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 April 2, 2021
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 April 26, 2021, there were 68,669,376 shares of the registrant's common stock outstanding.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	April 2, 2021	October 2, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 105,540	$ 129,441
Short-term investments	162,554	203,711
Accounts receivable, net	68,281	45,884
Inventories	84,516	91,584
Prepaid and other current assets	11,742	10,899
Total current assets	432,633	481,519
Property and equipment, net	114,253	118,866
Goodwill	314,377	315,012
Intangible assets, net	107,499	130,898
Deferred income taxes	40,214	41,935
Other investments	19,483	17,745
Other long-term assets	39,936	40,453
TOTAL ASSETS	$ 1,068,395	$ 1,146,428
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of finance lease obligations and other	$ 1,203	$ 1,368
Current portion of long-term debt	—	6,885
Accounts payable	26,473	23,043
Accrued liabilities	60,897	63,654
Total current liabilities	88,573	94,950
Finance lease obligations and other, less current portion	28,494	28,994
Long-term debt, less current portion	492,173	652,172
Warrant liability	—	25,312
Other long-term liabilities	47,022	44,854
Total liabilities	656,262	846,282
Stockholders’ equity:		
Common stock	69	67
Treasury stock, at cost	(330)	(330)
Accumulated other comprehensive income	4,462	5,009
Additional paid-in capital	1,241,820	1,135,127
Accumulated deficit	(833,888)	(839,727)
Total stockholders’ equity	412,133	300,146
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,068,395	$ 1,146,428

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		Six Months Ended	
	April 2, 2021	April 3, 2020	April 2, 2021	April 3, 2020
Revenue	$ 150,583	$ 126,424	$ 299,087	$ 245,521
Cost of revenue	66,470	63,054	134,713	123,947
Gross profit	84,113	63,370	164,374	121,574
Operating expenses:				
Research and development	34,619	35,830	71,555	70,988
Selling, general and administrative	30,522	31,994	61,774	64,334
Restructuring charges	—	815	—	2,049
Total operating expenses	65,141	68,639	133,329	137,371
Income (loss) from operations	18,972	(5,269)	31,045	(15,797)
Other expense:				
Warrant liability gain (expense)	—	8,647	(11,130)	4,560
Interest expense, net	(4,851)	(7,672)	(9,585)	(16,293)
Other income (expense), net	2,879	(4,352)	(1,624)	(8,092)
Total other expense, net	(1,972)	(3,377)	(22,339)	(19,825)
Income (loss) before income taxes	17,000	(8,646)	8,706	(35,622)
Income tax expense	2,193	1,580	2,867	2,966
Net income (loss)	$ 14,807	$ (10,226)	$ 5,839	$ (38,588)
Net income (loss) per share:				
Income (loss) per share - Basic	$ 0.22	$ (0.15)	$ 0.09	$ (0.58)
Income (loss) per share - Diluted	$ 0.21	$ (0.28)	$ 0.08	$ (0.64)
Weighted average shares used:				
Basic	68,504	66,522	68,130	66,375
Diluted	70,546	67,085	69,983	66,921

See notes to condensed consolidated financial statements.

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

	Three Months Ended		Six Months Ended	
	April 2, 2021	April 3, 2020	April 2, 2021	April 3, 2020
Net income (loss)	$ 14,807	$ (10,226)	$ 5,839	$ (38,588)
Unrealized loss on short term investments, net of tax	(373)	(1,376)	(196)	(1,297)
Foreign currency translation loss, net of tax	(1,303)	(687)	(351)	(935)
Other comprehensive loss, net of tax	(1,676)	(2,063)	(547)	(2,232)
Total comprehensive income (loss)	$ 13,131	$ (12,289)	$ 5,292	$ (40,820)

See notes to condensed consolidated financial statements.

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 January 1, 2021	68,367	$ 68	(23)	$ (330)	$ 6,138	$ 1,172,269	$ (848,695)	$ 329,450
Stock option exercises	40	—	—	—	—	642	—	642
Vesting of restricted common stock and units	440	1	—	—	—	—	—	1
Shares repurchased for tax withholdings on equity awards	(155)	—	—	—	—	(10,494)	—	(10,494)
Share-based compensation	—	—	—	—	—	8,569	—	8,569
Other comprehensive loss, net of tax	—	—	—	—	(1,676)	—	—	(1,676)
Equity component of convertible notes, net	—	—	—	—	—	70,834	—	70,834
Net income	—	—	—	—	—	—	14,807	14,807
Balance as of April 2, 2021	68,692	$ 69	(23)	$ (330)	$ 4,462	$ 1,241,820	$ (833,888)	$ 412,133

Six 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 2, 2020	66,921	$ 67	(23)	$ (330)	$ 5,009	$ 1,135,127	$ (839,727)	$ 300,146
Stock option exercises	50	—	—	—	—	817	—	817
Vesting of restricted common stock and units	1,222	1	—	—	—	—	—	1
Issuance of common stock pursuant to employee stock purchase plan	93	—	—	—	—	2,239	—	2,239
Shares repurchased for tax withholdings on equity awards	(452)	—	—	—	—	(22,338)	—	(22,338)
Share-based compensation	—	—	—	—	—	18,700	—	18,700
Other comprehensive loss, net of tax	—	—	—	—	(547)	—	—	(547)
Issuance of common stock for the cashless exercise of warrants	858	1	—	—	—	36,441	—	36,442
Equity component of convertible notes, net	—	—	—	—	—	70,834	—	70,834
Net income	—	—	—	—	—	—	5,839	5,839
Balance as of April 2, 2021	68,692	$ 69	(23)	$ (330)	$ 4,462	$ 1,241,820	$ (833,888)	$ 412,133

See notes to condensed consolidated financial statements.

	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 January 03, 2020	66,346	$ 66	(23)	$ (330)	$ 4,189	$ 1,111,606	$ (822,011)	$ 293,520
Stock option exercises	16	—	—	—	—	79	—	79
Vesting of restricted common stock and units	554	1	—	—	—	—	—	1
Shares repurchased for tax withholdings on equity awards	(198)	—	—	—	—	(5,856)	—	(5,856)
Share-based compensation	—	—	—	—	—	10,276	—	10,276
Other comprehensive loss, net of tax	—	—	—	—	(2,063)	—	—	(2,063)
Net loss	—	—	—	—	—	—	(10,226)	(10,226)
Balance as of April 3, 2020	66,718	$ 67	(23)	$ (330)	$ 2,126	$ 1,116,105	$ (832,237)	$ 285,731

	Six 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 September 27, 2019	66,177	$ 66	(23)	$ (330)	$ 4,358	$ 1,101,576	$ (791,774)	$ 313,896
Cumulative effect of ASU 2016-02	—	—	—	—	—	—	(1,875)	(1,875)
Stock option exercises	18	—	—	—	—	122	—	122
Vesting of restricted common stock and units	564	1	—	—	—	—	—	1
Issuance of common stock pursuant to employee stock purchase plan	160	—	—	—	—	1,930	—	1,930
Shares repurchased for tax withholdings on equity awards	(201)	—	—	—	—	(5,949)	—	(5,949)
Share-based compensation	—	—	—	—	—	18,426	—	18,426
Other comprehensive loss, net of tax	—	—	—	—	(2,232)	—	—	(2,232)
Net loss	—	—	—	—	—	—	(38,588)	(38,588)
Balance as of April 3, 2020	66,718	$ 67	(23)	$ (330)	$ 2,126	$ 1,116,105	$ (832,237)	$ 285,731

See notes to condensed consolidated financial statements.

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

	Six Months Ended	
	April 2, 2021	April 3, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 5,839	$ (38,588)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and intangibles amortization	35,613	40,241
Share-based compensation	18,700	18,426
Warrant liability expense (gain)	11,130	(4,560)
Deferred financing cost amortization and write offs	4,954	2,031
Deferred income taxes	1,629	2,322
(Gain) loss on equity method investment	(1,738)	9,066
Other adjustments, net	331	1,029
Change in operating assets and liabilities:		
Accounts receivable	(22,397)	16,787
Inventories	7,068	8,256
Prepaid expenses and other assets	(4,033)	9,772
Accounts payable	3,841	1,812
Accrued and other liabilities	1,324	(849)
Income taxes	460	(2,807)
Net cash provided by operating activities	62,721	62,938
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(7,328)	(9,036)
Proceeds from sales and maturities of short-term investments	179,426	90,026
Purchases of short-term investments	(138,149)	(90,401)
Sale of assets	63	363
Net cash provided by (used in) investing activities	34,012	(9,048)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from convertible notes, net of issuance costs	394,871	—
Payments on long-term debt	(496,021)	(3,442)
Payments on finance leases and other	(666)	(871)
Proceeds from stock option exercises and employee stock purchases	3,056	2,052
Repurchase of common stock - tax withholdings on equity awards	(22,338)	(5,949)
Net cash used in financing activities	(121,098)	(8,210)
Foreign currency effect on cash	464	(464)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(23,901)	45,216
CASH AND CASH EQUIVALENTS — Beginning of period	129,441	75,519
CASH AND CASH EQUIVALENTS — End of period	$ 105,540	$ 120,735

See notes to condensed consolidated financial statements.

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 (loss), 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 October 2, 2020 is as reported in our audited consolidated financial statements as of that date. Our accounting policies are described in the notes to our October 2, 2020 consolidated financial statements, which were included in our Annual Report on Form 10-K for our fiscal year ended October 2, 2020 filed with the SEC on November 18, 2020 (the "2020 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 2020 Annual Report on Form 10-K.

Principles of Consolidation—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.

We have a 52- or 53-week fiscal year ending on the Friday closest to the last day of September. Fiscal year 2021 includes 52 weeks and fiscal year 2020 included 53 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. Our first fiscal quarter ended January 1, 2021 included 13 weeks and the first fiscal quarter ended January 3, 2020 had 14 weeks.

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.

Recent Accounting Pronouncements—Our Recent Accounting Pronouncements are described in the 2020 Annual Report on Form 10-K.

Pronouncements Adopted in Fiscal Year 2021

On the first day of fiscal year 2021, we adopted Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU introduces a new accounting model known as Credit Expected Credit Losses ("CECL"), which requires earlier recognition of credit losses. The CECL model utilizes a lifetime expected credit loss measurement objective for the recognition of credit losses for receivables at the time the financial asset is originated or acquired, replacing the current incurred loss methodology that delays recognition of credit losses until a probable loss has been incurred. There are other provisions within the standard affecting how impairments of other financial assets may be recorded and presented, as well as expanded disclosures. There was no impact to our unaudited condensed consolidated financial statements from the adoption of this guidance.

We generate accounts receivable from customers and they are classified as short-term. We monitor collections and maintain a provision for expected credit losses based on historical trends, current conditions, and relevant forecasted information, in addition to provisions established for any specific collection issues that have been identified. As of April 2, 2021, our allowance for expected credit losses was less than $0.1 million.

Our investments in debt securities, which are classified as available-for-sale, are further disclosed in Note 3, *Investments*. As of April 2, 2021, our available-for-sale debt securities had gross unrealized losses of $0.2 million, which we believe to be temporary, and therefore there is no allowance for credit losses recorded in our condensed consolidated statement of operations.

In January 2017, the Financial Accounting Standards Board (the "FASB") issued ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.* ASU 2017-04 simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. Instead, a one-step quantitative impairment test calculates goodwill impairment as the excess of the carrying value of a reporting unit over its fair value, up to the carrying value of the goodwill. This ASU should be applied on a prospective basis. We adopted this ASU in the first quarter of fiscal year 2021 and the adoption of this update did not have an impact on our condensed consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-15, *Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract,* to provide additional guidance on the accounting for costs of implementing cloud computing arrangements that are service contracts, and requiring customers in such arrangements to follow the guidance in Subtopic 350-40. The amendments in this update require the capitalization of implementation costs during the application development stage of such hosting arrangements and amortization of the expense over the term of the arrangement beginning when the module or component of the hosting arrangement is ready for its intended use. Capitalized implementation costs and amortization thereof are also required to be classified in the same line item in the statements of financial position, operations and cash flows associated with the hosting service fees. We adopted this ASU in the first quarter of fiscal year 2021 and selected prospective application to all implementation costs incurred after the adoption date. The adoption of this update did not have an impact on our condensed consolidated financial statements and related disclosures.

