

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

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): July 28, 2022**

**MACOM Technology Solutions Holdings, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**001-35451**  
(Commission  
File Number)

**27-0306875**  
(I.R.S. Employer  
Identification No.)

**100 Chelmsford Street  
Lowell, Massachusetts**  
(Address of principal executive offices)

**01851**  
(Zip Code)

**Registrant's telephone number, including area code: (978) 656-2500**

**Not applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

**Item 2.02. Results of Operations and Financial Condition.**

On July 28, 2022, MACOM Technology Solutions Holdings, Inc. issued a press release reporting its results of operations for the fiscal third quarter ended July 1, 2022. A copy of the press release is furnished as Exhibit 99.1 to this report.

**Item 9.01. Financial Statements and Exhibits.****(d) Exhibits.**

<b>Exhibit Number</b>	<b>Description</b>
99.1	<a href="#">Press Release, dated July 28, 2022, announcing results of operations for the fiscal third quarter ended July 1, 2022.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.**

Dated: July 28, 2022

By: /s/ John F. Kober

John F. Kober

*Senior Vice President and Chief Financial Officer*

## MACOM Reports Fiscal Third Quarter 2022 Financial Results

**LOWELL, MA, July 28, 2022** – MACOM Technology Solutions Holdings, Inc. (“MACOM”) (Nasdaq: MTSI), a leading supplier of semiconductor products, today announced its financial results for its fiscal third quarter ended July 1, 2022.

### Third Quarter Fiscal Year 2022 GAAP Results

- Revenue was \$172.3 million, an increase of 12.9%, compared to \$152.6 million in the previous year fiscal third quarter and an increase of 4.3% compared to \$165.1 million in the prior fiscal quarter;
- Gross margin was 60.7%, compared to 57.2% in the previous year fiscal third quarter and 59.9% in the prior fiscal quarter;
- Operating income was \$36.0 million, compared to operating income of \$23.7 million in the previous year fiscal third quarter and operating income of \$32.6 million in the prior fiscal quarter; and
- Net income was \$32.2 million, or \$0.45 per diluted share, compared to net income of \$15.0 million, or \$0.21 per diluted share, in the previous year fiscal third quarter and net income of \$29.6 million, or \$0.42 per diluted share, in the prior fiscal quarter.

### Third Quarter Fiscal Year 2022 Adjusted Non-GAAP Results

- Adjusted gross margin was 62.2%, compared to 60.3% in the previous year fiscal third quarter and 61.7% in the prior fiscal quarter;
- Adjusted operating income was \$54.1 million, or 31.4% of revenue, compared to adjusted operating income of \$43.9 million, or 28.7% of revenue, in the previous year fiscal third quarter and adjusted operating income of \$50.9 million, or 30.8% of revenue, in the prior fiscal quarter; and
- Adjusted net income was \$52.1 million, or \$0.73 per diluted share, compared to adjusted net income of \$40.3 million, or \$0.57 per diluted share, in the previous year fiscal third quarter and adjusted net income of \$48.4 million, or \$0.68 per diluted share, in the prior fiscal quarter.

### Management Commentary

“We remain focused on designing compelling products to meet our customers’ needs,” said Stephen G. Daly, President and Chief Executive Officer.

### Business Outlook

For the fiscal fourth quarter ending September 30, 2022, MACOM expects revenue to be in the range of \$175 million to \$180 million. Adjusted gross margin is expected to be between 61.5% and 63.5%, and adjusted earnings per share is expected to be between \$0.74 and \$0.78 utilizing an anticipated non-GAAP income tax rate of 3% and 71.4 million fully diluted shares outstanding.

### Conference Call

MACOM will host a conference call on Thursday, July 28, 2022 at 8:30 a.m. Eastern Time to discuss its fiscal third quarter 2022 financial results and business outlook. Investors and analysts may visit MACOM's Investor Relations website at <https://ir.macom.com/events-webcasts> to register for a user-specific access code for the live call or to access the live webcast. A replay of the call will be available within 24 hours and remain accessible by all interested parties for approximately 90 days.

