Total operating expenses					
Income from operations					
Income from operations					
Income from operations	Income from operations	17,306	36,003	91,793	95,643

Other income (expense):	Other income (expense):				
Interest income (expense), net		2,344	(845)	4,580	(3,928)
Other (expense) income, net		(29)	13	(207)	114,866
Total other income (expense), net		2,315	(832)	4,373	110,938
Other income (expense):					
Other income (expense):					
Interest income					
Interest income					
Interest income					
Interest expense					
Interest expense					
Interest expense					
Other expense, net					
Other expense, net					
Other expense, net					
Total other income					
Total other income					
Total other income					
Income before income taxes					
Income before income taxes					
Income before income taxes	Income before income taxes	19,621	35,171	96,166	206,581
Income tax expense	Income tax expense	7,768	2,937	29,039	5,962
Income tax expense					
Income tax expense					
Net income					
Net income					
Net income	Net income	$ 11,853	$ 32,234	$ 67,127	$ 200,619
Net income per share:	Net income per share:				
Net income per share:					
Net income per share:					
Income per share - Basic					
Income per share - Basic					
Income per share - Basic	Income per share - Basic	$ 0.17	$ 0.46	$ 0.95	$ 2.88
Income per share - Diluted	Income per share - Diluted	$ 0.17	$ 0.45	$ 0.94	$ 2.82
Income per share - Diluted					
Income per share - Diluted					
Weighted average shares used:					
Weighted average shares used:					
Weighted average shares used:	Weighted average shares used:				
Basic	Basic	70,937	69,946	70,739	69,712
Basic					
Basic					
Diluted	Diluted	71,408	71,060	71,395	71,130
Diluted					
Diluted					

See notes to condensed consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited, in thousands)

	Three Months Ended		Nine Months Ended	
	June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
Net income	$ 11,853	$ 32,234	$ 67,127	$ 200,619
Unrealized (loss) gain on short term investments, net of tax	(409)	(1,219)	2,971	(4,171)
Foreign currency translation loss, net of tax	(1,041)	(1,742)	(3)	(2,745)
Other comprehensive (loss) income, net of tax	(1,450)	(2,961)	2,968	(6,916)
Total comprehensive income	$ 10,403	$ 29,273	$ 70,095	$ 193,703

	Three Months Ended	
	December 29, 2023	December 30, 2022
Net income	$ 12,526	$ 29,519
Unrealized gain on short term investments, net of tax	1,295	2,547
Foreign currency translation gain, net of tax	1,944	737
Other comprehensive income, net of tax	3,239	3,284
Total comprehensive income	$ 15,765	$ 32,803

See notes to condensed consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited, in thousands)

Three Months Ended December 29, 2023

Three Months E							
2							
Common Stock		Treasury Stock	Accumulated Other Comprehensive	Additional Paid-in	Accumulated	St	
Shares	Amount	Shares	(Loss) Income	Capital	Deficit		

		Three Months Ended							
		Common Stock		Treasury Stock		Accumulated Other Comprehensive	Additional Paid-in	Accumulated	Total Stockholders'
		Shares	Amount	Shares	Amount	Income	Capital	Deficit	Equity
Balance as of March 31, 2023		70,897	$ 71	(23)	$ (330)	$ (1,433)	$1,194,719	$ (299,012)	$ 894,015
Balance as of September 29, 2023									
Stock option exercises									
Vesting of restricted common stock and units	Vesting of restricted common stock and units	66	—	—	—	—	—	—	—
Issuance of common stock pursuant to employee stock purchase plan	Issuance of common stock pursuant to employee stock purchase plan	69	—	—	—	—	3,254	—	3,254

		Common Stock Shares	Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Accumulated Other Comprehensive Income	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
Shares repurchased for tax withholdings on restricted stock awards	Shares repurchased for tax withholdings on restricted stock awards	(21)	—	—	—	—	(1,226)	—	(1,226)
Share-based compensation	Share-based compensation	—	—	—	—	—	8,262	—	8,262
Other comprehensive loss, net of tax		—	—	—	—	(1,450)	—	—	(1,450)
Issuance of common stock as consideration for acquisition									
Other comprehensive income, net of tax									
Net income	Net income	—	—	—	—	—	—	11,853	11,853
Balance as of June 30, 2023		71,011	$ 71	(23)	$ (330)	$ (2,883)	$1,205,009	$ (287,159)	$ 914,708
Net income									
Net income									
Balance as of December 29, 2023									

	Nine Months Ended							
	Common Stock		Treasury Stock		Accumulated Other Comprehensive	Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Income	Capital	Deficit	Equity
Balance as of September 30, 2022	70,022	$ 70	(23)	$ (330)	$ (5,851)	$ 1,203,145	$ (354,286)	$ 842,748
Vesting of restricted common stock and units	1,404	1	—	—	—	—	—	1
Issuance of common stock pursuant to employee stock purchase plan	121	—	—	—	—	5,574	—	5,574
Shares repurchased for tax withholdings on equity awards	(536)	—	—	—	—	(32,479)	—	(32,479)
Share-based compensation	—	—	—	—	—	28,769	—	28,769
Other comprehensive income, net of tax	—	—	—	—	2,968	—	—	2,968
Net income	—	—	—	—	—	—	67,127	67,127
Balance as of June 30, 2023	71,011	$ 71	(23)	$ (330)	$ (2,883)	$ 1,205,009	$ (287,159)	$ 914,708

See notes to condensed consolidated financial statements.

	Three Months Ended December 30, 2022							
	Common Stock		Treasury Stock		Accumulated Other Comprehensive (Loss)	Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Income	Capital	Deficit	Equity
Balance as of September 30, 2022	70,022	$ 70	(23)	$ (330)	$ (5,851)	$ 1,203,145	$ (354,286)	$ 842,748
Vesting of restricted common stock and units	1,126	1	—	—	—	—	—	1
Issuance of common stock pursuant to employee stock purchase plan	52	—	—	—	—	2,320	—	2,320

Shares repurchased for tax withholdings on equity awards	(443)	—	—	—	—	(26,375)	—	(26,375)
Share-based compensation	—	—	—	—	—	11,047	—	11,047
Other comprehensive income, net of tax	—	—	—	—	3,284	—	—	3,284
Net income	—	—	—	—	—	—	29,519	29,519
Balance as of December 30, 2022	70,757	$ 71	(23)	$ (330)	$ (2,567)	$ 1,190,137	$ (324,767)	$ 862,544

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited, in thousands)

	Three Months Ended							
	Common Stock		Treasury Stock		Accumulated Other Comprehensive Income	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of April 1, 2022	69,910	$ 70	(23)	$ (330)	$ 195	$ 1,180,204	$ (625,856)	$ 554,283
Vesting of restricted common stock and units	67	—	—	—	—	—	—	—
Issuance of common stock pursuant to employee stock purchase plan	66	—	—	—	—	2,917	—	2,917
Shares repurchased for tax withholdings on equity awards	(23)	—	—	—	—	(1,178)	—	(1,178)
Share-based compensation	—	—	—	—	—	10,345	—	10,345
Other comprehensive loss, net of tax	—	—	—	—	(2,961)	—	—	(2,961)
Net income	—	—	—	—	—	—	32,234	32,234
Balance as of July 1, 2022	70,020	$ 70	(23)	$ (330)	$ (2,766)	$ 1,192,288	$ (593,622)	$ 595,640

	Nine Months Ended							
	Common Stock		Treasury Stock		Accumulated Other Comprehensive Income	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of October 1, 2021	68,877	$ 69	(23)	$ (330)	$ 4,150	$ 1,269,601	$ (801,754)	$ 471,736
Stock option exercises	190	—	—	—	—	2,688	—	2,688
Vesting of restricted common stock and units	1,351	1	—	—	—	—	—	1
Issuance of common stock pursuant to employee stock purchase plan	122	—	—	—	—	5,364	—	5,364
Shares repurchased for tax withholdings on equity awards	(520)	—	—	—	—	(35,935)	—	(35,935)
Share-based compensation	—	—	—	—	—	30,260	—	30,260
Other comprehensive loss, net of tax	—	—	—	—	(6,916)	—	—	(6,916)
Cumulative-effect adjustment from adoption of ASU 2020-06	—	—	—	—	—	(79,690)	7,513	(72,177)
Net income	—	—	—	—	—	—	200,619	200,619
Balance as of July 1, 2022	70,020	$ 70	(23)	$ (330)	$ (2,766)	$ 1,192,288	$ (593,622)	$ 595,640

See notes to condensed consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in thousands)

	Nine Months Ended		Three Months Ended	
	June 30, 2023	July 1, 2022	December 29, 2023	December 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	Net income	$ 67,127	$ 200,619
Net income			
Net income			
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and intangibles amortization			
Depreciation and intangibles amortization			
Depreciation and intangibles amortization	Depreciation and intangibles amortization	38,415	43,052
Share-based compensation	Share-based compensation	28,769	30,260
Deferred income taxes	Deferred income taxes	27,431	2,110
Amortization on marketable securities, net		(8,627)	790
Gain on equity method investment, net		—	(114,908)
Deferred income taxes			
Deferred income taxes			
Other adjustments, net			
Other adjustments, net			
Other adjustments, net	Other adjustments, net	3,345	406
Change in operating assets and liabilities:	Change in operating assets and liabilities:		
Accounts receivable			
Accounts receivable			
Accounts receivable	Accounts receivable	(2,387)	(22,024)
Inventories	Inventories	(12,208)	(27,529)
Prepaid expenses and other assets	Prepaid expenses and other assets	(2,923)	897
Accounts payable	Accounts payable	(4,135)	14,128
Accrued and other liabilities	Accrued and other liabilities	(16,607)	(12,657)
Income taxes	Income taxes	(1,637)	1,845
Net cash provided by operating activities	Net cash provided by operating activities	116,563	116,989
CASH FLOWS FROM INVESTING ACTIVITIES:	CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of businesses, net of cash acquired		(87,692)	—
Proceeds from sale of equity method investment		—	127,750

Acquisition of a business

Acquisition of a business

Acquisition of a business

Purchases of property and equipment	Purchases of property and equipment	(18,890)	(18,818)
Proceeds from sale of property and equipment		8,005	23

Purchases of property and equipment

Purchases of property and equipment

Proceeds from sales and maturities of short-term investments

Proceeds from sales and maturities of short-term investments

Proceeds from sales and maturities of short-term investments	Proceeds from sales and maturities of short-term investments	364,116	165,998
Purchases of short-term investments	Purchases of short-term investments	(352,900)	(386,762)
Net cash used in investing activities	Net cash used in investing activities	(87,361)	(111,809)

Net cash used in investing activities

Net cash used in investing activities

CASH FLOWS FROM FINANCING ACTIVITIES:	CASH FLOWS FROM FINANCING ACTIVITIES:		

Payments on finance leases and other

Payments on finance leases and other

Payments on finance leases and other	Payments on finance leases and other	(890)	(726)
Proceeds from stock option exercises and employee stock purchases	Proceeds from stock option exercises and employee stock purchases	5,574	8,052
Repurchase of common stock - tax withholdings on equity awards	Repurchase of common stock - tax withholdings on equity awards	(32,479)	(35,935)
Net cash used in financing activities	Net cash used in financing activities	(27,795)	(28,609)
Foreign currency effect on cash	Foreign currency effect on cash	161	(938)
NET CHANGE IN CASH AND CASH EQUIVALENTS	NET CHANGE IN CASH AND CASH EQUIVALENTS	1,568	(24,367)
CASH AND CASH EQUIVALENTS — Beginning of period	CASH AND CASH EQUIVALENTS — Beginning of period	119,952	156,537
CASH AND CASH EQUIVALENTS — End of period	CASH AND CASH EQUIVALENTS — End of period	$121,520	$132,170

Supplemental disclosure of non-cash activities

Supplemental disclosure of non-cash activities

Supplemental disclosure of non-cash activities

Issuance of common stock in connection with the RF Business Acquisition *(See Note 3 - Acquisitions)*

Issuance of common stock in connection with the RF Business Acquisition *(See Note 3 - Acquisitions)*

Issuance of common stock in connection with the RF Business Acquisition *(See Note 3 - Acquisitions)*

See notes to condensed consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unaudited Interim Financial Information—The accompanying unaudited, condensed consolidated financial statements have been prepared according to the rules and regulations of the United States (the "U.S.") Securities and Exchange Commission (the "SEC") and, in the opinion of management, reflect all adjustments, which include normal recurring adjustments, necessary for a fair statement of the condensed consolidated balance sheets, condensed consolidated statements of operations, comprehensive income, stockholders' equity and cash flows of MACOM Technology Solutions Holdings, Inc. ("MACOM," the "Company," "us," "we" or "our") for the periods presented. We prepare our interim financial information using the same accounting principles we use for our annual audited consolidated financial statements. Certain information and note disclosures normally included in the annual audited consolidated financial statements have been condensed or omitted in accordance with prescribed SEC rules. We believe that the disclosures made in our condensed consolidated financial statements and the accompanying notes are adequate to make the information presented not misleading.

The condensed consolidated balance sheet as of September 30, 2022 September 29, 2023 is as reported in our audited consolidated financial statements as of that date. Our accounting policies are described in the notes to our September 30, 2022 September 29, 2023 consolidated financial statements, which were included in our Annual Report on Form 10-K for our fiscal year ended September 30, 2022 September 29, 2023 filed with the SEC on November 14, 2022 November 13, 2023 (the "2022 "2023 Annual Report on Form 10-K"). We recommend that the financial statements included in this Quarterly Report on Form 10-Q be read in conjunction with the consolidated financial statements and notes included in our 2022 2023 Annual Report on Form 10-K.

Principles of Consolidation, Basis of Presentation and Reclassification—The accompanying condensed consolidated financial statements include our accounts and the accounts of our majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. In the condensed consolidated financial statements, certain balances have Interest income has been reclassified to conform to the current year presentation.

We have a 52- or 53-week fiscal year ending on the Friday closest to the last day of September. Fiscal years 2023 2024 and 2022 2023 each include 52 weeks. To offset the effect of holidays, for fiscal years in which there are 53 weeks, we include the extra week arising in such fiscal years in the first fiscal quarter.

Use of Estimates—The preparation of condensed consolidated financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities during the reporting periods, the reported amounts of revenue and expenses during the reporting periods and the disclosure of contingent assets and liabilities at the date of the financial statements. On an ongoing basis, we base estimates and assumptions on historical experience, currently available information and various other factors that management believes to be reasonable under the circumstances. Actual results may differ materially from these estimates and assumptions. The accounting policies which our management believes involve the most significant application of judgment or involve complex estimation, are inventories and associated reserves; revenue reserves; business combinations; goodwill and intangible asset valuation; share-based compensation valuations and income taxes.

Recent Accounting Pronouncements—Our Recent Accounting Pronouncements are described in our 2022 2023 Annual Report on Form 10-K.

Pronouncements for Adoption in Subsequent Periods

The In November 2023, the FASB issued ASU 2020-04, 2023-07, *Reference Rate Reform Segment Reporting* (Topic *848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, amended by ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848 280) Improvements to Reportable Segment Disclosures*, which provides optional expedients improves disclosures about a public entity's reportable segments and exceptions to applying the guidance on contract modifications, hedge accounting, addresses requests from investors and other transactions, allocators of capital for additional, more detail information about a reportable segment's expenses. The amendments in this update improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities to simplify enable investors to develop more decision-useful financial analyses. This ASU should be applied on a retrospective basis. The amendments in this update are effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the accounting for transitioning from future effect the London Interbank Offered Rate, adoption of this ASU will have on our consolidated financial statements and other interbank offered rates expected related disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740) Improvements* to *Income Tax Disclosures*, which require greater disaggregation of income tax disclosures. The amendments in this update improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. Other amendments in this update improve the effectiveness and comparability of disclosures by (1) adding disclosures of pretax income (or loss) and income tax expense (or benefit) and (2) removing disclosures that no longer are considered cost beneficial or relevant. This ASU should be discontinued, to alternative reference rates. applied on a prospective basis, with retrospective application permitted. The guidance in this update was is effective upon its issuance. If elected, the guidance is to be applied prospectively through December 31, 2024 for fiscal years beginning after December 15, 2024. We do not expect to adopt are currently evaluating the potential effect of the adoption of this standard in relation to our Credit Agreement (defined below), and, therefore, we do not expect this standard to ASU will have a material effect on our consolidated financial position or results of operations. For additional information regarding our Credit Agreement, refer to *Note 9 - Debt. statements and related disclosures.*

2. REVENUE

Disaggregation of Revenue

We disaggregate revenue from contracts with customers by markets and geography, as we believe it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The following tables present our revenue disaggregated by markets and geography (in thousands):

		Three Months Ended		Nine Months Ended	
		June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		December 29, 2023			
		December 29, 2023			
		December 29, 2023			
Revenue by Market:	**Revenue by Market:**				
Telecommunications		$ 38,333	$ 61,988	$ 153,670	$ 180,738
Revenue by Market:					
Revenue by Market:					
Industrial & Defense					
Industrial & Defense					
Industrial & Defense	Industrial & Defense	83,549	75,509	237,911	215,794
Data Center	Data Center	26,640	34,762	106,451	100,495
Data Center					
Data Center					
Telecom					
Telecom					
Telecom					
Total	Total	$ 148,522	$ 172,259	$ 498,032	$ 497,027
Total					
Total					

		Three Months Ended		Nine Months Ended	
		June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
		Three Months Ended			
		Three Months Ended			
		Three Months Ended			
		December 29, 2023			
		December 29, 2023			
		December 29, 2023			
Revenue by Geographic Region:					
Revenue by Geographic Region:					
Revenue by Geographic Region:	**Revenue by Geographic Region:**				
United States	United States	$ 73,262	$ 77,434	$ 244,685	$ 226,407
United States					
United States					
China					
China					
China	China	24,296	47,613	98,776	129,705
Asia Pacific, excluding China (1)	Asia Pacific, excluding China (1)	23,400	27,225	72,942	83,756

Asia Pacific, excluding China (1)					
Asia Pacific, excluding China (1)					
Cayman Islands					
Cayman Islands					
Cayman Islands					
Other Countries (2)					
Other Countries (2)					
Other Countries (2)	Other Countries (2)	27,564	19,987	81,629	57,159
Total	Total	$ 148,522	$ 172,259	$ 498,032	$ 497,027
Total					
Total					

(1) Asia Pacific primarily represents Australia, Japan, Malaysia, Singapore, South Korea, Taiwan and Thailand.

