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

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**FORM 10-Q**

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(Mark One)

- ☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
For the quarterly period ended July 27, 2025  
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 001-06395

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**SEMTECH CORPORATION**

(Exact name of registrant as specified in its charter)

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

**95-2119684**  
(I.R.S. Employer  
Identification No.)

**200 Flynn Road, Camarillo, California, 93012-8790**  
(Address of principal executive offices, Zip Code)

**Registrant's telephone number, including area code: (805) 498-2111**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock par value \$0.01 per share	SMTC	The Nasdaq Global Select Market

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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, 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 ☒

Number of shares of common stock, \$0.01 par value per share, outstanding at August 22, 2025: 86,773,988

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FOR THE QUARTER ENDED JULY 27, 2025

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Unless the context otherwise requires, the use of the terms "Semtech," the "Company," "we," "us" and "our" in this Quarterly Report on Form 10-Q refers to Semtech Corporation and, as applicable, its consolidated subsidiaries. This Quarterly Report on Form 10-Q may contain references to the Company's trademarks and to trademarks belonging to other entities. Solely for convenience, trademarks and trade names referred to in this Quarterly Report on Form 10-Q, including logos, artwork and other visual displays, may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies' trade names or trademarks to imply a relationship with, or endorsement or sponsorship of us by, any other company.

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

*This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, as amended, based on our current expectations, estimates and projections about our operations, industry, financial condition, performance, results of operations, and liquidity. Forward-looking statements are statements other than historical information or statements of current condition and relate to matters such as future financial performance, future operational performance, the anticipated impact of specific items on future earnings, and our plans, objectives and expectations. Statements containing words such as "may," "believe," "see," "anticipate," "expect," "intend," "plan," "project," "objective," "estimate," "develop," "should," "could," "will," "designed to," "projections," or "outlook," or other similar expressions constitute forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties that could cause actual results and events to differ materially from those projected. Potential factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to: the volatility of the Company's financial results or impact of the cyclical nature of the industry, including during industry downturns or due to periodic economic uncertainty; the historical rapid decrease of the average selling prices of certain products; disruptions in U.S. or foreign government operations, funding or incentives; changes in export restrictions and laws affecting the Company's trade and investments, including tariffs or retaliatory tariffs; interruption or loss of supplies or services from the limited number of suppliers and subcontractors the Company relies upon; suppliers' manufacturing capacity constraints or other supply chain disruptions; failure to successfully develop and sell new products, meet new industry standards or requirements or anticipate changes in projected or end market users; failure to adequately protect intellectual property rights; failure to make the substantial investments in research and development that are required to remain competitive in the Company's business or to properly anticipate competitive changes in the marketplace; the likelihood of products being found defective or risk of liability claims asserted against the Company; business interruptions, such as natural disasters, acts of violence and the outbreak of contagious diseases; adverse changes to general economic conditions in China; the loss of any one of the Company's small number of customers or failure to collect a receivable from them; competition from new or established internet of things ("IoT"), cloud services and wireless service companies or from those with greater resources; the difficulties associated with integrating the Company's and Sierra Wireless, Inc.'s businesses and operations successfully as well as difficulties executing other acquisitions or divestitures; discovery of additional material weaknesses in the Company's internal control over financial reporting in the future or otherwise failing to achieve and maintain effective disclosure controls, procedures and internal control over financial reporting; changes in the Company's effective tax rates, the adoption of new U.S. or foreign tax legislation or exposure to additional tax liabilities, or material differences between the Company's forecasted annual effective tax rates and actual tax rates; the Company's ability to comply with, or pursue business strategies due to, the Company's level of indebtedness or the covenants under the agreements governing its indebtedness; and adverse developments affecting the financial services industry. Additionally, forward-looking statements should be considered in conjunction with the cautionary statements contained in the Company's Annual Report on Form 10-K for the fiscal year ended January 26, 2025 filed with the Securities and Exchange Commission (the "SEC") on March 25, 2025, including, without limitation, information under the captions "Management's Discussion and Analysis of Financial Condition and Results of Operations" and those set forth under "Risk Factors" in Item 1A of the Company's Annual Report on Form 10-K, as such risk factors may be amended, supplemented or superseded from time to time by other reports we file with SEC. In light of the significant risks and uncertainties inherent in the forward-looking information included herein that may cause actual performance and results to differ materially from those predicted, any such forward-looking information should not be regarded as representations or guarantees by the Company of future performance or results, or that its objectives or plans will be achieved, or that any of its operating expectations or financial forecasts will be realized. Reported results should not be considered an indication of future performance. Investors are cautioned not to place undue reliance on any forward-looking information contained herein, which reflect management's analysis only as of the date hereof. These forward-looking statements speak only as of the date hereof. Except as required by law, the Company assumes no obligation to publicly release the results of any update or revision to any forward-looking statement that may be made to reflect new information, events or circumstances after the date hereof or to reflect the occurrence of unanticipated or future events, or otherwise.*

*In addition to regarding forward-looking statements with caution, you should consider that the preparation of the consolidated financial statements requires us to draw conclusions and make interpretations, judgments, assumptions and estimates with respect to certain factual, legal, and accounting matters. Our consolidated financial statements might have been materially impacted if we had reached different conclusions or made different interpretations, judgments, assumptions or estimates.*

# PART I - FINANCIAL INFORMATION

## ITEM 1. Financial Statements

### SEMTECH CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (in thousands, except per share data) (unaudited)

	Three Months Ended		Six Months Ended	
	July 27, 2025	July 28, 2024	July 27, 2025	July 28, 2024
<b>Net sales:</b>				
Products	\$ 229,691	\$ 185,966	\$ 453,467	\$ 363,455
Services	27,898	29,389	55,182	58,005
Total net sales	257,589	215,355	508,649	421,460
<b>Cost of sales:</b>				
Products	108,600	95,368	214,011	186,602
Services	12,670	12,244	24,825	25,242
Amortization of acquired technology	2,214	2,279	4,419	4,560
Total cost of sales	123,484	109,891	243,255	216,404
<b>Gross profit</b>	134,105	105,464	265,394	205,056
<b>Operating expenses, net:</b>				
Product development and engineering	48,198	40,084	95,727	81,688
Selling, general and administrative	58,469	55,789	104,916	108,058
Intangible amortization	148	282	295	589
Restructuring	1,491	1,541	2,690	3,810
Goodwill impairment	41,991	—	41,991	—
Total operating expenses, net	150,297	97,696	245,619	194,145
<b>Operating (loss) income</b>	(16,192)	7,768	19,775	10,911
Interest expense	(5,235)	(28,578)	(11,817)	(51,807)
Interest income	529	433	898	975
Loss on extinguishment of debt	—	(144,688)	—	(144,688)
Non-operating expense, net	(1,311)	(1,015)	(4,113)	(615)
Investment impairments and credit loss reserves, net	—	—	—	(1,109)
(Loss) income before taxes and equity method income	(22,209)	(166,080)	4,743	(186,333)
Provision for income taxes	4,793	4,215	13,446	7,171
<b>Net loss before equity method income</b>	(27,002)	(170,295)	(8,703)	(193,504)
Equity method (loss) income	(62)	—	984	50
<b>Net loss</b>	<u>\$ (27,064)</u>	<u>\$ (170,295)</u>	<u>\$ (7,719)</u>	<u>\$ (193,454)</u>
<b>Loss per share:</b>				
Basic	\$ (0.31)	\$ (2.61)	\$ (0.09)	\$ (2.98)
Diluted	\$ (0.31)	\$ (2.61)	\$ (0.09)	\$ (2.98)
<b>Weighted-average number of shares used in computing loss per share:</b>				
Basic	86,707	65,281	86,574	64,895
Diluted	86,707	65,281	86,574	64,895

*The accompanying notes are an integral part of these interim unaudited condensed consolidated financial statements.*

SEMTECH CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS  
(in thousands)  
(unaudited)

