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 March 29, 2024
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 29, 2024, there were 72,106,577 shares of the registrant's common stock outstanding.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	March 29, 2024	September 29, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 114,990	$ 173,952
Short-term investments	361,423	340,574
Accounts receivable, net	120,222	91,253
Inventories	177,806	136,300
Prepaid and other current assets	23,997	19,114
Total current assets	798,438	761,193
Property and equipment, net	180,229	149,496
Goodwill	330,373	323,398
Intangible assets, net	93,013	66,994
Deferred income taxes	214,061	218,107
Other long-term assets	60,274	34,056
Total assets	$ 1,676,388	$ 1,553,244
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of finance lease obligations	$ 948	$ 1,162
Accounts payable	44,341	24,966
Accrued liabilities	63,564	57,397
Total current liabilities	108,853	83,525
Finance lease obligations, less current portion	31,427	31,776
Financing obligation	9,156	9,307
Long-term debt	447,707	447,134
Other long-term liabilities	33,632	33,902
Total liabilities	630,775	605,644
Commitments and contingencies (see Note 12)		
Stockholders' equity:		
Common stock	72	71
Treasury stock, at cost	(330)	(330)
Accumulated other comprehensive loss	(1,935)	(3,635)
Additional paid-in capital	1,283,009	1,214,203
Accumulated deficit	(235,203)	(262,709)
Total stockholders' equity	1,045,613	947,600
Total liabilities and stockholders' equity	$ 1,676,388	$ 1,553,244

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	
	March 29, 2024	March 31, 2023	March 29, 2024	March 31, 2023
Revenue	$ 181,234	$ 169,406	$ 338,382	$ 349,510
Cost of revenue	86,022	66,716	155,860	136,465
Gross profit	95,212	102,690	182,522	213,045
Operating expenses:				
Research and development	45,621	35,537	85,034	74,369
Selling, general and administrative	34,184	31,249	71,071	64,189
Total operating expenses	79,805	66,786	156,105	138,558
Income from operations	15,407	35,904	26,417	74,487
Other income (expense):				
Interest income	5,366	5,064	10,921	8,749
Interest expense	(1,285)	(3,430)	(2,574)	(6,513)
Other expense, net	—	(123)	—	(178)
Total other income	4,081	1,511	8,347	2,058
Income before income taxes	19,488	37,415	34,764	76,545
Income tax expense	4,508	11,660	7,258	21,271
Net income	$ 14,980	$ 25,755	$ 27,506	$ 55,274
Net income per share:				
Income per share - Basic	$ 0.21	$ 0.36	$ 0.38	$ 0.78
Income per share - Diluted	$ 0.20	$ 0.36	$ 0.38	$ 0.77
Weighted average shares used:				
Basic	72,076	70,799	71,750	70,640
Diluted	73,272	71,402	72,779	71,388

See notes to condensed consolidated financial statements.

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

	Three Months Ended		Six Months Ended	
	March 29, 2024	March 31, 2023	March 29, 2024	March 31, 2023
Net income	$ 14,980	$ 25,755	$ 27,506	$ 55,274
Unrealized (loss) gain on short term investments, net of tax	(291)	833	1,004	3,380
Foreign currency translation (loss) gain, net of tax	(1,248)	301	696	1,038
Other comprehensive (loss) income, net of tax	(1,539)	1,134	1,700	4,418
Total comprehensive income	$ 13,441	$ 26,889	$ 29,206	$ 59,692

See notes to condensed consolidated financial statements.

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

Three Months Ended March 29, 2024

	Common Stock		Treasury Stock		Accumulated Other Comprehensive Loss	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of December 29, 2023	72,088	$ 72	(23)	$ (330)	$ (396)	$ 1,274,928	$ (250,183)	$ 1,024,091
Vesting of restricted common stock and units	43	—	—	—	—	—	—	—
Shares withheld for taxes on equity awards	(11)	—	—	—	—	(970)	—	(970)
Share-based compensation	—	—	—	—	—	12,090	—	12,090
Issuance of common stock as consideration for acquisition	—	—	—	—	—	(3,039)	—	(3,039)
Other comprehensive loss, net of tax	—	—	—	—	(1,539)	—	—	(1,539)
Net income	—	—	—	—	—	—	14,980	14,980
Balance as of March 29, 2024	72,120	$ 72	(23)	$ (330)	$ (1,935)	$ 1,283,009	$ (235,203)	$ 1,045,613

Six Months Ended March 29, 2024

	Common Stock		Treasury Stock		Accumulated Other Comprehensive (Loss) Income	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of September 29, 2023	71,013	$ 71	(23)	$ (330)	$ (3,635)	$ 1,214,203	$ (262,709)	$ 947,600
Stock option exercises	5	—	—	—	—	80	—	80
Vesting of restricted common stock and units	502	—	—	—	—	—	—	—
Issuance of common stock pursuant to employee stock purchase plan	59	—	—	—	—	2,769	—	2,769
Shares withheld for taxes on equity awards	(171)	—	—	—	—	(12,522)	—	(12,522)
Share-based compensation	—	—	—	—	—	20,747	—	20,747
Issuance of common stock as consideration for acquisition	712	1	—	—	—	57,732	—	57,733
Other comprehensive income, net of tax	—	—	—	—	1,700	—	—	1,700
Net income	—	—	—	—	—	—	27,506	27,506
Balance as of March 29, 2024	72,120	$ 72	(23)	$ (330)	$ (1,935)	$ 1,283,009	$ (235,203)	$ 1,045,613

See notes to condensed consolidated financial statements.

	Three Months Ended March 31, 2023								
	Common Stock		Treasury Stock		Accumulated Other Comprehensive (Loss) Income	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of December 31, 2022	70,757	$ 71	(23)	$ (330)	$ (2,567)	$ 1,190,137	$ (324,767)	$ 862,544
Vesting of restricted common stock and units	212	—	—	—	—	—	—	—
Shares withheld for taxes on equity awards	(72)	—	—	—	—	(4,878)	—	(4,878)
Share-based compensation	—	—	—	—	—	9,460	—	9,460
Other comprehensive income, net of tax	—	—	—	—	1,134	—	—	1,134
Net income	—	—	—	—	—	—	25,755	25,755
Balance as of March 31, 2023	70,897	$ 71	(23)	$ (330)	$ (1,433)	$ 1,194,719	$ (299,012)	$ 894,015

	Six Months Ended March 31, 2023							
	Common Stock		Treasury Stock		Accumulated Other Comprehensive (Loss) Income	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance as of September 30, 2022	70,022	$ 70	(23)	$ (330)	$ (5,851)	$ 1,203,145	$ (354,286)	$ 842,748
Vesting of restricted common stock and units	1,338	1	—	—	—	—	—	1
Issuance of common stock pursuant to employee stock purchase plan	52	—	—	—	—	2,320	—	2,320
Shares withheld for taxes on equity awards	(515)	—	—	—	—	(31,253)	—	(31,253)
Share-based compensation	—	—	—	—	—	20,507	—	20,507
Other comprehensive income, net of tax	—	—	—	—	4,418	—	—	4,418
Net income	—	—	—	—	—	—	55,274	55,274
Balance as of March 31, 2023	70,897	$ 71	(23)	$ (330)	$ (1,433)	$ 1,194,719	$ (299,012)	$ 894,015

See notes to condensed consolidated financial statements.

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

	Six Months Ended	
	March 29, 2024	**March 31, 2023**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 27,506	$ 55,274
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and intangibles amortization	31,486	25,365
Share-based compensation	20,747	20,507
Deferred income taxes	3,706	20,233
Other adjustments, net	(1,497)	(2,784)
Change in operating assets and liabilities:		
Accounts receivable	(31,327)	(18,316)
Inventories	(12,325)	(8,236)
Prepaid expenses and other assets	(3,955)	(2,857)
Accounts payable	19,240	(253)
Accrued and other liabilities	(2,301)	(17,471)
Income taxes	22	(715)
Net cash provided by operating activities	51,302	70,747
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of businesses, net of cash acquired	(74,813)	(50,835)
Purchases of property and equipment	(9,782)	(15,614)
Proceeds from sale of property and equipment	—	8,000
Proceeds from sales and maturities of short-term investments	215,112	261,634
Purchases of short-term investments	(230,590)	(228,157)
Net cash used in investing activities	(100,073)	(24,972)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on finance leases and other	(703)	(591)
Proceeds from stock option exercises and employee stock purchases	2,849	2,320
Common stock withheld for taxes on employee equity awards	(12,522)	(31,253)
Net cash used in financing activities	(10,376)	(29,524)
Foreign currency effect on cash	185	370
NET CHANGE IN CASH AND CASH EQUIVALENTS	(58,962)	16,621
CASH AND CASH EQUIVALENTS — Beginning of period	173,952	119,952
CASH AND CASH EQUIVALENTS — End of period	$ 114,990	$ 136,573
Supplemental disclosure of non-cash activities		
Issuance of common stock in connection with the RF Business Acquisition *(See Note 3 - Acquisitions)*	$ 57,733	$ —

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, stockholders' equity and cash flows of MACOM Technology Solutions Holdings, Inc. ("MACOM," the "Company," "us," "we" or "our") for the periods presented. We prepare our interim financial information using the same accounting principles we use for our annual audited consolidated financial statements. Certain information and note disclosures normally included in the annual audited consolidated financial statements have been condensed or omitted in accordance with prescribed SEC rules. We believe that the disclosures made in our condensed consolidated financial statements and the accompanying notes are adequate to make the information presented not misleading.

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

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

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

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

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

In June 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022-03, *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*, which amends Account Standards Codification Topic 820, *Fair Value Measurement* ("ASU 2022-03"). ASU 2022-03 clarifies guidance for fair value measurement of an equity security subject to a contractual sale restriction and establishes new disclosure requirements for such equity securities. We elected to early adopt ASU 2022-03 on September 30, 2023, and applied the amendment in measuring consideration transferred in the RF Business Acquisition (as defined in *Note 3 - Acquisitions)*. As a result, we have not applied a discount for lack of marketability related to the RF Business Acquisition stockholder restrictions set forth in the asset purchase agreement (discussed in *Note 3 - Acquisitions)*. However, the fair value of the shares was discounted for lack of marketability due to the unregistered shares being transferred and legally restricted from being sold. See *Note 3 - Acquisitions* for additional information.