(2) No country or region represented greater than 10% of our total revenue as of the dates presented, other than the United States, China, and Asia Pacific region and Cayman Islands as presented above.

Revenue by geographic region is aggregated by customer billing address.

Contract Balances

We record contract assets or contract liabilities depending on the timing of revenue recognition, billings and cash collections on a contract-by-contract basis. Our contract liabilities primarily relate to deferred revenue, including advanced consideration received from customers for contracts prior to the transfer of control to the customer, and, therefore, revenue is subsequently recognized upon delivery of products and services.

The following table presents the changes in contract liabilities during the nine three months ended June 30, 2023 December 29, 2023 (in thousands, except percentage):

	June 30, 2023	September 30, 2022	$ Change	% Change
Contract liabilities	$ 3,600	$ 3,916	$ (316)	(8)%

	December 29, 2023	September 29, 2023	$ Change	% Change
Contract liabilities	$ 5,604	$ 2,762	$ 2,842	103 %

During the three and nine months ended June 30, 2023 December 29, 2023, we recognized sales of $0.6 million and $3.5 million, respectively, $2.4 million that were included in the contract liabilities balance as of the beginning of the period. The decrease increase in contract liabilities during the nine three months ended June 30, 2023 December 29, 2023 was primarily related to recognition of revenue that was previously deferred for products and services invoiced invoicing prior to when certain of our customers obtained obtain control of such products and/ and or services.

3. ACQUISITIONS

RF Business of Wolfspeed, Inc.— On December 2, 2023, we completed the acquisition of certain assets and specified liabilities of the radio frequency ("RF") business of Wolfspeed, Inc. ("Wolfspeed") (the "RF Business,"), which was accounted for as a business combination (the "RF Business Acquisition"). The RF Business includes a portfolio of gallium nitride ("GaN") on Silicon Carbide ("SiC") products used in high-performance RF and microwave applications. In connection with the RF Business Acquisition, we expect to assume control of a wafer fabrication facility in Research Triangle Park, North Carolina (the "RTP Fab") approximately two years following the closing of the RF Business Acquisition (the "RTP Fab Transfer"). Prior to the RTP Fab Transfer, Wolfspeed will continue to operate the facility and supply wafer product and other fabrication services to us pursuant to various agreements entered into between the parties concurrently with the closing of the RF Business Acquisition.

The purchase price for the RF Business Acquisition consisted of $75.0 million payable in cash, subject to customary purchase price adjustments and 711,528 shares of our common stock, with a fair value of $60.8 million, which were issued at the closing of the RF Business Acquisition. The shares of our common stock issued in connection with the RF Business Acquisition are subject to restrictions on the sale of shares until transfer of the RTP Fab to the Company is complete. In addition, if the RTP Fab has not transferred by the fourth anniversary of the closing date of the RF Business Acquisition, Wolfspeed will forfeit 25% of the share consideration. We funded the cash purchase price for the RF Business Acquisition through cash-on-hand.

During the three months ended December 29, 2023, we incurred acquisition-related transaction costs of approximately $7.1 million, which are included in selling, general and administrative expense. We did not incur acquisition-related transaction costs associated with the RF Business Acquisition during the three months ended December 30, 2022.

The following table summarizes the preliminary estimate of the purchase price (in thousands, except shares and closing share price amount):

			At Acquisition Date as Reported December 29, 2023
Cash purchase consideration			$ 75,000
Number of shares of MACOM common stock issued at closing		711,528	
MACOM closing stock price on acquisition date	$	85.41	
Equity purchase consideration			60,772
Total purchase consideration			$ 135,772

The purchase price for the RF Business Acquisition has been allocated based on preliminary estimates of fair values of the acquired assets and assumed liabilities at the date of acquisition as follows (in thousands):

	At Acquisition Date as Reported December 29, 2023
Current assets	$ 160
Inventory	23,574
Property and equipment	35,415
Intangible assets	60,000
Prepayment for net assets associated with the RTP Fab Transfer	19,450
Other non-current assets	6,735
Total assets acquired	145,334
Current liabilities	6,474
Long-term liabilities	3,088
Total liabilities assumed	9,562
Purchase Price	$ 135,772

Intangible assets consist of technology, customer relationships, a favorable contract and backlog with fair values of $22.0 million, $21.5 million, $15.0 million and $1.5 million, respectively, and useful lives of 4.8 years, 8.8 years, 2.0 years and 0.8 years, respectively. We used variations of income approaches with estimates and assumptions developed by us to determine the fair values of technology, customer relationships, the favorable contract and backlog. We valued technology by using the relief-from-royalty method, customer relationships and backlog by using the multi-period excess earnings method, and the favorable contract by using the discounted cash flow method. The process for estimating the fair values of identifiable intangible assets requires the use of significant estimates and assumptions, including revenue growth rates, royalty rates, operating margin, and discount rates. We used the cost and market approaches to determine the fair value of our property and equipment. We amortize definite-lived assets based on the pattern over which we expect to receive the economic benefit from these assets.

The prepayment of $19.5 million for the net assets associated with the RTP Fab Transfer, classified in Other long-term assets in our condensed consolidated balance sheet, relates to the estimated future fair value of property and equipment, inventory and liabilities that we will assume control of at the time of the RTP Fab Transfer. The cost and market approaches were used in determining the fair value of $14.1 million for property and equipment at the RTP Fab Transfer date.

The determination and allocation of purchase price consideration is based on preliminary estimates of fair value; such estimates and assumptions are subject to change within the measurement period (up to one year from the acquisition date). As of December 29, 2023, the purchase price allocation for the RF Business remains open as we gather additional information regarding the fair value of consideration transferred, the assets acquired and the liabilities assumed, primarily in relation to the valuation of intangibles, inventory, property and equipment, leases, the prepayment for the assets and liabilities to be conveyed with the RTP Fab Transfer and contingencies.

The RF Business has been included in our consolidated financial statements since the date of acquisition. During the fiscal quarter ended December 29, 2023, the RF Business contributed approximately $6.2 million of our total revenue. The net income associated with the RF Business did not materially impact our consolidated net income for the quarter ended December 29, 2023.

Consolidated estimated pro forma unaudited revenue for the fiscal quarters ended December 29, 2023 and December 30, 2022, as if the RF Business Acquisition had occurred on October 1, 2022, is $184.0 million and $222.4 million, respectively. Consolidated pro forma net loss for the fiscal quarters ended December 29, 2023 and December 30, 2022, as if the RF Business Acquisition had occurred on October 1, 2022, is $13.9 million and $31.3 million, respectively. Pro forma revenue and net loss was prepared for comparative purposes only and is not indicative of what would have occurred had the acquisition actually occurred on October 1, 2022, or of the results that may occur in the future. Pro forma net loss includes business combination accounting effects from the RF Business Acquisition, primarily amortization expense from acquired intangible assets, acquisition transaction costs and tax-related effects. Pro forma earnings for the three months ended December 29, 2023 was adjusted to exclude transaction costs of $15.5 million incurred during the quarter and pro forma earnings for the three months ended December 30, 2022 was adjusted to include $41.8 million of transaction costs incurred associated with the RF Business Acquisition.

MESC— On May 31, 2023, we completed the acquisition of the key manufacturing facilities, capabilities, technologies and other assets and certain specified liabilities of OMMIC SAS, a semiconductor manufacturer based in Limeil-Brévannes, France with expertise in wafer fabrication, epitaxial growth and monolithic microwave integrated circuit (“MMIC”) processing and design. We are referring to this acquisition as the MACOM European Semiconductor Center Acquisition (the “MESC Acquisition”) and it was accounted for as a business combination. We completed the MESC Acquisition to expand our European footprint and to enable us to offer higher frequency gallium arsenide (“GaAs”) and GaN MMICs. Total cash consideration paid for the MESC Acquisition was approximately $36.9 million and was funded with cash-on-hand. During the three months ended December 29, 2023 and December 30, 2022, we incurred acquisition-related transaction costs of approximately $0.3 million and $0.8 million, respectively, which are included in selling, general and administrative expense.

The purchase price for the MESC Acquisition has been allocated based on preliminary estimates of fair values of the acquired assets and assumed liabilities at the date of acquisition as follows (in thousands):

	At Acquisition Date as Reported December 29, 2023
Current assets	$ 297
Inventory	3,790
Property and equipment	30,538
Intangible assets	5,966
Total assets acquired	40,591
Current liabilities	3,734
Total liabilities assumed	3,734
Purchase Price	$ 36,857

As part of the acquisition, we assumed a lease agreement for the manufacturing facilities in France that provides us with the option to purchase the real property for an immaterial price at the end of the lease term, in October 2024. We expect to exercise this bargain purchase option and have recorded a right-of-use-asset of $24.7 million in Property and equipment. The real property was valued using a market approach.

Intangible assets consist of technology and customer relationships of $4.9 million and $1.1 million, respectively, and both having useful lives of 8.3 years. We used the income approach to determine the fair value of the definite-lived intangible assets and the cost and market approaches to determine the fair value of our property, plant and equipment. We amortize definite-lived assets based on the pattern over which we expect to receive the economic benefit from these assets.

The determination and allocation of purchase price consideration is based on preliminary estimates of fair value; such estimates and assumptions are subject to change within the measurement period (up to one year from the acquisition date). As of December 29, 2023, the purchase price allocation for the MESC Acquisition remains open as we gather additional information regarding the assets acquired and the liabilities assumed, primarily in relation to the valuation of intangibles, inventory, property and equipment, leases, liabilities and contingencies. We did not recognize goodwill associated with this acquisition and there were no measurement period adjustments recognized during the quarter ended December 29, 2023.

Linearizer Technology, Inc.—On March 3, 2023, we completed the acquisition of Linearizer Technology, Inc. ("Linearizer"), a developer of modules and subsystems, including solid state amplifiers (SSPAs), SSPAs, microwave predistortion linearizers and microwave photonics based in Hamilton, New Jersey (the "Linearizer Acquisition")., which was accounted for as a business combination. We acquired Linearizer to further strengthen our component and subsystem design expertise in our target markets. In connection with the Linearizer Acquisition, we acquired all of the outstanding shares of Linearizer for total cash consideration of approximately $51.6 million, subject to customary purchase price adjustments. We funded the Linearizer Acquisition with cash-on-hand. During the three and nine months ended June 30, 2023 December 29, 2023, we incurred acquisition-related transaction costs of approximately $0.2 less than $0.1 million and $2.1 million, respectively, which are included in selling, general and administrative expense. There were no transaction costs for the three and nine months ended July 1, 2022 December 30, 2022. The Linearizer Acquisition was accounted for as a business combination and the operations of Linearizer have been included in our consolidated financial statements since the date of acquisition.

The purchase price for the Linearizer Acquisition has been allocated based on preliminary estimates of fair values of the acquired assets and assumed liabilities at the date of acquisition as follows (in thousands):

	At Acquisition Date as Reported September 29, 2023	Measurement Period Adjustments	At Acquisition Date as Reported December 29, 2023
Current assets	$ 2,819	$ —	$ 2,819
Inventory	8,907	1,407	10,314
Property and equipment	5,485	—	5,485
Intangible assets	29,600	—	29,600
Goodwill	12,332	(1,407)	10,925
Total assets acquired	59,143	—	59,143
Current liabilities	7,544	—	7,544
Total liabilities assumed	7,544	—	7,544
Purchase Price	$ 51,599	$ —	$ 51,599

		At Acquisition Date as Reported June 30, 2023
Current assets	$	2,819
Inventory		8,907
Property and equipment		5,485
Intangible assets		29,600
Goodwill		12,332
Total assets acquired		59,143
Current liabilities		7,544
Total liabilities assumed		7,544
Purchase Price	$	51,599

Intangible assets consist of customer relationships, technology and trade name with fair values of $20.7 million, $7.1 million and $1.8 million, respectively, and useful lives of 8.6 years, 7.6 years and 7.6 years, respectively. We used the income approach to determine the fair value of the definite-lived intangible assets and the cost and market approaches to determine the fair value of our property, plant and equipment. We amortize definite-lived assets based on the pattern over which we expect to receive the economic benefit from these assets. The intangible assets and goodwill acquired will be amortizable for tax purposes due to the Internal Revenue Code of 1986 (IRC) Section 338 election filed.

The determination and allocation of purchase price consideration is based on preliminary estimates of fair value; such estimates and assumptions are subject to change within the measurement period (up to one year from the acquisition date). During the three months ended December 29, 2023, we increased the fair value of inventory by $1.4 million with an offsetting reduction to Goodwill. As of June 30, 2023 December 29, 2023, the purchase price allocation for Linearizer remains open as we gather additional information regarding the assets acquired and the liabilities assumed, primarily in relation to the valuation of intangibles, inventory, fixed assets, leases and contingencies.

On March 3, 2023, we entered into a lease agreement with an entity that is majority-owned by certain former Linearizer employees, which is deemed to be a related party agreement. We have the option to purchase the facility for $3.8 million. As of the date of this Quarterly Report on Form 10-Q, we have not exercised such right. During the nine months ended June 30, 2023, we made lease-related payments of $0.4 million. This lease is classified as a finance lease on our condensed consolidated balance sheet and the lease asset is included in property and equipment of $5.5 million in the purchase price allocation table above.

Pro forma financial information for the three and nine months ended June 30, 2023 and July 1, 2022 and the actual results of operations for Linearizer since the acquisition date are not material to our condensed consolidated financial statements for the periods presented.

OMMIC SAS—On May 31, 2023, we completed the acquisition of the key manufacturing facilities, capabilities, technologies and other assets and certain specified liabilities of OMMIC SAS, a semiconductor manufacturer based in Limeil-Brévannes, France with expertise in wafer fabrication, epitaxial growth and monolithic microwave integrated circuit ("MMIC") processing and design. We are referring to this asset acquisition as the MACOM European Semiconductor Center Acquisition (the "MESC Acquisition"). We completed the MESC Acquisition to expand our European footprint and to enable us to offer higher frequency Gallium Arsenide and Gallium Nitride MMICs. Total cash consideration paid for the MESC Acquisition was approximately $36.9 million and was funded with cash-on-hand. During the three and nine months ended June 30, 2023, we incurred acquisition-related transaction costs of approximately $1.0 million and $2.6 million, respectively, which are included in selling, general and administrative expense. As of June 30, 2023, cumulative acquisition-related transaction cost expense incurred is $3.4 million. There were no transaction costs for the three and nine months ended July 1, 2022.

The purchase price for the MESC Acquisition has been allocated based on preliminary estimates of fair values of the acquired assets and assumed liabilities at the date of acquisition as follows (in thousands):

		At Acquisition Date as Reported June 30, 2023
Current assets	$	297
Inventory		3,790
Property and equipment		30,538
Intangible assets		5,966
Total assets acquired		40,591
Current liabilities		3,734
Total liabilities assumed		3,734
Purchase Price	$	36,857

As part of the acquisition, we assumed a lease agreement for the manufacturing facilities in France that gives us the option to purchase the real property at the end of the lease term, in October 2024. We expect to exercise this bargain purchase option and have recorded a right-of-use-asset of $24.7 million in Property and equipment. The real property was valued using a market approach.

Intangible assets consist of customer relationships and technology of $1.1 million and $4.9 million, respectively, and useful lives of 8.3 years and 8.3 years, respectively. We used the income approach to determine the fair value of the definite-lived intangible assets and the cost and market approaches to determine the fair value of our property, plant and equipment. We amortize definite-lived assets based on the pattern over which we expect to receive the economic benefit from these assets.

The determination and allocation of purchase price consideration is based on preliminary estimates of fair value; such estimates and assumptions are subject to change within the measurement period (up to one year from the acquisition date). As of June 30, 2023, the purchase price allocation for the MESC Acquisition remains open as we gather additional information regarding the assets acquired and the liabilities assumed, primarily in relation to the valuation of intangibles, inventory, property and equipment, leases, liabilities and contingencies.