Pronouncements for Adoption in Subsequent Periods

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions to applying the guidance on contract modifications, hedge accounting, and other transactions, to simplify the accounting for transitioning from the London Interbank Offered Rate, and other interbank offered rates expected to be discontinued, to alternative reference rates. The guidance in this update was effective upon its issuance; if elected, it is to be applied prospectively through December 31, 2022. We are currently evaluating the effect the potential adoption of this ASU will have on our consolidated financial statements, including but not limited to our credit agreement. For additional information regarding our credit agreement, refer to *Note 8 - Debt.*

In August 2020, the FASB issued 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*, which simplifies the accounting for certain financial instruments with characteristics of liability and equity, including convertible instruments and contracts on an entity's own equity. The standard reduces the number of models used to account for convertible instruments, removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, and requires the if-converted method for calculation of diluted earnings per share for all convertible instruments. The standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. We are evaluating the impact to our financial statements and expect that the resulting impact will be to reclassify the equity component of our 2026 Convertible Notes (as defined below) from additional paid-in capital to long-term debt, up to the par value, and a reduction of our reported interest expense on our 2026 Convertible Notes to their stated 0.25% percent coupon rate on a prospective basis. For additional information regarding our debt, refer to *Note 8 - Debt.*

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		Six Months Ended	
	April 2, 2021	April 3, 2020	April 2, 2021	April 3, 2020
Revenue by Market:				
Telecommunications	$ 42,273	$ 51,648	$ 93,805	$ 97,249
Industrial & Defense	72,090	48,069	133,708	98,552
Data Center	36,220	26,707	71,574	49,720
Total	$ 150,583	$ 126,424	$ 299,087	$ 245,521

	Three Months Ended		Six Months Ended	
	April 2, 2021	April 3, 2020	April 2, 2021	April 3, 2020
Revenue by Geographic Region:				
United States	$ 72,255	$ 56,380	$ 136,237	$ 110,331
China	37,199	40,433	79,575	77,773
Asia Pacific, excluding China (1)	25,515	20,044	47,288	38,864
Other Countries (2)	15,614	9,567	35,987	18,553
Total	$ 150,583	$ 126,424	$ 299,087	$ 245,521

(1) Asia Pacific represents Taiwan, Japan, Singapore, India, Thailand, South Korea, Australia, Malaysia, the Philippines and Vietnam.

(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 as presented above.

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 six months ended April 2, 2021 (in thousands, except percentage):

	April 2, 2021	October 2, 2020	$ Change	% Change
Contract liabilities	$ 6,548	$ 9,861	$ (3,313)	(34)%

As of April 2, 2021 and October 2, 2020, $4.8 million and $3.5 million, respectively, of our contract liabilities, were recorded as other long-term liabilities on our balance sheet with the remainder recorded as accrued liabilities. During the three and six months ended April 2, 2021, we recognized net sales of $0.7 million and $6.0 million, respectively, that were included in the contract liabilities balance as of the beginning of the period. The decrease in contract liabilities during the six months ended April 2, 2021, as shown in the table above, was primarily related to recognition of license revenue, partially offset by the deferral of revenue for invoiced products and services prior to when certain of our customers obtained control of the product and or services.

3. INVESTMENTS

Our short-term investments are classified as available-for-sale and are summarized in the tables below (in thousands):

	April 2, 2021			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Aggregate Fair Value
Corporate bonds	$ 58,240	$ 151	$ (152)	$ 58,239
Commercial paper	104,317	17	(19)	104,315
Total short-term investments	$ 162,557	$ 168	$ (171)	$ 162,554

	October 2, 2020			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Aggregate Fair Value
Corporate bonds	$ 68,605	$ 348	$ (333)	$ 68,620
Commercial paper	134,913	192	(14)	135,091
Total short-term investments	$ 203,518	$ 540	$ (347)	$ 203,711

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

	April 2, 2021
Less than one year	$ 104,315
Over one year	58,239
Total available-for-sale investments	$ 162,554

Available-for-sale investments are reported at fair value and, as such, their associated unrealized gains and losses are reported as a separate component of stockholders' equity within accumulated other comprehensive income.

Other Investments — As of April 2, 2021, we held two non-marketable equity investments classified as long-term investments, including an investment in a Series B preferred stock ownership 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 ("ASC") 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 April 2, 2021 and October 2, 2020, the carrying value of this investment was $2.5 million.

Also included in long-term investments, is a non-controlling investment of less than 20% in the outstanding equity of a private company ("Compute") that was acquired in conjunction with our divestiture of the Compute business during our fiscal year 2018. This investment value is updated quarterly based on our proportionate share of the losses or earnings, as well as any changes in Compute's equity, utilizing the equity method. During the three and six months ended April 2, 2021, we recorded income of $6.5 million and $1.7 million, respectively, associated with this investment as other income (expense) in our condensed consolidated statements of operations. Amounts for the three and six months ended April 2, 2021 include a non-cash gain of $9.8 million associated with changes in Compute's equity. During the three and six months ended April 3, 2020, we recorded losses of $5.3 million and $9.1 million, respectively. As of April 2, 2021 and October 2, 2020, the carrying value of this investment was $17.0 million and $15.2 million, respectively.

4. 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 six months ended April 2, 2021.

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

	April 2, 2021			
	Fair Value	Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets				
Money market funds	$ 22,531	$ 22,531	$ —	$ —
Commercial paper	104,315	—	104,315	—
Corporate bonds	58,239	—	58,239	—
Total assets measured at fair value	$ 185,085	$ 22,531	$ 162,554	$ —

	October 2, 2020			
	Fair Value	Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets				
Money market funds	$ 20,139	$ 20,139	$ —	$ —
Commercial paper	135,091	—	135,091	—
Corporate bonds	68,620	—	68,620	—
Total assets measured at fair value	$ 223,850	$ 20,139	$ 203,711	$ —
Liabilities				
Common stock warrant liability	$ 25,312	$ —	$ —	$ 25,312
Total liabilities measured at fair value	$ 25,312	$ —	$ —	$ 25,312

As of April 2, 2021, no common stock warrants remain outstanding. As of October 2, 2020, the fair value of the common stock warrants was estimated using a Black-Scholes option pricing model. For additional information related to these warrants, refer to *Note 9 - Stockholder's Equity*.

The quantitative information utilized in the fair value calculation of our Level 3 liabilities is as follows:

Liabilities	Valuation Technique	Unobservable Input	Inputs October 2, 2020
Warrant liability	Black-Scholes model	Volatility	61.8%
		Discount rate	0.09%
		Expected life	0.2 years
		Exercise price	$14.05
		Stock price	$33.80
		Dividend rate	—%

The changes in liabilities with inputs classified within Level 3 of the fair value hierarchy consist of the following (in thousands):

	October 2, 2020	Net Realized Losses Included in Earnings	Purchases and Issuances	Sales and Settlements	April 2, 2021
Common stock warrant liability	$ 25,312	$ 11,130	$ —	$ (36,442)	$ —

	September 27, 2019	Net Realized Losses (Gains) Included in Earnings	Purchases and Issuances	Sales and Settlements	April 3, 2020
Common stock warrant liability	$ 12,364	$ (4,560)	$ —	$ —	$ 7,804

5. INVENTORIES

Inventories consist of the following (in thousands):

	April 2, 2021	October 2, 2020
Raw materials	$ 44,680	$ 46,954
Work-in-process	12,000	9,324
Finished goods	27,836	35,306
Total inventory, net	$ 84,516	$ 91,584

6. PROPERTY AND EQUIPMENT

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

	April 2, 2021	October 2, 2020
Construction in process	$ 17,711	$ 16,174
Machinery and equipment	195,290	191,953
Leasehold improvements	21,670	19,854
Furniture and fixtures	2,735	2,659
Computer equipment and software	18,512	18,487
Finance lease assets	35,589	35,589
Total property and equipment	291,507	284,716
Less accumulated depreciation and amortization	(177,254)	(165,850)
Property and equipment, net	$ 114,253	$ 118,866

Depreciation and amortization expense related to property and equipment for the three and six months ended April 2, 2021 was $6.0 million and $12.2 million, respectively. Depreciation and amortization expense related to property and equipment for the three and six months ended April 3, 2020 was $7.3 million and $14.7 million, respectively.

7. INTANGIBLE ASSETS

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

	Three Months Ended		Six Months Ended	
	April 2, 2021	April 3, 2020	April 2, 2021	April 3, 2020
Cost of revenue	$ 3,806	$ 4,347	$ 7,683	$ 8,767
Selling, general and administrative	7,601	8,072	15,717	16,726
Total	$ 11,407	$ 12,419	$ 23,400	$ 25,493

Intangible assets consist of the following (in thousands):

	April 2, 2021	October 2, 2020
Acquired technology	$ 179,434	$ 179,434
Customer relationships	245,870	245,870
Trade name (indefinite-lived)	3,400	3,400
Total	428,704	428,704
Less accumulated amortization	(321,205)	(297,806)
Intangible assets — net	$ 107,499	$ 130,898

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

	Intangible Assets				
	Total Intangible Assets	Acquired Technology	Customer Relationships	Trade Name	Goodwill
Balance as of October 2, 2020	$ 428,704	$ 179,434	$ 245,870	$ 3,400	$ 315,012
Currency translation adjustment	—	—	—	—	(635)
Balance as of April 2, 2021	$ 428,704	$ 179,434	$ 245,870	$ 3,400	$ 314,377

As of April 2, 2021, our estimated amortization of our intangible assets in future fiscal years was as follows (in thousands):

	2021 Remaining	2022	2023	2024	2025	Thereafter	Total
Amortization expense	$ 22,814	33,433	26,048	15,410	3,489	2,905	$ 104,099

Accumulated amortization for acquired technology and customer relationships were $159.7 million and $161.5 million, respectively, as of April 2, 2021, and $152.1 million and $145.7 million, respectively, as of October 2, 2020.

8. DEBT

The following represents the outstanding balances and effective interest rates of our borrowings as of April 2, 2021, (in thousands, except percentages):

	April 2, 2021	
	Principal Balance	Effective Interest Rate
LIBOR plus 2.25% term loan due May 2024	$ 170,066	2.36 %
0.25% convertible notes due March 2026 ($400 million principal)	328,530	4.25 %
Total principal amount outstanding	498,596	
Less: Unamortized discount and deferred financing costs	(6,423)	
Total long-term debt	492,173	

Term Loans

As of April 2, 2021, we are party to a credit agreement dated as of May 8, 2014 with a syndicate of lenders and Goldman Sachs Bank USA (“Goldman Sachs”), 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 April 2, 2021, the Credit Agreement consisted of term loans with an initial aggregate principal amount of $700.0 million (the “Term Loans”) and a revolving credit facility with an aggregate borrowing capacity of $160.0 million (the “Revolving Facility”). The Revolving Facility will mature in November 2021 and the Term Loans 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%.

During the fiscal quarter ended April 2, 2021, we repaid $494.3 million in principal under the Term Loans using $394.3 million of the net proceeds from our 2026 Convertible Notes offering, described below, as well as existing cash and short-term investments. In connection with this prepayment, we wrote off unamortized deferred financing costs and recognized a loss on extinguishment of debt of $3.8 million for the three and six months ended April 2, 2021. The $3.8 million is a non-cash adjustment to income from operations in our condensed consolidated statements of cash flows for the six months ended April 2, 2021.

As of April 2, 2021, there are no minimum principal repayments on the Term Loans until 2024 when the remaining principal balance of $170.1 million becomes due. The fair value of the Term Loans was estimated to be approximately $168.4 million as of April 2, 2021 and was determined using Level 2 inputs, including a quoted price from a financial institution.

As of April 2, 2021, approximately $1.7 million of deferred financing costs remain unamortized, of which $1.5 million is related to the Term Loans and is recorded as a direct reduction of the recognized debt liabilities in our accompanying condensed consolidated balance sheet, and $0.2 million is related to the Revolving Facility and is recorded in other long-term assets in our accompanying condensed consolidated balance sheet.

The Term Loans and Revolving Facility 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.

In the event that we divest a business, the net cash proceeds of the divestment are generally required, subject to certain exceptions, to be applied to repayment of outstanding Term Loans except to the extent we reinvest such proceeds in assets useful for our business within 18 months of receiving the proceeds. If we enter into a binding agreement to reinvest such proceeds within 18 months of receiving them, we have until the later of 18 months following our receipt of the proceeds and six months following the date of such agreement to complete the reinvestment.

As of April 2, 2021, we had $160.0 million of borrowing capacity under our Revolving Facility, of which we may borrow up to $50.0 million without being subject to certain financial covenants.

2026 Convertible Notes

On March 25, 2021, we issued 0.25% convertible senior notes due in 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 “2026 Convertible Notes”), including an option for the initial purchaser of the 2026 Convertible Notes to purchase up to an additional $60.0 million principal amount of the 2026 Convertible Notes in a private placement to “qualified institutional buyers” pursuant to Rule144A under the Securities Act of 1933, as amended. The 2026 Convertible Notes will mature on March 15, 2026, unless earlier converted, redeemed or repurchased.

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.

Upon conversion of the 2026 Convertible Notes, we will 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 (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.