Pronouncements for Adoption in Subsequent Periods

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures*, which improves disclosures about a public entity's reportable segments and addresses requests from investors and other allocators of capital for additional, more detailed information about a reportable segment's expenses. The amendments in this update improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses. This ASU should be applied on a retrospective basis. The amendments in this update are effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the future effect the adoption of this ASU will have on our consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740) Improvements to Income Tax Disclosures*, which require greater disaggregation of income tax disclosures. The amendments in this update improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. Other amendments in this update improve the effectiveness and comparability of disclosures by (1) adding disclosures of pretax income (or loss) and income tax expense (or benefit) and (2) removing disclosures that no longer are considered cost beneficial or relevant. This ASU should be applied on a prospective basis, with retrospective application permitted. The guidance in this update is effective for fiscal years beginning after December 15, 2024. We are currently evaluating the potential effect of the adoption of this ASU will have on our consolidated financial statements and related disclosures.

2. REVENUE

Disaggregation of Revenue

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

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

	Three Months Ended		Six Months Ended	
	March 29, 2024	**March 31, 2023**	**March 29, 2024**	**March 31, 2023**
Revenue by Market:				
Industrial & Defense	$ 90,887	$ 77,194	$ 167,885	$ 154,363
Data Center	43,147	38,324	92,659	79,810
Telecom	47,200	53,888	77,838	115,337
Total	$ 181,234	$ 169,406	$ 338,382	$ 349,510

	Three Months Ended		Six Months Ended	
	March 29, 2024	**March 31, 2023**	**March 29, 2024**	**March 31, 2023**
Revenue by Geographic Region:				
United States	$ 80,161	$ 82,835	$ 149,806	$ 171,423
China	46,190	33,325	82,538	74,481
Asia Pacific, excluding China (1)	26,663	28,008	40,671	49,542
Other Countries (2)	28,220	25,238	65,367	54,064
Total	$ 181,234	$ 169,406	$ 338,382	$ 349,510

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

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

Revenue by geographic region is aggregated by customer billing address.

Contract Balances

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

The following table presents the changes in contract liabilities during the six months ended March 29, 2024 (in thousands, except percentage):

	March 29, 2024	September 29, 2023	$ Change	% Change
Contract liabilities	$ 5,214	$ 2,762	$ 2,452	89 %

During the three and six months ended March 29, 2024, we recognized sales of $0.1 million and $2.5 million, respectively, that were included in the contract liabilities balance as of the beginning of the period. The increase in contract liabilities during the six months ended March 29, 2024 was primarily related to invoicing prior to when our customers obtain control of such products and or services.

3. ACQUISITIONS

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

The purchase price for the RF Business Acquisition consisted of $75.0 million payable in cash, subject to customary purchase price adjustments, and 711,528 shares of our common stock, with a fair value of $57.7 million, which were issued at the closing of the RF Business Acquisition. The shares of our common stock issued in connection with the RF Business Acquisition are subject to restrictions on the sale of shares until transfer of the RTP Fab to the Company is complete. In addition, if the RTP Fab has not transferred by the fourth anniversary of the closing date of the RF Business Acquisition, Wolfspeed will forfeit 25% of the share consideration. We funded the cash purchase price for the RF Business Acquisition through cash-on-hand.

During the three and six months ended March 29, 2024, we incurred acquisition-related transaction costs of approximately $0.3 million and $7.4 million, respectively, which are included in selling, general and administrative expense. During the three and six months ended March 31, 2023, we incurred acquisition-related transaction costs of approximately less than $0.1 million, which are included in selling, general and administrative expense.

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

		At Acquisition Date as Reported December 29, 2023	Measurement Period Adjustments	At Acquisition Date as Reported March 29, 2024
Cash purchase consideration		$ 75,000	$ —	$ 75,000
Number of shares of MACOM common stock issued at closing	711,528			
Fair value of shares issued	$ 81.14			
Equity purchase consideration		60,772	(3,039)	57,733
Total purchase consideration		$ 135,772	$ (3,039)	$ 132,733

During the six months ended March 29, 2024, we reduced the fair value of our common stock issued at the closing of the RF Business Acquisition by $3.0 million, representing the discount for lack of marketability as the shares were unregistered.

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

	At Acquisition Date as Reported December 29, 2023	Measurement Period Adjustments	At Acquisition Date as Reported March 29, 2024
Current assets	$ 160	$ (121)	$ 39
Inventory	23,574	6,358	29,932
Property and equipment	35,415	—	35,415
Intangible assets	60,000	(17,000)	43,000
Prepayment for net assets associated with the RTP Fab Transfer	19,450	500	19,950
Other non-current assets	6,735	(1,101)	5,634
Goodwill	—	8,584	8,584
Total assets acquired	145,334	(2,780)	142,554
Current liabilities	6,474	159	6,633
Long-term liabilities	3,088	100	3,188
Total liabilities assumed	9,562	259	9,821
Purchase Price	$ 135,772	$ (3,039)	$ 132,733

Intangible assets consist of technology, a favorable contract and customer relationships with fair values of $21.5 million, $14.5 million and $7.0 million, respectively, and useful lives of 4.8 years, 2.0 years and 8.8 years, respectively. We used variations of income approaches with estimates and assumptions developed by us to determine the fair values of technology, customer relationships and the favorable contract. We valued technology by using the relief-from-royalty method, customer relationships by using the multi-period excess earnings method and the favorable contract by using the discounted cash flow method. We valued backlog using the multi-period excess earnings method and determined that the value for backlog is zero. The process for estimating the fair values of identifiable intangible assets requires the use of significant estimates and assumptions, including revenue growth rates, royalty rates, operating margin and discount rates. We used the cost and market approaches to determine the fair value of our property and equipment. We amortize definite-lived assets based on the pattern over which we expect to receive the economic benefit from these assets. During the three months ended March 29, 2024, based on additional information, we updated inputs and assumptions used to calculate the fair value of certain assets and liabilities, primarily resulting in a decrease to the fair value of intangible assets of $17.0 million, an increase to the fair value of inventory of $6.4 million, with an offsetting increase to Goodwill. Due to these adjustments, the statement of operations for the three months ended March 29, 2024 includes a net benefit of $0.1 million for intangible asset and inventory step-up amortization related to the quarter ended December 29, 2023.

The prepayment of $20.0 million for the net assets associated with the RTP Fab Transfer, classified in Other long-term assets in our condensed consolidated balance sheet, relates to the estimated fair value of property and equipment, inventory and liabilities that we will assume control of at the time of the RTP Fab Transfer. The cost and market approaches were used in determining the fair value of $14.1 million for property and equipment expected to transfer at the RTP Fab Transfer date. The remaining prepayment relates to inventory and liabilities, net, that we will assume control of at the time of the RTP Fab Transfer.

The determination and allocation of purchase price consideration is based on preliminary estimates of fair value; such estimates and assumptions are subject to change within the measurement period (up to one year from the acquisition date). As of March 29, 2024, the purchase price allocation for the RF Business remains open as we gather additional information regarding the fair value of consideration transferred, the assets acquired and the liabilities assumed, primarily in relation to the valuation of intangibles, inventory, property and equipment, leases, the prepayment for the assets and liabilities to be conveyed with the RTP Fab Transfer and contingencies.

The RF Business has been included in our consolidated financial statements since the date of acquisition. During the three and six months ended March 29, 2024, the RF Business contributed approximately $35.7 million and $41.9 million of our total revenue, respectively. The RF Business did not materially impact our consolidated net income for the three and six months ended March 29, 2024.

Consolidated estimated pro forma unaudited revenue and net income as if the RF Business Acquisition had occurred on October 1, 2022, is as follows (in thousands):

	Three Months Ended		Six Months Ended	
	March 29, 2024	March 31, 2023	March 29, 2024	March 31, 202
Consolidated estimated pro forma unaudited revenue	$ 181,234	$ 205,610	$ 365,219	$ 428,0
Consolidated estimated pro forma unaudited net income (loss)	$ 15,222	$ (1,566)	$ 1,297	$ (32,84

Pro forma revenue and net income (loss) was prepared for comparative purposes only and is not indicative of what would have occurred had the acquisition actually occurred on October 1, 2022, or of the results that may occur in the future. Pro forma net income (loss) includes business combination accounting effects from the RF Business Acquisition, primarily amortization expense from acquired intangible assets, acquisition transaction costs and tax-related effects. Pro forma earnings for the three and six months ended March 29, 2024 were adjusted to exclude transaction costs incurred of $0.3 million and $15.8 million, respectively, and pro forma earnings for the three and six months ended March 31, 2023 were adjusted and include $3.1 million and $42.0 million, respectively, of transaction costs associated with the RF Business Acquisition.

MESC— On May 31, 2023, we completed the acquisition of the key manufacturing facilities, capabilities, technologies and other assets and certain specified liabilities of OMMIC SAS, a semiconductor manufacturer based in Limeil-Brévannes, France with expertise in wafer fabrication, epitaxial growth and monolithic microwave integrated circuit (“MMIC”) processing and design. We are referring to this acquisition as the MACOM European Semiconductor Center Acquisition (the “MESC Acquisition”) and it was accounted for as a business combination. We completed the MESC Acquisition to expand our European footprint and to enable us to offer higher frequency gallium arsenide (“GaAs”) and GaN MMICs. Total cash consideration paid for the MESC Acquisition was approximately $36.9 million and was funded with cash-on-hand. During the three months ended March 29, 2024, we did not incur any acquisition-related transaction costs. During the six months ended March 29, 2024, we incurred acquisition-related transaction costs of approximately $0.3 million, which are included in selling, general and administrative expense. During the three and six months ended March 31, 2023, we incurred acquisition-related transaction costs of approximately $0.9 million and $1.6 million, respectively, which are included in selling, general and administrative expense.