Pro forma financial information for the three and nine months ended June 30, 2023 and July 1, 2022 and the actual results of operations for MESC since the acquisition date are not material to our condensed consolidated financial statements for the periods presented.

4. INVESTMENTS

All investments are short-term in nature and are invested in corporate bonds, commercial paper, and U.S. Treasury securities and are classified as available-for-sale. These certificates of deposit, corporate bonds, commercial paper and U.S. Treasury securities are owned directly by the Company and are segregated in brokerage custody accounts. The amortized cost, gross unrealized holding gains or losses and fair value of our available-for-sale investments by major investment type are summarized in the tables below (in thousands):

		June 30, 2023				December 29, 2023			
		Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Aggregate Fair Value	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Aggregate Fair Value
Certificates of deposit									
Corporate bonds	Corporate bonds	$153,572	$ —	$ (3,392)	$ 150,180				
Commercial paper	Commercial paper	304,204	—	(424)	303,780				
U.S. Treasury securities	U.S. Treasury securities	12,116	—	(4)	12,112				
Total short-term investments	Total short-term investments	$469,892	$ —	$ (3,820)	$ 466,072				

		September 30, 2022							
		September 29, 2023				September 29, 2023			
		Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Aggregate Fair Value	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Aggregate Fair Value
Corporate bonds	Corporate bonds	$146,163	$ 5	$ (4,492)	$ 141,676				
Commercial paper	Commercial paper	326,318	—	(1,414)	324,904				
U.S. Treasury securities									
Total short-term investments	Total short-term investments	$472,481	$ 5	$ (5,906)	$ 466,580				

The contractual maturities of available-for-sale investments were as follows (in thousands):

		June 30, 2023	September 30, 2022	December 29, 2023	September 29, 2023
Less than one year	Less than one year	$377,103	$368,141		
Over one year	Over one year	88,969	98,439		
Total available-for-sale investments	Total available-for-sale investments	$466,072	$466,580		

We have determined that the gross unrealized losses on available for sale securities as of June 30, 2023 December 29, 2023 and September 30, 2022 September 29, 2023 are temporary in nature and/or do not relate to credit loss, and therefore there is no expense for credit losses recorded in our condensed consolidated statements of operations.

Unrealized gains and losses on available-for-sale investments are reported as a separate component of stockholders' equity within accumulated other comprehensive income.

During the three months ended June 30, 2023 and July 1, 2022, Interest income (expense), net included interest income on short-term investments of $6.0 million and $1.3 million, respectively. During the nine months ended June 30, 2023 and July 1, 2022, Interest income (expense), net included interest income on short-term investments of $14.8 million and $2.1 million, respectively.

Other Investments—As of June 30, 2023 December 29, 2023, we held a non-marketable equity investment in Series B preferred stock of a privately held manufacturing corporation with preferred liquidation rights over other equity shares. As the equity securities do not have a readily determinable fair value and do not qualify for the practical expedient under Accounting Standards Codification 820, *Fair Value Measurement,* we have elected to account for this investment at cost less any impairment. We

evaluate this investment for impairment at each balance sheet date. As of June 30, 2023 December 29, 2023 and September 30, 2022 September 29, 2023, the carrying value of this investment was $2.5 million and it was classified as a long-term investment.

On December 23, 2021, we sold our non-controlling investment of less than 10% in the outstanding equity of a private company to one of the other limited liability company members, pursuant to the terms of a previously negotiated call option included in the private company's limited liability company agreement, as amended and restated (the "LLC Agreement"), in exchange for a predetermined fixed price as set forth in the LLC Agreement of approximately $127.8 million in cash consideration. As of December 23, 2021, the carrying value of this investment was approximately $9.5 million. As a result of this transaction, during the three months ended December 31, 2021, we recorded a gain of $118.2 million in Other (expense) income, net in our condensed consolidated statements of operations. The nine months ended July 1, 2022 includes a gain on the sale of our equity method investment of $118.2 million, and we recorded net losses of $3.3 million associated with such equity method investment.

5. FAIR VALUE

We group our financial assets and liabilities measured at fair value on a recurring basis in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 *- Quoted prices in active markets for identical assets or liabilities.*

Level 2 *- Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets with insufficient volume or infrequent transactions (less active markets), or model-driven valuations in which all significant inputs are observable or can be derived principally from, or corroborated with, observable market data.*

Level 3 *- Fair value is derived from valuation techniques in which one or more significant inputs are unobservable, including assumptions and judgments made by us.*

Assets and Liabilities Measured and Recorded at Fair Value on a Recurring Basis

We measure certain assets and liabilities at fair value on a recurring basis such as our financial instruments. There have been no transfers between Level 1, 2 or 3 assets or liabilities during the three and nine months ended June 30, 2023 December 29, 2023.

Assets and liabilities measured at fair value on a recurring basis consist of the following (in thousands):

		June 30, 2023			
		Fair Value	Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
	December 29, 2023				
	Fair Value				
	December 29, 2023				
	Fair Value	Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Assets	**Assets**				
Money market funds	Money market funds	$ 70,161	$ 70,161	$ —	$ —
Money market funds					
Money market funds					
U.S. Treasury securities	U.S. Treasury securities	12,112	12,112	—	—
Certificates of deposit					
Commercial paper	Commercial paper	303,780	—	303,780	—
Corporate bonds	Corporate bonds	150,180	—	150,180	—

Total assets measured at fair value	Total assets measured at fair value	$536,233	$82,273	$453,960	$ —

		September 30, 2022			
		Fair Value	Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
	September 29, 2023				
	Fair Value				
Assets	**Assets**				
Money market funds	Money market funds	$ 1,392	$1,392	$ —	$ —
Money market funds					
Money market funds					
U.S. Treasury securities					
Commercial paper	Commercial paper	324,904	—	324,904	—
Corporate bonds	Corporate bonds	141,676	—	141,676	—
Corporate bonds					
Corporate bonds					
Total assets measured at fair value	Total assets measured at fair value	$467,972	$1,392	$ 466,580	$ —

	September 29, 2023			
Fair Value	Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	

6. INVENTORIES

Inventories consist of the following (in thousands):

		June 30, 2023	September 30, 2022
	December 29, 2023		
	December 29, 2023	September 29, 2023	
Raw materials	Raw materials	$ 82,395	$ 72,595
Work-in-process	Work-in-process	18,317	12,455
Finished goods	Finished goods	38,296	29,910
Total inventory, net	Total inventory, net	$139,008	$114,960

7. PROPERTY AND EQUIPMENT

Property and equipment consists of the following (in thousands):

	June 30, 2023	September 30, 2022
Construction in process	$ 8,502	$ 10,837

Machinery and equipment	237,856	227,844
Leasehold improvements	35,359	35,651
Furniture and fixtures	3,017	2,535
Computer equipment and software	18,014	18,347
Finance lease assets	68,858	34,417
Total property and equipment	371,606	329,631
Less accumulated depreciation and amortization	(216,230)	(205,930)
Property and equipment, net	$ 155,376	$ 123,701

The increase in Finance lease assets between September 30, 2022 and June 30, 2023 is primarily related to a lease acquired as part of the MESC Acquisition. For additional information regarding the MESC Acquisition, refer to *Note 3 - Acquisitions.*

	December 29, 2023	September 29, 2023
Construction in process	$ 12,908	$ 10,256
Machinery and equipment	272,513	238,037
Leasehold improvements	37,317	35,342
Furniture and fixtures	3,067	2,888
Computer equipment and software	19,617	18,824
Finance lease assets	65,522	64,126
Total property and equipment	410,944	369,473
Less accumulated depreciation and amortization	(226,666)	(219,977)
Property and equipment, net	$ 184,278	$ 149,496

Depreciation and amortization expense related to property and equipment for the three and nine months ended June 30, 2023 December 29, 2023 and December 30, 2022 was $5.9 million $6.5 million and $17.7 million, respectively. Depreciation and amortization expense related to property and equipment for the three and nine months ended July 1, 2022 was $5.9 million and $17.7 million $6.0 million, respectively. Accumulated

amortization on finance lease assets as of June 30, 2023 December 29, 2023 and September 30, 2022 September 29, 2023 was $7.3 million $8.4 million and $5.8 million $7.8 million, respectively.

8. INTANGIBLE ASSETS

Amortization expense related to intangible assets is as follows (in thousands):

		Three Months Ended		Nine Months Ended	
		June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
Cost of revenue	Cost of revenue	$ 1,131	$ 1,779	$ 3,028	$ 6,062
Cost of revenue					
Cost of revenue					
Research and development					
Research and development					
Research and development					
Selling, general and administrative					
Selling, general and administrative					
Selling, general and administrative	Selling, general and administrative	5,976	6,276	17,644	19,334
Total	Total	$ 7,107	$ 8,055	$ 20,672	$ 25,396
Total					
Total					

Intangible assets consist A summary of the following activity in gross intangible assets as of December 29, 2023 and September 29, 2023 is as follows (in thousands):

	June 30, 2023	September 30, 2022

		December 29, 2023 December 29, 2023 December 29, 2023	
		Gross Carrying Amount Gross Carrying Amount Gross Carrying Amount	
Acquired technology	Acquired technology	$191,550	$179,434
Acquired technology			
Acquired technology			
Backlog			
Backlog			
Backlog			
Customer relationships	Customer relationships	267,660	245,870
Customer relationships			
Customer relationships			
Favorable contract			
Favorable contract			
Favorable contract			
Internal-use software			
Internal-use software			
Internal-use software			
Trade name (1)	Trade name (1)	5,200	3,400
Total		464,410	428,704
Less accumulated amortization		(398,122)	(377,450)
Intangible assets — net		$ 66,288	$ 51,254
Trade name (1)			
Trade name (1)			
Balance as of December 29, 2023 (2)			
Balance as of December 29, 2023 (2)			
Balance as of December 29, 2023 (2)			

	September 29, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Acquired technology	$ 191,369	$ (179,558)	$ 11,811
Customer relationships	267,621	(225,827)	41,794

Internal-use software	8,350	—	8,350
Trade name (1)	5,200	(161)	5,039
Balance as of September 29, 2023 (2)	$ 472,540	$ (405,546)	$ 66,994

(1) Includes an indefinite-lived trade name of $3.4 million that is not amortized.

A summary of the activity in gross(2) Foreign intangible assets and goodwill is as follows (in thousands):

	Intangible Assets				
	Total Intangible Assets	Acquired Technology	Customer Relationships	Trade Name	Goodwill
Balance as of September 30, 2022	$ 428,704	$ 179,434	$ 245,870	$ 3,400	$ 311,417
Acquired	35,566	12,001	21,765	1,800	12,333
Currency translation adjustment	140	115	25	—	(16)
Balance as of June 30, 2023	$ 464,410	$ 191,550	$ 267,660	$ 5,200	$ 323,734

asset carrying amounts were affected by foreign currency translation.

As of June 30, 2023 December 29, 2023, our estimated amortization of our intangible assets in future fiscal years was as follows (in thousands):

	2023 Remaining	2024	2025	2026	2027	Thereafter	Total
Amortization expense	$ 7,433	19,376	8,114	7,130	6,573	14,262	$ 62,888

	2024 Remaining	2025	2026	2027	2028	Thereafter	Total
Amortization expense	$ 32,372	26,595	15,170	12,787	9,919	19,284	$ 116,127

Accumulated amortization for acquired technology and customer relationships were $178.2 million and $219.8 million, respectively, A summary of the changes in goodwill as of June 30, 2023, December 29, 2023 and $175.2 million and $202.3 million, respectively, September 29, 2023 is as follows (in thousands):

	December 29, 2023
Balance as of September 29, 2023	$ 323,398
Acquired (1)	(1,407)
Foreign currency translation adjustment	498
Balance as of December 29, 2023	$ 322,489

(1) The reduction of September 30, 2022. $1.4 million to goodwill is related to a measurement period adjustment for the Linearizer Acquisition. For additional information refer to *Note 3 - Acquisitions.*

9. DEBT

The following represents the outstanding balances and effective interest rates of our borrowings as of June 30, 2023 December 29, 2023 and September 30, 2022 September 29, 2023, (in thousands, except percentages):

	June 30, 2023		September 30, 2022	
	Principal Balance	Effective Interest Rate	Principal Balance	Effective Interest Rate
LIBOR plus 2.25% term loans due May 2024	$ 120,766	7.40 %	$ 120,766	4.77 %
0.25% convertible notes due March 2026	450,000	0.54 %	450,000	0.54 %
Total principal amount outstanding	570,766		570,766	
Less: Current portion of long-term debt	120,307		—	
Unamortized discount on term loans and deferred financing costs	(3,611)		(4,846)	
Total long-term debt, less current portion	$ 446,848		$ 565,920	

Term Loans

As of June 30, 2023, we are party to a credit agreement, dated as of May 8, 2014, with a syndicate of lenders and Goldman Sachs Bank USA, as administrative agent (as amended on February 13, 2015, August 31, 2016, March 10, 2017, May 19, 2017, May 2, 2018 and May 9, 2018, the “Credit Agreement”).

As of June 30, 2023, the Credit Agreement consisted of term loans with an initial aggregate principal amount of $700.0 million (the “Term Loans”) that will mature in May 2024 and bear interest at: (i) for LIBOR loans for any interest period, a rate per annum equal to the LIBOR rate as determined by the administrative agent, plus an applicable margin of 2.25%; and (ii) for base rate loans, a rate per annum equal to the greater of (a) the prime rate quoted in the print edition of the Wall Street Journal, Money Rates Section, (b) the federal funds rate plus one-half of 1.00% and (c) the LIBOR rate applicable to a one-month interest period plus 1.00% (but, in each case, not less than 1.00%), plus an applicable margin of 1.25%. Effective July 1, 2023, the LIBOR rate is no longer published and our interest rate will be calculated using synthetic USD LIBOR during the fourth quarter of fiscal 2023. The change to synthetic USD LIBOR did not require an amendment to the Credit Agreement.

As of June 30, 2023, there are no minimum principal repayments on the Term Loans until May 2024 when the remaining principal balance of $120.8 million becomes due. The fair value of the Term Loans was estimated to be approximately $120.3 million and $120.2 million as of June 30, 2023 and September 30, 2022, respectively, and was determined using Level 2 inputs, including a quoted price from a financial institution.

For the three and nine months ended June 30, 2023, total interest expense for the Term Loans was $2.2 million and $6.1 million, respectively. For the three and nine months ended July 1, 2022, total interest expense for the Term Loans was $0.9 million and $2.4 million, respectively.

As of June 30, 2023, approximately $0.3 million of deferred financing costs remain unamortized related to the Term Loans and is recorded as a direct reduction of the recognized debt liabilities in our accompanying condensed consolidated balance sheet.

The Term Loans are secured by a first priority lien on substantially all of our assets and provide that we must comply with certain financial and non-financial covenants.

On August 2, 2023, we paid the total outstanding principal balance on our Term Loans of $120.8 million and accrued interest of less than $0.1 million with cash-on-hand.

	December 29, 2023		September 29, 2023	
	Principal Balance	Effective Interest Rate	Principal Balance	Effective Interest Rate
0.25% convertible notes due March 2026	450,000	0.54 %	450,000	0.54 %
Unamortized discount on deferred financing costs	(2,579)		(2,866)	
Total long-term debt, less current portion	$ 447,421		$ 447,134	

2026 Convertible Notes

On March 25, 2021, we issued 0.25% convertible senior notes due in fiscal year 2026, pursuant to an indenture dated as of such date (the "Indenture"), between the Company and U.S. Bank National Association, as trustee, with an aggregate principal amount of $400.0 million (the "Initial Notes"), and on April 6, 2021, we issued an additional $50.0 million aggregate principal amount (the "Additional Notes") (together, the "2026 Convertible Notes"). The aggregate principal balance of the 2026 Convertible Notes is $450.0 million. The 2026 Convertible Notes will mature on March 15, 2026, unless earlier converted, redeemed or repurchased.

The Additional Notes were issued and sold to the initial purchaser of the Initial Notes, pursuant to the option to purchase the Additional Notes granted by the Company to the initial purchaser and have the same terms as the Initial Notes.

Holders of the 2026 Convertible Notes may convert their notes at their option at any time prior to the close of business on the business day immediately preceding December 15, 2025 in multiples of $1,000 principal amount, only under the following

circumstances: (i) during any fiscal quarter commencing after the fiscal quarter ending on July 2, 2021 (and only during such fiscal quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive)

during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price for the notes on each applicable trading day; (ii) during the five business day period after any five consecutive trading day period (the "Measurement Period") in which the "trading price" (as defined in the Indenture) per $1,000 principal amount of the notes for each trading day of the Measurement Period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate for the notes on each such trading day; (iii) if we call such notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the applicable redemption date; or (iv) upon the occurrence of specified corporate events described in the Indenture. On or after December 15, 2025 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their notes in multiples of $1,000 principal amount, regardless of the foregoing circumstances.

The initial conversion rate for the 2026 Convertible Notes is 12.1767 shares of common stock per $1,000 principal amount of the notes, equivalent to an initial conversion price of approximately $82.12 per share of common stock. The conversion rate will be subject to adjustment upon the occurrence of certain specified events in the Indenture.