The proceeds from the issuance of the 2026 Convertible Notes have been allocated between the conversion feature recorded as equity and the liability for the notes themselves. The carrying amount of the liability component was calculated by measuring the fair value of a similar debt instrument that does not have an associated convertible feature. The carrying amount of the equity component representing the conversion option was determined by deducting the fair value of the liability component from the par value of the 2026 Convertible Notes. The difference of $71.8 million between the principal amount of the 2026 Convertible Notes and the liability component (the “Debt Discount”) is amortized to interest expense using the effective interest method over the term of the 2026 Convertible Notes. The equity component of the 2026 Convertible Notes is included in additional paid-in capital in the consolidated balance sheet and is not remeasured as long as it continues to meet the conditions for equity classification.

In accounting for the transaction costs related to the 2026 Convertible Notes, we allocated the total amount incurred of approximately $5.1 million to the liability and equity components of the 2026 Convertible Notes based on the proportion of the proceeds allocated to the debt and equity components. Issuance costs attributable to the liability component were approximately $4.2 million, were recorded as an additional Debt Discount and are amortized to interest expense over the contractual terms of the 2026 Convertible Notes. Issuance costs attributable to the equity component were approximately $0.9 million and recorded as a reduction of additional paid in capital in stockholders’ equity.

For the three and six months ended April 2, 2021, accretion of the Debt Discount included in interest expense was $0.3 million and total interest expense for the 2026 Convertible Notes was $0.3 million.

The fair value of our 2026 Convertible Notes, including the conversion feature, was $400.0 million as of April 2, 2021 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 April 2, 2021; the full amount of $400.0 million is due in fiscal 2026.

For additional information regarding our debt, specifically the April 6, 2021 issuance of an additional $50 million aggregate principal amount of our 2026 Convertible Notes, refer to *Note 18 - Subsequent Events.*

9. STOCKHOLDERS' EQUITY

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 April 2, 2021.

Common Stock Warrants—In March 2012, we issued warrants to purchase 1,281,358 shares of common stock for $14.05 per share. During the fiscal quarter ended January 1, 2021, Summit Partners Private Equity Fund VII-A, L.P., Summit Partners Private Equity Fund VII-B, L.P., Summit Investors I, LLC, Summit Investors I (UK), L.P. and Mainsail Partners II, L.P. made cashless exercises of warrants for 1,281,358 shares at an exercise price of $14.05 per share, resulting in the issuance of 857,631 shares of common stock. We received no proceeds from the exercise of warrants.

During the six months ended April 2, 2021 and the three and six months ended April 3, 2020, we recorded the changes in the estimated fair value of the warrants in the accompanying statements of operations. See *Note 4 - Fair Value* for additional information related to the fair value of our warrant liability. See *Note 10 - Earnings (Loss) Per Share* for impact of the common stock warrants on loss per share.

10. EARNINGS (LOSS) PER SHARE

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

	Three Months Ended		Six Months Ended	
	April 2, 2021	April 3, 2020	April 2, 2021	April 3, 2020
Numerator:				
Net income (loss)	$ 14,807	$ (10,226)	$ 5,839	$ (38,588)
Warrant liability gain	—	(8,647)	—	(4,560)
Net income (loss) attributable to common stockholders	$ 14,807	$ (18,873)	$ 5,839	$ (43,148)
Denominator:				
Weighted average common shares outstanding-basic	68,504	66,522	68,130	66,375
Dilutive effect of stock options, restricted stock, restricted stock units and warrants	2,042	563	1,853	546
Weighted average common shares outstanding-diluted	70,546	67,085	69,983	66,921
Net loss to common stockholders per share-Basic:	$ 0.22	$ (0.15)	$ 0.09	$ (0.58)
Net loss to common stockholders per share-Diluted:	$ 0.21	$ (0.28)	$ 0.08	$ (0.64)

During the three and six months ended April 3, 2020, we had warrants outstanding which were measured at fair value. When calculating earnings per share, we are required to adjust for the dilutive effect of outstanding common stock equivalents, including adjustment to the numerator for the dilutive effect of contracts that must be settled in stock, including warrants. During the three and six months ended April 3, 2020, we adjusted the numerator by the warrant gains of $8.6 million and $4.6 million, respectively, and the denominator by the incremental shares of 562,567 and 545,578, respectively. The table above excludes the effects of 174,989 shares for the six months ended April 2, 2021, and 1,009,830 shares and 886,671 shares for the three and six months ended April 3, 2020, respectively, of potential shares of common stock issuable upon exercise of stock options, warrants, and the vesting of restricted stock and restricted stock units, as applicable, as the inclusion would be antidilutive. The 2026 Convertible Notes do not have an impact on diluted EPS for the three and six months ended April 2, 2021.

11. 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 fiscal quarter ended April 2, 2021.

12. RESTRUCTURINGS

We have periodically implemented restructuring actions in connection with broader plans to reduce staffing, reduce our internal manufacturing footprint and generally reduce operating costs. The restructuring expenses are primarily comprised of direct and incremental costs related to headcount reductions including severance and outplacement fees for the terminated employees, as well as facility closure costs.

There were no restructuring charges incurred during the three and six months ended April 2, 2021. The following is a summary of the restructuring charges incurred during the three and six months ended April 3, 2020 (in thousands):

	Three Months Ended	Six Months Ended
	April 3, 2020	April 3, 2020
Employee related expenses and adjustments	$ 390	$ 1,549
Facility related expenses	425	500
Total restructuring charges	$ 815	$ 2,049

2019 Plan

During the fiscal quarter ended June 28, 2019, we committed to a plan designed to strategically realign, streamline and improve certain of our business and operations, including reducing our workforce by approximately 250 employees, exiting six development facilities in France, Japan, the Netherlands, Florida, Massachusetts and Rhode Island, reducing certain development activities for one of our product lines and no longer investing in the design and development of optical modules and subsystems for Data Center applications (the “2019 Plan”). We incurred restructuring charges in the three and six months ended April 3, 2020 under the 2019 Plan, as shown above. This action was completed during fiscal 2020 and we do not expect to incur further costs. The remaining charges will be paid during fiscal 2021.

Details of the 2019 Plan accrual activity for the six months ended April 2, 2021 are as follows (in thousands):

	Employee-Related Expense [(1)]	Facility-Related Expense [(2)]	Total
Balance as of October 2, 2020	$ 235	$ 26	$ 261
Charges and adjustments	—	—	—
Charges paid/settled/other	—	(26)	(26)
Balance as of April 2, 2021	$ 235	$ —	$ 235

(1) Primarily includes severance charges associated with the reduction of our workforce in certain facilities.
(2) Primarily includes activities associated with the closure of certain facilities, including any associated asset impairments and contract termination costs.

13. SHARE-BASED COMPENSATION

Stock Plans

As of April 2, 2021, we had 6.0 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 1.5 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. 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). We have outstanding awards under the 2021 Plan, as well as the 2012 Plan. Following the adoption of the 2021 Plan, no additional awards have been or will be made under the 2012 Plan. Options granted under the 2012 Plan primarily vest based on certain market-based and performance-based criteria. Options granted generally have a term of four years to seven years. Certain of the share-based awards granted and outstanding as of April 2, 2021 are subject to accelerated vesting upon a change in control of the Company.

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		Six Months Ended	
	April 2, 2021	April 3, 2020	April 2, 2021	April 3, 2020
Cost of revenue	$ 833	$ 995	$ 1,705	$ 1,957
Research and development	3,431	4,111	6,985	7,018
Selling, general and administrative	4,305	5,170	10,010	9,451
Total share-based compensation expense	$ 8,569	$ 10,276	$ 18,700	$ 18,426

As of April 2, 2021, the total unrecognized compensation costs related to RSAs, RSUs and PRSUs was $53.7 million, which we expect to recognize over a weighted-average period of 2.3 years. As of April 2, 2021, total unrecognized compensation cost related to our 2012 Employee Stock Purchase Plan was $0.2 million.

Stock Options

A summary of stock option activity for the six months ended April 2, 2021 is as follows (in thousands, except per share amounts and contractual term):

	Number of Shares	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value
Options outstanding as of October 2, 2020	325	$ 15.12		
Exercised	(50)	16.35		
Forfeited, canceled or expired	—	—		
Options outstanding as of April 2, 2021	275	$ 14.90	6.89	$ 12,007
Options vested and exercisable as of April 2, 2021	275	14.90	6.89	12,007

Aggregate intrinsic value represents the difference between our closing stock price on April 2, 2021 and the exercise price of outstanding, in-the-money options. The total intrinsic value of options exercised was $1.8 million and $2.1 million for the three and six months ended April 2, 2021, respectively, and was $0.3 million for the three and six months ended April 3, 2020.

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

A summary of stock award activity for the six months ended April 2, 2021 is as follows:

	Number of shares (in thousands)	Weighted-Average Grant Date Fair Value
Balance as of October 2, 2020	2,788	$ 20.84
Granted	932	30.24
Vested and released	(1,222)	21.46
Forfeited, canceled or expired	(93)	25.26
Balance as of April 2, 2021	2,405	$ 23.99

Stock awards that vested during the six months ended April 2, 2021 and April 3, 2020 had combined fair values of $60.8 million and $16.7 million, respectively, as of the vesting date. RSUs granted generally vest over a period of three or four years.

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 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, 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		Six Months Ended	
	April 2, 2021	April 3, 2020	April 2, 2021	April 3, 2020
Income tax expense	$ 2,193	$ 1,580	$ 2,867	$ 2,966
Effective income tax rate	12.9 %	(18.3)%	32.9 %	(8.3)%

The difference between the U.S. federal statutory income tax rate of 21% and our effective income tax rates for the three and six months ended April 2, 2021 and April 3, 2020 was primarily driven by the continuation of a full valuation allowance against any benefit associated with losses in the U.S. and income taxed in foreign jurisdictions generally at lower tax rates and where a valuation allowance does not apply.

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 asset including results of recent operations, future reversals of existing taxable temporary differences, projected future taxable income, and tax-planning strategies. We have determined that there was not sufficient objectively verifiable positive evidence to offset our significant negative objective evidence, therefore, we concluded that a full valuation allowance is appropriate for our U.S. deferred tax assets. Our negative objective evidence consists primarily of adjusted cumulative losses in the U.S. over the three-year period ended April 2, 2021.

Our deferred income tax asset balance as of April 2, 2021 and October 2, 2020 is primarily attributable to an initial $39.8 million deferred asset generated from an intra-entity transfer of a license for intellectual property during the fiscal quarter ended September 27, 2019. We expect this deferred tax asset to amortize over the life of the intellectual property.

The balance of the unrecognized tax benefits was $0.3 million as of April 2, 2021 and October 2, 2020. 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 April 2, 2021, we did not make any accrual or payment of interest or penalties, nor did we make any payment, because we believe our $0.3 million accrual would cover any additional amounts due.

15. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Six Months Ended	
	April 2, 2021	April 3, 2020
Cash paid for interest	$ 8,863	$ 14,830
Cash paid for income taxes	$ 715	$ 920
Non-cash activities:		
Operating lease right-of-use assets obtained in exchange for new lease liabilities	$ 2,923	$ 157
Financing lease assets obtained in exchange for new lease liabilities	$ —	$ 586
Non-cash capital expenditures	$ 1,538	$ 609

During the six months ended April 2, 2021, we capitalized $1.3 million of non-cash costs to property and equipment associated with construction of a power generator that are paid by our service provider. For accounting purposes, we control the underlying assets during construction. This is included in Non-cash capital expenditures above.

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 use of financial information for the purposes of assessing performance and making operating decisions. In evaluating financial performance and making operating decisions, the chief operating decision maker primarily uses consolidated metrics. We evaluate this assessment on an ongoing basis as facts and circumstances change and as of April 2, 2021 there were no changes to our conclusion.

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):

	April 2, 2021	October 2, 2020
United States	$ 96,714	$ 99,118
Europe (1)	12,814	13,129
Other Countries (2)	4,725	6,619
Total	$ 114,253	$ 118,866

(1) Europe primarily represents Finland, France, Germany, Ireland and Italy.
(2) Other than the United States and Europe, 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		Six Months Ended	
Revenue	April 2, 2021	April 3, 2020	April 2, 2021	April 3, 2020
Customer A	13 %	15 %	13%	15 %
Customer B	—	11 %	—	10 %

Accounts Receivable	April 2, 2021	October 2, 2020
Customer A	17 %	20 %

Customer B did not represent more than 10% of our revenue in the three and six months ended April 2, 2021. No other customer represented more than 10% of revenue or accounts receivable in the periods presented in the accompanying condensed consolidated financial statements. For the three and six months ended April 2, 2021 our top ten customers represented 52% and 53%, respectively, of total revenue, and for the three and six months ended April 3, 2020, our top ten customers represented 58% and 59%, respectively, of total revenue.