## **About MACOM**

MACOM designs and manufactures high-performance semiconductor products for the Telecommunications, Industrial and Defense and Datacenter industries. MACOM services over 6,000 customers annually with a broad product portfolio that incorporates RF, Microwave, Analog and Mixed Signal and Optical semiconductor technologies. MACOM has achieved certification to the IATF16949 automotive standard, the ISO9001 international quality standard and the ISO14001 environmental management standard. MACOM operates facilities across the United States, Europe, Asia and is headquartered in Lowell, Massachusetts.

### **Special Note Regarding Forward-Looking Statements**

This press release contains forward-looking statements based on MACOM management's beliefs and assumptions and on information currently available to our management. These forward-looking statements include, among others, statements about MACOM's strategic plans and priorities, our ability to continue to improve our earnings and to ensure business continuity and to be successful in our technology, product development and engineering efforts, acceleration, strength and competitiveness of new product introductions and technology portfolio expansion, MACOM's profitability, prospects and growth opportunities in our three primary markets, our strategy with respect to adjacent markets, development and process qualification timelines, the potential impact to our business of an economic downturn or recession, continued revenue growth and financial and business improvements and the estimated financial results for our 2022 fiscal fourth quarter and the stated business outlook and future results of operations.

These forward-looking statements reflect MACOM's current views about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause those events or our actual activities or results to differ materially from those indicated by the forward-looking statements, including any failure to anticipate demand for our products; risks related to any weakening of economic conditions, including as a result of the COVID-19 pandemic; our dependence on a limited number of customers; our ability to develop new products and achieve market acceptance of those products; component shortages or other disruptions in our supply chain, including as a result of the COVID-19 pandemic; and those other factors described in "Risk Factors" in MACOM's filings with the Securities and Exchange Commission ("SEC"), including its Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q and other filings with the SEC. These forward-looking statements speak only as of the date of this press release, and MACOM undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

### **Discussion Regarding the Use of Historical and Forward-Looking Non-GAAP Financial Measures**

In addition to United States Generally Accepted Accounting Principles ("GAAP") reporting, MACOM provides investors with financial measures that have not been calculated in accordance with GAAP, such as: non-GAAP gross profit and gross margin, non-GAAP operating expenses, non-GAAP income from operations and operating margin, adjusted EBITDA, non-GAAP net income, non-GAAP diluted earnings per share, non-GAAP diluted shares, non-GAAP income tax rate, non-GAAP interest expense and non-GAAP free cash flow. In this release or elsewhere, we may alternatively refer to such non-GAAP measures as "adjusted" measures. This non-GAAP information excludes the effect, where applicable, of intangible amortization expense, share-based compensation expense, warrant liability expense, non-cash interest, loss on debt extinguishment, equity method investment gains and losses and the tax effect of each non-GAAP adjustment.

Management believes these excluded items are not reflective of our underlying performance and uses these non-GAAP financial measures to: evaluate our ongoing operating performance and compare it against prior periods, make operating decisions, forecast future periods, evaluate potential acquisitions, compare our operating performance against peer companies and assess certain compensation programs. The exclusion of these items from our non-GAAP financial results should not be interpreted as implying that these items are non-recurring, infrequent or unusual. We believe this non-GAAP financial information provides additional insight into our ongoing performance and have therefore chosen to provide this information to investors to help them evaluate the results of our ongoing operations and enable more meaningful period-to-period comparisons. These non-GAAP measures are provided in addition to, and not as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

A reconciliation between GAAP and non-GAAP financial data is included in the supplemental financial data attached to this press release. We have not provided a reconciliation with respect to any forward-looking non-GAAP financial data presented because we do not have and cannot reliably estimate certain key inputs required to calculate the most comparable GAAP financial data, such as future acquisition costs, the possibility and impact of any litigation costs, changes in our GAAP effective tax rate and impairment charges. We believe these unknown inputs are likely to have a significant impact on any estimate of the comparable GAAP financial data.