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

	At Acquisition Date as Reported March 29, 2024
Current assets	$ 297
Inventory	3,790
Property and equipment	30,538
Intangible assets	5,966
Total assets acquired	40,591
Current liabilities	3,734
Total liabilities assumed	3,734
Purchase Price	$ 36,857

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

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

The determination and allocation of purchase price consideration is based on preliminary estimates of fair value; such estimates and assumptions are subject to change within the measurement period (up to one year from the acquisition date). As of March 29, 2024, the purchase price allocation for the MESC Acquisition remains open as we gather additional information regarding the assets acquired and the liabilities assumed, primarily in relation to the valuation of intangibles, inventory, property and equipment, leases, liabilities and contingencies. We did not recognize goodwill associated with this acquisition and there were no measurement period adjustments recognized during the quarter ended March 29, 2024.

Linearizer Technology, Inc.— On March 3, 2023, we completed the acquisition of Linearizer Technology, Inc. ("Linearizer"), a developer of modules and subsystems, including SSPAs, microwave predistortion linearizers and microwave photonics based in Hamilton, New Jersey (the "Linearizer Acquisition"), which was accounted for as a business combination. We acquired Linearizer to further strengthen our component and subsystem design expertise in our target markets. In connection with the Linearizer Acquisition, we acquired all of the outstanding shares of Linearizer for total cash consideration of approximately $51.4 million. We funded the Linearizer Acquisition with cash-on-hand. During the three and six months ended March 29, 2024, we did not incur any acquisition-related transaction costs. During the three and six months ended March 31, 2023, we incurred acquisition-related transaction costs of approximately $1.9 million, which are included in selling, general and administrative expense. The Linearizer Acquisition was accounted for as a business combination and the operations of Linearizer have been included in our consolidated financial statements since the date of acquisition.

We finalized the Linearizer Acquisition purchase accounting during the fiscal quarter ended March 29, 2024. The final purchase price has been allocated as follows (in thousands):

	At Acquisition Date as Reported September 29, 2023	Measurement Period Adjustments	At Acquisition Date as Reported March 29, 2024
Current assets	$ 2,819	$ (100)	$ 2,719
Inventory	8,907	1,407	10,314
Property and equipment	5,485	—	5,485
Intangible assets	29,600	—	29,600
Goodwill	12,332	(1,494)	10,838
Total assets acquired	59,143	(187)	58,956
Current liabilities	7,544	—	7,544
Total liabilities assumed	7,544	—	7,544
Purchase Price	$ 51,599	$ (187)	$ 51,412

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

4. INVESTMENTS

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

	March 29, 2024			
	Amortized Cost	**Gross Unrealized Holding Gains**	**Gross Unrealized Holding Losses**	**Aggregate Fair Value**
Certificates of deposit	$ 10,980	$ 1	$ —	$ 10,981
Corporate bonds	243,039	36	(1,615)	241,460
Commercial paper	48,589	—	(60)	48,529
U.S. Treasuries and agency bonds	60,460	75	(82)	60,453
Total short-term investments	$ 363,068	$ 112	$ (1,757)	$ 361,423

	September 29, 2023			
	Amortized Cost	**Gross Unrealized Holding Gains**	**Gross Unrealized Holding Losses**	**Aggregate Fair Value**
Corporate bonds	$ 145,234	$ —	$ (2,845)	$ 142,389
Commercial paper	176,405	—	(129)	176,276
U.S. Treasuries and agency bonds	21,895	18	(4)	21,909
Total short-term investments	$ 343,534	$ 18	$ (2,978)	$ 340,574

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

	March 29, 2024	**September 29, 2023**
Less than one year	$ 219,861	$ 265,591
Over one year	141,562	74,983
Total available-for-sale investments	$ 361,423	$ 340,574

We have determined that the gross unrealized losses on available for sale securities as of March 29, 2024 and September 29, 2023 are temporary in nature and/or do not relate to credit loss, and therefore there is no expense for credit losses recorded in our condensed consolidated statements of operations. Unrealized gains and losses on available-for-sale investments are reported as a separate component of stockholders' equity within accumulated other comprehensive loss.

5. FAIR VALUE

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

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

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

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

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

We measure certain assets and liabilities at fair value on a recurring basis such as our financial instruments. There have been no transfers between Level 1, 2 or 3 assets or liabilities during the three and six months ended March 29, 2024.

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

	March 29, 2024			
	Fair Value	Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets				
Money market funds	$ 54,614	$ 54,614	$ —	$ —
U.S. Treasuries and agency bonds	60,453	60,453	—	—
Certificates of deposit	10,981	10,981	—	—
Cash equivalents (1)	7,177	—	7,177	—
Commercial paper	48,529	—	48,529	—
Corporate bonds	241,460	—	241,460	—
Total assets measured at fair value	$ 423,214	$ 126,048	$ 297,166	$ —

(1) Cash equivalents represent highly liquid investments with original maturities of 90 days or less, primarily in corporate bonds and U.S. Treasuries.

	September 29, 2023			
	Fair Value	Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets				
Money market funds	$ 111,388	$ 111,388	$ —	$ —
U.S. Treasury securities	21,910	21,910	—	—
Commercial paper	176,276	—	176,276	—
Corporate bonds	142,388	—	142,388	—
Total assets measured at fair value	$ 451,962	$ 133,298	$ 318,664	$ —

6. INVENTORIES

Inventories consist of the following (in thousands):

	March 29, 2024	September 29, 2023
Raw materials	$ 110,005	$ 82,589
Work-in-process	13,973	14,280
Finished goods	53,828	39,431
Total inventory, net	$ 177,806	$ 136,300

7. PROPERTY AND EQUIPMENT

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

	March 29, 2024	September 29, 2023
Construction in process	$ 9,658	$ 10,256
Machinery and equipment	278,937	238,037
Leasehold improvements	38,292	35,342
Furniture and fixtures	2,967	2,888
Computer equipment and software	19,812	18,824
Finance lease assets	64,845	64,126
Total property and equipment	414,511	369,473
Less accumulated depreciation and amortization	(234,282)	(219,977)
Property and equipment, net	$ 180,229	$ 149,496

In August 2022, the U.S. government enacted the CHIPS and Science Act of 2022 (CHIPS Act), which provides funding for manufacturing grants and research investments and establishes a 25% investment tax credit for certain qualifying investments in U.S. semiconductor manufacturing equipment. As of March 29, 2024, we recognized $3.6 million in Prepaid and other current assets with a corresponding reduction to the carrying amounts of the qualifying manufacturing assets in the condensed consolidated balance sheet.

Depreciation and amortization expense related to property and equipment for the three and six months ended March 29, 2024 was $7.8 million and $14.3 million, respectively. Depreciation and amortization expense related to property and equipment for the three and six months ended March 31, 2023 was $5.8 million and $11.8 million, respectively. Accumulated amortization on finance lease assets as of March 29, 2024 and September 29, 2023 was $9.0 million and $7.8 million, respectively.

8. INTANGIBLE ASSETS

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

	Three Months Ended		Six Months Ended	
	March 29, 2024	March 31, 2023	March 29, 2024	March 31, 2023
Cost of revenue	$ 4,200	$ 988	$ 6,142	$ 1,898
Research and development	1,043	—	2,087	—
Selling, general and administrative	4,121	5,764	8,919	11,667
Total	$ 9,364	$ 6,752	$ 17,148	$ 13,565

A summary of the activity in gross intangible assets as of March 29, 2024 and September 29, 2023 is as follows (in thousands):

	March 29, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Acquired technology	$ 213,012	$ (182,670)	$ 30,342
Customer relationships	274,652	(234,626)	40,026
Favorable contract	14,500	(3,026)	11,474
Internal-use software	8,350	(2,087)	6,263
Trade name (1)	5,200	(292)	4,908
Balance as of March 29, 2024 (2)	$ 515,714	$ (422,701)	$ 93,013

	September 29, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Acquired technology	$ 191,369	$ (179,558)	$ 11,811
Customer relationships	267,621	(225,827)	41,794
Internal-use software	8,350	—	8,350
Trade name (1)	5,200	(161)	5,039
Balance as of September 29, 2023 (2)	$ 472,540	$ (405,546)	$ 66,994

(1) Includes an indefinite-lived trade name of $3.4 million that is not amortized.
(2) Foreign intangible asset carrying amounts were affected by foreign currency translation.

As of March 29, 2024, our estimated amortization of our intangible assets in future fiscal years was as follows (in thousands):

	2024 Remaining	2025	2026	2027	2028	Thereafter	Total
Amortization expense	$ 19,419	24,716	13,530	11,045	8,172	12,731	$ 89,613

A summary of the changes in goodwill as of March 29, 2024 is as follows (in thousands):

	March 29, 2024
Balance as of September 29, 2023	$ 323,398
Acquired [(1)]	7,089
Foreign currency translation adjustment	(114)
Balance as of March 29, 2024	$ 330,373

(1) The balance consists of an increase of $8.6 million to goodwill related to measurement period adjustments for the RF Business Acquisition and a reduction of $1.5 million to goodwill related to measurement period adjustments for the Linearizer Acquisition. For additional information refer to *Note 3 - Acquisitions.*

9. DEBT

The following represents the outstanding balances and effective interest rates of our borrowings as of March 29, 2024 and September 29, 2023, (in thousands, except percentages):

	March 29, 2024		September 29, 2023	
	Principal Balance	Effective Interest Rate	Principal Balance	Effective Interest Rate
0.25% convertible notes due March 2026	450,000	0.54 %	450,000	0.54 %
Unamortized discount on deferred financing costs	(2,293)		(2,866)	
Total long-term debt, less current portion	$ 447,707		$ 447,134	

2026 Convertible Notes

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

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

Holders of the 2026 Convertible Notes may convert their notes at their option at any time prior to the close of business on the business day immediately preceding December 15, 2025 in multiples of $1,000 principal amount, only under the following circumstances: (i) during any fiscal quarter commencing after the fiscal quarter ending on July 2, 2021 (and only during such fiscal quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price for the notes on each applicable trading day; (ii) during the five business day period after any five consecutive trading day period (the “Measurement Period”) in which the “trading price” (as defined in the Indenture) per $1,000 principal amount of the notes for each trading day of the Measurement Period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate for the notes on each such trading day; (iii) if we call such notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the applicable redemption date; or (iv) upon the occurrence of specified corporate events described in the Indenture. On or after December 15, 2025 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their notes in multiples of $1,000 principal amount, regardless of the foregoing circumstances.