17. RELATED-PARTY TRANSACTIONS

During the six months ended April 3, 2020, we sold $0.2 million of commercial products to Mission Microwave Technologies, LLC (“Mission”), a MACOM customer and an affiliate of directors John and Susan Ocampo. Together, Mr. and Mrs. Ocampo are MACOM's largest stockholders. Stephen G. Daly, MACOM's President and Chief Executive Officer, has an equity interest of less than 1% in Mission.

18. SUBSEQUENT EVENTS

On April 6, 2021, we issued an additional $50.0 million aggregate principal amount of our 2026 Convertible Notes (the “Additional Notes”) out of the total $60.0 million that was allotted in the agreement. The Additional Notes were issued and sold to the initial purchaser of the 2026 Convertible Notes, pursuant to the option to purchase the Additional Notes granted by the Company to the initial purchaser. The Additional Notes were exercised by the initial purchaser on April 1, 2021 and have the same terms as the 2026 Convertible Notes. Total proceeds were $49.4 million at issuance, and on April 8, 2021, we used $49.3 million of the proceeds to pay down our Term Loans to a remaining principal balance of $120.8 million. No additional 2026 Convertible Notes will be issued and the aggregate principal balance will be $450 million. For additional information regarding our debt, refer to *Note 8 - Debt.*

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 October 2, 2020 filed with the United States Securities and Exchange Commission (“SEC”) on November 18, 2020 (the “2020 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.

“MACOM,” “M/A-COM,” “M/A-COM Technology Solutions,” “M/A-COM Tech,” “Partners in RF & Microwave” and related logos are trademarks of MACOM Technology Solutions Holdings, Inc. All other brands and names listed are trademarks of their respective owners.

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” within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, we may make other written and oral communications from time to time that contain such statements. Forward-looking statements include statements as to our strategic plans and priorities, anticipated drivers of future revenue growth, industry trends, the potential impacts of COVID-19 on our future operations and results, our plans for use of our cash and cash equivalents, short-term investments and revolving credit facility, our ability to meet working capital requirements and other matters that do not relate strictly to historical facts. These statements are often identified by the use of words such as “anticipates,” “believes,” “could,” “continue,” “estimates,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “seeks,” “should,” “targets,” “will,” “would” and similar expressions or variations. 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 2020 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”), Industrial and Defense (“I&D”) and Data Center applications. 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 proficiencies in analog and mixed signal circuit design, compound semiconductor fabrication (including gallium arsenide, indium phosphide and specialized silicon), 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 subsystems, across dozens of product lines serving over 6,000 end customers in three primary markets. Our semiconductor products are electronic components that our customers incorporate into larger electronic systems, such as wireless communication systems including basestations, high capacity optical networks, radar, medical systems and test and measurement applications. Our primary markets are: (1) Telecom, which includes carrier infrastructure such as long-haul/metro, 5G and Fiber-to-the-X (“FTTx”)/passive optical network (“PON”), among others; (2) I&D, which includes military and commercial radar, radio frequency (“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) Data Center, which includes intra-Data Center, Data Center Interconnect (“DCI”) applications, at 100G, 200G, 400G and higher speeds, enabled by our broad portfolio of analog ICs and photonic components for high speed optical module customers.

COVID-19 Impact

COVID-19 has spread throughout areas of the world where we operate and resulted in authorities implementing numerous measures to try to contain the virus. As a result of these measures 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 have a material impact on our consolidated operating results for the periods presented.

Given the significant continued economic uncertainty and volatility created by the pandemic, it is difficult to predict the nature and extent of impacts on the demand for our products. The continued spread of COVID-19 could cause a further economic slowdown or recession and could result in adverse impacts to our overall business, such as increased credit and collectability risks, adverse impacts on our suppliers, asset impairments, declines in the value of our financial instruments and adverse impacts on our capital resources. The degree to which the COVID-19 pandemic impacts our future business, financial condition, results of operations, liquidity and cash flows will depend on future developments, which are highly uncertain and cannot be accurately predicted, including the duration and spread of the outbreak, its severity, actions taken to contain the virus or treat its impact, how quickly and to what extent normal operating conditions can resume, and the economic impact on local, regional, national and international markets.

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 2020 Annual Report on Form 10-K.

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 products that we sell to customers through our direct sales organization, our network of independent sales representatives and our distributors.

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 and Data Center.

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.

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.

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, 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.

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 U.S. GAAP, requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. 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.

Due to the COVID-19 pandemic, there has been uncertainty and disruption in the global economy and financial markets. We are not aware of any specific event or circumstance that would require updates to our estimates or judgments or require us to revise the carrying value of our assets or liabilities as of the date of filing of this Quarterly Report on Form 10-Q with the SEC. These estimates may change as new events occur and additional information is obtained. Actual results could differ materially from these estimates under different assumptions or conditions.

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; goodwill and long-lived asset valuations and associated impairment assessments; fair value of convertible debt; revenue reserves; share-based compensation valuations and income taxes.

Significant management judgment is required in our valuation of long-lived asset groups when assessing for potential impairment. These analyses are based on the creation of forecasts of future operating results that are used in the valuation, including estimation of (i) future cash flows, (ii) the long-term rate of growth for our business, (iii) 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 is used to determine the discount rate. It is possible that these forecasts may change and our projections included in our forecasts of future results may prove to be inaccurate. If our actual results, or the forecasts and estimates used in future impairment analyses, are lower than the original estimates used to assess the recoverability of these assets, we could incur impairment charges. Our forecasts and the value of our long-lived asset groups could be adversely affected by, but not limited to, a change in strategy, the outcome of development activities, a significant slowdown in our primary markets, the semiconductor industry or worldwide economy, or a decline in the valuation of technology company stocks, including the valuation of our common stock.

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 2020 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		Six Months Ended	
	April 2, 2021	April 3, 2020	April 2, 2021	April 3, 2020
Revenue	$ 150,583	$ 126,424	$ 299,087	$ 245,521
Cost of revenue (1)	66,470	63,054	134,713	123,947
Gross profit	84,113	63,370	164,374	121,574
Operating expenses:				
Research and development (1)	34,619	35,830	71,555	70,988
Selling, general and administrative (1)	30,522	31,994	61,774	64,334
Restructuring charges (2)	—	815	—	2,049
Total operating expenses	65,141	68,639	133,329	137,371
Income (loss) from operations	18,972	(5,269)	31,045	(15,797)
Other expense:				
Warrant liability expense (3)	—	8,647	(11,130)	4,560
Interest expense	(4,851)	(7,672)	(9,585)	(16,293)
Other expense, net (4)	2,879	(4,352)	(1,624)	(8,092)
Total other expense, net	(1,972)	(3,377)	(22,339)	(19,825)
Income (loss) before income taxes	17,000	(8,646)	8,706	(35,622)
Income tax expense	2,193	1,580	2,867	2,966
Net income (loss)	$ 14,807	$ (10,226)	$ 5,839	$ (38,588)

(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		Six Months Ended	
	April 2, 2021	April 3, 2020	April 2, 2021	April 3, 2020
(a) Intangible amortization expense:				
Cost of revenue	$ 3,806	$ 4,347	$ 7,683	$ 8,767
Selling, general and administrative	7,601	8,072	15,717	16,726
(b) Share-based compensation expense:				
Cost of revenue	$ 833	$ 995	$ 1,705	$ 1,957
Research and development	3,431	4,111	6,985	7,018
Selling, general and administrative	4,305	5,170	10,010	9,451

(2) See *Note 12 - Restructurings* to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

(3) Represents changes in the fair value of common stock warrants recorded as liabilities and adjusted each reporting period to fair value. See *Note 9 - Stockholders' Equity* to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q for additional information.

(4) Includes income of $6.5 million and $1.7 million for the three and six months ended April 2, 2021, respectively, and losses of $5.3 million and $9.1 million for the three and six months ended April 3, 2020, respectively, associated with our equity method investment. See *Note 3 - Investments* to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q for additional information. The three and six months ended April 2, 2021 includes a loss on extinguishment of debt of $3.8 million, see *Note 8 - Debt* 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		Six Months Ended	
	April 2, 2021	April 3, 2020	April 2, 2021	April 3, 2020
Revenue	100.0 %	100.0 %	100.0 %	100.0 %
Cost of revenue	44.1	49.9	45.0	50.5
Gross profit	55.9	50.1	55.0	49.5
Operating expenses:				
Research and development	23.0	28.3	23.9	28.9
Selling, general and administrative	20.3	25.3	20.7	26.2
Restructuring charges	—	0.6	—	0.8
Total operating expenses	43.3	54.3	44.6	56.0
Income (loss) from operations	12.6	(4.2)	10.4	(6.4)
Other expense:				
Warrant liability gain (expense)	—	6.8	(3.7)	1.9
Interest expense	(3.2)	(6.1)	(3.2)	(6.6)
Other income (expense), net	1.9	(3.4)	(0.5)	(3.3)
Total other expense, net	(1.3)	(2.7)	(7.5)	(8.1)
Income (loss) before income taxes	11.3	(6.8)	2.9	(14.5)
Income tax expense	1.5	1.2	1.0	1.2
Net income (loss)	9.8 %	(8.1)%	2.0 %	(15.7)%

Comparison of the Three and Six Months Ended April 2, 2021 to the Three and Six Months Ended April 3, 2020

Revenue. Our revenue increased by $24.2 million, or 19.1%, to $150.6 million for the three months ended April 2, 2021, from $126.4 million for the three months ended April 3, 2020, and our revenue increased by $53.6 million, or 21.8%, to $299.1 million for the six months ended April 2, 2021, from $245.5 million for the six months ended April 3, 2020. The increase in revenue in the three and six months ended April 2, 2021 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			Six Months Ended		
	April 2, 2021	April 3, 2020	% Change	April 2, 2021	April 3, 2020	% Change
Telecom	$ 42,273	$ 51,648	(18.2)%	$ 93,805	$ 97,249	(3.5)%
Industrial & Defense	72,090	48,069	50.0 %	133,708	98,552	35.7 %
Data Center	36,220	26,707	35.6 %	71,574	49,720	44.0 %
Total	$ 150,583	$ 126,424	19.1 %	$ 299,087	$ 245,521	21.8 %
Telecom	28.1 %	40.9 %		31.4 %	39.6 %	
Industrial & Defense	47.9 %	38.0 %		44.7 %	40.1 %	
Data Center	24.0 %	21.1 %		23.9 %	20.3 %	
Total	100.0 %	100.0 %		100.0 %	100.0 %	

In the three months ended April 2, 2021, our Telecom market revenue decreased by $9.4 million, or 18.2%, compared to the three months ended April 3, 2020. In the six months ended April 2, 2021, our Telecom market revenue decreased by $3.4 million, or 3.5%, compared to the six months ended April 3, 2020. The decrease for the three and six months ended April 2, 2021 was primarily driven by a decrease in carrier-based optical semiconductor products, including those targeted for 5G applications, offset by increased sales of legacy products, products targeting fiber to the home and licensing revenue.

In the three months ended April 2, 2021, our I&D market revenue increased by $24.0 million, or 50.0%, compared to the three months ended April 3, 2020. Our I&D market revenue increased by $35.2 million, or 35.7%, compared to the six months ended April 3, 2020. The increase in the three and six months ended April 2, 2021 was primarily related to new program wins and expansion of our RF and microwave product lines.

In the three months ended April 2, 2021, our Data Center market revenue increased by $9.5 million, or 35.6%, compared to the three months ended April 3, 2020. In the six months ended April 2, 2021, our Data Center market revenue increased by $21.9 million, or 44.0%, compared to the six months ended April 3, 2020. The increase in revenue for the three and six months ended April 2, 2021 was primarily due to increased sales of our high-performance analog Data Center products.

Gross profit. Gross margin was 55.9% and 50.1% for the three months ended April 2, 2021 and April 3, 2020, respectively, and 55.0% and 49.5% for the six months ended April 2, 2021 and April 3, 2020, respectively. Gross profit was $84.1 million and $63.4 million for the three months ended April 2, 2021 and April 3, 2020, respectively, and $164.4 million and $121.6 million for the six months ended April 2, 2021 and April 3, 2020, respectively. Gross profit increased for the three and six months ended April 2, 2021 as compared to the three and six months ended April 3, 2020 primarily as a result of increased sales, favorable product mix, production efficiencies and the recognition of licensing revenue during fiscal year 2021.

Research and development. Research and development expense decreased by $1.2 million, or 3.4%, to $34.6 million, or 23.0% of our revenue, for the three months ended April 2, 2021, compared with $35.8 million, or 28.3% of our revenue, for the three months ended April 3, 2020. Research and development expense increased by $0.6 million, or 0.8%, to $71.6 million, or 23.9% of our revenue, for the six months ended April 2, 2021, compared with $71.0 million, or 28.9% of our revenue, for the six months ended April 3, 2020. Research and development expense decreased in the three months ended April 2, 2021 primarily as a result of lower share-based compensation and depreciation expense, decreased spending on software, partially offset by higher payroll-related costs and other R&D services.