	Three Months Ended		Six Months Ended	
	July 27, 2025	July 28, 2024	July 27, 2025	July 28, 2024
Net loss	\$ (27,064)	\$ (170,295)	\$ (7,719)	\$ (193,454)
Other comprehensive income, net:				
Unrealized loss on foreign currency cash flow hedges, net	—	(51)	—	(174)
Reclassifications of realized loss (gain) on foreign currency cash flow hedges, net, to net loss	—	13	—	(9)
Unrealized gain (loss) on interest rate cash flow hedges, net	595	(6,959)	505	4,641
Reclassifications of realized gain on interest rate cash flow hedges, net, to net loss	(403)	(2,196)	(511)	(4,393)
Reclassifications of realized gain on interest rate swaps termination and prior hedge effectiveness, net of tax	(850)	—	(1,006)	—
Cumulative translation adjustment	901	1,270	3,944	232
Change in defined benefit plans, net	(13)	(17)	(26)	(34)
Other comprehensive income (loss), net	230	(7,940)	2,906	263
Comprehensive loss	<u>\$ (26,834)</u>	<u>\$ (178,235)</u>	<u>\$ (4,813)</u>	<u>\$ (193,191)</u>

*The accompanying notes are an integral part of these interim unaudited condensed consolidated financial statements.*

SEMTECH CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(in thousands, except share and per share data)  
(unaudited)

	July 27, 2025	January 26, 2025
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 168,560	\$ 151,743
Accounts receivable, less allowances of \$6,240 and \$5,248, respectively	153,505	162,523
Inventories	183,295	163,593
Prepaid taxes	12,378	13,532
Other current assets	97,131	94,070
Total current assets	<u>614,869</u>	<u>585,461</u>
Non-current assets:		
Property, plant and equipment, net of accumulated depreciation of \$326,065 and \$313,978, respectively	115,644	126,190
Deferred tax assets	36,530	41,125
Goodwill	492,195	533,091
Other intangible assets, net	34,652	33,111
Other assets	111,995	100,286
<b>TOTAL ASSETS</b>	<b><u>\$ 1,405,885</u></b>	<b><u>\$ 1,419,264</u></b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 70,872	\$ 59,239
Accrued liabilities	172,239	178,201
Current portion of long-term debt	—	45,594
Total current liabilities	<u>243,111</u>	<u>283,034</u>
Non-current liabilities:		
Deferred tax liabilities	1,019	750
Long-term debt	518,937	505,933
Other long-term liabilities	89,926	87,121
<b>Commitments and contingencies (Note 11)</b>		
<b>Stockholders' equity :</b>		
Common stock, \$0.01 par value, 250,000,000 shares authorized, 99,010,607 issued and 86,771,546 outstanding and 99,010,607 issued and 86,272,439 outstanding, respectively	990	990
Treasury stock, at cost, 12,239,061 shares and 12,738,168 shares, respectively	(501,131)	(520,511)
Additional paid-in capital	1,465,611	1,469,712
Retained deficit	(403,405)	(395,686)
Accumulated other comprehensive loss, net	(9,173)	(12,079)
Total stockholders' equity	<u>552,892</u>	<u>542,426</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$ 1,405,885</u></b>	<b><u>\$ 1,419,264</u></b>

*The accompanying notes are an integral part of these interim unaudited condensed consolidated financial statements.*

SEMTECH CORPORATION  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)  
(in thousands, except share data)  
(unaudited)

**Three Months Ended July 27, 2025**

	Common Stock		Treasury Stock, at Cost	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss, Net	Stockholders' Equity	Noncontrolling Interest	Total Equity
	Number of Shares Outstanding	Amount							
<b>Balance at April 27, 2025</b>	<b>86,623,006</b>	<b>\$ 990</b>	<b>\$ (506,309)</b>	<b>\$ 1,459,878</b>	<b>\$ (376,341)</b>	<b>\$ (9,403)</b>	<b>\$ 568,815</b>	<b>\$ —</b>	<b>\$ 568,815</b>
Net loss	—	—	—	—	(27,064)	—	(27,064)	—	(27,064)
Other comprehensive income	—	—	—	—	—	230	230	—	230
Share-based compensation	—	—	—	13,731	—	—	13,731	—	13,731
Treasury stock reissued to settle share-based awards	148,540	—	5,178	(7,998)	—	—	(2,820)	—	(2,820)
<b>Balance at July 27, 2025</b>	<b>86,771,546</b>	<b>\$ 990</b>	<b>\$ (501,131)</b>	<b>\$ 1,465,611</b>	<b>\$ (403,405)</b>	<b>\$ (9,173)</b>	<b>\$ 552,892</b>	<b>\$ —</b>	<b>\$ 552,892</b>

**Six Months Ended July 27, 2025**

	Common Stock		Treasury Stock, at Cost	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss, Net	Stockholders' Equity	Noncontrolling Interest	Total Equity
	Number of Shares Outstanding	Amount							
<b>Balance at January 26, 2025</b>	<b>86,272,439</b>	<b>\$ 990</b>	<b>\$ (520,511)</b>	<b>\$ 1,469,712</b>	<b>\$ (395,686)</b>	<b>\$ (12,079)</b>	<b>\$ 542,426</b>	<b>\$ —</b>	<b>\$ 542,426</b>
Net loss	—	—	—	—	(7,719)	—	(7,719)	—	(7,719)
Other comprehensive income	—	—	—	—	—	2,906	2,906	—	2,906
Share-based compensation	—	—	—	26,968	—	—	26,968	—	26,968
Treasury stock reissued to settle share-based awards	499,107	—	19,380	(31,069)	—	—	(11,689)	—	(11,689)
<b>Balance at July 27, 2025</b>	<b>86,771,546</b>	<b>\$ 990</b>	<b>\$ (501,131)</b>	<b>\$ 1,465,611</b>	<b>\$ (403,405)</b>	<b>\$ (9,173)</b>	<b>\$ 552,892</b>	<b>\$ —</b>	<b>\$ 552,892</b>

*The accompanying notes are an integral part of these interim unaudited condensed consolidated financial statements.*

SEMTECH CORPORATION  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) (CONTINUED)  
(in thousands, except share data)  
(unaudited)

**Three Months Ended July 28, 2024**

	Common Stock		Treasury Stock, at Cost	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Income (Loss), Net	Stockholders' Deficit	Noncontrolling Interest	Total Deficit
	Number of Shares Outstanding	Amount							
<b>Balance at April 28, 2024</b>	<b>64,594,260</b>	<b>\$ 785</b>	<b>\$ (552,651)</b>	<b>\$ 490,507</b>	<b>\$ (256,949)</b>	<b>\$ 5,210</b>	<b>\$ (313,098)</b>	<b>\$ —</b>	<b>\$ (313,098)</b>
Net loss	—	—	—	—	(170,295)	—	(170,295)	—	(170,295)
Other comprehensive loss	—	—	—	—	—	(7,940)	(7,940)	—	(7,940)
Issuance of common stock upon exchange of 2028 Notes (as defined in Note 8)	10,378,431	100	—	333,155	—	—	333,255	—	333,255
Share-based compensation	—	—	—	17,993	—	—	17,993	—	17,993
Treasury stock reissued to settle share- based awards	145,482	—	4,032	(5,384)	—	—	(1,352)	—	(1,352)
<b>Balance at July 28, 2024</b>	<b>75,118,173</b>	<b>\$ 885</b>	<b>\$ (548,619)</b>	<b>\$ 836,271</b>	<b>\$ (427,244)</b>	<b>\$ (2,730)</b>	<b>\$ (141,437)</b>	<b>\$ —</b>	<b>\$ (141,437)</b>