Investors are cautioned against placing undue reliance on non-GAAP financial measures and are urged to review and consider carefully the adjustments made by management to the most directly comparable GAAP financial measures. Non-GAAP financial measures may have limited value as analytical tools because they may exclude certain expenses that some investors consider important in evaluating our operating performance or ongoing business performance. Further, non-GAAP financial measures may have limited value for purposes of drawing comparisons between companies because different companies may calculate similarly titled non-GAAP financial measures in different ways because non-GAAP measures are not based on any comprehensive set of accounting rules or principles.

*Additional information and management's assessment regarding why certain items are excluded from our non-GAAP measures are summarized below:*

*Amortization Expense* – is related to acquired intangible assets which are based upon valuation methodologies, and are generally amortized over the expected life of the intangible asset at the time of acquisition, which may result in amortization amounts that vary over time. This non-cash expense is not considered by management in making operating decisions.

*Share-Based Compensation Expense* – includes share-based compensation expense for awards that are equity and liability classified on our balance sheet and the related employer tax expense at vesting. Share-based compensation expense is partially outside of our control due to factors such as stock price volatility and interest rates, which may be unrelated to our operating performance during the period in which the expense is incurred. It is an expense based upon valuation methodologies and assumptions that vary over time, and the amount of the expense can vary significantly between companies. Share-based compensation expense amounts are not considered by management in making operating decisions.

*Warrant Liability Expense* – is associated with mark-to-market fair value adjustments, which are largely based on the value of our common stock, which may vary from period to period due to factors such as stock price volatility. We believe these amounts are not correlated to future business operations and do not reflect our ongoing operations.

*Non-cash Interest, Net* – includes amounts associated with the amortization of the discount on our convertible notes and the amortization of certain fees associated with the establishment or amendment of our term loans and convertible notes that are being amortized over the life of the agreements. We believe these amounts are non-cash in nature, are not correlated to future business operations and do not reflect our ongoing operations.

*Equity Method Investment Gains and Losses* – primarily includes non-cash gains and losses associated with a non-marketable equity investment we had in Ampere Computing Holdings LLC and the \$118.2 million cash gain on the sale of this investment in December 2021. We believe these items are not correlated to future business operations and including such amounts does not reflect our ongoing operations.

*Loss on Debt Extinguishment* – includes the write-off of unamortized deferred financing costs associated with the paydown of our term loans. We believe these non-cash amounts are not correlated to future business operations and do not reflect on our ongoing operations.

*Tax Effect of Non-GAAP Adjustments* – includes adjustments to arrive at an estimate of our non-GAAP income tax rate associated with our non-GAAP income over a period of time. We determine our non-GAAP income tax rate using applicable rates in taxing jurisdictions and assessing certain factors including our historical and forecast earnings by jurisdiction, discrete items, cash taxes paid in relation to our non-GAAP net income before income taxes and our ability to realize tax assets. We generally assess this non-GAAP income tax rate quarterly

and have utilized 5% for fiscal year 2021 and our first fiscal quarter of fiscal year 2022 and 3% for our second and third fiscal quarters of fiscal year 2022. Our historical effective income tax rate under GAAP has varied significantly from our non-GAAP income tax rate due primarily to changes in fair values of the common stock warrant liability, which are excluded from our adjusted net income and are neither deductible nor taxable for tax purposes, gains or losses associated with our equity method investment in a private business, income taxed in foreign jurisdictions at generally lower tax rates, intangible impairments, research and development tax credits and merger expenses. We believe it is beneficial for management to review our non-GAAP income tax rate on a consistent basis over periods of time. Items such as those noted above may have a significant impact on our GAAP income tax expense and associated effective tax rate over time.

*Adjusted EBITDA* – is a calculation that adds depreciation expense to our adjusted income from operations. Management reviews and utilizes this measure for operational analysis purposes. We believe competitors and others in the financial industry also utilize this measure for analysis purposes.

*Free Cash Flow* – is a calculation that starts with cash flow from operating activities and reduces this amount by our capital expenditures in the applicable period. Management reviews and utilizes this measure for cash flow analysis purposes. We believe competitors and others in the financial industry also utilize this measure for analyzing a company's cash flow.