Selling, general and administrative. Selling, general and administrative expense decreased by $1.5 million, or 4.6%, to $30.5 million, or 20.3% of our revenue, for the three months ended April 2, 2021, compared with $32.0 million, or 25.3% of our revenue, for the three months ended April 3, 2020. Selling, general and administrative expense decreased by $2.6 million, or 4.0%, to $61.8 million, or 20.7% of our revenue, for the six months ended April 2, 2021, compared with $64.3 million, or 26.2% of our revenue, for the six months ended April 3, 2020. Selling, general and administrative expense decreased in the three and six months ended April 2, 2021 primarily due to lower payroll-related costs, professional service fees, depreciation, amortization, and other discretionary spending, offset by an increase in share-based compensation expense.

Restructuring charges. There were no restructuring charges incurred during the three and six months ended April 2, 2021 as compared to $0.8 million and $2.0 million for the three and six months ended April 3, 2020, respectively. All restructuring actions were completed as of October 2, 2020. For additional information refer to *Note 12 - Restructurings* to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Warrant liability expense. There was no warrant liability expense for the three months ended April 2, 2021, compared to a gain of $8.6 million for the three months ended April 3, 2020. Warrant liability expense was $11.1 million for the six months ended April 2, 2021, compared to a gain of $4.6 million for the six months ended April 3, 2020. The difference between periods was driven by a change in the estimated fair value of common stock warrants, primarily driven by the increase in the underlying price of our common stock, which was recorded as a liability at fair value. During November 2020, all of the warrants were exercised and 857,631 shares of common stock were issued. As of April 2, 2021, there are no remaining common stock warrants outstanding. For additional information refer to *Note 9 - Stockholders' Equity* to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Provision for income taxes. Our income tax expense and effective income tax rates for the periods indicated were (in thousands, except percentages):

	Three Months Ended		Six Months Ended	
	April 2, 2021	April 3, 2020	April 2, 2021	April 3, 2020
Income tax expense	2,193	1,580	2,867	2,966
Effective income tax rate	12.9 %	(18.3)%	32.9 %	(8.3)%

Our estimated annual effective tax rate for the year ended October 1, 2021 is expected to be comparable to the rate for the three months ended April 2, 2021, adjusted for discrete taxation matters arising during the interim periods.

The difference between the U.S. federal statutory income tax rate of 21% and our effective income tax rate for the three and six months ended April 2, 2021 and the three and six months ended April 3, 2020 was primarily driven by the continuation of a full valuation allowance against any benefit associated with U.S. losses and income taxed in foreign jurisdictions at generally lower tax rates, where we are not in a valuation allowance because it is expected that we will be in a taxable income position. 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):

	Six Months Ended	
	April 2, 2021	April 3, 2020
Cash and cash equivalents, beginning of period	$ 129,441	$ 75,519
Net cash provided by operating activities	62,721	62,938
Net cash provided by (used in) investing activities	34,012	(9,048)
Net cash used in financing activities	(121,098)	(8,210)
Foreign currency effect on cash	464	(464)
Cash and cash equivalents, end of period	$ 105,540	$ 120,735

Cash Flow from Operating Activities

Our cash flow from operating activities for the six months ended April 2, 2021 of $62.7 million consisted of a net income of $5.8 million, plus cash used in operating assets and liabilities of $13.7 million, plus adjustments to reconcile our net income to cash provided by operating activities of $70.6 million. Adjustments to reconcile our net loss to cash provided by operating activities primarily included depreciation and intangible amortization expense of $35.6 million and share-based compensation expense of $18.7 million, warrant liability expense of $11.1 million and deferred financing cost amortization and write offs of $5.0 million. In addition, cash used in operating assets and liabilities was $13.7 million for the six months ended April 2, 2021, primarily driven by an increase in accounts receivable of $22.4 million, an increase in prepaid and other current assets of $4.0 million, offset by a decrease in inventories of $7.1 million and an increase in accounts payable of $3.8 million.

Our cash flow from operating activities for the six months ended April 3, 2020 of $62.9 million consisted of a net loss of $38.6 million, plus cash provided by operating assets and liabilities of $33.0 million, plus adjustments to reconcile our net loss to cash provided by operating activities of $68.6 million. Adjustments to reconcile our net loss to cash provided by operating activities primarily included depreciation and intangible amortization expense of $40.2 million and share-based compensation expense of $18.4 million, partially offset by a warrant liability gain of $4.6 million and a loss on our equity method investment of $9.1 million. In addition, cash provided by operating assets and liabilities was $33.0 million for the six months ended April 3, 2020, primarily driven by a decrease in accounts receivable of $16.8 million, due to improved revenue linearity throughout the quarter and timing of collections from customers, a decrease in prepaid expenses and other assets of $9.8 million and a decrease in inventories of $8.3 million.

Cash Flow from Investing Activities

Our cash flow provided by investing activities for the six months ended April 2, 2021 consisted primarily of proceeds of $179.4 million for the sale and maturity of short-term investments, offset by purchases of $138.1 million of short-term investments, and capital expenditures of $7.3 million. Proceeds from the sale of short-term investments of $80 million were used to pay down the Term Loans, as discussed below under Cash Flow from Financing Activities.

Our cash flow used in used in investing activities for the six months ended April 3, 2020 consisted primarily of purchases of $90.4 million of short-term investments and capital expenditures of $9.0 million, partially offset by proceeds of $90.0 million related to the sale and maturity of short-term investments.

Cash Flow from Financing Activities

During the six months ended April 2, 2021, our cash used in financing activities of $121.1 million was primarily related to proceeds from the 2026 Convertible Notes, net of issuance costs, of $394.9 million, offset by $496.0 million of payments on the Term Loans and $22.3 million of repurchases of stock associated with employee tax withholdings on vested equity awards. The early prepayment on the Term Loans of $494.3 million was made using $394.3 million of net proceeds from our 2026 Convertible Notes, cash of $20 million and proceeds of $80 million from the sale of short-term investments. See *Note 8 - Debt* to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q for additional information.

During the six months ended April 3, 2020, our cash used in financing activities of $8.2 million was primarily related to $5.9 million of repurchases of stock associated with employee tax withholdings on vested equity awards, $3.4 million of payments on notes payable, $0.9 million of payments on financing leases offset by $2.1 million of proceeds from stock option exercises and employee stock purchases.

Liquidity

As of April 2, 2021, we held $105.5 million of cash and cash equivalents, primarily deposited with financial institutions, as well as $162.6 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 April 2, 2021, cash held by our indefinitely reinvested foreign subsidiaries was $23.4 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. As of April 2, 2021, we had $160.0 million in borrowing capacity under our Revolving Facility, of which we may borrow up to $50.0 million without being subject to certain financial covenants.

We plan to use our remaining available cash and cash equivalents, short-term investments, and, as deemed appropriate, our borrowing capacity under our Revolving Facility 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, cash generated from operations and borrowing availability under the Revolving Facility 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 do so on favorable terms or at all.

For additional information related to our Liquidity and Capital Resources, see *Note 8 - 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.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of April 2, 2021.

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 and commercial paper. 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.

Our exposure to interest rate risk also relates to the increase or decrease in the amount of interest expense we must pay on the outstanding debt under the Credit Agreement. The interest rates on our Term Loans and Revolving Facility are variable interest rates based on our lender’s prime rate or a LIBOR rate, in each case plus an applicable margin, which exposes us to market interest rate risk when we have outstanding borrowings under the Credit Agreement. As of April 2, 2021, we had $170.1 million of outstanding borrowings under the Credit Agreement. Assuming our outstanding debt remains constant under the Credit Agreement for an entire year and the applicable annual interest rate increases or decreases by 1%, our annual interest expense would increase or decrease by $1.7 million. The interest rates on our 2026 Convertible Notes are fixed and therefore not subject to interest rate risk.

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. Increases 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. Conversely, decreases in the value of the U.S. dollar relative to other currencies could result in our products being more expensive to certain customers and could reduce or delay orders, or otherwise negatively affect how they 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 April 2, 2021.

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 11 - 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 2020 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 2020 Annual Report on Form 10-K, except as noted below.

Risks Relating to our 2026 Convertible Notes

Servicing our debt, including the 2026 Convertible Notes, requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our indebtedness.

Our ability to make payments of the principal of, to pay interest on, or to refinance, the 2026 Convertible Notes, or to make cash payments in connection with any conversion of the 2026 Convertible Notes depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service the 2026 Convertible Notes or other indebtedness and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring indebtedness or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance the 2026 Convertible Notes or our other indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

Provisions in indenture governing the 2026 Convertible Notes may delay or prevent an otherwise beneficial business combination.

The terms of the 2026 Convertible Notes require us to repurchase the 2026 Convertible Notes in the event of a "fundamental change" as defined under the indenture governing the 2026 Convertible Notes. A fundamental change of our Company would trigger an option of the holders of the 2026 Convertible Notes to require us to repurchase the 2026 Convertible Notes. In addition, if a make-whole fundamental change occurs prior to the maturity date of the 2026 Convertible Notes, we will in some cases be required to increase the conversion rate for a holder that elects to convert its 2026 Convertible Notes. Furthermore, the indenture that governs the 2026 Convertible Notes prohibits us from engaging in certain mergers or acquisitions unless, among other things, the surviving entity assumes our obligations under the 2026 Convertible Notes. This may have the effect of delaying or preventing an acquisition of our Company that could be beneficial to investors.

We may not have the ability to raise the funds necessary to settle conversions of the 2026 Convertible Notes in cash or to repurchase the 2026 Convertible Notes upon a fundamental change and our debt may limit our ability to pay cash upon conversion or repurchase of the 2026 Convertible Notes.

Holders of the 2026 Convertible Notes have the right to require us to repurchase their 2026 Convertible Notes upon the occurrence of a fundamental change at a purchase price equal to 100% of the principal amount of the 2026 Convertible Notes to be repurchased, plus accrued and unpaid interest, if any, to, but not including, the fundamental change repurchase date. In addition, unless we elect to deliver solely shares of our common stock upon conversion, we will be required to make cash payments in respect of the 2026 Convertible Notes being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make purchases of the 2026 Convertible Notes, and our failure to do so would constitute a default under the indenture governing the 2026 Convertible Notes. In addition, our ability to repurchase the 2026 Convertible Notes or to pay cash upon conversion of the 2026 Convertible Notes could be limited by law, by regulatory authority or by agreements that will govern our future indebtedness. A default under the indenture governing the 2026 Convertible Notes or the fundamental change itself could also lead to a default under agreements governing our existing or future indebtedness.

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 April 2, 2021.

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 of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
January 2, 2021-January 29, 2021	633	$ 61.67	—	—
January 30, 2021-February 26, 2021	154,318	67.67	—	—
February 27, 2021-April 2, 2021	189	66.33	—	—
Total	155,140	$ 67.64	—	—

(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 6. EXHIBITS

Exhibit Number	Description
3.1	Fifth Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on June 2, 2016).
3.2	Third Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K filed on June 2, 2016).
4.1	Indenture, dated as of March 25, 2021, by and between MACOM Technology Solutions Holdings, Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed on March 25, 2021).
4.2	Form of 0.250% Convertible Senior Note due 2026 (incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K filed on March 25, 2021).
10.1*	MACOM Technology Solutions Holdings, Inc. 2021 Omnibus Incentive Plan (incorporated by reference to Exhibit A to our Proxy Statement on Schedule 14A filed on January 15, 2021).
10.2*	Form of Restricted Stock Unit Award Agreement under the MACOM Technology Solutions Holdings, Inc. 2021 Omnibus Incentive Plan (Time-Based and Performance-Based).
10.3*	Form of Restricted Stock Unit Award Agreement under the MACOM Technology Solutions Holdings, Inc. 2021 Omnibus Incentive Plan (Time-Based for Non-Employee Directors).
10.4*	Form of Restricted Stock Award Agreement under the MACOM Technology Solutions Holdings, Inc. 2021 Omnibus Incentive Plan.
10.5*	MACOM Technology Solutions Holdings, Inc. 2021 Employee Stock Purchase Plan (incorporated by reference to Exhibit B to our Proxy Statement on Schedule 14A filed on January 15, 2021).
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 April 2, 2021, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Loss, (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 April 2, 2021, formatted in Inline XBRL and included as Exhibit 101
*	Management contract or compensatory plan

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: April 29, 2021	By:	/s/ Stephen G. Daly
		Stephen G. Daly
		President and Chief Executive Officer
		(Principal Executive Officer)
Dated: April 29, 2021	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.
RESTRICTED STOCK UNIT AWARD NOTICE
2021 OMNIBUS INCENTIVE PLAN
(Time-Based and Performance-Based)

MACOM Technology Solutions Holdings, Inc. (the ***"Company"***) has granted to you a Restricted Stock Unit Award (the ***"Award"***). The Award is subject to all the terms and conditions set forth in this Restricted Stock Unit Award Notice (the ***"Award Notice"***), the Restricted Stock Unit Award Agreement and the Company's 2021 Omnibus Incentive Plan (the ***"Plan"***), which are either attached hereto or have been made available to you via the electronic brokerage account you accessed through www.etrade.com to accept this Award electronically, and which are hereby incorporated into the Award Notice in their entirety.