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

In November 2021, we made an irrevocable election to pay cash for the aggregate principal amount of notes to be converted. Upon conversion of the 2026 Convertible Notes, we are required to pay cash up to the aggregate principal amount of the notes to be converted and pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, in respect of the remainder, if any, of our conversion obligation in excess of the aggregate principal amount of the notes being converted (subject to, and in accordance with, the settlement provisions of the

Indenture). We may 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.

For the three and six months ended March 29, 2024, total interest expense for the 2026 Convertible Notes was $0.3 million and $0.6 million, respectively. For the three and six months ended March 31, 2023, total interest expense for the 2026 Convertible Notes was $0.3 million and $0.6 million, respectively.

The fair value of our 2026 Convertible Notes was $566.5 million and $512.5 million as of March 29, 2024 and September 29, 2023, respectively, and was determined based on quoted prices in markets that are not active, which is considered a Level 2 valuation input.

There are no future minimum principal payments under the notes as of March 29, 2024; the full amount of $450.0 million is due on March 15, 2026.

Term Loans

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

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

There was no interest expense for the Term Loans for the three and six months ended March 29, 2024. For the three and six months ended March 31, 2023, total interest expense for the Term Loans was $2.1 million and $3.9 million, respectively.

10. FINANCING OBLIGATION

We are party to a power purchase agreement for the use of electric power and thermal energy producing systems at our fabrication facility in Lowell, Massachusetts. These systems are expected to reduce our consumption of energy while delivering sustainable, resilient energy for heating and cooling. We do not own these systems; however, we control the use of the assets during operation. As of March 29, 2024 and September 29, 2023, the net book value of the systems in Property and equipment, net was $8.5 million and $8.9 million, respectively, and the corresponding liability was $9.4 million and $9.6 million, respectively, primarily classified in Financing obligation on our condensed consolidated balance sheet. The initial financing obligation was calculated based on future fixed payments allocated to the power generator of $16.8 million over the 15-year term, discounted at an implied discount rate of 7.4%, and the remaining future minimum payments are for power purchases. As of March 29, 2024 and September 29, 2023, we have $24.8 million and $25.5 million, respectively, in remaining fixed payments over a 14-year term associated with the power purchase agreement, of which $15.4 million and $15.9 million, respectively, is included in our consolidated balance sheets on a discounted basis.

As of March 29, 2024, expected future minimum payments for the financing obligation were as follows (in thousands):

Fiscal year ending:		**Amount**
2024	$	481
2025		982
2026		1,007
2027		1,031
2028		1,057
Thereafter		10,858
Total payments	$	15,416
Less: interest		5,980
Present value of liabilities	$	9,436

11. EARNINGS PER SHARE

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

	Three Months Ended		Six Months Ended	
	March 29, 2024	March 31, 2023	March 29, 2024	March 31, 2023
Numerator:				
Net income attributable to common stockholders	$ 14,980	$ 25,755	$ 27,506	$ 55,274
Denominator:				
Weighted average common shares outstanding-basic	72,076	70,799	71,750	70,640
Dilutive effect of stock options, restricted stock and restricted stock units	807	603	831	748
Dilutive effect of convertible debt	389	—	198	—
Weighted average common shares outstanding-diluted	73,272	71,402	72,779	71,388
Net income to common stockholders per share-Basic:	$ 0.21	$ 0.36	$ 0.38	$ 0.78
Net income to common stockholders per share-Diluted:	$ 0.20	$ 0.36	$ 0.38	$ 0.77

12. COMMITMENTS AND CONTINGENCIES

From time to time, we may be subject to commercial disputes, employment issues, claims by other companies in the industry that we have infringed their intellectual property rights and other similar claims and litigation. Any such claims may lead to future litigation and material damages and defense costs. We were not involved in any material pending legal proceedings during the three and six months ended March 29, 2024.

13. STOCKHOLDERS' EQUITY AND SHARE-BASED COMPENSATION

We have authorized 10 million shares of $0.001 par value preferred stock and 300 million shares of $0.001 par value common stock as of March 29, 2024.

Stock Plans

As of March 29, 2024, we had 3.9 million shares available for issuance under our 2021 Omnibus Incentive Plan (the "2021 Plan"), which replaced our 2012 Omnibus Incentive Plan (as amended and restated) (the "2012 Plan"), and 1.2 million shares available for issuance under our 2021 Employee Stock Purchase Plan (the "Employee Stock Purchase Plan"), which replaced our 2012 Employee Stock Purchase Plan. We have outstanding awards under the 2021 Plan and the 2012 Plan. Following the adoption of the 2021 Plan, no additional awards have been or will be made under the 2012 Plan. Under the 2021 Plan, we have the ability to issue incentive stock options ("ISOs"), non-statutory stock options ("NSOs"), stock appreciation rights ("SARs"), restricted stock awards ("RSAs"), unrestricted stock awards, stock units (including restricted stock units ("RSUs") and performance-based restricted stock units ("PRSUs")), performance awards, cash awards, and other share-based awards to employees, directors, consultants and advisors. The ISOs and NSOs must be granted at an exercise price, and the SARs must be granted at a base value, per share of not less than 100% of the closing price of a share of our common stock on the date of grant (or, if no closing price is reported on that date, the closing price on the immediately preceding date on which a closing price was reported) (110% in the case of certain ISOs). Options granted under the 2012 Plan primarily vested based on certain market-based and performance-based criteria and generally have a term of four years to seven years. Certain of the share-based awards granted and outstanding as of March 29, 2024 are subject to accelerated vesting upon a change in control of the Company.

Incentive Stock Units

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

As of March 29, 2024 and September 29, 2023, the fair value of outstanding ISUs was $6.1 million and $5.0 million, respectively, and the associated accrued compensation liability was $3.0 million and $3.3 million, respectively. During the three and six months ended March 29, 2024, we recorded an expense for ISU awards of $0.9 million and $1.4 million, respectively.

During the three and six months ended March 31, 2023, we recorded an expense for ISU awards of $0.5 million and $1.8 million, respectively. These expenses are not included in the share-based compensation expense totals below.

Share-Based Compensation

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

	Three Months Ended		Six Months Ended	
	March 29, 2024	March 31, 2023	March 29, 2024	March 31, 2023
Cost of revenue	$ 1,600	$ 1,011	$ 2,870	$ 2,161
Research and development	4,962	3,742	7,727	7,974
Selling, general and administrative	5,528	4,707	10,150	10,372
Total share-based compensation expense	$ 12,090	$ 9,460	$ 20,747	$ 20,507

As of March 29, 2024, the total unrecognized compensation costs related to RSUs and PRSUs was $80.9 million, which we expect to recognize over a weighted-average period of 2.1 years. As of March 29, 2024, total unrecognized compensation cost related to our Employee Stock Purchase Plan was $0.3 million.

Restricted Stock Units and Performance-Based Restricted Stock Units

A summary of stock award activity for the six months ended March 29, 2024 is as follows:

	Number of shares (in thousands)	Weighted-Average Grant Date Fair Value
Balance as of September 29, 2023	1,501	$ 60.90
Granted	715	78.62
Performance-based adjustment [1]	62	35.43
Vested and released	(502)	50.11
Forfeited, canceled or expired	(100)	65.07
Balance as of March 29, 2024	1,676	$ 70.51

(1) The amount shown represents performance adjustments for performance-based awards. These were granted in prior fiscal years and vested during the six months ended March 29, 2024 based on the Company’s achievement of adjusted earnings per share performance conditions.

Stock awards that vested during the six months ended March 29, 2024 and March 31, 2023 had combined fair values of $37.2 million and $81.3 million, respectively, as of the vesting date. RSUs granted generally vest over a period of three or four years.

Market-based PRSUs

We granted 132,247 market-based PRSUs during the six months ended March 29, 2024, at a weighted average grant date fair value of $88.88 per share. Recipients may earn between 0% and 200% of the target number of shares based on the Company’s achievement of total stockholder return in comparison to a peer group of companies in the PHLX Semiconductor Sector Index (^SOX) over a period of approximately three years. The fair value of the awards was estimated using a Monte Carlo simulation and compensation expense is recognized ratably over the service period based on the grant date fair value of the awards subject to the market condition. The expected volatility of the Company’s common stock was estimated based on the historical average volatility rate over the three-year period. The dividend yield assumption was based on historical and anticipated dividend payouts. The risk-free rate assumption was based on observed interest rates consistent with the three-year measurement period. The assumptions used to value the awards are as follows:

		Six Months Ended
		March 29, 2024
Grant date stock price	$	73.01
Average stock price at the start of the performance period	$	79.43
Risk free interest rate		4.6%
Years to maturity		2.9
Expected volatility rate		41.7%
Expected dividend yield		—

Stock Options

As of March 29, 2024 and September 29, 2023 there were 10,000 and 15,000 stock options outstanding, respectively, with a weighted-average exercise price per share of $16.06. As of March 29, 2024, the weighted-average remaining contractual term was 1.61 years and the aggregate intrinsic value was $0.8 million. Aggregate intrinsic value is calculated using the difference between our closing stock price on March 29, 2024 and the exercise price of outstanding, in-the-money options. The total intrinsic value of options exercised during the six months ended March 29, 2024 was $0.3 million. There were no options exercised during the three and six months ended March 31, 2023.