In November 2021, we made an irrevocable election to pay cash for the aggregate principal amount of notes to be converted. Upon conversion of the 2026 Convertible Notes, we are required to pay cash up to the aggregate principal amount of the notes to be converted and pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, in respect of the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the notes being converted (subject to, and in accordance with, the settlement provisions of the Indenture). We may not redeem the notes prior to March 20, 2024. We may redeem for cash all or any portion of the notes, at our option, on or after March 20, 2024 if the last reported sale price per share of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which we provide notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, to, but not including, the redemption date.

The Indenture does not contain any financial or operating covenants or restrictions on the payments of dividends, the making of investments, the incurrence of indebtedness or the purchase or prepayment of securities by us or any of our subsidiaries.

In connection with the adoption of ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity,* on October 2, 2021 we reclassified $72.2 million, consisting of $73.1 million of principal and issuance costs of $0.9 million, previously allocated to the conversion feature, from additional paid-in capital to long-term debt on our condensed consolidated balance sheet as of October 2, 2021. The reclassification was recorded to combine the two legacy units of account into a single instrument classified as a liability. We also recognized a cumulative effect adjustment of $7.5 million to accumulated deficit on our condensed consolidated balance sheet as of October 2, 2021, that was primarily driven by the derecognition of interest expense related to the accretion of the Debt Discount as required under the legacy accounting guidance. Under ASU 2020-06, we will no longer incur non-cash interest expense related to the accretion of the debt discount associated with the embedded conversion option.

For the three and nine months ended June 30, 2023, total interest expense for the 2026 Convertible Notes was $0.3 million December 29, 2023 and $0.8 million, respectively. For the three and nine months ended July 1, 2022 December 30, 2022, total interest expense for the 2026 Convertible Notes was $0.3 million and $0.9 $0.3 million, respectively.

The fair value of our 2026 Convertible Notes was $448.7 556.2 million and $411.4 million $512.5 million as of June 30, December 29, 2023 and September 30, 2022, 29, 2023, respectively, and was determined based on quoted prices in markets that are not active, which is considered a Level 2 valuation input.

There are no future minimum principal payments under the notes as of June 30, December 29, 2023; the full amount of $450.0 million is due in fiscal year 2026.

Term Loans

As of December 30, 2022, we were party to a credit agreement, dated as of May 8, 2014, with a syndicate of lenders and Goldman Sachs Bank USA, as administrative agent (as amended on February 13, 2015, August 31, 2016, March 10, 2017, May 19, 2017, May 2, 2018 and May 9, 2018, the “Credit Agreement”).

On August 2, 2023, the Credit Agreement was terminated when we paid the total outstanding principal balance on our Term Loans of $120.8 million and accrued interest of less than $0.1 million with cash-on-hand.

There was no interest expense for the Term Loans for the three months ended December 29, 2023. For the three months ended December 30, 2022, total interest expense for the Term Loans was $1.8 million.

10. FINANCING OBLIGATION

We are party to a power purchase agreement for the use of electric power and thermal energy producing systems at our fabrication facility in Lowell, Massachusetts. These systems are expected to reduce our consumption of energy while delivering sustainable, resilient energy for heating and cooling. We do not own these systems; however, we control the use of the assets during operation. As of June 30, 2023 December 29, 2023 and September 30, 2022 29, 2023, the net book value of the systems in Property and equipment, net was $9.0 $8.7 million and $9.8 million $8.9 million, respectively, and the corresponding liability was $9.6 $9.5 million and $9.8 million $9.6 million, respectively, primarily classified in Financing obligation on our condensed consolidated balance sheet. The initial financing obligation was calculated based on future fixed payments allocated to the power generator of $16.8 million over the 15-year term, discounted at an implied discount rate of 7.4%, and the remaining future minimum payments are for power purchases. In total, As of December 29, 2023 and September 29, 2023, we have $27.2 $25.3 million and $25.5 million, respectively, in remaining fixed payments over a 14-year term associated with the power purchase agreement, of which has $15.7 million and $15.9 million, respectively, is included in our condensed consolidated balance sheets on a 15-year term. discounted basis.

As of June 30, 2023 December 29, 2023, expected future minimum payments for the financing obligation were as follows (in thousands):

Fiscal year ending:	Fiscal year ending:	Amount	Fiscal year ending:	Amount
2023		$ 235		
2024	2024	958		
2025	2025	982		
2026	2026	1,007		
2027	2027	1,031		
2028				
Thereafter	Thereafter	11,914		
Total payments	Total payments	$ 16,127		
Less: interest	Less: interest	6,509		
Present value of liabilities	Present value of liabilities	$ 9,618		

11. EARNINGS PER SHARE

The following table sets forth the computation for basic and diluted net income per share of common stock (in thousands, except per share data):

	Three Months Ended		Nine Months Ended	
	June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
	Three Months Ended			
	Three Months Ended			
	Three Months Ended			
	December 29, 2023			
	December 29, 2023			
	December 29, 2023			
Numerator:				
Numerator:				
Numerator: **Numerator:**				

Net income attributable to common stockholders	Net income attributable to common stockholders	$ 11,853	$ 32,234	$ 67,127	$ 200,619
Net income attributable to common stockholders					
Net income attributable to common stockholders					
Denominator:					
Denominator:					
Denominator:	**Denominator:**				
Weighted average common shares outstanding-basic	Weighted average common shares outstanding-basic	70,937	69,946	70,739	69,712
Dilutive effect of stock options, restricted stock and restricted stock units		471	1,114	656	1,418
Weighted average common shares outstanding-basic					
Weighted average common shares outstanding-basic					
Dilutive effect of convertible debt, stock options, restricted stock and restricted stock units					
Dilutive effect of convertible debt, stock options, restricted stock and restricted stock units					
Dilutive effect of convertible debt, stock options, restricted stock and restricted stock units					
Weighted average common shares outstanding-diluted					
Weighted average common shares outstanding-diluted					
Weighted average common shares outstanding-diluted	Weighted average common shares outstanding-diluted	71,408	71,060	71,395	71,130
Net income to common stockholders per share-Basic:	Net income to common stockholders per share-Basic:	$ 0.17	$ 0.46	$ 0.95	$ 2.88
Net income to common stockholders per share-Basic:					
Net income to common stockholders per share-Basic:					
Net income to common stockholders per share-Diluted:	Net income to common stockholders per share-Diluted:	$ 0.17	$ 0.45	$ 0.94	$ 2.82
Net income to common stockholders per share-Diluted:					
Net income to common stockholders per share-Diluted:					

The table above includes the dilutive effect of 7,404 potential common shares for the 2026 Convertible Notes for the three months ended December 29, 2023. The 2026 Convertible Notes did not have an impact on diluted net income per share for the three and nine months ended June 30, 2023 or July 1, 2022 December 30, 2022.

12. COMMITMENTS AND CONTINGENCIES

From time to time, we may be subject to commercial disputes, employment issues, claims by other companies in the industry that we have infringed their intellectual property rights and other similar claims and litigation. Any such claims may lead to future litigation and material damages and defense costs. We were not involved in any material pending legal proceedings during the three and nine months ended June 30, 2023 December 29, 2023.

13. STOCKHOLDERS' EQUITY AND SHARE-BASED COMPENSATION

We have authorized 10 million shares of $0.001 par value preferred stock and 300 million shares of $0.001 par value common stock as of June 30, 2023 December 29, 2023.

Stock Plans

As of June 30, 2023 December 29, 2023, we had 4.5 million 3.9 million shares available for issuance under our 2021 Omnibus Incentive Plan (the "2021 Plan"), which replaced our 2012 Omnibus Incentive Plan (as amended and restated) (the "2012 Plan"), and 1.3 million 1.2 million shares available for issuance under our 2021 Employee Stock Purchase Plan (the "Employee Stock Purchase Plan"), which replaced our 2012 Employee Stock Purchase Plan. We have outstanding awards under the 2021 Plan and the 2012 Plan. Following the adoption of the 2021 Plan, no additional awards have been or will be made under the 2012 Plan. Under the 2021 Plan, we have the ability to issue incentive stock options ("ISOs"), non-statutory stock options ("NSOs"), stock appreciation rights ("SARs"), restricted stock awards ("RSAs"), unrestricted stock awards, stock units (including restricted stock units ("RSUs") and performance-based restricted stock units ("PRSUs")), performance awards, cash awards, and other share-based awards to employees, directors, consultants and advisors. The ISOs and NSOs must be granted at an exercise price, and the SARs must be granted at a base value, per share of not less than 100% of the closing price of a share of our common stock on the date of grant (or, if no closing price is reported on that date, the closing price on the immediately preceding date on which a closing price was reported) (110% in the case of certain ISOs). Options granted under the 2012 Plan primarily vested based on certain market-based and performance-based criteria and generally have a term of four years to seven years. Certain of the share-based awards granted and outstanding as of June 30, 2023 December 29, 2023 are subject to accelerated vesting upon a change in control of the Company.

Incentive Stock Units

Aside from the equity plans described above, we also grant incentive stock units ("ISUs") to certain of our international employees which typically vest over three or four years and for which the fair value is determined by our underlying stock price, which are classified as liabilities and settled in cash upon vesting.

As of June 30, 2023 December 29, 2023 and September 30, 2022 September 29, 2023, the fair value of outstanding ISUs was $4.2 $6.0 million and $4.9 $5.0 million, respectively, and the associated accrued compensation liability was $2.4 $2.3 million and $3.6 $3.3 million, respectively. During the three and nine months ended June 30, 2023 December 29, 2023 and December 30, 2022, we recorded an expense for ISU awards of $0.3 $0.5 million and $2.2 million, respectively. During the three and nine months ended July 1, 2022, we recorded a benefit for ISU awards of $0.4 million and expense of $0.2 $1.3 million, respectively. These expenses are not included in the share-based compensation expense totals below.

Share-Based Compensation

The following table shows a summary of share-based compensation expense included in the condensed consolidated statements of operations (in thousands):

		Three Months Ended		Nine Months Ended	
		June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
Cost of revenue	Cost of revenue	$ 1,078	$ 929	$ 3,239	$ 3,035
Cost of revenue					
Cost of revenue					
Research and development					
Research and development					
Research and development	Research and development	3,281	3,709	11,255	10,818
Selling, general and administrative	Selling, general and administrative	3,903	5,707	14,275	16,407
Selling, general and administrative					
Selling, general and administrative					
Total share-based compensation expense	Total share-based compensation expense	$ 8,262	$ 10,345	$ 28,769	$ 30,260
Total share-based compensation expense					
Total share-based compensation expense					

As of June 30, 2023 December 29, 2023, the total unrecognized compensation costs related to RSAs, RSUs and PRSUs was $62.1 million $93.2 million, which we expect to recognize over a weighted-average period of 2.0 2.3 years. As of June 30, 2023 December 29, 2023, total unrecognized compensation cost related to our Employee Stock Purchase Plan was $0.8 million $0.9 million.

Restricted Stock, Restricted Stock Units and Performance-Based Restricted Stock Unit Awards Units

A summary of stock award activity for the nine three months ended June 30, 2023 December 29, 2023 is as follows:

		Number of shares (in thousands)	Weighted-Average Grant Date Fair Value
Balance as of September 30, 2022		1,872	$ 40.44
	Number of shares (in thousands)	Number of shares (in thousands)	Weighted-Average Grant Date Fair Value
Balance as of September 29, 2023			
Granted	Granted	783	63.19
Performance-based adjustment (1)	Performance-based adjustment (1)	311	27.13
Vested and released	Vested and released	(1,404)	28.23
Forfeited, canceled or expired	Forfeited, canceled or expired	(62)	49.83
Balance as of June 30, 2023		1,500	$ 60.60
Balance as of December 29, 2023			

(1) The amount shown represents performance adjustments for performance-based awards. These were granted in prior fiscal years and vested during the nine three months ended June 30, 2023 December 29, 2023 based on the Company's achievement of adjusted earnings per share performance conditions.

Stock awards that vested during the nine three months ended June 30, 2023 December 29, 2023 and July 1, 2022 December 30, 2022 had combined fair values of $85.1 million $33.3 million and $92.7 million $66.8 million, respectively, as of the vesting date. RSUs granted generally vest over a period of three or four years.

Market-based PRSUs

We granted 166,452 132,247 market-based PRSUs during the nine three months ended June 30, 2023 December 29, 2023, at a weighted average grant date fair value of $80.38 $88.88 per share, and none were forfeited. share. Recipients may earn between 0% and 200% of the target number of shares based on the Company's achievement of total stockholder return in comparison to a peer group of companies in the PHLX Semiconductor Sector Index (^SOX) over a period of approximately 3 three years. The fair value of the awards was estimated using a Monte Carlo simulation and compensation expense is recognized ratably over the service period based on the grant date fair value of the awards subject to the market condition. The expected volatility of the Company's common stock was estimated based on the historical average volatility rate over the three-year period. The dividend yield assumption was based on historical and anticipated dividend payouts. The risk-free rate assumption was based on observed interest rates consistent with the three-year measurement period. The assumptions used to value the awards are as follows:

		Nine Months Ended June 30, 2023		
	Three Months Ended December 29, 2023			Three Months Ended December 29, 2023
Grant date stock price	Grant date stock price	$ 56.15	Grant date stock price	$ 73.01
Average stock price at the start of the performance period	Average stock price at the start of the performance period	$ 54.12	Average stock price at the start of the performance period	$ 79.43
Risk free interest rate	Risk free interest rate	4.2%	Risk free interest rate	4.6%

Years to maturity	Years to maturity	2.90	Years to maturity	2.9
Expected volatility rate	Expected volatility rate	52.4%	Expected volatility rate	41.7%
Expected dividend yield	Expected dividend yield	—	Expected dividend yield	—

Stock Options

As of June 30, 2023 December 29, 2023 and September 30, 2022, September 29, 2023 there were 10,000 and 15,000 stock options outstanding, respectively, with a weighted-average exercise price per share of $16.06. As of June 30, 2023 December 29, 2023, the weighted-average remaining contractual term was 2.35 1.85 years and the aggregate intrinsic value was $0.7 million $0.8 million. Aggregate intrinsic value is calculated using the difference between our closing stock price on June 30, 2023 December 29, 2023 and the exercise price of outstanding, in-the-money options. The total intrinsic value of options exercised during the nine three months ended July 1, 2022 December 29, 2023 was $11.0 million $0.3 million. There were no options exercised during the three and nine months ended June 30, 2023 and three months ended July 1, 2022, respectively. December 30, 2022.

14. INCOME TAXES

We are subject to income tax in the U.S. as well as other tax jurisdictions in which we conduct business. Earnings from non-U.S. activities are subject to local country income tax and may also be subject to current U.S. income tax. For interim periods, we record a tax provision or benefit based upon the estimated effective tax rate expected for the full fiscal year, adjusted for material discrete taxation matters arising during the interim periods. Our quarterly tax provision or benefit, and its quarterly estimate of the annual effective tax rate, are subject to significant variation due to several factors. These factors include items such as: variability in accurately predicting pre-tax income/loss, the mix of jurisdictions in which we operate, intercompany transactions, changes in how we do business, tax law developments, the realizability of our deferred tax assets and related valuation allowance and relative changes in permanent tax benefits or expenses.

The provision for income taxes and effective income tax rate are as follows (in thousands, except percentages):

		Three Months Ended		Nine Months Ended	
		June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
		Three Months Ended Three Months Ended Three Months Ended			
		December 29, 2023 December 29, 2023 December 29, 2023			
Income tax expense Income tax expense					
Income tax expense	Income tax expense	$ 7,768	$ 2,937	$ 29,039	$ 5,962
Effective income tax rate	Effective income tax rate	39.6 %	8.4 %	30.2 %	2.9 %
Effective income tax rate Effective income tax rate					

The difference between the U.S. federal statutory income tax rate of 21% and our effective income tax rate for the three and nine months ended June 30, 2023 December 29, 2023 was primarily driven by tax on global intangible low-taxed income ("GILTI") including changes to Section 174 requiring the capitalization of certain R&D expenses, resulting in a 16% increase from the statutory income tax rate for both periods, non-deductible favorable stock based compensation and state income taxes partially offset by income taxed in foreign jurisdictions generally at lower tax rates and research and development ("R&D") tax credits. credits, partially offset by foreign withholding taxes and global intangible low taxed income ("GILTI"). The difference between the U.S. federal statutory income tax rate of 21% and our effective income tax rate for the three and nine months ended July 1, 2022 December 30, 2022 was primarily driven by tax on GILTI and non-deductible compensation, partially offset by R&D tax credits.

During the full valuation allowance against any three months ended December 29, 2023, we changed our position on having earnings permanently reinvested for one of our entities in India to no longer having its earnings permanently reinvested. The result of this change in position required us to record a foreign withholding tax expense of $1.0 million associated with income in undistributed earnings during the U.S. and income taxed in foreign jurisdictions generally at lower tax rates, where a valuation allowance does not apply. three months ended December 29, 2023.