Participant: ____________________
Grant Date ____________________
Vesting Commencement Date: ____________________
Number of Time-Based Restricted Stock Units: ____________________
Target Number of Performance-Based Restricted Stock Units: ____________________

Vesting Schedule for Time-Based Restricted Stock Units: The Time-Based Restricted Stock Units will vest with respect to the number of Units on the Vesting Dates indicated below:

Vesting Date	**Number of Restricted Stock Units Vesting**
____________	____________
____________	____________
____________	____________
____________	____________

Vesting Schedule for Performance-Based Restricted Stock Units: The number of Performance-Based Restricted Stock Units that become earned and vested (if any) will be determined in accordance with the performance measures, targets and methodology set forth in ***Exhibit A*** attached hereto.

Additional Terms/Acknowledgement: You acknowledge receipt of, and understand and agree to, the Award Notice, the Restricted Stock Unit Award Agreement and the Plan. You further acknowledge that as of the Grant Date, the Award Notice, the Restricted Stock Unit Award Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the Award and supersede all prior oral and written agreements on the subject.

MACOM TECHNOLOGY SOLUTIONS
HOLDINGS, INC.
PARTICIPANT

By:
Its:

Name:
Taxpayer ID:
Address:

Additional Documents:
1. Restricted Stock Unit Award Agreement
2. 2021 Omnibus Incentive Plan
3. 2021 Omnibus Incentive Plan Prospectus

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
2021 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to your Restricted Stock Unit Award Notice (the ***"Award Notice"***) and this Restricted Stock Unit Award Agreement (this ***"Agreement"***), MACOM Technology Solutions Holdings, Inc. (the ***"Company"***) has granted you a Restricted Stock Unit Award (the ***"Award"***) under its 2021 Omnibus Incentive Plan (the ***"Plan"***) for the number of Time-Based Restricted Stock Units and the target number of Performance-Based Restricted Stock Units indicated in your Award Notice. Capitalized terms not explicitly defined in this Agreement but defined in the Plan shall have the same definitions as in the Plan.

The details of the Award are as follows:

1. Vesting and Settlement

The Award will vest and become payable according to the vesting schedule set forth in the Award Notice and ***Exhibit A*** thereto, as applicable (the ***"Vesting Schedule"***). One share of Stock will be issuable for each Restricted Stock Unit that vests and becomes payable. Restricted Stock Units that have vested and are no longer subject to forfeiture according to the Vesting Schedule are referred to herein as ***"Vested Units."*** Restricted Stock Units that have not vested and remain subject to forfeiture under the Vesting Schedule are referred to herein as ***"Unvested Units."*** The Unvested Units will vest (and to the extent so vested cease to be Unvested Units remaining subject to forfeiture) and become payable in accordance with the Vesting Schedule (the Unvested and Vested Units are collectively referred to herein as the ***"Units"***). As soon as practicable, but in any event within 30 days, after Unvested Units become Vested Units, the Company will settle the Vested Units by issuing to you one share of Stock for each Vested Unit. No Stock will be issued pursuant to the Award unless and until all legal requirements applicable to the issuance or transfer of such Stock have been complied with to the satisfaction of the Administrator. The Award will terminate and the Units will be subject to forfeiture upon your termination of Employment as set forth in Section 2.

2. Termination of Award upon Termination of Employment

Unless the Administrator determines otherwise prior to your termination of Employment, automatically and immediately upon your termination of Employment, any unvested portion of the Award will terminate and be forfeited for no consideration.

3. Securities Law Compliance

3.1 You represent and warrant that you (a) have been furnished with a copy of the Plan and all information which you deem necessary to evaluate the merits and risks of receipt of the Award, (b) have had the opportunity to ask questions and receive answers concerning the information received about the Award and the Company, and (c) have been given the opportunity to obtain any additional information you deem necessary to verify the accuracy of any information obtained concerning the Award and the Company.

3.2 You hereby agree that you will in no event sell or distribute all or any part of the shares of Stock that you receive pursuant to settlement of this Award (the ***"Shares"***) unless (a) there is an effective registration statement under the Securities Act and applicable state securities laws covering any such transaction involving the Shares or (b) the Company receives an opinion of your legal counsel (concurred in by legal counsel for the Company) stating that such transaction is exempt from registration or the Company otherwise satisfies itself that such transaction is exempt from registration. You understand that the Company has no obligation to you to maintain any registration of the Shares with the SEC and has not represented to you that it will so maintain registration of the Shares.

3.3 You confirm that you have been advised, prior to your receipt of the Shares, that neither the offering of the Shares nor any offering materials have been reviewed by any administrator under the Securities Act or any other applicable securities act (the ***"Acts"***) and that the Shares cannot be resold unless they are registered under the Acts or unless an exemption from such registration is available.

3.4 You hereby agree to indemnify the Company and hold it harmless from and against any loss, claim or liability, including attorneys' fees or legal expenses, incurred by the Company as a result of any breach by you of, or any inaccuracy in, any representation, warranty or statement made by you in this Agreement or the breach by you of any terms or conditions of this Agreement.

4. Transfer Restrictions

Units shall not be sold, transferred, assigned, encumbered, pledged or otherwise disposed of other than as expressly permitted under Section 6(a)(3) of the Plan.

5. No Rights as Stockholder; No Dividends

The Award shall not be interpreted to bestow upon you any equity interest or ownership in the Company prior to the date on which the Company delivers shares of Stock to you (if any). You are not entitled to vote any shares of Stock by reason of the granting of the Award or to receive or be credited with any dividends declared and payable on any share of Stock prior to the date on which any such share is delivered to you hereunder. You shall have the rights of a shareholder only as to those shares of Stock, if any, that are actually delivered under the Award.

6. Independent Tax Advice

You acknowledge that determining the actual tax consequences to you of receiving or disposing of the Units and Shares may be complicated. These tax consequences will depend, in part, on your specific situation and may also depend on the resolution of currently uncertain tax law and other variables not within the control of the Company. You are aware that you should consult a competent and independent tax advisor for a full understanding of the specific tax consequences to you of receiving the Units and receiving or disposing of the Shares. Prior to executing this Agreement, you either have consulted with a competent tax advisor independent of the Company to obtain tax advice concerning the receipt of the Units and the receipt or disposition of the Shares in light of your specific situation or you have had the opportunity to consult with such a tax advisor but chose not to do so.

7. Certain Tax Matters

You are ultimately responsible for all taxes arising in connection with this Award (e.g., at vesting and/or upon receipt of the Shares), including any domestic or foreign tax withholding obligation required by law, whether national, federal, state or local, including FICA or any other social tax obligation (the ***"Tax Withholding Obligation"***), regardless of any action the Company or any of its affiliates takes with respect to any such Tax Withholding Obligation that arises in connection with this Award. As a condition to the issuance of Shares pursuant to this Award, you agree to make arrangements satisfactory to the Administrator for the payment of the Tax Withholding Obligation that arises upon receipt of the Shares or otherwise. The Company may refuse to issue any Shares to you until you satisfy the Tax Withholding Obligation. The Company may withhold from the shares otherwise payable to you with respect to your Vested Units the number of whole shares of Stock required to satisfy the minimum applicable Tax Withholding Obligation, the number to be determined by the Company based on the Fair Market Value of the Stock on the date the Company is required to withhold. The Company may require you to satisfy your Tax Withholding Obligation by instructing and authorizing the Company and the brokerage firm determined acceptable to the Company for such purpose to sell on your behalf a whole number of Shares from those Shares issuable to you in payment of Vested Units as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the Tax Withholding Obligation. Notwithstanding the forgoing, to the maximum extent permitted by law, you hereby grant the Company and any of its affiliates the right to deduct without notice from salary or other amounts payable to you, an amount sufficient to satisfy the Tax Withholding Obligation. In no event will the Company have any liability relating to the failure or alleged failure of any payment or benefit under this Agreement to comply with, or be exempt from, the requirements of Section 409A. You expressly acknowledge that because this Award consists of an unfunded and unsecured promise by the Company to deliver Stock in the future, subject to the terms hereof, it is not possible to make a so-called "83(b) election" with respect to this Award.

8. Clawback

By accepting this Award, you acknowledge and agree that this Award and all other awards granted to you under the Plan, any shares issued in respect thereof, and any proceeds and other amounts received in respect of this Award, other awards or such shares are subject to forfeiture and repayment (i) under the Company's Compensation Recoupment Policy, as from time to time amended and in effect; (ii) under any other policy of, or agreement with, the Company or any of its affiliates that is applicable to you and that provides for the cancellation, forfeiture, disgorgement, repayment or clawback of incentive compensation; and (iii) to the extent required by law or applicable stock exchange listing standards, including, without limitation, Section 10D of the Exchange Act. A copy of the Company's Compensation Recoupment Policy as in effect on the date of this Agreement has been provided to you, which you acknowledge and agree is subject to amendment and/or amendment and restatement from time to time.

9. General Provisions

9.1 Assignment. The Company may assign its forfeiture rights at any time, whether or not such rights are then exercisable, to any person or entity selected by the Board.

9.2 No Waiver. No waiver of any provision of this Agreement will be valid unless in writing and signed by the person against whom such waiver is sought to be enforced, nor will failure to enforce any right hereunder constitute a continuing waiver of the same or a waiver of any other right hereunder.

9.3 Undertaking. You hereby agree to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either you or the Units pursuant to the express provisions of this Agreement.

9.4 Successors and Assigns. The provisions of this Agreement will inure to the benefit of, and be binding on, the Company and its successors and assigns and you and your legal representatives, heirs, legatees, distributees, assigns and transferees by operation of law, whether or not any such person will have become a party to this Agreement and agreed in writing to join herein and be bound by the terms and conditions hereof.

9.5 No Employment or Service Contract. Neither this Agreement, nor the issuance of Shares upon the vesting of the Award, will give you any right to be retained in the employ or service of the Company or any of its subsidiaries, affect the right of the Company or any of its subsidiaries to discharge you at any time, or affect your right to terminate your Employment at any time.

9.6 Provisions of the Plan. This Agreement is subject in its entirety to the provisions of the Plan, which are incorporated herein by reference. A copy of the Plan as in effect on the Grant Date has been furnished to you. By accepting, or being deemed to have accepted, all or any portion of the Award, you agree to be bound by the terms of the Plan and this Agreement. In the event of any conflict between the terms of this Agreement and the Plan, the terms of the Plan will control.

9.7 Relationship Between The Plan And Your Employment. Awards made under the Plan and any profits or gains made as a result of such Awards are not pensionable under any pension arrangements of the Company or any of its affiliates. Participation in this Award is a matter entirely separate from any pension right or entitlement which you may have, and from your terms and conditions of employment. Participation in the Award shall in no respects affect your pension rights (if any), entitlements or terms or conditions of employment, and in particular (but without limiting the generality of the foregoing words) neither the provisions of the Award Notice, the Plan nor this Agreement shall form part of any contract of employment between you and the Company and/or any of its affiliates, nor shall it be taken into account for the purpose of calculating any redundancy or unfair dismissal payment or wrongful dismissal payment, nor shall it confer on you any legal or equitable rights whatsoever against the Company or any of its affiliates.

Participation in the Plan does not impose upon the Company, any of its affiliates, the Compensation Committee or any of their representatives, agents and employees any liability whatsoever (whether in contract, tort, or otherwise howsoever) in connection with:

(a) the loss of your Award(s) under the Plan;

(b) the loss of your eligibility to be granted Award(s) under the Plan; and/or

(c) the manner in which any power or discretion under the Plan is exercised or the failure or refusal of any person to exercise any power or discretion under the Plan.

9.8 Data Protection. By accepting this Award, you hereby consent to personal information obtained in relation to the Plan, the Award Notice and this Agreement being handled by the Company, any of its affiliates and their delegates, agents or affiliates in accordance with applicable law. Information in relation to you will be held, used, disclosed and processed for the purposes of: (a) managing and administering the Awards you hold under the Plan; (b) complying with any applicable audit, legal or regulatory obligations including, without limitation, legal obligations under company law and anti-money laundering legislation; (c) disclosure and transfer whether in your country of residence or elsewhere (including companies situated in countries which may not have the same data protection laws as your country of residence) to third parties including regulatory bodies, auditors and any of their respective related, associated or affiliated companies for the purposes specified above; (d) or for other legitimate business interests of the Company and any of its affiliates.