*Incremental Shares* – is the number of potential shares of common stock issuable upon the exercise of stock options, restricted stock, restricted stock units and warrants that were not included in the calculation of our GAAP diluted shares, as the impact would have been anti-dilutive. We believe competitors and others in the financial industry utilize this measure for analysis purposes.

\* \* \*

**Company Contact:**

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

	Three Months Ended			Nine Months Ended	
	July 1, 2022	April 1, 2022	July 2, 2021	July 1, 2022	July 2, 2021
Revenue	\$ 172,259	\$ 165,147	\$ 152,622	\$ 497,027	\$ 451,709
Cost of revenue	67,717	66,158	65,353	199,353	200,065
Gross profit	104,542	98,989	87,269	297,674	251,644
Operating expenses:					
Research and development	37,625	35,455	33,610	108,550	105,165
Selling, general and administrative	30,914	30,963	29,985	93,481	91,758
Total operating expenses	68,539	66,418	63,595	202,031	196,923
Income from operations	36,003	32,571	23,674	95,643	54,721
Other (expense) income:					
Warrant liability expense	—	—	—	—	(11,130)
Interest expense, net	(845)	(1,389)	(5,526)	(3,928)	(15,111)
Other income (expense), net	13	(55)	(2,661)	114,866	(4,287)
Total other (expense) income	(832)	(1,444)	(8,187)	110,938	(30,528)
Income before income taxes	35,171	31,127	15,487	206,581	24,193
Income tax expense	2,937	1,569	482	5,962	3,349
Net income	\$ 32,234	\$ 29,558	\$ 15,005	\$ 200,619	\$ 20,844
Net income per share:					
Income per share - Basic	\$ 0.46	\$ 0.42	\$ 0.22	\$ 2.88	\$ 0.31
Income per share - Diluted	\$ 0.45	\$ 0.42	\$ 0.21	\$ 2.82	\$ 0.30
Weighted average common shares:					
Shares - Basic	69,946	69,788	68,732	69,712	68,331
Shares - Diluted	71,060	71,107	70,880	71,130	70,282

**MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
*(unaudited and in thousands)*

	July 1, 2022	October 1, 2021
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 132,170	\$ 156,537
Short-term investments	404,169	188,365
Accounts receivable, net	106,594	84,570
Inventories	110,228	82,699
Prepaid and other current assets	12,344	9,365
Total current assets	765,505	521,536
Property and equipment, net	122,498	120,526
Goodwill and intangible assets, net	371,247	398,925
Deferred income taxes	37,519	39,516
Other long-term assets	36,301	53,642
Total assets	<u>\$ 1,333,070</u>	<u>\$ 1,134,145</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of finance lease obligations	\$ 977	\$ 958
Accounts payable	42,725	28,712
Accrued liabilities	57,731	63,374
Total current liabilities	101,433	93,044
Finance lease obligations, less current portion	27,292	28,037
Financing obligation	9,544	8,720
Long-term debt obligations	565,509	492,097
Other long-term liabilities	33,652	40,511
Total liabilities	737,430	662,409
Stockholders' equity	595,640	471,736
Total liabilities and stockholders' equity	<u>\$ 1,333,070</u>	<u>\$ 1,134,145</u>

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

	<b>Nine Months Ended</b>	
	<b>July 1, 2022</b>	<b>July 2, 2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 200,619	\$ 20,844
Depreciation and intangible asset amortization	43,052	52,854
Share-based compensation	30,260	26,841
Gain on equity method investment, net	(114,908)	287
Warrant liability expense	—	11,130
Deferred income taxes	2,110	2,200
Other adjustments, net	1,196	11,007
Accounts receivable	(22,024)	(25,735)
Inventories	(27,529)	8,089
Change in other operating assets and liabilities	4,213	85
Net cash provided by operating activities	116,989	107,602
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of equity method investment	127,750	—
Purchases of property and equipment	(18,818)	(12,926)
Sales, purchases and maturities of investments	(220,764)	38,970
Proceeds from sale of assets	23	280
Net cash (used in) provided by investing activities	(111,809)	26,324
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from convertible notes, net of issuance costs	—	444,249
Payments of long-term debt	—	(545,321)
Payments on finance leases	(726)	(1,012)
Proceeds from stock option exercises and employee stock purchases	8,052	5,774
Repurchase of common stock - tax withholdings on equity awards	(35,935)	(23,404)
Net cash used in financing activities	(28,609)	(119,714)
Foreign currency effect on cash	(938)	481
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(24,367)</b>	<b>14,693</b>
CASH AND CASH EQUIVALENTS — Beginning of period	156,537	129,441
CASH AND CASH EQUIVALENTS — End of period	<b>\$ 132,170</b>	<b>\$ 144,134</b>

**MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.**  
**RECONCILIATIONS OF GAAP TO NON-GAAP RESULTS**  
*(unaudited and in thousands, except per share data)*

	Three Months Ended						Nine Months Ended					
	July 1, 2022		April 1, 2022		July 2, 2021		July 1, 2022		July 2, 2021			
	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue
Gross profit - GAAP	\$ 104,542	60.7	\$ 98,989	59.9	\$ 87,269	57.2	\$ 297,674	59.9	\$ 251,644	55.7		
Amortization expense	1,778	1.0	1,778	1.1	3,806	2.5	6,061	1.2	11,490	2.5		
Share-based compensation expense	887	0.5	1,143	0.7	927	0.6	3,431	0.7	3,436	0.8		
Adjusted gross profit (Non-GAAP)	\$ 107,207	62.2	\$ 101,910	61.7	\$ 92,002	60.3	\$ 307,166	61.8	\$ 266,570	59.0		

	Three Months Ended						Nine Months Ended					
	July 1, 2022		April 1, 2022		July 2, 2021		July 1, 2022		July 2, 2021			
	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue
Operating expenses - GAAP	\$ 68,539	39.8	\$ 66,418	40.2	\$ 63,595	41.7	\$ 202,031	40.6	\$ 196,923	43.6		
Amortization expense	(6,276)	(3.6)	(6,277)	(3.8)	(7,601)	(5.0)	(19,334)	(3.9)	(23,317)	(5.2)		
Share-based compensation expense	(9,167)	(5.3)	(9,125)	(5.5)	(7,854)	(5.1)	(29,584)	(6.0)	(30,500)	(6.8)		
Adjusted operating expenses (Non-GAAP)	\$ 53,096	30.8	\$ 51,016	30.9	\$ 48,140	31.5	\$ 153,113	30.8	\$ 143,106	31.7		

	Three Months Ended						Nine Months Ended					
	July 1, 2022		April 1, 2022		July 2, 2021		July 1, 2022		July 2, 2021			
	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue
Income from operations - GAAP	\$ 36,003	20.9	\$ 32,571	19.7	\$ 23,674	15.5	\$ 95,643	19.2	\$ 54,721	12.1		
Amortization expense	8,054	4.7	8,054	4.9	11,407	7.5	25,395	5.1	34,807	7.7		
Share-based compensation expense	10,054	5.8	10,268	6.2	8,781	5.8	33,015	6.6	33,936	7.5		
Adjusted income from operations (Non-GAAP)	\$ 54,111	31.4	\$ 50,893	30.8	\$ 43,862	28.7	\$ 154,053	31.0	\$ 123,464	27.3		
Depreciation expense	5,918	3.4	5,792	3.5	5,834	3.8	17,657	3.6	18,047	4.0		
Adjusted EBITDA (Non-GAAP)	\$ 60,029	34.8	\$ 56,685	34.3	\$ 49,696	32.6	\$ 171,710	34.5	\$ 141,511	31.3		