On September 30, 2022, we released the majority of the valuation allowances against U.S. federal and state deferred tax assets including operating loss ("NOL") carryforwards, R&D tax credit carryforwards and other deferred tax items relating to temporary differences. We continued our ongoing assessment of the realizability of our deferred tax assets and did not note any significant changes from our assessment on September 30, 2022. We continue to maintain a partial valuation allowance against certain of our deferred tax assets primarily relating to state NOLs and R&D tax credit carryforwards which are not expected to be realized. We recognize deferred tax assets to the extent that we believe that these assets are more likely than not to be realized. In making this determination, we consider available positive and negative evidence. We look at factors that may impact the valuation of our deferred tax assets including results of recent operations, future reversals of existing taxable temporary differences, projected future taxable income and tax-planning strategies.

There were no unrecognized tax benefits as of June 30, 2023 December 29, 2023 and September 30, 2022 September 29, 2023. It is our policy to recognize any interest and penalties accrued related to unrecognized tax benefits in income tax expense. During the fiscal quarter ended June 30, 2023 December 29, 2023, we did not make any accrual or payment of interest or penalties.

15. SUPPLEMENTAL CASH FLOW INFORMATION

The following is a summary of supplemental cash flow information for the periods presented (in thousands):

		Nine Months Ended			
		June 30, 2023	July 1, 2022		
	Three Months Ended			Three Months Ended	
	December 29, 2023			December 29, 2023	December 30, 2022
Cash paid for interest	Cash paid for interest	$8,140	$4,332		
Cash paid for income taxes	Cash paid for income taxes	$2,771	$1,792		
Non-cash activities:	**Non-cash activities:**				
Operating lease right-of-use assets obtained in exchange for new lease liabilities	Operating lease right-of-use assets obtained in exchange for new lease liabilities	$4,434	$2,367		
Finance lease assets obtained in exchange for new lease liabilities		$9,725	$ —		
Operating lease right-of-use assets obtained in exchange for new lease liabilities					
Operating lease right-of-use assets obtained in exchange for new lease liabilities					
Additions to property and equipment, net included in liabilities					
Additions to property and equipment, net included in liabilities					
Additions to property and equipment, net included in liabilities	Additions to property and equipment, net included in liabilities	$ 195	$1,241		

During Operating lease right-of-use assets obtained in exchange for new lease liabilities includes $5.6 million operating lease right-of-use assets acquired as part of the nine months ended July 1, 2022, we capitalized $0.9 million of non-cash costs to property and equipment associated with construction of a power generator that were paid by our service provider and is included in Additions to property and equipment, net included in liabilities above. See RF Business Acquisition. For additional information on the RF Business Acquisition, see *Note 10 3 - Financing Obligation Acquisitions*.

16. GEOGRAPHIC AND SIGNIFICANT CUSTOMER INFORMATION

We have one reportable operating segment that designs, develops, manufactures and markets semiconductors and modules. The determination of the number of reportable operating segments is based on the chief operating decision maker's ("CODM") use of financial information provided for the purposes of assessing performance and making operating decisions. The Company's CODM is its President and Chief Executive Officer. In evaluating financial performance and making operating decisions, the CODM primarily uses consolidated metrics. The Company assesses its determination of operating segments at least annually. We continue to evaluate our internal reporting structure and the potential impact of any changes on our segment reporting.

For information about our revenue in different geographic regions, based upon customer locations, see *Note 2 - Revenue*.

Information about net property and equipment in different geographic regions is presented below (in thousands):

		June 30, 2023	September 30, 2022		
		December 29, 2023		December 29, 2023	September 29, 2023
United States	United States	$ 116,993	$108,569		
France	France	31,929	775		
Other Countries (1)	Other Countries (1)	6,454	14,357		
Total	Total	$ 155,376	$123,701		

(1) Other than the United States and France, no country or region represented greater than 10% of the total net property and equipment as of the dates presented.

The following is a summary of customer concentrations as a percentage of revenue and accounts receivable as of and for the periods presented:

	Three Months Ended	
Revenue	**December 29, 2023**	**December 30, 2022**
Customer A	13 %	—

Accounts Receivable	**December 29, 2023**	**September 29, 2023**
Customer B	14 %	—
Customer C	12 %	—

Customer Concentration

Customer A represented 11% of revenue in the three months ended July 1, 2022. Customer A did not represent more than 10% of our revenue for in the three and nine months ended June 30, 2023 December 30, 2022. Customer B and nine Customer C did not represent more than 10% of our revenue in the three months ended July 1, 2022. December 29, 2023 and December 30, 2022, respectively. No other customer represented more than 10% of revenue and none of our customers represented more than 10% of or accounts receivable in the periods presented in the accompanying condensed consolidated financial statements. For the three and nine months ended June 30, 2023 December 29, 2023 and December 30, 2022, our top ten customers represented 44% 57% and 47%, respectively, of total revenue, and for the three and nine months ended July 1, 2022, our top ten customers represented 51% and 47% 52%, respectively, of total revenue.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended September 30, 2022 September 29, 2023 filed with the United States Securities and Exchange Commission ("SEC") on November 14, 2022 November 13, 2023 (the "2022 "2023 Annual Report on Form 10-K").

In this document, the words "Company," "we," "our," "us," and similar terms refer only to MACOM Technology Solutions Holdings, Inc. and its consolidated subsidiaries, and not any other person or entity.

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Cautionary Note Regarding Forward-Looking Statements

This Item 2, “Management's Discussion and Analysis of Financial Condition and Results of Operations” and other sections of this Quarterly Report on Form 10-Q contain “forward-looking statements.” In addition, we may make other written and oral communications from time to time that contain such statements. Forward-looking statements include statements regarding our business outlook, strategic plans and priorities, expectations, anticipated drivers of future revenue growth, our ability to develop new products, achieve market acceptance of those products and better address certain markets, expand our capabilities and extend our product offerings through the Linearizer Acquisition, the MESC Acquisition and the MESC RF Business Acquisition, industry trends, the potential impacts of COVID-19 on our future operations and results, our estimated annual effective tax rate, our plans for use of our cash and cash equivalents and short-term investments, interest rate and foreign currency risks, our ability to meet working capital requirements, estimates and objectives for future operations, our future results of operations and our financial position, including liquidity, and other matters that do not relate strictly to historical facts. Forward-looking statements generally may be identified by terms such as “anticipates,” “believes,” “could,” “continue,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “seeks,” “should,” “targets,” “will,” “would” or similar expressions or variations or the negatives of those terms. These statements are based on management's beliefs and assumptions as of the date of this Quarterly Report on Form 10-Q, based on information currently available to us. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from the forward-looking statements include, among others, the risks described in the section entitled “Risk Factors” in this Quarterly Report on Form 10-Q and the 2022 2023 Annual Report on Form 10-K. We caution the reader to carefully consider such factors. Furthermore, such forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

Overview

We design and manufacture semiconductor products for Telecommunications (“Telecom”), the Industrial and Defense (“I&D”), Data Center and Data Center Telecommunications (“Telecom”) industries. Headquartered in Lowell, Massachusetts, with operational facilities throughout North America, Europe and Asia, we design, develop and manufacture differentiated semiconductor products for customers who demand high performance, quality and reliability. We have more than 70 years of application expertise, combined with expertise in analog and mixed signal circuit design, compound semiconductor fabrication (including gallium arsenide, gallium nitride, GaAs, GaN, indium phosphide (“InP”) and specialized silicon), advanced packaging and back-end assembly and test. We offer a broad portfolio of thousands of standard and custom devices, which include integrated circuits (“IC”), multi-chip modules (“MCM”), diodes, amplifiers, switches and switch limiters, passive and active components and complete radio frequency (“RF”) and optical subsystems, across which make up dozens of product lines serving that service over 6,000 end customers in our three primary markets. Our semiconductor products are electronic components that our customers generally incorporate into larger electronic systems, such as wireless communication systems including basestations, high capacity high-capacity optical networks, data center applications, networks, radar, medical systems and test and measurement applications. Our primary end markets are: (1) Telecom, which includes carrier infrastructure such as long-haul/metro, 5G and Fiber-to-the-X/passive optical network, among others; (2) I&D, which includes military and commercial radar, radio frequency (“RF”) RF jammers, electronic countermeasures, communication data links, satellite communications and multi-market applications, which include industrial, medical, test and measurement and scientific applications; and (3) (2) Data Center, which includes intra-Data Center, Data Center Interconnect (“DCI”) applications, at 100G, 200G, 400G, 800G and higher speeds, enabled by our broad portfolio of analog ICs and photonic components for high speed optical module customers.

COVID-19 Impact

As a result of the numerous government customers; and related measures that have been implemented around the world where we operate to address COVID-19 (3) Telecom, which includes carrier infrastructure such as long-haul/metro, 5G satellite communications and the spread of COVID-19, we have modified our business practices and may further modify our practices as required, or as we determine appropriate. While these measures, as well as other disruptions, have impacted our operations, the operations of our customers and those of our respective vendors and suppliers, such impacts did not, through the nine months ended June 30, 2023 Fiber-to-the-X (“FTTx”)/passive optical network (“PON”), have a material impact on our consolidated operating results. However, the degree to which COVID-19 may impact our business, financial condition, results of operations, liquidity and cash flows will continue to depend on future developments, which remain highly uncertain and cannot be predicted.

For additional information on risk factors that could impact our future results, please refer to the section entitled “Risk Factors” in this Quarterly Report on Form 10-Q and the 2022 Annual Report on Form 10-K. among others.

Description of Our Revenue

Revenue. Our revenue is derived from sales of high-performance RF, microwave, millimeter wave, optical and photonic semiconductor products. We design, integrate, manufacture and package differentiated, semiconductor-based products that we sell to customers through our direct sales organization, our network of independent sales representatives and our distributors.

We believe the primary drivers of our future revenue growth will include:

- continued growth in the demand for high-performance analog, digital and optical semiconductors in our three primary markets;
- introducing new products using advanced technologies, added features, higher levels of integration and improved performance;
- increasing content of our semiconductor solutions in customers’ systems through cross-selling our product lines;
- leveraging our core strength and leadership position in standard, catalog products that service all of our end applications; and
- engaging early with our lead customers to develop custom and standard products.

Our core strategy is to develop and innovate high-performance products that address our customers’ most difficult technical challenges in our primary markets: Telecom, I&D, Data Center and Data Center.

We expect our revenue in the Telecom market to be driven by 5G deployments, with continued upgrades and expansion of communications equipment, and increasing adoption of our high-performance RF, millimeter wave, optical and photonic components. Telecom.

We expect our revenue in the I&D market to be driven by the expanding product portfolio that we offer which services applications such as test and measurement, satellite communications, civil and military radar, industrial, automotive, scientific and medical applications, further supported by growth in applications for our multi-market catalog products.

We expect our revenue in the Data Center market to be driven by the adoption of cloud-based services and the upgrade of data center architectures to 100G, 200G, 400G and 800G interconnects, which we expect will drive adoption of higher speed optical and photonic components.

We expect our revenue in the Telecom market to be driven by 5G deployments, with continued upgrades and expansion of communications equipment, satellite communications networks and increasing adoption of our high-performance RF, millimeter wave, optical and photonic components.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our condensed consolidated financial statements. The preparation of financial statements, in conformity with GAAP, requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the reported amounts of revenue and expenses during the reporting period and disclosure of contingent assets and liabilities at the date of the financial statements. By their nature, these estimates and judgments are subject to an inherent degree of uncertainty and could be material if our actual or expected experience were to change unexpectedly. On an ongoing basis, we re-evaluate our estimates and judgments.

We base our estimates and judgments on our historical experience and on other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates and material effects on our operating results and financial position may result. The accounting policies which our management believes involve the most significant application of judgment or involve complex estimation, are inventories and associated reserves; revenue reserves; business combinations; goodwill and intangible asset valuation; share-based compensation valuations and income taxes.

Business combinations

We apply significant estimates and judgments in order to determine the fair value of the identified tangible and intangible assets acquired, liabilities assumed and goodwill recognized in business combinations. The value of all assets and liabilities are recognized at fair value as of the acquisition date using a market participant approach. In measuring the fair value, we utilize a number of valuation techniques. When determining the fair value of property and equipment acquired, generally we must estimate the cost to replace the asset with a new asset taking into consideration such factors as age, condition and the economic useful life of the asset. When determining the fair value of intangible assets acquired, typically determined using a discounted cash flow valuation method, we use assumptions such as the timing and amount of future cash flows, discount rates, weighted average cost of capital and estimated useful lives. These assessments can be significantly affected by our judgments.

Goodwill and intangible asset valuation

Significant management judgment is required in our valuation of goodwill and intangible assets, many of which are based on the creation of forecasts of future operating results that are used in the valuation, including (i) estimation of future cash flows, (ii) estimation of the long-term rate of growth for our business, (iii) estimation of the useful life over which cash flows will occur, (iv) terminal values, if applicable, and (v) the determination of our weighted average cost of capital, which helps determine the discount rate. It is possible that these forecasts may change, and our performance projections included in our forecasts of future results may prove to be inaccurate. The value of our goodwill and purchased intangible assets could also be impacted by future adverse changes, such as a decline in the valuation of technology company stocks, including the valuation of our common stock, or a significant slowdown in the worldwide economy or in the optical communications equipment or semiconductor industry.

For additional information related to these and other accounting policies refer to *Note 2 - Summary of Significant Accounting Policies* to our Consolidated Financial Statements included in Item 8 of Part II, “Financial Statements and Supplementary Data,” of the 2022 2023 Annual Report on Form 10-K and *Note 1 - Basis of Presentation and Summary of Significant Accounting Policies* to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Results of Operations

The following table sets forth, for the periods indicated, our statements of operations data (in thousands):

		Three Months Ended		Nine Months Ended	
		June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
Revenue	Revenue	$ 148,522	$ 172,259	$ 498,032	$ 497,027
Revenue					
Revenue					
Cost of revenue (1)					
Cost of revenue (1)					
Cost of revenue (1)	Cost of revenue (1)	62,396	67,717	198,861	199,353
Gross profit	Gross profit	86,126	104,542	299,171	297,674
Gross profit					
Gross profit					
Operating expenses:					
Operating expenses:					
Operating expenses:	Operating expenses:				
Research and development (1)	Research and development (1)	36,668	37,625	111,037	108,550
Selling, general and administrative (1)		32,152	30,914	96,341	93,481
Research and development (1)					
Research and development (1)					
Selling, general and administrative (1) (2)					
Selling, general and administrative (1) (2)					
Selling, general and administrative (1) (2)					

Total operating expenses					
Total operating expenses					
Total operating expenses	Total operating expenses	68,820	68,539	207,378	202,031
Income from operations	Income from operations	17,306	36,003	91,793	95,643
Income from operations					
Income from operations					
Other income (expense):					
Other income (expense):					
Other income (expense):	Other income (expense):				
Interest income					
Interest income (expense), net		2,344	(845)	4,580	(3,928)
Other (expense) income, net (2)		(29)	13	(207)	114,866
Total other income (expense), net		2,315	(832)	4,373	110,938
Interest income					
Interest income					
Interest expense					
Interest expense					
Interest expense					
Other expense, net					
Other expense, net					
Other expense, net					
Total other income					
Total other income					
Total other income					
Income before income taxes					
Income before income taxes					
Income before income taxes	Income before income taxes	19,621	35,171	96,166	206,581
Income tax expense	Income tax expense	7,768	2,937	29,039	5,962
Income tax expense					
Income tax expense					
Net income	Net income	$ 11,853	$ 32,234	$ 67,127	$ 200,619
Net income					
Net income					

(1) Includes (a) Amortization expense related to intangible assets arising from acquisitions and (b) Share-based compensation expense included in our condensed consolidated statements of operations as set forth below (in thousands):

	Three Months Ended	
	December 29, 2023	December 30, 2022
(a) Intangible amortization expense:		
Cost of revenue	$ 1,942	$ 910
Research and development	1,044	—
Selling, general and administrative	4,798	5,903
(b) Share-based compensation expense:		
Cost of revenue	$ 1,270	$ 1,150
Research and development	2,765	4,232
Selling, general and administrative	4,622	5,665

	Three Months Ended		Nine Months Ended	
	June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022

(a) Intangible amortization expense:				
Cost of revenue	$ 1,131	$ 1,779	$ 3,028	$ 6,062
Selling, general and administrative	5,976	6,276	17,644	19,334
(b) Share-based compensation expense:				
Cost of revenue	$ 1,078	$ 929	$ 3,239	$ 3,035
Research and development	3,281	3,709	11,255	10,818
Selling, general and administrative	3,903	5,707	14,275	16,407

(2) The nine three months ended July 1, 2022 includes a gain on the sale December 29, 2023 and December 30, 2022 include $8.4 million and $0.8 million, respectively, of our equity method investment of $118.2 million acquisition-related professional fee and net losses of $3.3 million associated with such equity method investment. See other expense Note 4 - Investments to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q for additional information. .