EXHIBIT A

(For Performance-Based Restricted Stock Units Granted on ____, 20__)

This Exhibit A is applicable to the Performance-Based Restricted Stock Units (***"PRSUs"***) granted by MACOM Technology Solutions Holdings, Inc. under the 2021 Omnibus Incentive Plan. Capitalized terms not explicitly defined in in this Exhibit A but defined in the Restricted Stock Unit Award Agreement to which this Exhibit A relates shall have the same definitions as set forth therein.

The number of PRSUs that become earned and vested (if any) will be determined in accordance with the performance measures, targets and methodology set forth herein.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
RESTRICTED STOCK UNIT AWARD NOTICE
2021 OMNIBUS INCENTIVE PLAN
(Non-Employee Directors)

MACOM Technology Solutions Holdings, Inc. (the ***"Company"***) has granted to you a Restricted Stock Unit Award (the ***"Award"***). The Award is subject to all the terms and conditions set forth in this Restricted Stock Unit Award Notice (the ***"Award Notice"***), the Restricted Stock Unit Award Agreement and the Company's 2021 Omnibus Incentive Plan (the ***"Plan"***), which are either attached hereto or have been made available to you via the electronic brokerage account you accessed through www.etrade.com to accept this Award electronically, and which are hereby incorporated into the Award Notice in their entirety.

Participant:	____________________
Grant Date	____________________
Vesting Commencement Date:	____________________
Number of Restricted Stock Units:	____________________

Vesting Schedule for Restricted Stock Units: The Restricted Stock Units will vest with respect to the number of Units on the Vesting Dates indicated below:

Vesting Date	Number of Restricted Stock Units Vesting
____________________	____________________
____________________	____________________
____________________	____________________
____________________	____________________

Additional Terms/Acknowledgement: You acknowledge receipt of, and understand and agree to, the Award Notice, the Restricted Stock Unit Award Agreement and the Plan. You further acknowledge that as of the Grant Date, the Award Notice, the Restricted Stock Unit Award Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the Award and supersede all prior oral and written agreements on the subject.

MACOM TECHNOLOGY SOLUTIONS
HOLDINGS, INC.
PARTICIPANT

By:	Name:
Its:	Taxpayer ID:
	Address:

Additional Documents:
1. Restricted Stock Unit Award Agreement
2. 2021 Omnibus Incentive Plan
3. 2021 Omnibus Incentive Plan Prospectus

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
2021 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to your Restricted Stock Unit Award Notice (the ***"Award Notice"***) and this Restricted Stock Unit Award Agreement (this ***"Agreement"***), MACOM Technology Solutions Holdings, Inc. (the ***"Company"***) has granted you a Restricted Stock Unit Award (the ***"Award"***) under its 2021 Omnibus Incentive Plan (the ***"Plan"***) for the number of Restricted Stock Units indicated in your Award Notice. Capitalized terms not explicitly defined in this Agreement but defined in the Plan shall have the same definitions as in the Plan.

The details of the Award are as follows:

1. Vesting and Settlement

The Award will vest and become payable according to the vesting schedule set forth in the Award Notice (the ***"Vesting Schedule"***). One share of Stock will be issuable for each Restricted Stock Unit that vests and becomes payable. Restricted Stock Units that have vested and are no longer subject to forfeiture according to the Vesting Schedule are referred to herein as "***Vested Units***." Restricted Stock Units that have not vested and remain subject to forfeiture under the Vesting Schedule are referred to herein as "***Unvested Units***." The Unvested Units will vest (and to the extent so vested cease to be Unvested Units remaining subject to forfeiture) and become payable in accordance with the Vesting Schedule (the Unvested and Vested Units are collectively referred to herein as the "***Units***"). As soon as practicable, but in any event within 30 days, after Unvested Units become Vested Units, the Company will settle the Vested Units by issuing to you one share of Stock for each Vested Unit. No Stock will be issued pursuant to the Award unless and until all legal requirements applicable to the issuance or transfer of such Stock have been complied with to the satisfaction of the Administrator. The Award will terminate and the Units will be subject to forfeiture upon your termination of Employment as set forth in Section 2.

2. Termination of Award upon Termination of Employment

Unless the Administrator determines otherwise prior to your termination of Employment, automatically and immediately upon your termination of Employment, any unvested portion of the Award will terminate and be forfeited for no consideration.

3. Securities Law Compliance

3.1 You represent and warrant that you (a) have been furnished with a copy of the Plan and all information which you deem necessary to evaluate the merits and risks of receipt of the Award, (b) have had the opportunity to ask questions and receive answers concerning the information received about the Award and the Company, and (c) have been given the opportunity to obtain any additional information you deem necessary to verify the accuracy of any information obtained concerning the Award and the Company.

3.2 You hereby agree that you will in no event sell or distribute all or any part of the shares of Stock that you receive pursuant to settlement of this Award (the ***"Shares"***) unless (a) there is an effective registration statement under the Securities Act and applicable state securities laws covering any such transaction involving the Shares or (b) the Company receives an opinion of your legal counsel (concurred in by legal counsel for the Company) stating that such transaction is exempt from registration or the Company otherwise satisfies itself that such transaction is exempt from registration. You understand that the Company has no obligation to you to maintain any registration of the Shares with the SEC and has not represented to you that it will so maintain registration of the Shares.

3.3 You confirm that you have been advised, prior to your receipt of the Shares, that neither the offering of the Shares nor any offering materials have been reviewed by any administrator under the Securities Act or any other applicable securities act (the ***"Acts"***) and that the Shares cannot be resold unless they are registered under the Acts or unless an exemption from such registration is available.

3.4 You hereby agree to indemnify the Company and hold it harmless from and against any loss, claim or liability, including attorneys' fees or legal expenses, incurred by the Company as a result of any breach by you of, or any inaccuracy in, any representation, warranty or statement made by you in this Agreement or the breach by you of any terms or conditions of this Agreement.

4. Transfer Restrictions

Units shall not be sold, transferred, assigned, encumbered, pledged or otherwise disposed of other than as expressly permitted under Section 6(a)(3) of the Plan.

5. No Rights as Stockholder; No Dividends

The Award shall not be interpreted to bestow upon you any equity interest or ownership in the Company prior to the date on which the Company delivers shares of Stock to you (if any). You are not entitled to vote any shares of Stock by reason of the granting of the Award or to receive or be credited with any dividends declared and payable on any share of Stock prior to the date on which any such share is delivered to you hereunder. You shall have the rights of a shareholder only as to those shares of Stock, if any, that are actually delivered under the Award.

6. Independent Tax Advice

You acknowledge that determining the actual tax consequences to you of receiving or disposing of the Units and Shares may be complicated. These tax consequences will depend, in part, on your specific situation and may also depend on the resolution of currently uncertain tax law and other variables not within the control of the Company. You are aware that you should consult a competent and independent tax advisor for a full understanding of the specific tax consequences to you of receiving the Units and receiving or disposing of the Shares. Prior to executing this Agreement, you either have consulted with a competent tax advisor independent of the Company to obtain tax advice concerning the receipt of the Units and the receipt or disposition of the Shares in light of your specific situation or you have had the opportunity to consult with such a tax advisor but chose not to do so.

7. Certain Tax Matters

You expressly acknowledge and agree that you shall be responsible for satisfying and paying all taxes arising from or due in connection with the grant or vesting of the Restricted Stock Units and/or the delivery of any Stock hereunder. The Company shall have no liability or obligation relating to the foregoing. You expressly acknowledge that because this Award consists of an unfunded and unsecured promise by the Company to deliver Stock in the future, subject to the terms hereof, it is not possible to make a so-called “83(b) election” with respect to this Award.

8. Clawback

By accepting this Award, you acknowledge and agree that this Award and all other awards granted to you under the Plan, any shares issued in respect thereof, and any proceeds and other amounts received in respect of this Award, other awards or such shares are subject to forfeiture and repayment (i) under the Company’s Compensation Recoupment Policy, as from time to time amended and in effect; (ii) under any other policy of, or agreement with, the Company or any of its affiliates that is applicable to you and that provides for the cancellation, forfeiture, disgorgement, repayment or clawback of incentive compensation; and (iii) to the extent required by law or applicable stock exchange listing standards, including, without limitation, Section 10D of the Exchange Act. A copy of the Company’s Compensation Recoupment Policy as in effect on the date of this Agreement has been provided to you, which you acknowledge and agree is subject to amendment and/or amendment and restatement from time to time.

9. General Provisions

9.1 Assignment. The Company may assign its forfeiture rights at any time, whether or not such rights are then exercisable, to any person or entity selected by the Board.

9.2 No Waiver. No waiver of any provision of this Agreement will be valid unless in writing and signed by the person against whom such waiver is sought to be enforced, nor will failure to enforce any right hereunder constitute a continuing waiver of the same or a waiver of any other right hereunder.

9.3 Undertaking. You hereby agree to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either you or the Units pursuant to the express provisions of this Agreement.

9.4 Successors and Assigns. The provisions of this Agreement will inure to the benefit of, and be binding on, the Company and its successors and assigns and you and your legal representatives, heirs, legatees, distributees, assigns and transferees by operation of law, whether or not any such person will have become a party to this Agreement and agreed in writing to join herein and be bound by the terms and conditions hereof.

9.5 Effect on Service. Neither this Agreement, nor the issuance of Shares upon the vesting of the Award, will give you any right to be retained in the service of the Company or any of its subsidiaries, affect the right of the Company or any of its subsidiaries to discharge you at any time, or affect your right to terminate your service at any time.

9.6 Provisions of the Plan. This Agreement is subject in its entirety to the provisions of the Plan, which are incorporated herein by reference. A copy of the Plan as in effect on the Grant Date has been furnished to you. By accepting, or being deemed to have accepted, all or any portion of the Award, you agree to be bound by the terms of the Plan and this Agreement. In the event of any conflict between the terms of this Agreement and the Plan, the terms of the Plan will control.

9.7 Your Plan Participation. Participation in the Award shall in no respects whatever confer on you any legal or equitable rights whatsoever against the Company or any of its affiliates. Participation in the Plan or in the Award does not impose upon the Company, any of its affiliates, the Compensation Committee or any of their representatives, agents and employees any liability whatsoever (whether in contract, tort, or otherwise howsoever) in connection with:

(a) the loss of your Award(s) under the Plan;

(b) the loss of your eligibility to be granted Award(s) under the Plan; and/or

(c) the manner in which any power or discretion under the Plan is exercised or the failure or refusal of any person to exercise any power or discretion under the Plan.

9.8 Data Protection. By accepting this Award, you hereby consent to personal information obtained in relation to the Plan, the Award Notice and this Agreement being handled by the Company, any of its affiliates and their delegates, agents or affiliates in accordance with applicable law. Information in relation to you will be held, used, disclosed and processed for the purposes of: (a) managing and administering the Awards you hold under the Plan; (b) complying with any applicable audit, legal or regulatory obligations including, without limitation, legal obligations under company law and anti-money laundering legislation; (c) disclosure and transfer whether in your country of residence or elsewhere (including companies situated in countries which may not have the same data protection laws as your country of residence) to third parties including regulatory bodies, auditors and any of their respective related, associated or affiliated companies for the purposes specified above; (d) or for other legitimate business interests of the Company and any of its affiliates.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
RESTRICTED STOCK AWARD NOTICE
2021 OMNIBUS INCENTIVE PLAN

MACOM Technology Solutions Holdings, Inc. (the ***"Company"***) has granted to you a Restricted Stock Award (the ***"Award"***). The Award is subject to all the terms and conditions set forth in this Restricted Stock Award Notice (the ***"Award Notice"***), the Restricted Stock Award Agreement and the Company's 2021 Omnibus Incentive Plan (the ***"Plan"***), which are either attached hereto or have been made available to you via the electronic brokerage account you accessed through www.etrade.com to accept this Award electronically, and which are hereby incorporated into the Award Notice in their entirety.

Participant:	____________________
Grant Date	____________________
Vesting Commencement Date:	____________________
Number of Shares Subject to the Award (the "Shares"):	____________________
Fair Market Value per Share on Grant Date:	____________________
Vesting Schedule:	____________________

Additional Terms/Acknowledgement: You acknowledge receipt of, and understand and agree to, the Award Notice, the Restricted Stock Award Agreement and the Plan. You further acknowledge that as of the Grant Date, the Award Notice, the Restricted Stock Award Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the Award and supersede all prior oral and written agreements on the subject.