**Six Months Ended July 28, 2024**

	Common Stock		Treasury Stock, at Cost	Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss, Net	Stockholders' Deficit	Noncontrolling Interest	Total Deficit
	Number of Shares Outstanding	Amount							
<b>Balance at January 28, 2024</b>	<b>64,415,861</b>	<b>\$ 785</b>	<b>\$ (556,888)</b>	<b>\$ 485,452</b>	<b>\$ (233,790)</b>	<b>\$ (2,993)</b>	<b>\$ (307,434)</b>	<b>\$ 184</b>	<b>\$ (307,250)</b>
Net loss	—	—	—	—	(193,454)	—	(193,454)	—	(193,454)
Other comprehensive income	—	—	—	—	—	263	263	—	263
Distribution to outside interest upon liquidation of a consolidated subsidiary	—	—	—	—	—	—	—	(184)	(184)
Issuance of common stock upon exchange of 2028 Notes (as defined in Note 8)	10,378,431	100	—	333,155	—	—	333,255	—	333,255
Share-based compensation	—	—	—	29,475	—	—	29,475	—	29,475
Treasury stock reissued to settle share- based awards	323,881	—	8,269	(11,811)	—	—	(3,542)	—	(3,542)
<b>Balance at July 28, 2024</b>	<b>75,118,173</b>	<b>\$ 885</b>	<b>\$ (548,619)</b>	<b>\$ 836,271</b>	<b>\$ (427,244)</b>	<b>\$ (2,730)</b>	<b>\$ (141,437)</b>	<b>\$ —</b>	<b>\$ (141,437)</b>

*The accompanying notes are an integral part of these interim unaudited condensed consolidated financial statements.*



SEMTECH CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)  
(unaudited)

	Six Months Ended	
	July 27, 2025	July 28, 2024
Cash flows from operating activities:		
Net loss	\$ (7,719)	\$ (193,454)
<i>Adjustments to reconcile net loss to net cash provided by (used in) operating activities:</i>		
Depreciation and amortization	20,504	23,071
Amortization of right-of-use assets	2,702	3,189
Investment impairments and credit loss reserves, net	—	1,109
Goodwill impairment	41,991	—
Accretion of deferred financing costs	2,525	4,758
Write-off of deferred financing costs	516	5,497
Loss on extinguishment of debt	—	143,467
Interest rate swap termination	(729)	—
Deferred income taxes	4,848	(934)
Share-based compensation	24,132	32,372
Loss on disposition of business operations and assets	42	91
Equity method income	(984)	(50)
Gain from sale of investments	—	(277)
Corporate-owned life insurance, net	1,389	1,670
<i>Changes in assets and liabilities:</i>		
Accounts receivable, net	9,218	(18,701)
Inventories	(19,628)	(11,031)
Other assets	(2,770)	3,705
Accounts payable	11,225	31,084
Accrued liabilities	(11,440)	(26,660)
Other liabilities	(3,603)	(3,990)
Net cash provided by (used in) operating activities	<u>72,219</u>	<u>(5,084)</u>
Cash flows from investing activities:		
Proceeds from sales of property, plant and equipment	3	73
Purchase of property, plant and equipment	(4,534)	(4,745)
Proceeds from sale of investments	536	2,650
Purchase of investments	—	(434)
Purchase of intangibles	(2,779)	(5,018)
Proceeds from corporate-owned life insurance	—	4,802
Premiums paid for corporate-owned life insurance	(3,428)	—
Net cash used in investing activities	<u>(10,202)</u>	<u>(2,672)</u>
Cash flows from financing activities:		
Payments of term loans	(35,000)	—
Proceeds from interest rate swap termination	237	—
Deferred financing costs	(564)	(824)
Payments for employee share-based compensation payroll taxes	(12,191)	(4,185)
Proceeds from exercise of stock options	500	643
Distributions to noncontrolling interest	—	(184)
Net cash used in financing activities	<u>(47,018)</u>	<u>(4,550)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>1,818</u>	<u>(351)</u>
Net increase (decrease) in cash and cash equivalents	16,817	(12,657)
Cash and cash equivalents at beginning of period	151,743	128,585
Cash and cash equivalents at end of period	<u>\$ 168,560</u>	<u>\$ 115,928</u>

SEMTECH CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)  
(in thousands)  
(unaudited)

	Six Months Ended	
	July 27, 2025	July 28, 2024
<b>Supplemental disclosure of cash flow information:</b>		
Interest paid	\$ 10,035	\$ 42,352
Income taxes paid	\$ 3,996	\$ 3,809
<b>Non-cash investing and financing activities:</b>		
Accounts payable related to capital expenditures	\$ 507	\$ 269
Accrued deferred financing costs	\$ —	\$ 383
Accrued purchases of intangibles	\$ 3,652	\$ —
Debt extinguished in exchange for common stock	\$ —	\$ 188,050

*The accompanying notes are an integral part of these interim unaudited condensed consolidated financial statements.*

SEMTECH CORPORATION  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

**Note 1: Organization and Basis of Presentation**

*Nature of Business*

Semtech Corporation (together with its consolidated subsidiaries, the "Company" or "Semtech") is a leading provider of high-performance semiconductor, Internet of Things ("IoT") systems and cloud connectivity service solutions. The end customers for the Company's silicon solutions are primarily original equipment manufacturers that produce and sell technology solutions. The Company's IoT module, router, gateway (together "IoT Hardware") and managed connectivity solutions ship to IoT device makers and enterprises to provide IoT connectivity to end devices.

The Company designs, develops, manufactures and markets a diverse portfolio of products for commercial applications, addressing the global infrastructure, high-end consumer and industrial end markets.

*Basis of Presentation*

The Company reports results on the basis of 52 and 53-week periods and ends its fiscal year on the last Sunday in January. The other quarters generally end on the last Sunday of April, July and October. All quarters consist of 13 weeks except for one 14-week period in the fourth quarter of 53-week years. The second quarter of fiscal years 2026 and 2025 each consisted of 13 weeks.

Certain reclassifications within the Statements of Operations (as defined and described below) have been made to prior period amounts to conform to current period presentation, with no impact to the Company's gross profit, operating income, net income or earnings per share for any historical periods and no impact to the Balance Sheets or Statements of Cash Flows (as defined and described below).

*Principles of Consolidation*

The accompanying interim unaudited condensed consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries and have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") and on the same basis as the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended January 26, 2025 ("Annual Report"). The Company's interim unaudited condensed consolidated statements of operations are referred to herein as the "Statements of Operations," the Company's interim unaudited condensed consolidated balance sheets are referred to herein as the "Balance Sheets," and the Company's interim unaudited condensed consolidated statements of cash flows are referred to herein as the "Statements of Cash Flows." In the opinion of the Company, these interim unaudited condensed consolidated financial statements contain all adjustments (consisting of normal recurring adjustments) necessary to present fairly, in all material respects, the financial position and results of operations of the Company for the interim periods presented. All intercompany balances have been eliminated. Because the interim unaudited condensed consolidated financial statements do not include all of the information and notes required by GAAP for a complete set of consolidated financial statements, they should be read in conjunction with the audited consolidated financial statements and notes included in the Company's Annual Report. The results reported in these interim unaudited condensed consolidated financial statements should not be regarded as indicative of results that may be expected for any subsequent period or for the entire year.

*Use of Estimates*

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Recent Accounting Pronouncements*

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-04, which clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. The amendments are effective for the Company for fiscal years beginning after December 15, 2025, with early adoption permitted. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, which requires public business entities to expand disclosures about specific expense categories. The amendments in this ASU require a public entity to disclose, in tabular format, in the notes to the financial statements, specific information about certain costs and expenses. Although the ASU does not change the expense captions an entity presents on the face of the income statement, it requires disaggregation of certain expense captions into

specified categories. The amendments are effective for the Company for fiscal years beginning after December 15, 2026, with early adoption permitted. The Company is currently evaluating the impact of this guidance on its disclosures within its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, which requires public business entities to disclose sufficient information to enable users of financial statements to understand the nature and magnitude of factors contributing to the difference between the effective tax rate and the statutory tax rate. The amendments in this update provide that a business entity disclose (1) a tabular income tax rate reconciliation, using both percentages and amounts, (2) separate disclosure of any individual reconciling items that are equal to or greater than 5% of the amount computed by multiplying the income (loss) from continuing operations before income taxes by the applicable statutory income tax rate, and disaggregation of certain items that are significant and (3) amount of income taxes paid (net of refunds received) disaggregated by federal, state and foreign jurisdictions, including separate disclosure of any individual jurisdictions representing greater than 5% of total income taxes paid. The amendments are effective for the Company for fiscal years beginning after December 15, 2024. Early adoption is permitted and entities may apply the amendments prospectively or may elect retrospective application. The Company is currently evaluating the impact of this guidance on its disclosures within its consolidated financial statements.