14. INCOME TAXES

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

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

	Three Months Ended		Six Months Ended	
	March 29, 2024	March 31, 2023	March 29, 2024	March 31, 2023
Income tax expense	$ 4,508	$ 11,660	$ 7,258	$ 21,271
Effective income tax rate	23.1 %	31.2 %	20.9 %	27.8 %

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 March 29, 2024 was primarily driven by favorable stock based compensation and research and development ("R&D") tax credits, partially offset by global intangible low taxed income ("GILTI"). The difference between the U.S. federal statutory income tax rate of 21% and our effective income tax rate for the three and six months ended March 31, 2023 was primarily driven by tax on GILTI including changes to Section 174, non-deductible compensation and state income taxes partially offset by income taxed in foreign jurisdictions generally at lower tax rates and R&D tax credits.

During the six months ended March 29, 2024, we determined the earnings of one of our entities in India are no longer permanently reinvested, and due to the change in our position, we recorded a foreign withholding tax expense of $1.0 million associated with undistributed earnings.

We recognize deferred tax assets to the extent that we believe that these assets are more likely than not to be realized. In making this determination, we consider available positive and negative evidence. We look at factors that may impact the valuation of our deferred tax assets including results of recent operations, future reversals of existing taxable temporary differences, projected future taxable income and tax-planning strategies.

There were no unrecognized tax benefits as of March 29, 2024 and September 29, 2023. It is our policy to recognize any interest and penalties accrued related to unrecognized tax benefits in income tax expense. During the fiscal quarter ended March 29, 2024, we did not make any accrual or payment of interest or penalties.

15. SUPPLEMENTAL CASH FLOW INFORMATION

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

	Six Months Ended	
	March 29, 2024	March 31, 2023
Cash paid for interest	$ 2,003	$ 5,367
Cash paid for income taxes	$ 2,655	$ 1,701
Non-cash activities:		
Operating lease right-of-use assets obtained in exchange for new lease liabilities	$ 6,866	$ 3,920
Finance lease assets obtained in exchange for new lease liabilities	$ —	$ 3,821
Additions to property and equipment, net included in liabilities	$ 483	$ —

Operating lease right-of-use assets obtained in exchange for new lease liabilities includes $5.6 million operating lease right-of-use assets acquired as part of the RF Business Acquisition. For additional information on the RF Business Acquisition, see *Note 3 - Acquisitions*.

16. GEOGRAPHIC AND SIGNIFICANT CUSTOMER INFORMATION

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

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

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

	March 29, 2024	September 29, 2023
United States	$ 127,735	$ 111,865
France	32,422	31,142
Asia Pacific [1]	18,018	4,610
Other Countries [2]	2,054	1,879
Total	$ 180,229	$ 149,496

(1) Asia Pacific represents China, Japan, Malaysia, South Korea, Taiwan and Thailand.

(2) Other than the United States, France and Asia Pacific region, 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	March 29, 2024	March 31, 2023	March 29, 2024	March 31, 2023
Customer A	12 %	—	11 %	—

Accounts Receivable	March 29, 2024	September 29, 2023
Customer A	16 %	—

Customer Concentration

Customer A did not represent more than 10% of our revenue in the three and six months ended March 31, 2023. 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 March 29, 2024, our top ten customers represented 57% and 56%, respectively, of total revenue, and for the three and six months ended March 31, 2023, our top ten customers represented 48% and 49%, respectively, of total revenue.

17. RELATED-PARTY TRANSACTIONS

During the six months ended March 29, 2024, we purchased $0.1 million of machinery and equipment from Gallium Semiconductor, an affiliate of director Susan Ocampo.

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

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

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

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Cautionary Note Regarding Forward-Looking Statements

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

Overview

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

Description of Our Revenue

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

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

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

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

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

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

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

Critical Accounting Policies and Estimates

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

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

Business combinations

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

Goodwill and intangible asset valuation

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

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

Results of Operations

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

	Three Months Ended		Six Months Ended	
	March 29, 2024	March 31, 2023	March 29, 2024	March 31, 2023
Revenue	$ 181,234	$ 169,406	$ 338,382	$ 349,510
Cost of revenue [(1)]	86,022	66,716	155,860	136,465
Gross profit	95,212	102,690	182,522	213,045
Operating expenses:				
Research and development [(1)]	45,621	35,537	85,034	74,369
Selling, general and administrative [(1)] [(2)]	34,184	31,249	71,071	64,189
Total operating expenses	79,805	66,786	156,105	138,558
Income from operations	15,407	35,904	26,417	74,487
Other income (expense):				
Interest income	5,366	5,064	10,921	8,749
Interest expense	(1,285)	(3,430)	(2,574)	(6,513)
Other expense, net	—	(123)	—	(178)
Total other income	4,081	1,511	8,347	2,058
Income before income taxes	19,488	37,415	34,764	76,545
Income tax expense	4,508	11,660	7,258	21,271
Net income	$ 14,980	$ 25,755	$ 27,506	$ 55,274

(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	
	March 29, 2024	March 31, 2023	March 29, 2024	March 31, 2023
(a) Intangible amortization expense:				
Cost of revenue	$ 4,200	$ 988	$ 6,142	$ 1,898
Research and development	1,043	—	2,087	—
Selling, general and administrative	4,121	5,764	8,919	11,667
(b) Share-based compensation expense:				
Cost of revenue	$ 1,600	$ 1,011	$ 2,870	$ 2,161
Research and development	4,962	3,742	7,727	7,974
Selling, general and administrative	5,528	4,707	10,150	10,372

(2) The three months ended March 29, 2024 and March 31, 2023 include $0.7 million and $2.8 million, respectively, of acquisition-related professional fees and other expenses. The six months ended March 29, 2024 and March 31, 2023 include $9.1 million and $3.6 million, respectively, of acquisition-related professional fees and other expenses.

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	
	March 29, 2024	March 31, 2023	March 29, 2024	March 31, 2023
Revenue	100.0 %	100.0 %	100.0 %	100.0 %
Cost of revenue	47.5	39.4	46.1	39.0
Gross profit	52.5	60.6	53.9	61.0
Operating expenses:				
Research and development	25.2	21.0	25.1	21.3
Selling, general and administrative	18.8	18.4	21.0	18.4
Total operating expenses	44.0	39.4	46.1	39.6
Income from operations	8.5	21.2	7.8	21.3
Other income (expense):				
Interest income	3.0	3.0	3.3	2.5
Interest expense	(0.7)	(2.0)	(0.8)	(1.9)
Other expense, net	—	(0.1)	—	(0.1)
Total other income	2.3	0.9	2.5	0.6
Income before income taxes	10.8	22.1	10.3	21.9
Income tax expense	2.5	6.9	2.2	6.1
Net income	8.3 %	15.2 %	8.1 %	15.8 %

Comparison of the Three and Six Months Ended March 29, 2024 to the Three and Six Months Ended March 31, 2023

Revenue. Our revenue increased by $11.8 million, or 7.0%, to $181.2 million for the three months ended March 29, 2024, from $169.4 million for the three months ended March 31, 2023, and our revenue decreased by $11.1 million, or 3.2%, to $338.4 million for the six months ended March 29, 2024, from $349.5 million for the six months ended March 31, 2023. The increase in revenue in the three months ended March 29, 2024 and the decrease in revenue in the six months ended March 29, 2024 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		
	March 29, 2024	March 31, 2023	% Change	March 29, 2024	March 31, 2023	% Change
Industrial & Defense	$ 90,887	$ 77,194	17.7 %	$ 167,885	$ 154,363	8.8 %
Data Center	43,147	38,324	12.6 %	92,659	79,810	16.1 %
Telecom	47,200	53,888	(12.4)%	77,838	115,337	(32.5)%
Total	$ 181,234	$ 169,406	7.0 %	$ 338,382	$ 349,510	(3.2)%
Industrial & Defense	50.2 %	45.6 %		49.6 %	44.2 %	
Data Center	23.8 %	22.6 %		27.4 %	22.8 %	
Telecom	26.0 %	31.8 %		23.0 %	33.0 %	
Total	100.0 %	100.0 %		100.0 %	100.0 %	

In the three months ended March 29, 2024, our I&D market revenue increased by $13.7 million, or 17.7%, compared to the three months ended March 31, 2023. In the six months ended March 29, 2024, our I&D market revenue increased by $13.5 million, or 8.8%, compared to the six months ended March 31, 2023. The increase in the three and six months ended March 29, 2024 was primarily driven by revenue from recent acquisitions, partially offset by lower sales of legacy products for industrial markets and timing of defense program shipments.

In the three months ended March 29, 2024, our Data Center market revenue increased by $4.8 million, or 12.6%, compared to the three months ended March 31, 2023. In the six months ended March 29, 2024, our Data Center market revenue increased by $12.8 million, or 16.1%, compared to the six months ended March 31, 2023. The increase in the three and six months ended March 29, 2024 was primarily driven by an increase in sales of 400G and 800G high-performance analog Data Center products, partially offset by a decrease in sales of our legacy connectivity products.

In the three months ended March 29, 2024, our Telecom market revenue decreased by $6.7 million, or 12.4%, compared to the three months ended March 31, 2023. In the six months ended March 29, 2024, our Telecom market revenue decreased by $37.5 million, or 32.5%, compared to the six months ended March 31, 2023. The decrease for the three and six months ended March 29, 2024 was primarily driven by a decrease in sales of RF and microwave products for broadband access and a decrease in sales of carrier-based optical semiconductor products, partially offset by incremental revenue from recent acquisitions.

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

Gross profit. Gross margin was 52.5% and 60.6% for the three months ended March 29, 2024 and March 31, 2023, respectively, and 53.9% and 61.0% for the six months ended March 29, 2024 and March 31, 2023. Gross profit was $95.2 million and $102.7 million for the three months ended March 29, 2024 and March 31, 2023, respectively, and $182.5 million and $213.0 million for the six months ended March 29, 2024 and March 31, 2023. Gross profit decreased for the three months ended March 29, 2024 as compared to the three months ended March 31, 2023 primarily as a result of increased employee headcount associated with acquisitions, product mix and under absorbed production costs, partially offset by higher sales primarily driven by the RF Business Acquisition. Gross profit decreased for the six months ended March 29, 2024 as compared to the six months ended March 31, 2023 primarily as a result of lower sales, product mix, increased employee headcount associated with acquisitions, higher intangible asset amortization and depreciation expense.