MACOM TECHNOLOGY SOLUTIONS
HOLDINGS, INC.
PARTICIPANT

By:	Name:
Its:	Taxpayer ID:
	Address:

Additional Documents:
1. Restricted Stock Award Agreement
2. 2021 Omnibus Incentive Plan
3. 2021 Omnibus Incentive Plan Prospectus

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
2021 OMNIBUS INCENTIVE PLAN
RESTRICTED STOCK AWARD AGREEMENT

Pursuant to your Restricted Stock Unit Award Notice (the ***"Award Notice"***) and this Restricted Stock Unit Award Agreement (this ***"Agreement"***), MACOM Technology Solutions Holdings, Inc. (the ***"Company"***) has granted you a Restricted Stock Award (the ***"Award"***) under its 2021 Omnibus Incentive Plan (the ***"Plan"***) for the number of shares of stock indicated in your Award Notice. Capitalized terms not explicitly defined in this Agreement but defined in the Plan shall have the same definitions as in the Plan.

The details of the Award are as follows:

1. Vesting and Settlement

The Award will vest and no longer be subject to forfeiture according to the vesting schedule set forth in the Award Notice (the ***"Vesting Schedule"***). Shares of Stock subject to the portion of the Award that has vested and is no longer subject to forfeiture according to the Vesting Schedule are referred to herein as "***Vested Shares***." Shares of Stock subject to the portion of the Award that has not vested and remains subject to forfeiture under the Vesting Schedule are referred to herein as "***Unvested Shares***." The Unvested Shares will vest (and to the extent so vested cease to be Unvested Shares remaining subject to forfeiture) in accordance with the Vesting Schedule (the Unvested and Vested Shares are collectively referred to herein as the "***Shares***"). The Award will terminate and the Shares will be subject to forfeiture upon your termination of Employment as set forth in Section 2.

2. Termination of Award upon Termination of Employment

Unless the Administrator determines otherwise prior to your termination of Employment, automatically and immediately upon your termination of Employment, any unvested portion of the Award will terminate and be forfeited for no consideration.

3. Securities Law Compliance

3.1 You represent and warrant that you (a) have been furnished with a copy of the Plan and all information which you deem necessary to evaluate the merits and risks of receipt of the Award, (b) have had the opportunity to ask questions and receive answers concerning the information received about the Award and the Company, and (c) have been given the opportunity to obtain any additional information you deem necessary to verify the accuracy of any information obtained concerning the Award and the Company.

3.2 You hereby agree that you will in no event sell or distribute all or any part of the shares unless (a) there is an effective registration statement under the Securities Act and applicable state securities laws covering any such transaction involving the Shares or (b) the Company receives an opinion of your legal counsel (concurred in by legal counsel for the Company) stating that such transaction is exempt from registration or the Company otherwise satisfies itself that such transaction is exempt from registration. You understand that the Company has no obligation to you to maintain any registration of the Shares with the SEC and has not represented to you that it will so maintain registration of the Shares.

3.3 You confirm that you have been advised, prior to your receipt of the Shares, that neither the offering of the Shares nor any offering materials have been reviewed by any administrator under the Securities Act or any other applicable securities act (the ***"Acts"***) and that the Shares cannot be resold unless they are registered under the Acts or unless an exemption from such registration is available.

3.4 You hereby agree to indemnify the Company and hold it harmless from and against any loss, claim or liability, including attorneys' fees or legal expenses, incurred by the Company as a result of any breach by you of, or any inaccuracy in, any representation, warranty or statement made by you in this Agreement or the breach by you of any terms or conditions of this Agreement.

4. Consideration for Award

The Company acknowledges your payment of full consideration for the Award in the form of services previously rendered and/or services to be rendered hereafter to the Company (in either case, in an amount equal to no less than the aggregate par value of the Shares).

5. Transfer Restrictions

Unvested shares shall not be sold, transferred, assigned, encumbered, pledged or otherwise disposed of other than as expressly permitted under Section 6(a)(3) of the Plan.

6. Section 83(b) Election for Award

You understand that under Section 83(a) of the Code, the excess of the Fair Market Value of the Unvested Shares on the date the forfeiture restrictions lapse over the purchase price, if any, paid for such Shares will be taxed, on the date such forfeiture restrictions lapse, as ordinary income subject to payroll and withholding tax and tax reporting, as applicable. For this purpose, the term "forfeiture restrictions" means the right of the Company to receive back any Unvested Shares upon your termination of Employment. You understand that you may elect under Section 83(b) of the Code to be taxed at the time the Unvested Shares are acquired, rather than when and as the Unvested Shares cease to be subject to the forfeiture restrictions. Such election (an "***83(b) Election***") must be filed with the Internal Revenue Service **within 30 days** from the Grant Date of the Award. Even if the Fair Market Value of the Unvested Shares on the Grant Date equals the purchase price, if any, (and thus no tax is payable), you must file the election within the 30-day period to avoid the risk of adverse tax consequences in the future.

You understand that there is a risk the Internal Revenue Service might challenge the Company's determination of the Fair Market Value of the Shares, in which case you may be deemed to have received more ordinary income than originally estimated. You also understand that (a) you will not be entitled to a deduction for any ordinary income previously recognized as a result of the 83(b) Election if the Unvested Shares are subsequently forfeited to the Company, and (b) the 83(b) Election may cause you to recognize more ordinary income than you would have otherwise recognized if the Internal Revenue Service determines that the value of the Unvested Shares on the date the Shares are transferred is higher than the Fair Market Value of the Shares on that date as determined by the Company and/or the value of the Unvested Shares subsequently declines.

THE FORM FOR MAKING AN 83(b) ELECTION IS ATTACHED TO THIS AGREEMENT AS **EXHIBIT B**. YOU UNDERSTAND THAT FAILURE TO FILE SUCH AN ELECTION WITHIN THE 30-DAY PERIOD MAY RESULT IN THE RECOGNITION OF ORDINARY INCOME BY YOU AS THE FORFEITURE RESTRICTIONS LAPSE. You acknowledge that the foregoing is only a summary of the federal income tax laws that apply to the receipt of the Unvested Shares under this Agreement and does not purport to be complete. **YOU FURTHER ACKNOWLEDGE THAT THE COMPANY HAS DIRECTED YOU TO SEEK INDEPENDENT ADVICE REGARDING THE APPLICABLE PROVISIONS OF THE CODE, THE INCOME TAX LAWS OF ANY MUNICIPALITY, STATE OR FOREIGN COUNTRY IN WHICH YOU MAY RESIDE, AND THE TAX CONSEQUENCES OF YOUR DEATH.**

You agree to execute and deliver to the Company with this Agreement a copy of the Acknowledgment and Statement of Decision Regarding Section 83(b) Election attached hereto as **Exhibit A**. You further agree that you will execute and deliver to the Company with this Agreement a copy of the 83(b) Election attached hereto as **Exhibit B** if you choose to make such an election.

7. Rights as Stockholder

You will be recorded as a stockholder of the Company and will have, subject to the provisions of this Agreement and the Plan, all the rights of a stockholder with respect to the Shares.

6. Independent Tax Advice

You acknowledge that determining the actual tax consequences to you of receiving or disposing of the Shares may be complicated. These tax consequences will depend, in part, on your specific situation and may also depend on the resolution of currently uncertain tax law and other variables not within the control of the Company. You are aware that you should consult a competent and independent tax advisor for a full understanding of the specific tax consequences to you of receiving or disposing of the Shares. Prior to executing this Agreement, you either have consulted with a competent tax advisor independent of the Company to obtain tax advice concerning the receipt or disposition of the Shares in light of your specific situation or you have had the opportunity to consult with such a tax advisor but chose not to do so.

9. Other Tax Matters

[You are ultimately responsible for all taxes arising in connection with this Award (e.g., at vesting and/or upon receipt of the Shares), including any domestic or foreign tax withholding obligation required by law, whether national, federal, state or local, including FICA or any other social tax obligation (the "***Tax Withholding Obligation***"), regardless of any action the Company or any of its affiliates takes with respect to any such Tax Withholding Obligation that arises in connection with this Award. As a condition to the issuance of Shares pursuant to this Award, you agree to make arrangements satisfactory to the Administrator for the payment of the Tax Withholding Obligation that arises upon receipt of the Shares or otherwise. The Company may refuse to issue any Shares to you until you satisfy the Tax Withholding Obligation. To the maximum extent permitted by law, you hereby grant the Company and any of its affiliates the right to deduct without notice from salary or other amounts payable to you, an amount sufficient to satisfy the Tax Withholding Obligation.][1]

10. Clawback

By accepting this Award, you acknowledge and agree that this Award and all other awards granted to you under the Plan, any shares issued in respect thereof, and any proceeds and other amounts received in respect of this Award, other awards or such shares are subject to forfeiture and repayment (i) under the Company's Compensation Recoupment Policy, as from time to time amended and in effect; (ii) under any other policy of, or agreement with, the Company or any of its affiliates that is applicable to you and that provides for the cancellation, forfeiture, disgorgement, repayment or clawback of incentive compensation; and (iii) to the extent required by law or applicable stock exchange listing standards, including, without limitation, Section 10D of the Exchange Act. A copy of the Company's Compensation Recoupment Policy as in effect on the date of this Agreement has been provided to you, which you acknowledge and agree is subject to amendment and/or amendment and restatement from time to time.

11. General Provisions

11.1 Assignment. The Company may assign its forfeiture rights at any time, whether or not such rights are then exercisable, to any person or entity selected by the Board.

11.2 No Waiver. No waiver of any provision of this Agreement will be valid unless in writing and signed by the person against whom such waiver is sought to be enforced, nor will failure to enforce any right hereunder constitute a continuing waiver of the same or a waiver of any other right hereunder.

11.3 Undertaking. You hereby agree to take whatever additional action and execute whatever additional documents the Company may deem necessary or advisable in order to carry out or effect one or more of the obligations or restrictions imposed on either you or the Shares pursuant to the express provisions of this Agreement.

11.4 Successors and Assigns. The provisions of this Agreement will inure to the benefit of, and be binding on, the Company and its successors and assigns and you and your legal representatives, heirs, legatees, distributees, assigns and transferees by operation of law, whether or not any such person will have become a party to this Agreement and agreed in writing to join herein and be bound by the terms and conditions hereof.

11.5 No Employment or Service Contract. Nothing in this Agreement will give you any right to be retained in the employ or service of the Company or any of its subsidiaries, affect the right of the Company or any of its subsidiaries to discharge you at any time, or affect your right to terminate your Employment at any time.

11.6 Provisions of the Plan. This Agreement is subject in its entirety to the provisions of the Plan, which are incorporated herein by reference. A copy of the Plan as in effect on the Grant Date has been furnished to you. By

[1] For Non-Employee Directors, replace with the following: "You expressly acknowledge and agree that you shall be responsible for satisfying and paying all taxes arising from or due in connection with the grant, vesting, or sale of the Shares. The Company shall have no liability or obligation relating to the foregoing."

accepting, or being deemed to have accepted, all or any portion of the Award, you agree to be bound by the terms of the Plan and this Agreement. In the event of any conflict between the terms of this Agreement and the Plan, the terms of the Plan will control.

11.7 Relationship Between The Plan And Your Employment. Awards made under the Plan and any profits or gains made as a result of such Awards are not pensionable under any pension arrangements of the Company or any of its affiliates. Participation in this Award is a matter entirely separate from any pension right or entitlement which you may have, and from your terms and conditions of employment. Participation in the Award shall in no respects whatever affect in any way your pension rights (if any), entitlements or terms or conditions of employment, and in particular (but without limiting the generality of the foregoing words) neither the provisions of the Award Notice, the Plan nor this Agreement shall form part of any contract of employment between you and the Company and/or any of its affiliates, nor shall it be taken into account for the purpose of calculating any redundancy or unfair dismissal payment or wrongful dismissal payment, nor shall it confer on you any legal or equitable rights whatsoever against the Company or any of its affiliates.

Participation in the Plan does not impose upon the Company, any of its affiliates, the Compensation Committee or any of their representatives, agents and employees any liability whatsoever (whether in contract, tort, or otherwise howsoever) in connection with:

(a) the loss of your Award(s) under the Plan

(b) the loss of your eligibility to be granted Award(s) under the Plan; and/or

(c) the manner in which any power or discretion under the Plan is exercised or the failure or refusal of any person to exercise any power or discretion under the Plan.

11.8 Data Protection. By accepting this Award, you hereby consent to personal information obtained in relation to the Plan, the Award Notice and this Agreement being handled by the Company, any of its affiliates and their delegates, agents or affiliates in accordance with applicable law. Information in relation to you will be held, used, disclosed and processed for the purposes of: (a) managing and administering the Awards you hold under the Plan; (b) complying with any applicable audit, legal or regulatory obligations including, without limitation, legal obligations under company law and anti-money laundering legislation; (c) disclosure and transfer whether in your country of residence or elsewhere (including companies situated in countries which may not have the same data protection laws as your country of residence) to third parties including regulatory bodies, auditors and any of their respective related, associated or affiliated companies for the purposes specified above; (d) or for other legitimate business interests of the Company and its affiliates.

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: April 29, 2021

/s/ Stephen G. Daly

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

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: April 29, 2021

/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 April 2, 2021 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: April 29, 2021

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)