**Note 2: Loss per Share**

The computation of basic and diluted loss per share was as follows:

(in thousands, except per share data)	Three Months Ended		Six Months Ended	
	July 27, 2025	July 28, 2024	July 27, 2025	July 28, 2024
Net loss	\$ (27,064)	\$ (170,295)	\$ (7,719)	\$ (193,454)
Weighted-average shares outstanding—basic	86,707	65,281	86,574	64,895
Weighted-average shares outstanding—diluted	86,707	65,281	86,574	64,895
Loss per share:				
Basic	\$ (0.31)	\$ (2.61)	\$ (0.09)	\$ (2.98)
Diluted	\$ (0.31)	\$ (2.61)	\$ (0.09)	\$ (2.98)
Anti-dilutive shares not included in the above calculations:				
Share-based compensation	1,777	911	1,667	888
Warrants	8,573	8,573	8,573	8,573
Total anti-dilutive shares	10,350	9,484	10,240	9,461

Basic earnings or loss per share is computed by dividing net income or loss available to common stockholders by the weighted-average number of shares of common stock outstanding during the reporting period. Diluted earnings or loss per share incorporates the incremental shares issuable, calculated using the treasury stock method, upon the assumed exercise of non-qualified stock options and the vesting of restricted stock units, market-condition restricted stock units and financial metric-based restricted stock units if certain conditions have been met, but excludes such incremental shares that would have an anti-dilutive effect. Due to the Company's net loss for the three and six months ended July 27, 2025 and July 28, 2024, all shares underlying stock options and restricted stock units were considered anti-dilutive.

Any dilutive effect of the 2027 Notes and 2028 Notes (as defined in Note 8, Long-Term Debt) is calculated using the if-converted method. For the three and six months ended July 27, 2025 and July 28, 2024, the 2027 Notes and 2028 Notes were excluded from diluted shares outstanding due to net loss in such reporting periods.

Any dilutive effect of the Warrants (as defined in Note 8, Long-Term Debt) is calculated using the treasury-stock method. For the three and six months ended July 27, 2025 and July 28, 2024, the Warrants were excluded from diluted shares outstanding because the exercise price exceeded the average market price of the Company's common stock for the reporting periods and due to net loss in such reporting periods.

### Note 3: Share-Based Compensation

#### Financial Statement Effects and Presentation

Pre-tax share-based compensation was included in the Statements of Operations as follows:

(in thousands)	Three Months Ended		Six Months Ended	
	July 27, 2025	July 28, 2024	July 27, 2025	July 28, 2024
Cost of sales	\$ 603	\$ 714	\$ 1,308	\$ 1,396
Product development and engineering	3,424	3,442	7,169	6,603
Selling, general and administrative	13,270	12,982	15,655	24,373
Total share-based compensation	<u>\$ 17,297</u>	<u>\$ 17,138</u>	<u>\$ 24,132</u>	<u>\$ 32,372</u>

#### Restricted Stock Units, Employees

The Company grants restricted stock units to certain employees of which a portion are expected to be settled with shares of the Company's common stock and a portion are expected to be settled in cash. The restricted stock units that are to be settled with shares are accounted for as equity. The grant date for these awards is equal to the measurement date and they are valued as of the measurement date, based on the fair value of the Company's common stock at the grant date, and recognized as share-based compensation expense over the requisite vesting period (typically between 1 and 4 years). The restricted stock units that are to be settled in cash are accounted for as liabilities and the value of the awards is re-measured at the end of each reporting period until settlement at the end of the requisite vesting period (typically 3 years). In the six months ended July 27, 2025, the Company granted to certain employees 503,657 restricted stock units that settle in shares with a weighted-average grant date fair value of \$36.06.

#### Restricted Stock Units, Non-Employee Directors

The Company maintains a compensation program pursuant to which restricted stock units are granted to the Company's directors who are not employed by the Company or any of its subsidiaries. Under the Company's director compensation program in effect prior to the Company's 2025 annual meeting of stockholders, a portion of the restricted stock units granted under the program would be settled in cash and a portion would be settled in shares of the Company's common stock. Restricted stock units granted under the program in connection with and following the Company's 2025 annual meeting of stockholders will be settled in shares of the Company's common stock. Restricted stock units awarded under the program are generally scheduled to vest on the earlier of (i) one year after the grant date or (ii) the day immediately preceding the first annual meeting of the Company's stockholders following the grant. Restricted stock units awarded under the program that are to be settled in cash will, subject to vesting, be settled when the director who received the award separates from service. Restricted stock units awarded under the program that are to be settled in shares of stock will, subject to vesting, be settled promptly following vesting; provided that a director may elect to defer the settlement date to the director's separation from service pursuant to the Company's Director Deferred Compensation Plan. In the six months ended July 27, 2025, the Company granted to certain non-employee directors 42,568 restricted stock units that settle in shares with a weighted-average grant date fair value of \$37.58.

The restricted stock units that are to be settled in cash are accounted for as liabilities. These awards are not typically settled until a non-employee director's separation from service. The value of both the unvested and vested but unsettled awards are re-measured at the end of each reporting period until settlement. In the six months ended July 27, 2025, \$4.1 million was paid to settle the vesting of 73,244 cash-settled restricted stock unit awards upon the separation of service of two former directors. As of July 27, 2025, the total number of vested, but unsettled, shares subject to cash-settled restricted stock unit awards was 133,457 and the liability associated with these awards was \$7.4 million, of which \$2.5 million was included in "Accrued liabilities" in the Balance Sheets relating to a previous non-employee director currently serving a short-term non-employee consultancy for the Company. The remaining \$4.9 million was included in "Other long-term liabilities" in the Balance Sheets as of July 27, 2025. As of January 26, 2025, the total number of vested, but unsettled, shares subject to cash-settled restricted stock unit awards was 206,701 and the liability associated with these awards was \$14.5 million, of which \$8.3 million was included in "Accrued liabilities" in the Balance Sheets relating to two previous non-employee directors serving short-term non-employee consultancies for the Company and one former non-employee director who separated from service. The remaining \$6.2 million was included in "Other long-term liabilities" in the Balance Sheets as of January 26, 2025.

#### Financial Metric-Based Restricted Stock Units with a Market Condition

The Company grants financial metric-based restricted stock units with a market condition (the "Performance Awards") to certain executives of the Company, which are settled in shares and accounted for as equity awards. The Performance Awards have both a financial metric-based performance condition and a pre-defined market condition, which together determine the number of shares that ultimately vest, in addition to the condition of continued service. The number of vested shares for each of the three tranches of the awards, which are the one, two and three-year performance periods, is determined based on the Company's attainment of pre-established revenue and non-GAAP operating income targets for the respective performance

period. The vesting for tranches after the initial performance period is dependent on revenue and non-GAAP operating income for the preceding performance period. The market condition is determined based upon the Company's total stockholder return ("TSR") benchmarked against the TSR of an index over the three-year performance period. For fiscal year 2026 grants, the benchmark was against the Russell 3000 Index. The market condition functions as a catch-up provision in determining the vesting of the third tranche of the awards based on the performance over the full three-year performance period. Generally, the award recipients must be employed for the entire performance period and be an active employee at the time of vesting of the awards.

The grant-date fair values of the first and second tranches of the Performance Awards are valued using the closing stock price on the grant date and the grant-date fair value of the third tranche of the Performance Awards is valued using a Monte Carlo simulation, which takes into consideration the possible outcomes pertaining to the TSR market condition. The compensation cost of the Performance Awards is recognized using the accelerated attribution method over the requisite service period based on the number of shares that are probable of attainment for each fiscal year.