Research and development. Research and development expense increased by $10.1 million, or 28.4%, to $45.6 million, or 25.2% of our revenue, for the three months ended March 29, 2024, compared to $35.5 million, or 21.0% of our revenue, for the three months ended March 31, 2023. Research and development expense increased by $10.7 million, 14.3%, to $85.0 million, or 25.1% of our revenue, for the six months ended March 29, 2024, compared to $74.4 million, or 21.3% of our revenue, for the six months ended March 31, 2023. Research and development expense increased in the three months ended March 29, 2024 primarily as a result of increases in employee-related costs, driven by higher headcount due to acquisitions, and share-based compensation expense. Research and development expense increased in the six months ended March 29, 2024 primarily as a result of increased employee headcount due to acquisitions.

Selling, general and administrative. Selling, general and administrative expense increased by $2.9 million, or 9.4%, to $34.2 million, or 18.9% of our revenue, for the three months ended March 29, 2024, compared to $31.2 million, or 18.4% of our revenue, for the three months ended March 31, 2023. Selling, general and administrative expense increased by $6.9 million, or 10.7%, to $71.1 million, or 21.0% of our revenue, for the six months ended March 29, 2024, compared to $64.2 million, or

18.4% of our revenue, for the six months ended March 31, 2023. Selling, general and administrative expense increased in the three months ended March 29, 2024 primarily due to an increase in employee headcount due to acquisitions. Selling, general and administrative expense increased in the six months ended March 29, 2024 primarily due to an increase in employee headcount due to acquisitions and an increase in acquisition-related costs, partially offset by lower intangible amortization.

Interest income. In the three months ended March 29, 2024, interest income was $5.4 million, compared to $5.1 million for the three months ended March 31, 2023. In the six months ended March 29, 2024, interest income was $10.9 million, compared to $8.7 million for the six months ended March 31, 2023. The increase for the three and six months ended March 29, 2024 is primarily due to the general increase in interest rates on our short-term investments.

Interest expense. In the three months ended March 29, 2024, interest expense was $1.3 million, compared to $3.4 million for the three months ended March 31, 2023. In the six months ended March 29, 2024, interest expense was $2.6 million, compared to $6.5 million for the six months ended March 31, 2023. The decrease for the three and six months ended March 29, 2024 is primarily due to the August 2023 payment of the total outstanding principal balance of the Term Loans.

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	
	March 29, 2024	March 31, 2023	March 29, 2024	March 31, 2023
Income tax expense	4,508	11,660	7,258	21,271
Effective income tax rate	23.1 %	31.2 %	20.9 %	27.8

The primary driver for the rate reduction for the three and six months ended March 29, 2024 as compared to the three and six months ended March 31, 2023 was the tax benefit relating to a partial deduction attributable to the inclusion of GILTI income.

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 March 29, 2024 was primarily driven by favorable stock based compensation and R&D tax credits, partially offset by GILTI. 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 March 31, 2023, was primarily driven by tax on GILTI, including the required capitalization of R&D expenses, non-deductible compensation and state income taxes partially offset by income taxed in foreign jurisdictions generally at lower tax rates, and R&D tax credits.

Our estimated annual effective tax rate for the year ending September 27, 2024 is expected to be approximately 22%, adjusted for discrete taxation matters arising during the interim periods.

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

Liquidity and Capital Resources

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

	Six Months Ended	
	March 29, 2024	March 31, 2023
Cash and cash equivalents, beginning of period	$ 173,952	$ 119,952
Net cash provided by operating activities	51,302	70,747
Net cash used in investing activities	(100,073)	(24,972)
Net cash used in financing activities	(10,376)	(29,524)
Foreign currency effect on cash	185	370
Cash and cash equivalents, end of period	$ 114,990	$ 136,573

Cash Flow from Operating Activities

Our cash flow from operating activities for the six months ended March 29, 2024 of $51.3 million consisted of a net income of $27.5 million plus adjustments of $54.4 million, to reconcile our net income to cash provided by operating activities, less cash used in operating assets and liabilities of $30.6 million. Adjustments to reconcile our net income to cash provided by operating activities primarily included depreciation and intangible amortization expense of $31.5 million and share-based compensation expense of $20.7 million. In addition, cash used in operating assets and liabilities was $30.6 million for the six months ended March 29, 2024, primarily driven by an increase in accounts receivables of $31.3 million, an increase in inventories of $12.3 million, partially offset by an increase of $19.2 million in accounts payable. The increases in accounts receivable and accounts payable were primarily a result of the integration of the RF Business during the three months ended March 29, 2024.

Our cash flow from operating activities for the six months ended March 31, 2023 of $70.7 million consisted of a net income of $55.3 million plus adjustments of $63.3 million, to reconcile our net income to cash provided by operating activities less cash used in operating assets and liabilities of $47.8 million. Adjustments to reconcile our net income to cash provided by operating activities primarily included depreciation and intangible amortization expense of $25.4 million, share-based compensation expense of $20.5 million and deferred income tax expense of $20.2 million. In addition, cash used in operating assets and liabilities was $47.8 million for the six months ended March 31, 2023, primarily driven by a decrease of $17.5 million in accrued and other liabilities, an increase in accounts receivable of $18.3 million, and an increase in inventories of $8.2 million.

Cash Flow from Investing Activities

Our cash flow used in investing activities for the six months ended March 29, 2024 of $100.1 million consisted primarily of cash paid for acquisitions, net of cash acquired of $74.8 million for acquisitions, capital expenditures of $9.8 million and purchases of $230.6 million of short-term investments, offset by proceeds of $215.1 million for the sale and maturity of short-term investments. For additional information on the cash paid for our acquisitions, see *Note 3 - Acquisitions* to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Our cash flow used in investing activities for the six months ended March 31, 2023 of $25.0 million consisted primarily of cash paid for the Linearizer Acquisition, net of cash acquired of $50.8 million, capital expenditures of $15.6 million and purchases of $228.2 million of short-term investments, offset by proceeds of $261.6 million for the sale and maturity of short-term investments and proceeds from the sale of equipment of $8.0 million.

Cash Flow from Financing Activities

During the six months ended March 29, 2024, our cash used in financing activities of $10.4 million was primarily related to $12.5 million of common stock withheld associated with employee taxes on vested equity awards, partially offset by $2.8 million of proceeds from stock option exercises and employee stock purchases.

During the six months ended March 31, 2023, our cash used in financing activities of $29.5 million was primarily related to $31.3 million of common stock withheld associated with employee taxes on vested equity awards, partially offset by $2.3 million of proceeds from employee stock purchases.

Liquidity

As of March 29, 2024, we held $115.0 million of cash and cash equivalents, primarily deposited with financial institutions, as well as $361.4 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 March 29, 2024, cash held by our indefinitely reinvested foreign subsidiaries was $7.4 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.

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, 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 $106.76 for the notes on each applicable trading day. We made an irrevocable election to pay cash for the principal amount of notes to be converted. The aggregate principal balance of the 2026 Convertible Notes is $450.0 million.

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

As of March 29, 2024, we had no off-balance sheet arrangements.

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

Recent Accounting Pronouncements

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

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

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) were effective as of March 29, 2024.

Changes in Internal Control over Financial Reporting

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

Limitations on Controls

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

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

Our business involves a high degree of risk. In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our 2023 Annual Report on Form 10-K, which could materially affect our business, financial condition or future results. As of the date of this Quarterly Report on Form 10-Q, there have been no material changes in any of the risk factors described in our 2023 Annual Report on Form 10-K except as noted below.

Our business and operations could suffer in the event of a security breach, cybersecurity incident or disruption of our information technology systems.

We rely on our information technology ("IT") systems and services for the effective operation of our business and for the secure maintenance and storage of confidential data relating to our business. These systems and services are both internally managed and outsourced, and, in many cases, we rely upon third-party service providers. Any failure of these internal or third party systems and services to operate effectively could disrupt our operations and have a material adverse effect on our business, financial condition and/or results of operations. Our operations are dependent upon our ability to protect our IT infrastructure against damage from business continuity events that could have a significant disruptive effect. Although our internal IT team actively takes steps to protect our information and operational systems, unauthorized persons or disloyal insiders may be able to penetrate our security controls, and develop and deploy viruses, worms and other malicious software programs that compromise and/or exfiltrate our confidential information or that of third parties and cause a disruption or failure of our information and/or operational technology systems. In addition, we have in the past and may in the future be subject to attacks in which third parties attempt to obtain personal information and or infiltrate our systems to obtain proprietary or confidential information, disrupt operations by deploying malicious code, viruses or malware (such as ransomware). Cyberattacks are increasing in number and sophistication, are often well-financed, in some cases supported by state actors, and are designed to not only attack, but also to evade detection. Since the techniques used by cyber attackers change frequently and are often not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. In addition to other factors, our position within the supply chain to the U.S. Government may increase our risk of being targeted by malicious actors. Similarly, attackers could implant malicious code into software that we may purchase, and this supply chain vulnerability could disrupt our operations, compromise our data or lead to other cyber harms. Recent global developments have created an environment in which malicious actors may have increased opportunity and motivation for breaching or compromising our systems.

Any compromise of our information or operational technology systems could result in unauthorized publication, exfiltration or misappropriation of our confidential business or proprietary information or intellectual property; result in the unauthorized release of customer, supplier or employee data; lead to violations of privacy or other laws; extortion; allow competitors to profit from our intellectual property or trade secrets; delay or disrupt our operations; expose us to a risk of investigations and litigation; cause us to incur direct losses if attackers access our bank or investment accounts; undermine investor or market confidence, or damage our reputation. The direct and indirect cost and operational consequences of implementing data protection measures either as a response to specific breaches or as a result of evolving risks could be significant. In addition, our inability to use or access our information or operational systems at critical points in time could adversely affect the timely and efficient operation of our business. Any delayed sales, significant costs or lost customers resulting from a technology failure could adversely affect our business, operations and financial results.