The following table sets forth, for the periods indicated, our statements of operations data expressed as a percentage of our revenue:

		Three Months Ended		Nine Months Ended	
		June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
Revenue	Revenue	100.0 %	100.0 %	100.0 %	100.0 %
Revenue					
Revenue					
Cost of revenue					
Cost of revenue					
Cost of revenue	Cost of revenue	42.0	39.3	39.9	40.1
Gross profit	Gross profit	58.0	60.7	60.1	59.9
Gross profit					
Gross profit					
Operating expenses:					
Operating expenses:					
Operating expenses:	Operating expenses:				
Research and development	Research and development	24.7	21.8	22.3	21.8
Research and development					
Research and development					
Selling, general and administrative					
Selling, general and administrative					
Selling, general and administrative	Selling, general and administrative	21.6	17.9	19.3	18.8
Total operating expenses	Total operating expenses	46.3	39.8	41.6	40.6
Total operating expenses					
Total operating expenses					
Income from operations					
Income from operations					
Income from operations	Income from operations	11.7	20.9	18.4	19.2
Other income (expense):	Other income (expense):				
Other income (expense):					
Other income (expense):					
Interest income					
Interest income (expense), net		1.6	(0.5)	0.9	(0.8)
Other (expense) income, net		0.0	—	0.0	23.1
Total other income (expense), net		1.6	(0.5)	0.9	22.3
Interest income					
Interest income					

Interest expense								
Interest expense								
Interest expense								
Other expense, net								
Other expense, net								
Other expense, net								
Total other income								
Total other income								
Total other income								
Income before income taxes								
Income before income taxes								
Income before income taxes	Income before income taxes	13.2		20.4		19.3		41.6
Income tax expense	Income tax expense	5.2		1.7		5.8		1.2
Income tax expense								
Income tax expense								
Net income	Net income	8.0	%	18.7	%	13.5	%	40.4	%
Net income								
Net income								

Comparison of the Three and Nine Months Ended June 30, 2023 December 29, 2023 to the Three and Nine Months Ended July 1, 2022 December 30, 2022

Revenue. Our revenue decreased by $23.7 million $23.0 million, or 13.8% 12.7%, to $148.5 million $157.1 million for the three months ended June 30, 2023 December 29, 2023, from $172.3 million $180.1 million for the three months ended July 1, 2022, and our revenue increased by $1.0 million, or 0.2%, to $498.0 million for the nine months ended June 30, 2023, from $497.0 million for the nine months ended July 1, 2022 December 30, 2022. The decrease in revenue in the three months ended June 30, 2023 and increase in revenue in the nine months ended June 30, 2023 December 29, 2023 is described by end market in the following paragraphs.

Revenue from our primary markets, the percentage of change between the periods presented, and revenue by primary markets expressed as a percentage of total revenue in the periods presented were (in thousands, except percentages):

		Three Months Ended						Nine Months Ended					
		June 30, 2023		July 1, 2022		% Change		June 30, 2023		July 1, 2022		% Change	
Telecom		$	38,333	$	61,988	(38.2)	%	$	153,670	$	180,738	(15.0)	%
Industrial & Defense													
Industrial & Defense													
Industrial & Defense	Industrial & Defense		83,549		75,509	10.6	%		237,911		215,794	10.2	%
Data Center	Data Center		26,640		34,762	(23.4)	%		106,451		100,495	5.9	%
Data Center													
Data Center													
Telecom													
Telecom													
Telecom													
Total													
Total													
Total	Total	$	148,522	$	172,259	(13.8)	%	$	498,032	$	497,027	0.2	%
Telecom		25.8	%	36.0	%			30.9	%	36.4	%		
Industrial & Defense													
Industrial & Defense													
Industrial & Defense	Industrial & Defense	56.3	%	43.8	%			47.8	%	43.4	%		
Data Center	Data Center	17.9	%	20.2	%			21.3	%	20.2	%		
Data Center													
Data Center													

Telecom					
Telecom					
Telecom					
Total	Total	100.0 %	100.0 %	100.0 %	100.0 %
Total					
Total					

In the three months ended June 30, 2023 December 29, 2023, our I&D market revenue decreased by $0.2 million, or 0.2%, compared to the three months ended December 30, 2022. The decrease in the three months ended December 29, 2023 was primarily driven by lower sales of legacy products for industrial markets, partially offset by incremental revenue from recent acquisitions and an increase in defense program shipments.

In the three months ended December 29, 2023, our Data Center market revenue increased by $8.0 million, or 19.3%, compared to the three months ended December 30, 2022. The increase in the three months ended December 29, 2023 was primarily driven by an increase in sales of 400G and 800G high-performance analog Data Center products, partially offset by a decrease in sales of our legacy connectivity products.

In the three months ended December 29, 2023, our Telecom market revenue decreased by $23.7 million $30.8 million, or 38.2% 50.1%, compared to the three months ended July 1, 2022. In the nine months ended June 30, 2023, our Telecom market revenue decreased by $27.1 million, or 15.0%, compared to the nine months ended July 1, 2022 December 30, 2022. The decrease for the three and nine months ended June 30, 2023 December 29, 2023 was primarily driven by a decrease in sales of products targeted for 5G applications, a decrease in sales of carrier-based optical semiconductor products, a decrease in sales of RF and microwave products for broadband access and video infrastructure and a decrease in sales of legacy backhaul products, primarily in China.

In the three months ended June 30, 2023, our I&D market revenue increased partially offset by $8.0 million, or 10.6%, compared to the three months ended July 1, 2022. In the nine months ended June 30, 2023, our I&D market revenue increased by $22.1 million, or 10.2%, compared to the nine months ended July 1, 2022. The increase in the three and nine months ended June 30, 2023 was primarily driven by defense program shipments, which includes incremental revenue from recent acquisitions, and expansion of high-performance analog product lines into the I&D market.

In the three months ended June 30, 2023, our Data Center market revenue decreased by $8.1 million, or 23.4%, compared to the three months ended July 1, 2022. In the nine months ended June 30, 2023, our Data Center market revenue increased by $6.0 million, or 5.9%, compared to the nine months ended July 1, 2022. The decrease in the three months ended June 30, 2023 was primarily driven by a decrease in sales of high-performance analog Data Center products. The increase in the nine months ended June 30, 2023 was primarily driven by an increase in sales of our legacy connectivity products, which were supply constrained in prior periods, partially offset by a decrease in sales of optical semiconductor products and high-performance analog Data Center products. acquisitions.

We continue to be negatively impacted by the current macroeconomic conditions, which we expect may result in weaker near-term demand for our products. products across all three of our primary markets.

Gross profit. Gross margin was 58.0% 55.6% and 60.7% 61.3% for the three months ended June 30, 2023 December 29, 2023 and July 1, 2022, respectively, and 60.1% and 59.9% for the nine months ended June 30, 2023 and July 1, 2022 December 30, 2022, respectively. Gross profit was $86.1 million $87.3 million and $104.5 million $110.4 million for the three months ended June 30, 2023 December 29, 2023 and July 1, 2022, respectively, and $299.2 million and $297.7 million for the nine months ended June 30, 2023 and July 1, 2022 December 30, 2022, respectively. Gross profit decreased for the three months ended June 30, 2023 December 29, 2023 as compared to the three months ended July 1, 2022 December 30, 2022 primarily as a result of lower sales, increases in production supplies, employee headcount employee-related costs associated with acquisitions, higher intangible asset amortization and variable costs, depreciation expense, partially offset by lower intangible amortization. Gross profit increased for the nine months ended June 30, 2023 as compared to the nine months ended July 1, 2022 primarily as a result of higher sales and lower intangible amortization, partially offset by increases decreases in production supplies, employee headcount primarily due to acquisitions, employee-related costs, depreciation expense and variable costs. supplies.

Research and development. Research and development expense decreased increased by $1.0 million $0.6 million, or 2.5% 1.5%, to $36.7 million $39.4 million, or 24.7% 25.1% of our revenue, for the three months ended June 30, 2023 December 29, 2023, compared to $37.6 million $38.8 million, or 21.8% 21.6% of our revenue, for the three months ended July 1, 2022 December 30, 2022. Research and development expense increased by $2.5 million, or 2.3%, to $111.0 million, or 22.3% of our revenue, for the nine months ended June 30, 2023, compared to $108.6 million, or 21.8% of our revenue, for the nine months ended July 1, 2022. Research and development expense decreased in the three months ended June 30, 2023 primarily as a result of lower supply costs and design software costs, partially offset by increases in employee-related costs. Research and development expense increased in the nine three months ended June 30, 2023 December 29, 2023 primarily as a result of increases in employee headcount primarily due to acquisitions, employee-related costs and development foundry costs, partially offset by decreases in design software costs and depreciation supplies expense, partially offset primarily by decreases in development foundry costs and share-based compensation expense.

Selling, general and administrative. Selling, general and administrative expense increased by $1.2 $3.9 million, or 4.0% 12.0%, to $32.2 million $36.9 million, or 21.6% 23.5% of our revenue, for the three months ended June 30, 2023 December 29, 2023, compared to $30.9 million $32.9 million, or 17.9% 18.3% of our

revenue, for the three months ended July 1, 2022. Selling, general and administrative expense increased by $2.9 million, or 3.1%, to $96.3 million, or 19.3% of our revenue, for the nine months ended June 30, 2023, compared to $93.5 million, or 18.8% of our revenue, for the nine months ended July 1, 2022 December 30, 2022. Selling, general and administrative expense increased in the three and nine months ended June 30, 2023 December 29, 2023 primarily due to an increase in acquisition-related professional fees, costs and employee headcount and travel expense, due to acquisitions, partially offset primarily by decreases in employee-related costs, lower intangible amortization and share-based compensation expense and intangible amortization. expense.

Interest income (expense), net income. .In the three months ended June 30, 2023 December 29, 2023, interest income net was $2.3 million, $5.6 million, compared to interest expense, net of $0.8 million $3.7 million for the three months ended July 1, 2022. In the nine months ended June 30, 2023, interest income, net was $4.6 million, compared to interest expense, net of $3.9 million for the nine months ended July 1, 2022 December 30, 2022. The change increase for the three and nine months ended June 30, 2023 December 29, 2023 is primarily due to an the general increase in interest rates on both our short-term investments and associated interest income, partially offset by an increase in our money market balances.

Interest expense. In the three months ended December 29, 2023, interest expense on was $1.3 million, compared to $3.1 million for the three months ended December 30, 2022. The decrease for the three months ended December 29, 2023 is primarily due to the August 2023 payment of the total outstanding principal balance of the Term Loans.

Provision for income taxes. OurIn the three months ended December 29, 2023, income tax expense and was $2.8 million, compared to $9.6 million for the three months ended December 30, 2022. In the three months ended December 29, 2023, the effective income tax rates rate was 18.0%, compared to 24.6% for the periods indicated were (in thousands, except percentages):

	Three Months Ended		Nine Months Ended	
	June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
Income tax expense	7,768	2,937	29,039	5,962
Effective income tax rate	39.6 %	8.4 %	30.2 %	2.9 %

three months ended December 30, 2022. The difference between the U.S. federal statutory income tax rate of 21% and our effective income tax rate for the three and nine months ended June 30, 2023 December 29, 2023 was primarily driven by favorable stock based compensation and R&D tax credits, partially offset by foreign withholding taxes and GILTI. The difference between the U.S. federal statutory income tax rate of 21% and our effective income tax rate for the three months ended December 30, 2022, was primarily driven by tax on GILTI including changes to Section 174 requiring the capitalization of certain R&D expenses, resulting in a 16% increase from the statutory income tax rate for both periods, and non-deductible compensation, and state income taxes partially offset by income taxed in foreign jurisdictions generally at lower tax rates and R&D tax credits. Our effective income tax rate for the three and nine months ended July 1, 2022 was primarily driven by the full valuation allowance against any expense associated with income in the U.S. and income taxed in foreign jurisdictions generally at lower tax rates, where a valuation allowance does not apply. Our estimated annual effective tax rate for the year ending September 29, 2023 September 27, 2024 is expected to be approximately 30%23%, adjusted for discrete taxation matters arising during the interim periods.

For additional information refer to *Note 14 - Income Taxes* to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Liquidity and Capital Resources

The following table summarizes our cash flow activities (in thousands):

		Nine Months Ended			
		June 30, 2023	July 1, 2022		
		Three Months Ended			Three Months Ended
		December 29, 2023		December 29, 2023	December 30, 2022
Cash and cash equivalents, beginning of period	Cash and cash equivalents, beginning of period	$ 119,952	$ 156,537		
Net cash provided by operating activities	Net cash provided by operating activities	116,563	116,989		
Net cash used in investing activities	Net cash used in investing activities	(87,361)	(111,809)		
Net cash used in financing activities	Net cash used in financing activities	(27,795)	(28,609)		
Foreign currency effect on cash	Foreign currency effect on cash	161	(938)		
Cash and cash equivalents, end of period	Cash and cash equivalents, end of period	$ 121,520	$ 132,170		

Cash Flow from Operating Activities

Our cash flow from operating activities for the nine three months ended June 30, 2023 December 29, 2023 of $116.6 million $33.1 million consisted of a net income of $67.1 million $12.5 million plus adjustments of $89.3 million $21.5 million, to reconcile our net income to cash provided by operating activities, less cash used in operating assets and liabilities of $39.9 million $0.9 million. Adjustments to reconcile our net income to cash provided by operating activities primarily included depreciation and intangible amortization expense of $38.4 million, $14.3 million and share-based compensation expense of $28.8 million, deferred income tax expense of $27.4 million $8.7 million. In addition, cash used in operating assets and liabilities was $39.9 million $0.9 million for the nine three months ended June 30, 2023 December 29, 2023, primarily driven by an increase in inventories accounts receivables of $12.2 million and a decrease $12.2 million, partially offset by an increase of $16.6 million $6.6 million in accrued and other liabilities.

liabilities, an increase of $2.1 million in accounts payable and a decrease in inventories of $1.6 million.

Our cash flow from operating activities for the nine three months ended July 1, 2022 December 30, 2022 of $117.0 million $38.3 million consisted of a net income of $200.6 million, less $29.5 million plus adjustments of $38.3 million $32.6 million, to reconcile our net income to cash provided by operating activities and less cash used in operating assets and liabilities of $45.3 million $23.8 million. Adjustments to reconcile our net income to cash provided by operating activities primarily included a net gain of $114.9 million related to the sale of our equity method investment offset by equity method investment losses, depreciation and intangible amortization expense of $43.1 million and $12.9 million, share-based compensation expense of $30.3 million. $11.0 million, and deferred income tax expense of $9.1 million. In addition, cash used in operating assets and liabilities was $45.3 million $23.8 million for the nine three months ended July 1, 2022 December 30, 2022, primarily driven by an increase in accounts receivable of $22.0 million $10.5 million, an increase in inventories of $27.5 million $6.4 million and a decrease of $12.7 million $10.3 million in accrued and other liabilities, partially offset by an increase in accounts payable of $14.1 $3.7 million.

Cash Flow from Investing Activities

Our cash flow used in investing activities for the nine three months ended June 30, 2023 December 29, 2023 of $87.4 million $34.8 million consisted primarily of $87.7 million $75.0 million for acquisitions, net of cash acquired, capital expenditures of $18.9 million $4.7 million and purchases of $352.9 million $55.4 million of short-term investments, offset by proceeds of $364.1 million $100.3 million for the sale and maturity of short-term investments and proceeds from the sale of equipment of $8.0 million. investments. For additional information on the cash paid for our acquisitions, net of cash acquired, see *Note 3 - Acquisitions* to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Our cash flow used in investing activities for the nine three months ended July 1, 2022 December 30, 2022 of $111.8 million $8.0 million consisted primarily of purchases of $386.8 million $145.3 million of short-term investments and capital expenditures of $18.8 million $9.6 million, offset by proceeds from the sale of our equity method investment of $127.8 million and proceeds of $166.0 million $147.0 million for the sale and maturity of short-term investments.For additional information on the sale of our equity method investment, see *Note 4 - Investments* to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Cash Flow from Financing Activities

During the nine three months ended June 30, 2023 December 29, 2023, our cash used in financing activities of $27.8 million $9.1 million was primarily related to $32.5 million $11.6 million of repurchases of common stock associated with employee tax withholdings on vested equity awards, partially offset by $5.6 million $2.8 million of proceeds from stock option exercises and employee stock purchases.

During the nine three months ended July 1, 2022 December 30, 2022, our cash used in financing activities of $28.6 million $24.3 million was primarily related to $35.9 million $26.4 million of repurchases of common stock associated with employee tax withholdings on vested equity awards, partially offset by $8.1 million $2.3 million of proceeds from stock option exercises and employee stock purchases.

Liquidity

As of June 30, 2023 December 29, 2023, we held $121.5 million $163.6 million of cash and cash equivalents, primarily deposited with financial institutions, as well as $466.1 million $299.7 million of liquid short-term investments. The undistributed earnings of certain foreign subsidiaries are considered indefinitely reinvested for the periods presented and we do not intend to repatriate such earnings. We believe the decision to reinvest these earnings will not have a significant impact on our liquidity. As of June 30, 2023 December 29, 2023, cash held by our indefinitely reinvested foreign subsidiaries was $20.8 million $7.3 million, which, along with cash generated from foreign operations, is expected to be used in the support of international growth and working capital requirements as well as the repayment of certain intercompany loans.