In the six months ended July 27, 2025, the Company granted 357,441 Performance Awards. The weighted-average grant-date fair values for each of the one, two and three-year performance periods over which the Performance Awards vest were \$32.83, \$32.83 and \$41.67, respectively. Under the terms of these awards, assuming the highest performance level of 200% with no cancellations due to forfeitures, the maximum potential number of shares that can be earned in aggregate for the cumulative fiscal years 2026, 2027 and 2028 performance periods would be 714,882 shares. In the six months ended July 27, 2025, 27,073 Performance Awards were forfeited due to the terminations of certain officers.

**Note 4: Available-for-sale securities**

The following table summarizes the values of the Company's available-for-sale securities:

(in thousands)	July 27, 2025			January 26, 2025		
	Fair Value	Amortized Cost	Gross Unrealized Loss	Fair Value	Amortized Cost	Gross Unrealized Loss
Convertible debt investments	\$ 12,715	\$ 14,725	\$ (2,010)	\$ 12,715	\$ 14,725	\$ (2,010)
Total available-for-sale securities	<u>\$ 12,715</u>	<u>\$ 14,725</u>	<u>\$ (2,010)</u>	<u>\$ 12,715</u>	<u>\$ 14,725</u>	<u>\$ (2,010)</u>

The Company's available-for-sale securities, all of which mature within one year, consist of investments in convertible debt instruments issued by privately-held companies and are recorded at fair value. See Note 5, Fair Value Measurements, for further discussion of the valuation of the available-for-sale securities. The available-for-sale securities with maturities within one year are included in "Other current assets". Unrealized gains or losses, net of tax, are recorded in "Accumulated other comprehensive loss, net" in the Balance Sheets, and realized gains or losses, as well as current expected credit loss reserves were recorded in "Non-operating expense, net" in the Statements of Operations.



## Note 5: Fair Value Measurements

The following fair value hierarchy is applied for disclosure of the inputs used to measure fair value and prioritizes the inputs into three levels as follows:

*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 and liabilities in active markets or other inputs that are observable for the assets or liabilities, either directly or indirectly.

*Level 3*—Unobservable inputs based on the Company's own assumptions, requiring significant management judgment or estimation.

### Instruments Measured at Fair Value on a Recurring Basis

The Company does not have any financial liabilities measured and recorded at fair value. The fair values of financial assets measured and recorded at fair value on a recurring basis were presented in the Balance Sheets as follows:

(in thousands)	July 27, 2025				January 26, 2025			
	Total	(Level 1)	(Level 2)	(Level 3)	Total	(Level 1)	(Level 2)	(Level 3)
Financial assets:								
Interest rate swap agreement	\$ 205	\$ —	\$ 205	\$ —	\$ 745	\$ —	\$ 745	\$ —
Convertible debt investments	12,715	—	—	12,715	12,715	—	—	12,715
Total financial assets	<u>\$ 12,920</u>	<u>\$ —</u>	<u>\$ 205</u>	<u>\$ 12,715</u>	<u>\$ 13,460</u>	<u>\$ —</u>	<u>\$ 745</u>	<u>\$ 12,715</u>

During the six months ended July 27, 2025, the Company had no transfers of financial assets between Level 1, Level 2 or Level 3. As of July 27, 2025 and January 26, 2025, the Company had not elected the fair value option for any financial assets for which such an election would have been permitted.

The convertible debt investments are valued utilizing a combination of estimates that are based on the estimated discounted cash flows associated with the debt and the fair value of the equity into which the debt may be converted, all of which are Level 3 inputs.

There were no changes in convertible debt investments in the six months ended July 27, 2025.

The interest rate swap agreements are measured at fair value using readily available interest rate curves (Level 2 inputs). The fair value of each agreement is determined by comparing, for each settlement, the contract rate to the forward rate and discounting to the present value. Contracts in a gain position are recorded in "Other current assets" and "Other assets" in the Balance Sheets and the value of contracts in a loss position are recorded in "Accrued liabilities" and "Other long-term liabilities" in the Balance Sheets.

See Note 16, Derivatives and Hedging Activities, for further discussion of the Company's derivative instruments.

### Instruments Not Recorded at Fair Value

Some of the Company's financial instruments are not measured at fair value, but are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include: cash and cash equivalents including money market deposits, net receivables, certain other assets, accounts payable, accrued expenses, accrued personnel costs, and other current liabilities. The Company's revolving loans and Term Loans (as defined in Note 8, Long-Term Debt) are recorded at cost, which approximates fair value as the debt instruments bear interest at a floating rate. The 2027 Notes and 2028 Notes (as defined in Note 8, Long-Term Debt) are carried at face value less unamortized debt issuance costs, with interest expense reflecting the cash coupon plus the amortization of the capitalized issuance costs. The estimated fair values are determined based on the actual bid prices of the 2027 Notes and 2028 Notes as of the last business day of the period.

The following table displays the carrying values and fair values of the 2027 Notes and 2028 Notes:

(in thousands)	Fair Value Hierarchy	July 27, 2025		January 26, 2025	
		Carrying Value	Fair Value	Carrying Value	Fair Value
1.625% convertible senior notes due 2027, net <sup>(1)</sup>	Level 2	\$ 314,178	\$ 496,274	\$ 312,973	\$ 647,943
4.00% convertible senior notes due 2028, net <sup>(2)</sup>	Level 2	60,566	163,726	60,352	225,771
Total long-term debt, net of debt issuance costs		<u>\$ 374,744</u>	<u>\$ 660,000</u>	<u>\$ 373,325</u>	<u>\$ 873,714</u>

<sup>(1)</sup> The 1.625% convertible senior notes due 2027, net, are reflected net of \$5.3 million and \$6.5 million of unamortized debt issuance costs as of July 27, 2025 and January 26, 2025, respectively.

<sup>(2)</sup> The 4.00% convertible senior notes due 2028, net, are reflected net of \$1.4 million and \$1.6 million of unamortized debt issuance costs as of July 27, 2025 and January 26, 2025, respectively.

#### Assets and Liabilities Recorded at Fair Value on a Non-Recurring Basis

The Company reduces the carrying amounts of its intangible assets, long-lived assets and non-marketable equity securities to fair value when it determines they are impaired.

#### Investment Impairments and Credit Loss Reserves

The total credit loss reserve for the Company's held-to-maturity debt securities and available-for-sale debt securities remained flat at \$4.5 million as of July 27, 2025 and January 26, 2025. Credit loss reserves related to the Company's available-for-sale debt securities and held-to-maturity debt securities with maturities within one year are included in "Other current assets" in the Balance Sheets.

**Note 6: Inventories**

Inventories, consisting of material, material overhead, labor, and manufacturing overhead, are stated at the lower of cost (first-in, first-out) or net realizable value and consisted of the following:

(in thousands)	July 27, 2025	January 26, 2025
Raw materials and electronic components	\$ 40,049	\$ 46,333
Work in progress	100,994	87,896
Finished goods	42,252	29,364
Total inventories	<u>\$ 183,295</u>	<u>\$ 163,593</u>

## Note 7: Goodwill and Intangible Assets

### Goodwill

The following table summarizes goodwill by applicable operating segments:

(in thousands)	Balance as of July 27, 2025			Balance as of January 26, 2025		
	Goodwill	Accumulated Impairment Losses	Carrying Value	Goodwill	Accumulated Impairment Losses	Carrying Value
Signal Integrity	\$ 267,205	\$ —	\$ 267,205	\$ 267,205	\$ —	\$ 267,205
Analog Mixed Signal and Wireless	83,101	—	83,101	83,101	—	83,101
IoT Systems and Connectivity	946,991	(805,102)	141,889	945,896	(763,111)	182,785
Total goodwill	<u>\$1,297,297</u>	<u>\$ (805,102)</u>	<u>\$ 492,195</u>	<u>\$1,296,202</u>	<u>\$ (763,111)</u>	<u>\$ 533,091</u>

The following table summarizes the change in goodwill by applicable operating segments:

(in thousands)	Signal Integrity	Analog Mixed Signal and Wireless	IoT Systems and Connectivity	Total
Balance at January 26, 2025	\$ 267,205	\$ 83,101	\$ 182,785	\$ 533,091
Cumulative translation adjustment	—	—	1,095	1,095
Impairment	—	—	(41,991)	(41,991)
Balance at July 27, 2025	<u>\$ 267,205</u>	<u>\$ 83,101</u>	<u>\$ 141,889</u>	<u>\$ 492,195</u>

During the second quarter of fiscal year 2026, as a result of reduced earnings forecasts of the IoT Connected Services reporting unit, the Company performed an interim impairment test using a quantitative assessment of the IoT Connected Services reporting unit, included in the IoT Systems and Connectivity operating segment. The interim impairment test resulted in \$42.0 million of total pre-tax non-cash goodwill impairment charges for the IoT Connected Services reporting unit recorded in the Statements of Operations during the second quarter of fiscal year 2026. The fair value of the reporting unit was determined based on a discounted cash flow model (an income approach) and earnings multiples (a market approach). Significant inputs to the reporting unit fair value measurements included forecasted cash flows, discount rates, terminal growth rates and earnings multiples, which were determined by management estimates and assumptions. The reporting unit fair value measurement is classified as Level 3 in the fair value hierarchy because it involves significant unobservable inputs.