Third parties with which we conduct business, such as foundries, assembly and test contractors and distributors, have access to certain portions of our sensitive data (including trade secrets and other intellectual property), and certain aspects of effective cybersecurity are dependent upon our employees, contractors and other trusted partners reliably safeguarding such sensitive data. In the event that our employees or these third parties do not properly safeguard our data, security breaches could result and negatively impact our business, operations and financial results. In addition, despite our internal controls and investment in security measures, businesses we acquire may increase the scope and complexity of our IT networks, and this may increase our risk exposure to cyberattacks.

U.S. and foreign regulators, as well as customers and service providers, have also increased their focus on cybersecurity vulnerabilities and risks. Compliance with laws, regulations and contractual provisions concerning privacy, cybersecurity, secure technology development, data governance, data protection, confidentiality and IP could result in significant expense, and any failure to comply could result in proceedings against us by regulatory authorities or other third parties and may also increase our overall compliance burden.

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 March 29, 2024.

Period	Total Number of Shares (or Units) Purchased (1)	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
December 30, 2023-January 26, 2024	1,136	$ 84.25	—	—
January 27, 2024-February 23, 2024	1,185	86.03	—	—
February 24, 2024-March 29, 2024	8,325	92.74	—	—
Total	10,646	$ 91.09	—	—

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

ITEM 5. OTHER INFORMATION

During the three months ended March 29, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Fifth Amended and Restated Certificate of Incorporation, as amended by the Certificate of Amendment dated March 2, 2023 and as further amended by the Certificate of Amendment dated March 11, 2024.
3.2	Fourth Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on January 6, 2023).
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 March 29, 2024, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flows, (vi) Notes to Consolidated Financial Statements and (vii) document and entity information, tagged as blocks of text and including detailed tags.
104	The cover page for the Quarterly Report on Form 10-Q of MACOM Technology Solutions Holdings, Inc. for the fiscal quarter ended March 29, 2024, formatted in Inline XBRL and included as Exhibit 101.

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: May 2, 2024	By:	/s/ Stephen G. Daly
		Stephen G. Daly *President and Chief Executive Officer* *(Principal Executive Officer)*
Dated: May 2, 2024	By:	/s/ John F. Kober
		John F. Kober *Senior Vice President and Chief Financial Officer* *(Principal Accounting and Principal Financial Officer)*

EXHIBIT 3.1

FIFTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF M/A-COM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

M/A-COM Technology Solutions Holdings, Inc. (the "**Corporation**"), a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on March 25, 2009, under the name “KIWI STONE ACQUISITION CORP.” An amended and restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on May 26, 2009, an Amended and Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on March 16, 2010, a Third Amended and Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on December 21, 2010, a Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on March 9, 2012, a Certificate of Amendment to the Third Amended and Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on March 19, 2012, and a Fourth Amended and Restated Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on March 20, 2012.

2. This Fifth Amended and Restated Certificate of Incorporation (the "**Certificate of Incorporation**") was duly adopted by the Board of Directors of the Corporation (the "**Board of Directors**") in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware (the "**DGCL**").

3. The Certificate of Incorporation of the Corporation is hereby amended and restated in its entirety to read as follows:

ARTICLE I: NAME

The name of the Corporation is MACOM Technology Solutions Holdings, Inc.

ARTICLE II: REGISTERED OFFICE

The address of the registered office of the Corporation in the State of Delaware is 2711 Centerville Rd., Suite 400, City of Wilmington, County of New Castle, 19808 and the name of the registered agent of the Corporation in the State of Delaware at such address is the Corporation Service Company.

ARTICLE III: PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV: CAPITALIZATION

A. Authorized Capital Stock. The total number of shares of stock which the Corporation shall have authority to issue is 310,000,000, consisting of 300,000,000 shares of common stock, par value $0.001 per share, and 10,000,000 shares of preferred stock, par value $0.001 per share.

B. Common Stock. Subject to such exceptions that are set forth in this Certificate of Incorporation or the DGCL, each holder of common stock shall be entitled to vote at all meetings of the stockholders and shall have one vote for each share of common stock held by such stockholder.

C. Preferred Stock.

Shares of preferred stock may be issued in one or more series, from time to time, with each such series to consist of such number of shares and to have such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, as shall be stated in the resolution or resolutions providing for the issuance of such series adopted by the Board of Directors, and the Board of Directors is hereby expressly vested with the authority, to the full extent now or hereafter provided by law, to adopt any such resolution or resolutions.

Except as otherwise required by law, holders of common stock, as such, shall not be entitled to vote on any amendment to this Certificate of Incorporation (including any certificate of designations relating to any series of preferred stock) that relates solely to the terms of one or more outstanding series of preferred stock if the holders of such affected series of preferred stock are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation (including any certificate of designations relating to any series of preferred stock) or pursuant to the DGCL.

ARTICLE V: BOARD OF DIRECTORS

A. Number of Directors. Subject to any special rights of the holders of any class or series of stock to elect directors, the number of directors shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors which the Corporation would have if there were no vacancies. Newly- created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class and vacancies resulting from any cause shall be filled exclusively pursuant to a resolution adopted by vote of a majority of the members of the Board of Directors then in office, even if less than a quorum, or by a single remaining director. A person elected to fill a vacancy or newly-created directorship shall hold office until the next election of the class for which such director shall have been chosen and until his or her successor shall be duly elected and qualified. Any director or the entire Board of Directors may be removed from office by the stockholders of the Corporation only for cause and only by the affirmative vote of the holders of at least a majority of the shares then entitled to vote at an election of directors.

B. Classified Board of Directors. Subject to the special rights of the holders of any class or series of stock to elect directors, the Board of Directors shall be classified with respect to the time for which they severally hold office into three classes, as nearly equal in number as possible. The initial Class I Directors shall serve for a term expiring at the first annual meeting of stockholders of the Corporation following the filing of this Certificate of Incorporation; the initial Class II Directors shall serve for a term expiring at the second annual meeting of stockholders following the filing of this Certificate of Incorporation; and the initial Class III Directors shall serve for a term expiring at the third annual meeting of stockholders following the filing of this Certificate of Incorporation. The Board of Directors is authorized to assign members of the Board of Directors already in office to such classes as of the time classification becomes effective. Each director in each class shall hold office until his or her successor is duly elected and qualified. At each annual meeting of stockholders beginning with the first annual meeting of stockholders following the filing of this Certificate of Incorporation, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders to be held in the third year following the year of their election, with each director in each such class to hold office until his or her successor is duly elected and qualified. If the number of directors is hereafter changed and subject to the special rights of the holders of any class or series of stock to elect directors, any newly created directorships or decrease in directorships shall be so apportioned among the classes as to make all classes as nearly equal in number as is practicable; *provided, however,* that no decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

ARTICLE VI: LIMITATION OF DIRECTOR LIABILITY; INDEMNIFICATION AND ADVANCEMENTS OF EXPENSES OF DIRECTORS AND OFFICERS; RENUNCIATION OF CORPORATE OPPORTUNITIES

A. Limitation of Director Liability. To the fullest extent that the DGCL or any other law of the State of Delaware as it exists on the date hereof or as it may hereafter be amended permits the limitation or elimination of the liability of directors, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

B. Indemnification and Advancement of Expenses. The Corporation shall indemnify and advance expenses to, and hold harmless, to the fullest extent permitted by applicable law as it exists on the date hereof or as it may hereafter be amended, any person (an "**Indemnitee**") who was or is made or is threatened to be made a party or is otherwise involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "**Proceeding**"), by reason of the fact that such person is or was a director or an officer of the Corporation or, while a director or an officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against all liabilities and losses suffered and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such Indemnitee in connection with such Proceeding. Such right to indemnification shall continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of his or her heirs, executors and personal and legal representatives. Notwithstanding the preceding sentences, the Corporation shall not be required to indemnify, or advance expenses to, an Indemnitee in connection with a Proceeding (or part thereof) initiated by such Indemnitee, whether initiated in such Indemnitee's capacity as a director or officer or in any other capacity, or in defending any counterclaim, cross-claim, affirmative defense, or like claim of the Corporation in such Proceeding (or part thereof), unless the initiation of such Proceeding (or part thereof) by the Indemnitee was authorized or consented to by the Board of Directors of the Corporation.

C. Renunciation of Corporate Opportunities.

In recognition and anticipation that (i) the directors, officers or employees of GaAs Labs, LLC ("**GaAs Labs**") and its Affiliated Companies (as defined below) and/or Summit Partners, L.P. ("**Summit**" and, together with GaAs Labs, the "**Institutional Investors**" and individually an "**Institutional Investor**") and its Affiliated Companies (as defined below) may serve as directors or officers of the Corporation, (ii) the Institutional Investors and their respective Affiliated Companies engage and may continue to engage in the same or similar activities or related lines of business as those in which the Corporation, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which the Corporation, directly or indirectly, may engage, and (iii) that the Corporation and its Affiliated Companies may engage in material business transactions with the Institutional Investors and their respective Affiliated Companies, as applicable, and that the Corporation is expected to benefit therefrom, the provisions of this Article VI are set forth to regulate and define the conduct of certain affairs of the Corporation as they may involve the Institutional Investors and/or their respective Affiliated Companies and/or their respective officers and directors, and the powers, rights, duties and liabilities of the Corporation and its officers, directors and stockholders in connection therewith.