On August 2, 2023, we paid the total outstanding principal balance on our Term Loans of $120.8 million and accrued interest of less than $0.1 million with cash-on-hand.

We plan to use our remaining available cash and cash equivalents and short-term investments for general corporate purposes, including working capital, or for the acquisition of or investment in complementary technologies, design teams, products and businesses. We believe that our cash and cash equivalents, short-term investments and cash generated from operations will be sufficient to meet our working capital requirements for at least the next twelve months. We may need to raise additional capital from time to time through the issuance and sale of equity or debt securities, and there is no assurance that we will be able to do so on favorable terms or at all.

As of June 30, 2023 December 29, 2023, we had no off-balance sheet arrangements.

For additional information related to our Liquidity and Capital Resources, see *Note 9 - Debt* to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Recent Accounting Pronouncements

See *Note 1 - Basis of Presentation and Summary of Significant Accounting Policies* to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q for information about recent accounting pronouncements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk in the ordinary course of business, which consists primarily of interest rate risk associated with our cash and cash equivalents, short-term investments and our variable rate debt, as well as foreign exchange rate risk.

Interest rate risk. The primary objectives of our investment activity are to preserve principal, provide liquidity and invest excess cash for an average rate of return. To minimize market risk, we maintain our portfolio in cash and diversified investments, which may consist of corporate bonds, bank deposits, money market funds, commercial paper and U.S. Treasury securities. The interest rates are variable and fluctuate with current market conditions. The risk associated with fluctuating interest rates is limited to this investment portfolio. We believe that a 10% change in interest rates would not have a material impact on our financial position or results of operations. We do not enter into financial instruments for trading or speculative purposes.

On August 2, 2023, we paid the total outstanding principal balance on our Term Loans. The interest rates on our 2026 Convertible Notes are fixed and therefore not subject to interest rate risk. For additional information regarding our Term Loans and Convertible Notes, refer to *Note 9 - Debt.*

Foreign currency risk. To date, our international customer agreements have been denominated primarily in U.S. dollars. Accordingly, we have limited exposure to foreign currency exchange rates. The functional currency of a majority of our foreign operations continues to be in U.S. dollars with the remaining operations being local currency. Changes in the value of the U.S. dollar relative to other currencies could make our products more expensive, which could negatively impact demand in certain regions, reduce or delay customer orders, or otherwise negatively affect how customers do business with us. The effects of exchange rate fluctuations on the net assets of the majority of our operations are accounted for as transaction gains or losses. We believe that a change of 10% in such foreign currency exchange rates would not have a material impact on our financial position or results of operations. In the future, we may enter into foreign currency exchange hedging contracts to reduce our exposure to changes in exchange rates.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) were effective as of June 30, 2023 December 29, 2023.

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Controls

Our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving the desired control objectives. Our management recognizes that any control system, no matter how well designed and operated, is based upon certain judgments and assumptions and cannot provide absolute assurance that its objectives will be met. Similarly, an evaluation of controls cannot provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See *Note 12 - Commitments and Contingencies* to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q for information about our legal proceedings.

ITEM 1A. RISK FACTORS

Our business involves a high degree of risk. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our 2022 2023 Annual Report on Form 10-K, which could materially affect our business, financial condition or future results. As of the date of this Quarterly Report on Form 10-Q, there have been no material changes in any of the risk factors described in our 2022 2023 Annual Report on Form 10-K, except as discussed in Part II, “Item 1A. Risk Factors” in our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2023, as filed with the SEC on May 4, 2023, and as noted below.

Adverse global economic conditions could have a negative impact on our business, results of operations and financial condition and liquidity.

A general slowdown in the global economy, including a recession, or in a particular region or industry, an increase in trade tensions with U.S. trading partners, inflation or a tightening of the credit markets could negatively impact our business, financial condition and liquidity. Adverse global economic conditions have, from time to time, caused or exacerbated significant slowdowns in the industries and markets in which we operate, which have adversely affected our business and results of operations. Geopolitical issues, macroeconomic weakness and uncertainty also make it more difficult for us to accurately forecast revenue, gross margin and expenses. An escalation of trade tensions between the U.S. and China has resulted in trade restrictions and increased tariffs that harm our ability to participate in Chinese markets or compete effectively with Chinese companies. Sustained uncertainty about, or worsening of, current global economic conditions and further escalation of trade tensions between the U.S. and its trading partners could result in a global economic slowdown and long-term changes to global trade. Such events may also (i) cause our customers and consumers to reduce, delay or forgo technology spending, (ii) result in customers sourcing products from other suppliers not subject to such restrictions or tariffs, (iii) lead to the insolvency or consolidation of key suppliers and customers and (iv) intensify pricing pressures. Any or all of these factors could negatively affect demand for our products and our business, financial condition and results of operations.

10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

The following table presents information with respect to purchases of common stock we made during the fiscal quarter ended June 30, 2023 December 29, 2023.

Period	Total Number of Shares (or Units) Purchased (1)		Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
April 1, 2023-April 28,2023	5,773	$	63.19	—	—
April 29,2023-May 26,2023	13,838		57.09	—	—
May 27, 2023-June 30, 2023	1,164		61.11	—	—
Total	20,775	$	59.01	—	—

Period	Total Number of Shares (or Units) Purchased (1)		Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
September 30, 2023-October 27, 2023	105,456	$	72.04	—	—
October 28, 2023-November 24, 2023	52,590		73.44	—	—
November 25, 2023-December 29, 2023	1,006		92.89	—	—
Total	159,052	$	72.63	—	—

(1) We employ “withhold to cover” as a tax payment method for vesting of restricted stock awards for our employees, pursuant to which, we withheld from employees the shares noted in the table above to cover tax withholding related to the vesting of their awards. The average prices listed in the above table are averages of the fair market prices at which we valued shares withheld for purposes of calculating the number of shares to be withheld.

ITEM 5. OTHER INFORMATION

Insider Trading Arrangements

During The following table describes actions by our directors and Section 16 officers with respect to plans intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) during the three months ended June 30, 2023, no director December 29, 2023. None of our directors or officer of the Company adopted or Section 16 officers terminated a “Rule Rule 10b5-1 trading arrangement” arrangement or took actions with respect to a “non-Rule 10b5-1 trading arrangement,” as each such term is defined in Item 408(a) 408(c) of Regulation S-K. S-K, during the three months ended December 29, 2023.

Name and Title	Action	Date	Expiration of Plan (1)	Potential Number of Shares to be Sold
Charles Bland *Director*	Adoption	November 13, 2023	February 14, 2025	Sale of up to 10,000 shares

(1) Date of plan termination or such earlier date upon which all transactions are completed or expire without execution.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Fifth Amended and Restated Certificate of Incorporation,, as amended by the Certificate of Amendment dated March 2, 2023. (incorporated by reference to Exhibit 3.1 to our Annual Report on Form 10-K filed on November 13, 2023).
3.2	Fourth Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on January 6, 2023).
10.1*	MACOM Technology Solutions Holdings, Inc. Policy for Recoupment of Incentive Compensation, dated as of October 2, 2023.
19.1	MACOM Technology Solutions Holdings, Inc. Insider Trading Policy, dated as of January 17, 2024.
31.1	Certification of Principal Executive Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
31.2	Certification of Principal Financial Officer Required Under Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended.
32.1	Certification of Principal Executive Officer and Principal Financial Officer Required Under Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.
101	The following material from the Quarterly Report on Form 10-Q of MACOM Technology Solutions Holdings, Inc. for the fiscal quarter ended June 30, 2023 December 29, 2023, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flows, (vi) Notes to Consolidated Financial Statements and (vii) document and entity information, tagged as blocks of text and including detailed tags.
104	The cover page for the Quarterly Report on Form 10-Q of MACOM Technology Solutions Holdings, Inc. for the fiscal quarter ended June 30, 2023 December 29, 2023, formatted in Inline XBRL and included as Exhibit 101.
*	Management compensation plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

Dated: August 3, 2023 February 1, 2024	By:	/s/ Stephen G. Daly
		Stephen G. Daly
		President and Chief Executive Officer *(Principal Executive Officer)*
Dated: August 3, 2023 February 1, 2024	By:	/s/ John F. Kober
		John F. Kober
		Senior Vice President and Chief Financial Officer *(Principal Accounting and Principal Financial Officer)*

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

Policy for Recoupment of Incentive Compensation

1. Introduction

In accordance with Section 10D of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the regulations thereunder, the Board of Directors (the "Board") of MACOM Technology Solutions Holdings, Inc. (the "Company") has adopted this policy (the "Policy") providing for the Company's recoupment of certain incentive-based compensation received by Covered Executives (as defined below) in the event that the Company is required to prepare an accounting restatement due to its material noncompliance with any financial reporting requirement under the securities laws. This Policy is designed to comply with, and shall be construed and interpreted to be consistent with, Section 10D of the Exchange Act, Rule 10D-1 promulgated under the Exchange Act and Listing Rule 5608 of the corporate governance rules of the Nasdaq Stock Market.

2. Administration

Administration and enforcement of this Policy is delegated to the Compensation Committee of the Board (as constituted from time to time, and including any successor committee, the "Committee"). The Committee shall make all determinations under this Policy in its sole discretion. Determinations of the Committee under this Policy need not be uniform with respect to any or all Covered Executives and will be final and binding.

3. Effective Date

This Policy shall be effective with respect to Covered Compensation (as defined below) that is received by Covered Executives on or after October 2, 2023 (the "Effective Date").

4. Covered Executives

This Policy covers each current or former officer of the Company subject to Section 16 of the Exchange Act (each, a "Covered Executive").

5. Covered Compensation

This Policy applies to any cash-based or equity-based incentive compensation, bonus, and/or award that is or was received by a Covered Executive and that is based, wholly or in part, upon the attainment of any financial reporting measure ("Covered Compensation"). For the avoidance of doubt, none of the following shall be deemed to be Covered Compensation: base salary, a bonus that is paid solely at the discretion of the Committee or Board and not paid from a bonus pool determined by satisfying a financial reporting measure performance goal, and cash or equity-based awards that are earned solely upon satisfaction of one or more subjective or strategic standards, including time-based equity awards. This Policy shall apply to any Covered Compensation received by an employee who served as a Covered Executive at any time during the performance period for that Covered Compensation.

6. Financial Restatements; Recoupment

In the event that the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (such an accounting restatement, a "Restatement"), the Committee shall review the Covered Compensation received by a Covered Executive during the three-fiscal year period preceding the Required Financial Restatement Date (as defined below) as well as any transition period that results from a change in the Company's fiscal year within or immediately following those three completed fiscal years. Regardless of whether the Company files the restated financial statements, the Committee shall seek recoupment of any Covered Compensation, whether in the form of cash or equity, received by a Covered Executive (computed without regard to any taxes paid), if and to the extent:

a. the amount of the Covered Compensation was calculated based upon the achievement of certain financial results that were subsequently the subject of a Restatement; and

b. the amount of the Covered Compensation that would have been received by the Covered Executive had the financial results been properly reported would have been lower than the amount actually awarded (any such amount, "Erroneously-Awarded Compensation").

To the extent Covered Compensation was based on the achievement of a financial reporting measure, but the amount of such Covered Compensation was not awarded or paid on a formulaic basis, the Committee shall determine the amount, if any, of such Covered Compensation that is deemed to be Erroneously-Awarded Compensation.

For purposes of this Policy, the "Required Financial Restatement Date" is the earlier to occur of:

a. the date the Board, a committee of the Board, or any officer or officers authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement; or

b. the date a court, regulator, or other legally authorized body directs the Company to prepare a Restatement.

For the avoidance of doubt, a Covered Executive will be deemed to have received Covered Compensation in the Company's fiscal period during which the financial reporting measure specified in the award is attained, even if the Covered Executive remains subject to additional payment conditions with respect to such award.

7. Method of Recoupment

The Committee will determine, in its sole discretion, the method for recouping Erroneously-Awarded Compensation, which may include, without limitation:

a. requiring reimbursement of cash incentive compensation previously paid;

b. cancelling or rescinding some or all outstanding vested or unvested equity (and/or equity-based) awards;

c. adjusting or withholding from unpaid compensation or other set-off to the extent permitted by applicable law; and/or

d. reducing or eliminating entitlements to future salary increases, cash-based or equity-based incentive compensation, bonuses, awards or severance.

8. Impracticability Exceptions

The Committee shall not seek recoupment of any Erroneously-Awarded Compensation to the extent it determines that:

a. the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount of Erroneously-Awarded Compensation to be recovered;

b. recovery would violate home country law where that law was adopted prior to November 28, 2022; and/or

c. recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to Company employees, to fail to meet the requirements of Sections 401(a)(13) and 411(a) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

9. No Indemnification

For the avoidance of doubt, the Company shall not indemnify any Covered Executive against the loss of any Erroneously-Awarded Compensation or any Covered Compensation that is recouped pursuant to the terms of this Policy, or any claims relating to the Company's enforcement of its rights under this Policy.

10. Severability

If any provision of this Policy or the application of any such provision to any Covered Executive shall be adjudicated to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Policy, and the invalid, illegal or unenforceable provisions shall be deemed amended to the minimum extent necessary to render any such provision or application enforceable.

11. Amendments

The Committee may amend, modify or terminate this Policy in whole or in part at any time and may adopt such rules and procedures that it deems necessary or appropriate to implement this Policy or to comply with applicable laws and regulations.

12. No Impairment of Other Remedies

The remedies under this Policy are in addition to, and not in lieu of, any legal and equitable claims the Company may have, the Company's ability to enforce, without duplication, the recoupment provisions set forth in any separate Company policy or in any Company plan, program or agreement, including without limitation the Company's Compensation Recoupment Policy, effective as of November 6, 2018, as may be amended from time to time (each, a "Separate Recoupment Policy" and collectively, the "Separate Recoupment

Policies"), or any actions that may be imposed by law enforcement agencies, regulators or other authorities. Notwithstanding the foregoing, in the event that there is a conflict between the application of this Policy to a Covered Executive in the event of a Restatement and any additional recoupment provisions set forth in a Separate Recoupment Policy to which a Covered Executive is subject, the provisions of this Policy shall control. The Company may also adopt additional Separate Recoupment Policies in the future or amend existing requirements as required by law or regulation.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

CLAWBACK POLICY ACKNOWLEDGMENT

Reference is made to the MACOM Technology Solutions Holdings, Inc. Policy for Recoupment of Incentive Compensation, effective as of October 2, 2023 (the "Clawback Policy"). By signing in the space indicated below, you acknowledge and agree that you have received and understand the Clawback Policy and that effective as of [DATE] the Clawback Policy applies and will continue to apply to you during and after your employment or other service in accordance with its terms.

EXECUTIVE:

Name: [NAME]

DATE: [DATE], 2023

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
INSIDER TRADING POLICY

January 17, 2024

Background

The board of directors of MACOM Technology Solutions Holdings, Inc. (the "Company") has adopted this Insider Trading Policy for our directors, officers, employees and consultants with respect to the trading of the Company's securities, as well as the securities of publicly traded companies with whom we have a business relationship.

Federal and state securities laws prohibit the purchase or sale of a company's securities by persons who are aware of material information about that company that is not generally known or available to the public. These laws also prohibit persons who are aware of such material nonpublic information from disclosing this information to others who may trade. Companies and their controlling persons are also subject to liability if they fail to take reasonable steps to prevent insider trading by company personnel.

It is important that you understand the breadth of activities that constitute illegal insider trading and the consequences, which can be severe. Both the U.S. Securities and Exchange Commission (the "SEC") and FINRA investigate and are very effective at detecting insider trading. The SEC, together with the U.S. Department of Justice, pursue insider trading violations vigorously. Cases have been successfully prosecuted against trading by employees through foreign accounts, trading by family members and friends, and trading involving only a small number of shares.

This policy is designed to prevent insider trading or allegations of insider trading, and to protect the Company's reputation for integrity and ethical conduct. It is your obligation to understand and comply with this policy. Should you have any questions regarding this policy, please contact the Company's General Counsel at ambra.roth@macom.com.

Penalties for Noncompliance

Civil and Criminal Penalties. Potential penalties for insider trading violations include
(1) imprisonment for up to 20 years, (2) criminal fines of up to $5 million and (3) civil fines of up to three times the profit gained or loss avoided.

Company Sanctions. Failure to comply with this policy may also subject you to Company-imposed sanctions, including dismissal for cause, whether or not your failure to comply with this policy results in a violation of law.

Controlling Person Liability. If the Company fails to take appropriate steps to prevent illegal insider trading, the Company may have "controlling person" liability for a trading violation.

The civil penalties can extend personal liability to the Company's directors, officers and other supervisory personnel if they fail to take appropriate steps to prevent insider trading.

Scope of Policy

Persons Covered. As a director, officer, employee or consultant of the Company or its subsidiaries, this policy applies to you. The same restrictions that apply to you also apply to your family members who reside with you, anyone else who lives in your household and any family members who do not live in your household but whose transactions in Company securities are directed by you or are subject to your influence or control (such as parents or children who consult with you before they trade in Company securities). You are responsible for making sure that the purchase or sale of any security covered by this policy by any such person complies with this policy. The Company may also determine that other persons should be subject to this policy, such as contractors or consultants who have access to "inside information." Any such other persons will be notified by the office of the Company's General Counsel. Further, it is the policy of the Company to comply with all applicable securities laws when transacting in its own securities.