Goodwill is not amortized, but is tested for impairment at the reporting unit level using either a qualitative or quantitative assessment on an annual basis during the fourth quarter of each fiscal year, and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment of goodwill is measured at the reporting unit level by comparing the reporting unit's carrying amount, including goodwill, to the fair market value of the reporting unit. As of July 27, 2025, with the exception of the goodwill impairment recorded to the IoT Connected Services reporting unit discussed above, there was no indication of impairment of the Company's goodwill balances for any of the other reporting units in the IoT Systems and Connectivity operating segment or in any of the other operating segments.

### Purchased and Other Intangibles

The following table sets forth the Company's finite-lived intangible assets, which are amortized over their estimated useful lives:

		July 27, 2025			
(in thousands, except estimated useful life)	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment	Net Carrying Amount
Core technologies	1-8 years	\$ 155,694	\$ (49,200)	\$ (91,792)	\$ 14,702
Customer relationships	1-10 years	52,585	(14,371)	(34,777)	3,437
Trade name	2-10 years	9,000	(3,191)	(4,816)	993
Capitalized development costs	3-7 years	3,513	(603)	—	2,910
Software licenses	7-10 years	3,740	(120)	—	3,620
Total finite-lived intangible assets		<u>\$ 224,532</u>	<u>\$ (67,485)</u>	<u>\$ (131,385)</u>	<u>\$ 25,662</u>

  

		January 26, 2025			
(in thousands, except estimated useful life)	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment	Net Carrying Amount
Core technologies	1-8 years	\$ 154,728	\$ (44,014)	\$ (91,792)	\$ 18,922
Customer relationships	1-10 years	51,781	(13,394)	(34,777)	3,610
Trade name	2-10 years	9,000	(3,125)	(4,816)	1,059
Capitalized development costs	3 years	1,368	(278)	—	1,090
Software licenses	7 years	200	(14)	—	186
Total finite-lived intangible assets		<u>\$ 217,077</u>	<u>\$ (60,825)</u>	<u>\$ (131,385)</u>	<u>\$ 24,867</u>

Amortization expense of finite-lived intangible assets was as follows:

(in thousands)	Three Months Ended		Six Months Ended	
	July 27, 2025	July 28, 2024	July 27, 2025	July 28, 2024
Core technologies	\$ 2,214	\$ 2,279	\$ 4,419	\$ 4,560
Customer relationships	115	114	229	228
Trade name	33	168	66	361
Capitalized development costs	198	49	325	49
Software licenses	96	—	106	—
Total amortization expense	<u>\$ 2,656</u>	<u>\$ 2,610</u>	<u>\$ 5,145</u>	<u>\$ 5,198</u>

Amortization expense of finite-lived intangible assets related to core technologies was recorded in "Amortization of acquired technology" within "Total cost of sales" in the Statements of Operations, and amortization expense of finite-lived intangible assets related to customer relationships and trade name was recorded in "Intangible amortization" within "Total operating expenses, net" in the Statements of Operations. Amortization expense of finite-lived intangible assets related to software licenses was recorded in "Cost of sales" in the Statements of Operations and amortization expense of finite-lived intangible assets related to capitalized development costs was recorded in "Product development and engineering" in the Statements of Operations.

Future amortization expense of finite-lived intangible assets is expected as follows:

(in thousands)	Core Technologies	Customer Relationships	Trade Name	Capitalized Development Costs	Software Licenses	Total
2026 (remaining six months)	\$ 4,217	\$ 230	\$ 66	\$ 396	\$ 192	\$ 5,101
2027	3,756	461	133	792	384	5,526
2028	3,599	461	133	515	384	5,092
2029	3,130	461	133	284	384	4,392
2030	—	461	133	284	384	1,262
Thereafter	—	1,363	395	639	1,892	4,289
Total expected amortization expense	<u>\$ 14,702</u>	<u>\$ 3,437</u>	<u>\$ 993</u>	<u>\$ 2,910</u>	<u>\$ 3,620</u>	<u>\$ 25,662</u>

Also in "Other intangible assets, net" in the Balance Sheets, are finite-lived intangible assets to be amortized upon placement in service. The following table sets forth the Company's finite-lived intangible assets not yet placed in service:

(in thousands)	Capitalized Development Costs	Software Licenses	Total
Balance at January 26, 2025	\$ 2,104	\$ 6,140	\$ 8,244
Additions	1,481	4,950	6,431
Placed in service	(2,145)	(3,540)	(5,685)
Balance at July 27, 2025	<u>\$ 1,440</u>	<u>\$ 7,550</u>	<u>\$ 8,990</u>

## Note 8: Long-Term Debt

Long-term debt and the current period interest rates were as follows:

(in thousands, except percentages)	July 27, 2025	January 26, 2025
Revolving loans	\$ —	\$ —
Term loans	146,212	181,212
1.625% convertible senior notes due 2027	319,500	319,500
4.00% convertible senior notes due 2028	61,950	61,950
Total debt	\$ 527,662	\$ 562,662
Current portion, net	\$ —	\$ (45,594)
Debt issuance costs	(8,725)	(11,135)
Total long-term debt, net of debt issuance costs	\$ 518,937	\$ 505,933
Weighted-average effective interest rate <sup>(1)</sup>	3.32 %	4.10 %

<sup>(1)</sup> The revolving loans and Term Loans (as defined below) bear interest at variable rates based on Adjusted Term SOFR or a Base Rate (as defined in the Credit Agreement), at the Company's option, plus an applicable margin that varies based on the Company's consolidated leverage ratio. In the first quarter of fiscal year 2024, the Company entered into an interest rate swap agreement with a 2.75 year term to hedge the variability of interest payments on \$150.0 million of debt outstanding on the Term Loans at a fixed Term SOFR rate of 3.58%, plus a variable margin and spread based on the Company's consolidated leverage ratio. As of July 27, 2025, the effective interest rate was a weighted-average rate that represented (a) interest on \$75.0 million of the debt outstanding on the Term Loans at a fixed SOFR rate of 3.58% plus a margin and spread of 1.85% (total fixed rate of 5.43%), (b) interest on the remaining debt outstanding on the Term Loans at a floating SOFR rate of 4.33% plus a margin and spread of 1.85% (total floating rate of 6.18%), (c) interest on the 2027 Notes outstanding at a fixed rate of 1.625%, and (d) interest on the 2028 Notes outstanding at a fixed rate of 4.00%. As of January 26, 2025, the effective interest rate was a weighted average-rate that represented (a) interest on \$150.0 million of the debt outstanding on the Term Loans at a fixed SOFR rate of 3.58% plus a margin and spread of 3.85% (total fixed rate of 7.43%), (b) interest on the remaining debt outstanding on the Term Loans at a floating SOFR rate of 4.36% plus a margin and spread of 3.85% (total floating rate of 8.21%), (c) interest on the 2027 Notes outstanding at a fixed rate of 1.625%, and (d) interest on the 2028 Notes outstanding at a fixed rate of 4.00%.