	Three Months Ended						Nine Months Ended					
	July 1, 2022		April 1, 2022		July 2, 2021		July 1, 2022		July 2, 2021			
	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue
Net income - GAAP	\$ 32,234	18.7	\$ 29,558	17.9	\$ 15,005	9.8	\$ 200,619	40.4	\$ 20,844	4.6		
Amortization expense	8,054	4.7	8,054	4.9	11,407	7.5	25,395	5.1	34,807	7.7		
Share-based compensation expense	10,054	5.8	10,268	6.2	8,781	5.8	33,015	6.6	33,936	7.5		
Warrant liability expense	—	—	—	—	—	—	—	—	11,130	2.5		
Non-cash interest, net	412	0.2	411	0.2	4,070	2.7	1,281	0.3	5,467	1.2		
Equity method investment loss (gain), net	—	—	—	—	2,025	1.3	(114,908)	(23.1)	287	0.1		
Loss on debt extinguishment	—	—	—	—	647	0.4	—	—	4,488	1.0		
Tax effect of non-GAAP adjustments	1,326	0.8	73	—	(1,639)	(1.1)	464	0.1	(2,367)	(0.5)		
Adjusted net income (Non-GAAP)	\$ 52,080	30.2	\$ 48,364	29.3	\$ 40,296	26.4	\$ 145,866	29.3	\$ 108,592	24.0		

	Three Months Ended						Nine Months Ended					
	July 1, 2022		April 1, 2022		July 2, 2021		July 1, 2022		July 2, 2021			
	Net income	Income per diluted share	Net income	Income per diluted share	Net income	Income per diluted share	Net income	Income per diluted share	Net income	Income per diluted share	Net income	Income per diluted share
Net income - GAAP diluted	\$ 32,234	\$ 0.45	\$ 29,558	\$ 0.42	\$ 15,005	\$ 0.21	\$ 200,619	\$ 2.82	\$ 20,844	\$ 0.30		
Adjusted net income (Non-GAAP)	\$ 52,080	\$ 0.73	\$ 48,364	\$ 0.68	\$ 40,296	\$ 0.57	\$ 145,866	\$ 2.05	\$ 108,592	\$ 1.54		

	Three Months Ended			Nine Months Ended		
	July 1, 2022	April 1, 2022	July 2, 2021	July 1, 2022	July 2, 2021	
	Shares	Shares	Shares	Shares	Shares	
Diluted shares - GAAP	71,060	71,107	70,880	71,130	70,282	
Incremental shares	—	—	—	—	117	
Adjusted diluted shares (Non-GAAP)	71,060	71,107	70,880	71,130	70,399	

	Three Months Ended						Nine Months Ended					
	July 1, 2022		April 1, 2022		July 2, 2021		July 1, 2022		July 2, 2021			
	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue
Interest expense, net - GAAP	\$ 845	0.5	\$ 1,389	0.8	\$ 5,526	3.6	\$ 3,928	0.8	\$ 15,111	3.3		
Non-cash interest expense	(412)	(0.2)	(412)	(0.2)	(4,070)	(2.7)	(1,281)	(0.3)	(5,467)	(1.2)		
Adjusted interest expense (Non-GAAP)	\$ 433	0.3	\$ 977	0.6	\$ 1,456	1.0	\$ 2,647	0.5	\$ 9,644	2.1		

	Three Months Ended						Nine Months Ended					
	July 1, 2022		April 1, 2022		July 2, 2021		July 1, 2022		July 2, 2021			
	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue	Amount	% Revenue
Cash flow from operations	\$ 40,392	23.4	\$ 42,493	25.7	\$ 44,881	29.4	\$ 116,989	23.5	\$ 107,602	23.8		
Capital expenditures	(6,634)	(3.9)	(7,089)	(4.3)	(5,598)	(3.7)	(18,818)	(3.8)	(12,926)	(2.9)		
Free cash flow (Non-GAAP)	\$ 33,758	19.6	\$ 35,404	21.4	\$ 39,283	25.7	\$ 98,171	19.8	\$ 94,676	21.0		
Free cash flow as a percentage of Adjusted net income (Non-GAAP)	64.8 %		73.2 %		97.5 %		67.3 %		87.2 %			

**RECONCILIATION OF DEBT ACTIVITY**  
*(unaudited and in thousands)*

	<b>Long-term debt obligations</b>
Balance as of October 1, 2021	\$ 492,097
Reclassification of convertible notes from stockholders' equity	72,177
Other activity	1,235
Balance as of July 1, 2022	<u>\$ 565,509</u>