This policy also applies to any entities that you influence or control, including any corporations, partnerships or trusts (collectively referred to as "controlled entities"), and transactions by controlled entities should be treated for the purposes of this policy and applicable securities laws as if they were for your own account.

Companies Covered. The prohibition on insider trading in this policy is not limited to trading in the Company's securities. It includes trading in the securities of other firms, such as customers or suppliers of the Company and those firms with which the Company may be negotiating major transactions, such as an acquisition, investment or sale. Information that is not material to the Company may nevertheless be material to one of those other firms.

Transactions Covered. Trading includes purchases and sales of stock, derivative securities (such as put and call options and convertible debentures or preferred stock), and debt securities (such as debentures, bonds and notes).

Trading also may include or exclude certain transactions under Company plans, as follows:

> *Stock Option Exercises*. The policy does not apply to the exercise of an employee stock option, or to the exercise of a withholding right pursuant to which you elect to have the Company withhold shares subject to an option to satisfy tax withholding requirements and/or the exercise price. The policy does apply, however, to any sale of Company stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.
>
> *Restricted and Restricted Stock Units.* The policy does not apply to the vesting of restricted stock or restricted stock units, or the exercise of a tax withholding right pursuant to which you elect to have the Company withhold shares of stock to satisfy

tax withholding requirements upon the vesting of any restricted stock or restricted stock units. The policy does apply, however, to any market sale of shares acquired upon vesting of restricted stock or restricted stock units.

Rule 10b5-1 Plans. A "Rule 10b5-1 plan" provides a defense from insider trading liability by demonstrating that the purchase or sale in question was made pursuant to a binding contract, instruction or written plan, in accordance with the provisions outlined herein. You may not enter into, amend, suspend or terminate any Rule 10b5-1 plan except with the prior written approval of a compliance officer (as defined below). Once you establish a Rule 10b5-1 plan in accordance with the foregoing, you will not need to clear in advance transactions made pursuant to the terms of the Rule 10b5-1 plan.

Employee Stock Purchase Plan (ESPP). The policy does not apply to purchases of Company stock in the employee stock purchase plan resulting from your periodic contribution of money to the plan pursuant to the election you made at the time of your enrollment in the plan. The policy also does not apply to purchases of Company stock resulting from lump sum contributions to the plan, provided that you elected to participate by lump-sum payment at the beginning of the applicable enrollment period. The policy does apply to your election to participate in the plan, or an increase in your level of participation in the plan, and to your sales of Company stock purchased pursuant to the plan.

The policy does not apply to *bona fide* gifts of the Company's securities, provided that you do not have reason to believe that the recipient intends to sell the Company's securities while you are aware of material nonpublic information relating to the Company and, if you are a covered person (as defined below), you have complied with the requirements set forth below relating to pre-clearance procedures.

Statement of Policy

No Trading on Inside Information. You may not trade in the securities of the Company, directly or through family members or other persons or controlled entities, if you are aware of material nonpublic information relating to the Company. Similarly, you may not trade in the securities of any other company if you are aware of material nonpublic information about that company which you obtained in the course of your employment with the Company.

No Tipping. You may not pass material nonpublic information on to others or recommend to anyone the purchase or sale of any securities when you are aware of such information. This practice, known as "tipping," also violates the securities laws and can result in the same civil and criminal penalties that apply to insider trading, even though you did not trade and did not gain any benefit from another's trading.

No Exception for Hardship. The existence of a personal financial emergency does not excuse you from compliance with this policy.

Pre-clearance Procedures. The following pre-clearance procedures apply to directors, executive officers subject to Section 16 of the Securities Exchange Act of 1934 ("executive officers") and certain designated employees and consultants of the Company and its subsidiaries who have access to material nonpublic information about the Company (collectively, "covered persons"). The names and positions of the covered persons subject to the pre-clearance procedures are listed on the attached Schedule I. The Company may from time to time designate other persons are subject to these procedures and will amend Schedule I from time to time as necessary to reflect such changes or the resignation or change of status of any individual.

Covered persons, together with their family members and other members of their household, as well as their controlled entities, may not engage in any transaction involving the Company's securities (including a stock plan transaction such as an option exercise, or a gift, loan, pledge or hedge, contribution to a trust or any other transfer) without first obtaining pre-clearance of the transaction from either the Company's Chief Executive Officer or General Counsel (each, a "compliance officer"). A request for pre-clearance should be submitted to a compliance officer at least two business days in advance of the proposed transaction. A compliance officer is under no obligation to approve a trade submitted for pre-clearance and may determine not to permit the trade. The General Counsel has the sole discretion to decide whether to clear transactions by the Chief Executive Officer or persons or entities subject to this policy as a result of their relationship with the Chief Executive Officer, and the Chief Executive Officer has the sole discretion to decide whether to clear transactions by the General Counsel or persons or entities subject to this policy as a result of their relationship with the General Counsel.

If, upon requesting pre-clearance, a covered person is advised that a transaction in the Company's securities has been approved by the compliance officer, the covered person may enter into a transaction within two business days thereafter. If for any reason a transaction is not completed within the timeframe for which the pre-clearance is obtained, pre-clearance must be obtained again before a transaction may take place. Any person who has requested pre- clearance may not disclose the approval or denial of the request to any other person.

Even if you receive pre-clearance for a proposed transaction, for the avoidance of doubt, at no time may you trade in Company securities if you are aware of material nonpublic information about the Company.

Blackout Procedures. To help prevent inadvertent violations of the federal securities laws and to avoid even the appearance of trading on the basis of inside information, all directors and executive officers and certain employees, together with their family members and other members of their household, as well as their controlled entities, are subject to the following blackout procedures:

Quarterly Blackout Periods. The Company's announcement of its quarterly financial results almost always has the potential to have a material effect on the market for the Company's securities. Therefore, to avoid even the appearance of trading on the basis

of material nonpublic information, you may not trade in the Company's securities during the period beginning on the first day of the last calendar month of each fiscal quarter of the Company and ending after the end of the first full business day following the release of the Company's earnings for that quarter.

Interim Earnings Guidance and Event-Specific Blackouts. The Company may on occasion issue interim earnings guidance or other potentially material information by means of a press release, SEC filing of a current report on Form 8-K or other means designed to achieve widespread dissemination of the information. You should anticipate that trading will be blacked out while the Company is in the process of assembling the information to be released and until the information has been released to and fully absorbed by the market.

From time to time, an event may occur that is material to the Company and is known by only a few directors, executives and other employees. So long as the event remains material and nonpublic, the persons who are aware of the event, together with their family members and other members of their household, as well as their controlled entities, may not trade in the Company's securities. The existence of an event-specific blackout will not be announced, other than to those who are aware of the event giving rise to the blackout. If, however, a person whose trades are subject to pre-clearance requests permission to trade in the Company's securities during an event-specific blackout, the compliance officer will inform the requesting person of the existence of a blackout period, without disclosing the reason for the blackout. Any person made aware of the existence of an event-specific blackout should not disclose the existence of the blackout to any other person. The failure of the compliance officer to designate a person as being subject to an event-specific blackout will not relieve that person of the obligation not to trade while aware of material nonpublic information.

Even if a blackout period is not in effect, at no time may you trade in Company securities if you are aware of material nonpublic information about the Company.

Exception for Approved Rule 10b5-1 Trading Plans. Transactions by covered persons in the Company's securities that are executed pursuant to an approved Rule 10b5-1 trading plan are not subject to the prohibition on trading on the basis of material nonpublic information contained in this policy or to the restrictions set forth above relating to pre-clearance procedures and blackout periods.

Rule 10b5-1 provides an affirmative defense from insider trading liability under the federal securities laws for trading plans that meet certain requirements. A Rule 10b5-1 trading plan must be entered into at a time when you are not aware of material nonpublic information. Once the Rule 10b5-1 trading plan is adopted, you must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify (including by formula) the amount, pricing and timing of transactions in advance or delegate discretion on those matters to an independent third party. You may only have one outstanding Rule 10b5-1 trading plan at any one time (subject to certain exceptions).

The Company requires that adoption, amendment, suspension or termination of all Rule 10b5-1 trading plans be approved in writing in advance by a compliance officer. Rule 10b5-1 trading plans generally may not be adopted during a blackout period and may only be adopted at a time when the person adopting the plan is not aware of material nonpublic information. All Rule 10b5-1 trading plans must have a "cooling off period," the length of which will depend on the status of the covered person. For directors and executive officers, the applicable "cooling off period" is the later of (1) 90 days after adoption and (2) two business days following diclosure of the Company's financial results in a Form 10-Q or Form 10-K for the fiscal quarter in which the plan was adopted, subject to a maximum of 120 days. For all other covered persons, the applicable "cooling off period" is at least 30 days from the time the trading plan is executed to the time of the first trade pursuant to the plan. In the event a Rule 10b5-1 trading plan is later amended, the amendment must provide for a new "cooling off period" of the applicable length noted above from the time the trading plan amendment is executed to the first trade pursuant to the amended plan.

Definition of Material Nonpublic Information

Note that inside information has two important elements – materiality and public availability.

Material Information. Information is material if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, hold or sell a security. Any information that could reasonably be expected to affect the price of the security is material. Both positive and negative information can be material. Common examples of material information are:

- Projections of future earnings or losses or other earnings guidance;
- Earnings that are inconsistent with consensus expectations of the investment community;
- Financial results of a completed period;
- Acquisition or termination of a significant customer relationship;
- A pending or proposed merger, acquisition or tender offer or an acquisition or disposition of significant assets;
- A change in management or board of directors;
- Significant related party transactions;
- Major events regarding a company's securities, including the declaration of a dividend, stock split or the offering of additional securities;
- Bank borrowings or other financing transactions out of the ordinary course;
- Severe financial liquidity problems;
- Actual or threatened major litigation, the resolution of such litigation, criminal indictments or government investigations;
- New major contracts, orders, suppliers, customers or finance sources or the loss thereof;
- Development of a significant new product, process or service;
- Expansion or curtailment of significant operations; and
- Cybersecurity incidents that materially affect a company's products, services, relationships or competitive conditions.

Because trading that receives scrutiny will be evaluated after the fact with the benefit of hindsight, questions concerning the materiality of particular information should be resolved in favor of materiality, and trading should be avoided.

Nonpublic Information. Nonpublic information is information that is not generally known or available to the public. One common misconception is that material information loses its "nonpublic" status as soon as a press release is issued disclosing the information. In fact, information is considered to be available to the public only when it has been released broadly to the marketplace (such as by a press release or an SEC filing) *and the investing public has had time to absorb the information fully*. As a general rule, information is considered nonpublic until the end of the first full trading day after the information is released broadly to the marketplace. For example, if the Company announces financial earnings before tradingbegins on a Tuesday, the first time you can buy or sell Company securities is the opening of the market on Wednesday (assuming you are not aware of other material nonpublic information at that time). However, if the Company announces earnings after trading begins on that Tuesday, the first time you can buy or sell Company securities is the opening of the market on Thursday.

Additional Guidance

The Company considers it improper and inappropriate for those employed by or associated with the Company to engage in speculative transactions in the Company's securities or in other transactions in the Company's securities that may lead to inadvertent violations of the insider trading laws. Accordingly, your trading in Company securities is subject to the following additional guidance.

Short-Term Trading. Short-term trading of the Company's securities may be distracting to the person engaging in such trades and may unduly focus such person on the Company's short- term performance instead of the Company's long-term objectives. For these reasons, and in accordance with Section 16(b) of the Securities Exchange Act of 1934, any director or executive officer of the Company who purchases Company securities may not sell any Company securities of the same class during the six months following the purchase (or vice versa).

Short Sales. You may not engage in short sales of the Company's securities (sales of securities that are not then owned by you), including a "sale against the box" (a sale with delayed delivery). Short sales arising from certain types of hedging transactions are governed by the section below captioned "Hedging Transactions."

Publicly Traded Options. You may not engage in transactions in publicly traded options, such as puts, calls and other derivative securities, on an exchange or in any other organized market.

Option positions arising from certain types of hedging transactions are governed by the section below captioned “Hedging Transactions.”

Standing Orders. A standing order placed with a broker to sell or purchase stock at a specified price leaves you with no control over the timing of the transaction. A standing order transaction executed by the broker when you are aware of material nonpublic information may result in unlawful insider trading and violation of this policy by you. You should avoid placing standing orders and place day orders only.

Margin Accounts and Pledges. Securities held in a margin account or pledged as collateral for a loan may be sold without your consent by the broker if you fail to meet a margin call or by the lender in foreclosure if you default on the loan. Because a margin or foreclosure sale may occur at a time when you are aware of material nonpublic information or otherwise are not permitted to trade in Company securities by this policy, you are prohibited from holding Company securities in a margin account or pledging Company securities as collateral for a loan.

Hedging Transactions. Certain forms of hedging or monetization transactions, such as zero- cost collars, prepaid variable forward sale contracts, equity swaps and exchange funds, allow an individual to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow the individual to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the individual may no longer have the same objectives as the Company’s other shareholders. Therefore, the Company prohibits you from engaging in any hedging or monetization transactions.

Post-Termination Transactions

This policy continues to apply to your transactions in Company securities even after you have terminated employment or other services to the Company or a subsidiary as follows: if you are aware of material nonpublic information when your employment or service relationship terminates, you may not trade in Company securities until that information has become public or is no longer material.

Unauthorized Disclosure

Maintaining the confidentiality of Company information is essential for competitive, security and other business reasons, as well as to comply with securities laws. You should treat all information you learn about the Company or its business plans in connection with your employment as confidential and proprietary to the Company. Inadvertent disclosure of confidential or inside information may expose the Company and you to significant risk of investigation and litigation.

The timing and nature of the Company’s disclosure of material information to outsiders is subject to legal rules, the breach of which could result in substantial liability to you, the

Company and its management. The Company has established procedures for releasing material information in a manner that is designed to achieve broad public dissemination of the information immediately upon its release. You may not, therefore, disclose information to anyone outside the Company, including but not limited to family members, friends, business associates, investors and consulting firms, unless any such disclosure is made in accordance with the Company’s policies regarding the protection or authorized external disclosure of information regarding the Company. You also may not discuss the Company or its business on social media. It is important that responses to inquiries about the Company by the press, investment analysts or others in the financial community be made on the Company’s behalf only through authorized individuals.

Please consult the Company’s corporate communications policy for more details regarding the Company’s policy on speaking to the media, financial analysts and investors.

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Personal Responsibility

You should remember that the ultimate responsibility for adhering to this policy and avoiding improper trading rests with you. If you violate this policy, the Company may take disciplinary action, including dismissal for cause. Any action on the part of the Company, the General Counsel or any other employee or director (pursuant to this policy or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws.

Company Assistance

Your compliance with this policy is of the utmost importance both for you and for the Company. If you have any questions about this policy or its application to any proposed transaction, you may obtain additional guidance from the Company's General Counsel at ambra.roth@macom.com. Do not try to resolve uncertainties on your own, as the rules relating to insider trading are often complex, not always intuitive and carry severe consequences.

Modifications; Waivers

The Company reserves the right to amend or modify this policy, and the trading policies and procedures set forth herein, at any time. Waiver of any provision of this policy in a specific instance may be authorized in writing by the General Counsel, or her designee.

Certification

All employees must certify their understanding of, and intent to comply with, this policy. A copy of the certification that employees must sign is enclosed with this policy.

This policy is dated January 17, 2024.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC. INSIDER TRADING POLICY CERTIFICATION

To MACOM Technology Solutions Holdings, Inc.:

I,, have received and read a copy of the MACOM Technology Solutions Holdings, Inc. Insider Trading Policy dated January 17, 2024. I hereby agree to comply with the specific requirements of the policy in all respects during my employment or other service relationship with MACOM Technology Solutions Holdings, Inc. or any of its subsidiaries. I understand that my failure to comply in all respects with the policy is a basis for termination for cause of my employment or other service relationship with MACOM Technology Solutions Holdings, Inc.

____

(Signature)

____

(Date)

Schedule I Covered Persons Attached

Exhibit 31.1

CERTIFICATION OF THE PRESIDENT AND CEO PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen G. Daly, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MACOM Technology Solutions Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2023 February 1, 2024

/s/ Stephen G. Daly

Stephen G. Daly
President and Chief Executive Officer
(Principal Executive Officer)

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Exhibit 31.2

CERTIFICATION OF THE CFO PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John F. Kober, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MACOM Technology Solutions Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2023 February 1, 2024

/s/ John F. Kober
John F. Kober
SVP and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of MACOM Technology Solutions Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2023 December 29, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Stephen G. Daly, as President and Chief Executive Officer of the Company, and John F. Kober, as SVP and Chief Financial Officer of the Company, each hereby certifies, pursuant to and solely for the purpose of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the period covered by the Report.

Date: August 3, 2023 February 1, 2024

By: /s/ Stephen G. Daly
Stephen G. Daly
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ John F. Kober
John F. Kober
SVP and Chief Financial Officer
(Principal Financial Officer)

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.