### Credit Agreement

On November 7, 2019, we, with certain of our domestic subsidiaries as guarantors, entered into a credit agreement with the lenders party thereto and HSBC Bank USA, National Association ("HSBC Bank"), as administrative agent, swing line lender and letter of credit issuer. On September 26, 2022 (the "Third Restatement Effective Date"), the Company entered into a third amended and restated credit agreement (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") with the lenders party thereto, HSBC Bank, as resigning administrative agent, and JPMorgan Chase Bank, N.A. ("JPM"), as successor administrative agent, swing line lender and letter of credit issuer. The restated Credit Agreement, which was entered into substantially concurrently with the completion of the acquisition of Sierra Wireless, Inc. on January 12, 2023 (the "Sierra Wireless Acquisition") was entered into to, among other things, (i) extend the maturity date of \$405.0 million of the \$600.0 million in aggregate principal amount of revolving commitments thereunder from November 7, 2024 to January 12, 2028, (ii) provide for incurrence by the Company on January 12, 2023 of term loans in an aggregate principal amount of \$895.0 million, which was used to fund a portion of the cash consideration for the Sierra Wireless Acquisition, (iii) provide for JPM to succeed HSBC Bank as administrative agent and collateral agent under the Credit Agreement on January 12, 2023, (iv) modify the maximum consolidated leverage covenant as set forth in the Credit Agreement, (v) replace LIBOR with adjusted term SOFR and (vi) make certain other changes as set forth in the restated Credit Agreement, including changes consequential to the incorporation of the Term Loan Facility.

After effectiveness of the Fourth Amendment (as defined and described below), the borrowing capacity on the revolving credit facility under the Credit Agreement (the "Revolving Credit Facility") is \$455.0 million, which is scheduled to mature on January 12, 2028 (subject to, in certain circumstances, an earlier springing maturity), and the term loans thereunder (the "Term Loans") are scheduled to mature on January 12, 2028 (subject to, in certain circumstances, an earlier springing maturity).

In fiscal year 2025, the Company repaid the outstanding amount of \$68.3 million on the Revolving Credit Facility which matured on November 7, 2024 by borrowing against the remaining Revolving Credit Facility scheduled to mature on January 12, 2028. In fiscal year 2025, the Company repaid an additional \$215.0 million on the Revolving Credit Facility and repaid \$441.4 million on the Term Loans.

In the first quarter of fiscal year 2026, the Company made an early repayment of \$10.0 million on the Term Loans. In the second quarter of fiscal year 2026, the Company made early repayments of \$25.0 million on the Term Loans.

As of July 27, 2025, the Company had \$146.2 million outstanding under the Term Loans and no revolving loans outstanding under the Revolving Credit Facility, which had available undrawn borrowing capacity of \$451.6 million, subject to net leverage limitations and customary conditions precedent, including the accuracy of representations and warranties and the absence of defaults.

Up to \$40.0 million of the Revolving Credit Facility may be used to obtain letters of credit, up to \$25.0 million of the Revolving Credit Facility may be used to obtain swing line loans, and up to \$75.0 million of the Revolving Credit Facility may be used to obtain revolving loans and letters of credit in certain currencies other than U.S. Dollars ("Alternative Currencies"). The proceeds of the Revolving Credit Facility may be used by the Company for capital expenditures, permitted acquisitions, permitted dividends, working capital and general corporate purposes.

On February 24, 2023, the Company entered into the first amendment (the "First Amendment") to the Credit Agreement, in order to, among other things, (i) increase the maximum consolidated leverage ratio covenant for certain test periods as set forth therein, (ii) reduce the minimum consolidated interest coverage ratio covenant for certain test periods as set forth therein, (iii) provide that, during the period that financial covenant relief pursuant to the First Amendment is in effect, the interest rate margin for (1) Term SOFR loans is deemed to be 2.50% and (2) Base Rate (as defined in the Credit Agreement) loans is deemed to be 1.50% per annum and (iv) make certain other changes as set forth therein.

On June 6, 2023, the Company entered into the second amendment (the "Second Amendment") to the Credit Agreement, in order to, among other things, (i) increase the maximum consolidated leverage ratio covenant for certain test periods as set forth therein and described below, (ii) reduce the minimum consolidated interest coverage ratio covenant for certain test periods as set forth therein and described below, (iii) modify the pricing grid applicable to loans under the Credit Agreement during the covenant relief period as set forth therein and described below, (iv) impose a minimum liquidity covenant for certain periods during the covenant relief period as set forth therein and described below, (v) increase the annual amortization in respect of the term loans thereunder to 7.5% per annum for certain periods as set forth therein, (vi) impose an "anti-cash hoarding" condition to the borrowing of revolving loans as set forth therein, (vii) provide that the maturity date for the Term Loans and revolving loans shall be the day that is 91 days prior to the stated maturity date of the 2027 Notes and the 2028 Notes if such notes have not otherwise been refinanced or extended to at least 91 days after the stated maturity date of the Term Loans and revolving loans, the aggregate principal amount of non-extended outstanding 2027 Notes and 2028 Notes and certain replacement debt exceeds \$50 million and a minimum liquidity condition is not satisfied, (viii) provide for the reduction of the aggregate revolving commitments thereunder by \$100 million, (ix) require that the Company appoint a financial advisor and (x) make certain other modifications to the mandatory prepayments (including the imposition of an excess cash flow mandatory prepayment), collateral provisions and covenants (including additional limitations on debt, liens, investments and restricted payments such as dividends) as set forth therein.

Effective June 6, 2023, in connection with the Second Amendment, interest on loans made under the Credit Agreement in U.S. Dollars accrues, at the Company's option, at a rate per annum equal to (1) (x) the Base Rate (as defined in the Credit Agreement) plus (y) a margin ranging from 0.25% to 2.75% depending upon the Company's consolidated leverage ratio (except that, during the period that financial covenant relief is in effect (including during the extended covenant relief period provided pursuant to the Third Amendment), the margin will not be less than 2.25% per annum) or (2) (x) Term SOFR Rate (as defined in the Credit Agreement) plus (y) a credit spread adjustment of (i) for term loans, 0.10% and (ii) for revolving credit borrowings, 0.11%, 0.26% or 0.43% for one, three and six month interest periods, respectively, plus (z) a margin ranging from 1.25% to 3.75% depending upon the Company's consolidated leverage ratio (except that, during the period that financial covenant relief pursuant to the Third Amendment is in effect, the margin will not be less than 3.25% per annum) (such margin, the "Applicable Margin"). Interest on loans made under the Revolving Credit Facility in Alternative Currencies accrues at a rate per annum equal to a customary benchmark rate (including, in certain cases, credit spread adjustments) plus the Applicable Margin.

On October 19, 2023, the Company entered into the third amendment (the "Third Amendment") to the Credit Agreement, in order to, among other things, (i) extend the financial covenant relief period by one year to April 30, 2026, (ii) increase the maximum consolidated leverage ratio covenant for certain test periods as set forth in the Third Amendment, (iii) reduce the minimum consolidated interest coverage ratio covenant for certain test periods as set forth in the Third Amendment and (iv) make certain other changes as set forth therein. These amendments had the effect of extending and temporarily expanding financial covenant relief under the Credit Agreement previously provided for in the First Amendment and Second Amendment.

On April 24, 2025, the Company entered into the fourth amendment (the "Fourth Amendment") to the Credit Agreement, in order to, among other things, increase the total available borrowing capacity under the Revolving Credit Facility by \$117.5 million increasing the total facility size to \$455.0 million. Other than the foregoing, the material terms of the Credit Agreement remain unchanged.

All of the Company's obligations under the Credit Agreement are unconditionally guaranteed by all of the Company's direct and indirect domestic subsidiaries, other than certain excluded subsidiaries, including, but not limited to, any domestic subsidiary the primary assets of which consist of equity or debt of non-U.S. subsidiaries, certain immaterial non-wholly-owned domestic subsidiaries and subsidiaries that are prohibited from providing a guarantee under applicable law or that would require governmental approval to provide such guarantee. The Company and the guarantors have also pledged substantially all of their assets to secure their obligations under the Credit Agreement.