Except as provided in the third paragraph of this Article VI, the Corporation and its Affiliated Companies shall have no interest or expectancy in any corporate opportunity and no expectation that such corporate opportunity be offered to the Corporation or its Affiliated Companies, if such opportunity is one that an Institutional Investor or any of its Affiliated Companies or any of their respective directors, officers, employees or agents, including any director, officer, employee or agent of the Corporation who is also a director, officer, employee or agent of an Institutional Investor or any of its Affiliated Companies, has acquired knowledge of or is otherwise pursuing, and any such interest or expectancy in any such corporate opportunity is hereby renounced, so that as a result of such renunciation, the corporate opportunity shall belong to such Institutional Investor and/or its Affiliated Companies, as applicable, and such person or entity: (i) shall have no duty to present such corporate opportunity to the Corporation or its Affiliated Companies and shall have the right to hold and exploit any such corporate opportunity for its (and its officers', employees', directors', agents', stockholders', members', partners', affiliates' or subsidiaries') own account and benefit, or to direct, sell, assign or transfer such corporate opportunity to persons other than the Corporation or any of its Affiliated Companies; and (ii) cannot be, and shall not be, liable to the Corporation, its stockholders or its Affiliated Companies for breach of any fiduciary duty to the Corporation, its stockholders or its Affiliated Companies by reason of the fact that such person or entity does not present such corporate opportunity to the Corporation or its Affiliated Companies or pursues, acquires or exploits such corporate opportunity for itself or directs, sells, assigns or transfers such corporate opportunity to another person or entity.

Notwithstanding the foregoing, the Corporation does not renounce any interest or expectancy it may have in any corporate opportunity that is expressly offered to any director or officer of the Corporation in his or her capacity as a director or officer of the Corporation.

For purposes of this Article VI only, (a) “Affiliated Company” shall mean (i) in respect of GaAs Labs, any company which controls, is controlled by or under common control with GaAs Labs (other than the Corporation and any company that is controlled by the Corporation),
(ii) in respect of Summit, any company which controls, is controlled by or under common control with Summit (other than the Corporation and any company that is controlled by the Corporation), and (iii) in respect of the Corporation, shall mean any company controlled by the Corporation; and (b) “corporate opportunity” shall mean an investment or business opportunity or activity or potential transaction or matter, including without limitation those that might be the same as or similar to the Corporation’s business or activities or the business or activities of any Affiliated Companies.

Any person or entity purchasing or otherwise acquiring any interest in any shares of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article VI.

To the extent that any provision of this Article VI is found to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision of this Article VI.

D. Effect of Amendment. No amendment to, or modification or repeal of this Article VI, nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article VI, shall adversely affect any right or protection of an Indemnitee existing hereunder with respect to any act or omission occurring prior to such amendment, modification, repeal or adoption of an inconsistent provision.

ARTICLE VII: MEETINGS OF STOCKHOLDERS

A. Action by Written Consent. No action shall be taken by the stockholders of the Corporation except at an annual or special meeting of the stockholders called in accordance with the Bylaws and no action shall be taken by the stockholders by written consent; *provided, however*, that for so long as John Ocampo and GaAs Labs, together with their respective affiliates or successors, collectively beneficially own (directly or indirectly) at least fifty percent (50%) of the then issued and outstanding Common Stock of the Corporation, any action required or permitted to be taken by the stockholders of the Corporation at any meeting of stockholders may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by stockholders holding at least a majority of the total voting power of all the then-outstanding shares of the Corporation then entitled to vote entitled on the subject matter thereof.

B. Special Meetings of Stockholders. Except as otherwise required by law or provided by the resolution or resolutions adopted by the Board of Directors designating the rights, powers and preferences of any series of Preferred Stock, special meetings of stockholders of the Corporation may be called only by (a) the Board of Directors pursuant to a resolution approved by a majority of the total number of directors that the Corporation would have if there were no vacancies or (b) the Chairman of the Board of Directors, and any power of stockholders to call a special meeting is specifically denied.

C. Election of Directors by Written Ballot. Election of directors need not be by written ballot.

ARTICLE VIII: DISPUTE RESOLUTION

The Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director or officer of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation arising pursuant to any provision of the Delaware General Corporation Law or the Corporation's Certificate of Incorporation or Bylaws or (iv) any action asserting a claim against the Corporation governed by the internal affairs doctrine.

ARTICLE IX: AMENDMENTS TO THE CERTIFICATE OF INCORPORATION AND BYLAWS

A. Amendments to the Certificate of Incorporation. Notwithstanding any other provisions of this Certificate of Incorporation, and notwithstanding that a lesser percentage may be permitted from time to time by applicable law, no provision of Articles V, VII or this Article IX may be altered, amended or repealed in any respect (including by merger, consolidation or otherwise), nor may any provision inconsistent therewith be adopted, unless such alteration, amendment, repeal or adoption is approved by the affirmative vote of the holders of at least 66- 2/3 percent of the voting power of all of the then-outstanding shares of the Corporation then entitled to vote generally in an election of directors, voting together as a single class.

Notwithstanding anything to the contrary elsewhere contained in this Certificate of Incorporation, the affirmative vote of the holders of at least eighty percent (80%) of the total voting power of all of the then-outstanding shares of the Corporation then entitled to vote generally in the election of directors, voting together as a single class, shall be required to alter, amend or repeal, or to adopt any provision inconsistent with Article VI.

B. Adoption, Amendment and Repeal of the Bylaws. In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized to make, alter, amend and repeal the bylaws of the Corporation subject to the power of the stockholders of the Corporation to alter, amend or repeal the bylaws; *provided, however*, that with respect to the powers of stockholders to make, alter, amend or repeal the bylaws, and notwithstanding any other provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the stockholders of any particular class or series of the Corporation required by law, the bylaws or any preferred stock of the corporation, the affirmative vote of the holders of at least 66-2/3 percent of the voting power of all of the then- outstanding shares of the Corporation entitled to vote generally in an election of directors, voting together as a single class, shall be required to make, alter, amend or repeal the bylaws of the Corporation.

[*The remainder of this page is intentionally left blank*.]

In Witness Whereof, M/A-COM Technology Solutions Holdings, Inc. has caused this Fifth Amended and Restated Certificate of Incorporation to be signed by its President and Chief Executive Officer this 1st day of June, 2016.

M/A-COM Technology Solutions Holdings, Inc.
/s/ John Croteau
John Croteau
President and Chief Executive Officer

[SIGNATURE PAGE TO FIFTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION]

**CERTIFICATE OF AMENDMENT TO THE
FIFTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.**

MACOM Technology Solutions Holdings, Inc. (the "Corporation"), a corporation organized and existing under the laws of the State of Delaware, does hereby certify:

1. This Certificate of Amendment (the "Certificate of Amendment") amends the provisions of the Fifth Amended and Restated Certificate of Incorporation of the Corporation (the "Fifth Amended and Restated Certificate of Incorporation") filed with the Secretary of State of the State of Delaware on June 1, 2016.

2. This Certificate of Amendment was duly adopted by the Board of Directors of the Corporation and by the stockholders of the Corporation in accordance with Section 242 of the General Corporation Law of the State of Delaware.

3. The Fifth Amended and Restated Certificate of Incorporation is hereby amended by adding Article X to read in its entirety as follows:

"ARTICLE X: LIMITATION OF OFFICER LIABILITY

To the fullest extent that the DGCL or any other law of the State of Delaware as it exists on the date hereof or as it may hereafter be amended permits the limitation or elimination of the liability of officers, no officer of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as an officer. No amendment to, or modification or repeal of this Article X, nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article X, shall adversely affect any right or protection of an officer existing hereunder with respect to any act or omission occurring prior to such amendment, modification, repeal or adoption of an inconsistent provision."

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its President and Chief Executive Officer this 2nd day of March, 2023.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

By: /s/ Stephen G. Daly

Stephen G. Daly
President and Chief Executive Officer

CERTIFICATE OF AMENDMENT TO THE
FIFTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

MACOM Technology Solutions Holdings, Inc. (the "Corporation"), a corporation organized and existing under the laws of the State of Delaware, does hereby certify:

1. This Certificate of Amendment (the "Certificate of Amendment") amends the provisions of the Fifth Amended and Restated Certificate of Incorporation of the Corporation (the "Fifth Amended and Restated Certificate of lncorporation") filed with the Secretary of State of the State of Delaware on June 1, 2016, as amended by the Certificate of Amendment to the Fifth Amended and Restated Certificate of Incorporation filed with the Secretary of State of the State of Delaware on March 6, 2023.

2. This Certificate of Amendment was duly adopted by the Board of Directors of the Corporation and by the stockholders of the Corporation in accordance with Section 242 of the General Corporation Law of the State of Delaware.

3. Article V of the Fifth Amended and Restated Certificate of Incorporation is hereby amended and restated in its entirety to read as follows:

ARTICLE V: BOARD OF DIRECTORS

A. Number of Directors. Subject to any special rights of the holders of any class or series of stock to elect directors, the number of directors shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors which the Corporation would have if there were no vacancies. Newly-created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class and vacancies resulting from any cause shall be filled exclusively pursuant to a resolution adopted by vote of a majority of the members of the Board of Directors then in office, even if less than a quorum, or by a single remaining director. A person elected to fill a vacancy or newly-created directorship shall hold office until his or her successor shall be duly elected and qualified. Until the 2026 annual meeting of stockholders or such other time as the Board of Directors is no longer classified under Section 141(d) of the DGCL, any director or the entire Board of Directors may be removed from office by the stockholders of the Corporation only for cause and only by the affirmative vote of the holders of at least a majority of the shares then entitled to vote at an election of directors. From and including the 2026 annual meeting of stockholders or such other time as the Board of Directors is no longer classified under Section 141(d) of the DGCL, with or without cause, by the affirmative vote of the holders of at least a majority of the shares then entitled to vote at an election of directors.

B. Term of Directors. Subject to the special rights of the holders of any class or series of stock to elect directors, commencing with the 2024 annual meeting of stockholders of the Corporation, each director shall be elected for a term expiring at the next succeeding annual meeting of stockholders of the Corporation; provided, however, that any director elected or appointed prior to the 2024 annual meeting of stockholders of the Corporation shall complete the term to which such director has been elected or appointed. Each director shall hold office until his or her successor is duly elected and qualified.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its President and Chief Executive Officer this 11th day of March, 2024.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

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

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: May 2, 2024

/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: May 2, 2024

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

Exhibit 32.1

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

In connection with the Quarterly Report of MACOM Technology Solutions Holdings, Inc. (the “Company”) on Form 10-Q for the quarter ended March 29, 2024 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: May 2, 2024

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

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