No amortization is required with respect to the revolving loans. Effective June 6, 2023, in connection with the Second Amendment, the Term Loans amortize (x) during the period that financial covenant relief is in effect (including during the extended covenant relief period provided pursuant to the Third Amendment), in equal quarterly installments of 1.875% of the aggregate principal amount outstanding on the Third Restatement Effective Date, and (y) otherwise, in equal quarterly installments of 1.25% of the aggregate principal amount outstanding on the Third Restatement Effective Date, with the balance due at maturity. The Company may voluntarily prepay borrowings at any time and from time to time, without premium or penalty, other than customary "breakage costs" in certain circumstances. In the third quarter of fiscal year 2024, the Company made a \$250 million prepayment on the Term Loans in connection with the Third Amendment, after which there is no scheduled amortization remaining on the Term Loans.

The Credit Agreement contains customary representation and warranties, and affirmative and negative covenants, including limitations on the Company's ability to, among other things, incur indebtedness, create liens on assets, engage in certain fundamental corporate changes, make investments, repurchase stock, pay dividends or make similar distributions, engage in certain affiliate transactions, or enter into agreements that restrict the Company's ability to create liens, pay dividends or make loan repayments. In addition, the Company must comply with financial covenants which, after effectiveness of the Third Amendment are as follows (in each case, during the covenant relief period):

- maintaining a maximum consolidated leverage ratio, determined as of the last day of each fiscal quarter, of (i) 8.17 to 1.00 for the fiscal quarter ending on or around October 31, 2023, (ii) 10.27 to 1.00 for the fiscal quarter ending on or around January 31, 2024, (iii) 10.21 to 1.00 for the fiscal quarter ending on or around April 30, 2024, (iv) 9.93 to 1.00 for the fiscal quarter ending on or around July 31, 2024, (v) 8.42 to 1.00 for the fiscal quarter ending on or around October 31, 2024, (vi) 7.68 to 1.00 for the fiscal quarter ending on or around January 31, 2025, (vii) 6.75 to 1.00 for the fiscal quarter ending on or around April 30, 2025, (viii) 6.28 to 1.00 for the fiscal quarter ending on or around July 31, 2025, (ix) 5.81 to 1.00 for the fiscal quarter ending on or around October 31, 2025, (x) 5.30 to 1.00 for the fiscal quarter ending on or around January 31, 2026, and (xi) 3.75 to 1.00 for the fiscal quarter ending on or around April 30, 2026 and each fiscal quarter thereafter, subject to increase to 4.25 to 1.00 for the four full consecutive fiscal quarters ending on or after the date of consummation of a permitted acquisition that constitutes a "Material Acquisition" under the Credit Agreement, subject to the satisfaction of certain conditions;
- maintaining a minimum consolidated interest expense coverage ratio, determined as of the last day of each fiscal quarter, of (i) 1.66 to 1.00 for the fiscal quarter ending on or around October 31, 2023, (ii) 1.40 to 1.00 for the fiscal quarter ending on or around January 31, 2024, (iii) 1.37 to 1.00 for the fiscal quarter ending on or around April 30, 2024, (iv) 1.41 to 1.00 for the fiscal quarter ending on or around July 31, 2024, (v) 1.73 to 1.00 for the fiscal quarter ending on or around October 31, 2024, (vi) 1.90 to 1.00 for the fiscal quarter ending on or around January 31, 2025, (vii) 2.14 to 1.00 for the fiscal quarter ending on or around April 30, 2025, (viii) 2.37 to 1.00 for the fiscal quarter ending on or around July 31, 2025, (ix) 2.68 to 1.00 for the fiscal quarter ending on or around October 31, 2025, (x) 3.01 to 1.00 for the fiscal quarter ending on or around January 31, 2026, and (xi) 3.50 to 1.00 for the fiscal quarter ending on or around April 30, 2026 and each fiscal quarter thereafter; and
- until January 31, 2025, maintaining a minimum consolidated liquidity (as further defined in the Credit Agreement but excluding revolving credit commitments scheduled to expire in 2024) of \$150 million as of the last day of each monthly accounting period of the Company.

Upon the termination of the covenant relief period under the Third Amendment, the ratio levels set forth above with respect to the leverage and interest expense coverage financial covenants are subject to step-up as set forth in the Credit Agreement, and the liquidity covenant shall no longer apply.

Compliance with the leverage and interest expense coverage financial covenants is measured quarterly based upon the Company's performance over the most recent four quarters, and compliance with the liquidity covenant is measured as of the last day of each monthly accounting period. As of July 27, 2025, the Company was in compliance with the financial covenants in the Credit Agreement.

The Credit Agreement also contains customary provisions pertaining to events of default. If any event of default occurs, the obligations under the Credit Agreement may be declared due and payable, terminated upon written notice to us and existing letters of credit may be required to be cash collateralized.

In the first quarter of fiscal year 2024, the Company entered into an interest rate swap agreement with a 2.75 year term to hedge the variability of interest payments on \$150.0 million of debt outstanding on the Term Loans at a Term SOFR rate of 3.58%, plus a variable margin and spread based on the Company's consolidated leverage ratio. This interest rate swap agreement was partially terminated in the second quarter of fiscal year 2026 and, as of July 27, 2025, hedges the variability of interest payments on \$75.0 million of debt outstanding on the Term Loans.

In the fourth quarter of fiscal year 2023, the Company entered into an interest rate swap agreement with a 5 year term to hedge the variability of interest payments on \$450.0 million of debt outstanding on the Term Loans at a Term SOFR rate of 3.44%, plus a variable margin and spread based on the Company's consolidated leverage ratio. This interest rate swap agreement was terminated in the fourth quarter of fiscal year 2025 due to partial repayment of the Term Loans.

### **Convertible Senior Notes Due 2027**

On October 12, 2022 and October 21, 2022, the Company issued and sold \$300.0 million and \$19.5 million, respectively, in aggregate principal amount of 1.625% Convertible Senior Notes due 2027 (the "2027 Notes") in a private placement. The 2027 Notes were issued pursuant to an indenture, dated October 12, 2022, by and among the Company, the subsidiary guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee (the "2027 Indenture"). The 2027 Notes are jointly and severally and fully and unconditionally guaranteed by each of the Company's current and future direct and indirect wholly-owned domestic subsidiaries that guarantee its borrowings under its Credit Agreement. The 2027 Notes bear interest at a rate of 1.625% per year, payable semi-annually in arrears on May 1 and November 1 of each year, beginning on May 1, 2023. The 2027 Notes will mature on November 1, 2027, unless earlier converted, redeemed or repurchased. As of July 27, 2025, \$319.5 million of the 2027 Notes remained outstanding.

The initial conversion rate of the 2027 Notes is 26.8325 shares of the Company's common stock per \$1,000 principal amount of 2027 Notes (which is equivalent to an initial conversion price of approximately \$37.27 per share). The conversion rate is subject to adjustment upon the occurrence of certain events specified in the 2027 Indenture but will not be adjusted for accrued and unpaid interest. In addition, upon the occurrence of a Make-Whole Fundamental Change (as defined in the 2027 Indenture) or if the Company delivers a Notice of Sale Price Redemption (as defined in the 2027 Indenture), the Company will, in certain circumstances, increase the conversion rate by a number of additional shares of common stock as described in the 2027 Indenture for a holder who elects to convert its 2027 Notes in connection with such Make-Whole Fundamental Change or to convert its 2027 Notes called (or deemed called as provided in the 2027 Indenture) for redemption in connection with such Notice of Sale Price Redemption, as the case may be.

Prior to the close of business on the business day immediately preceding July 1, 2027, the 2027 Notes are convertible at the option of the holders thereof only under the following circumstances: (1) during any fiscal quarter commencing after the fiscal quarter ended on January 29, 2023 (and only during such fiscal quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any ten consecutive trading day period in which, for each trading day of that period, the Trading Price (as defined in the 2027 Indenture), as determined following a request by a holder of the 2027 Notes in accordance with the procedures described in the 2027 Indenture, per \$1,000 principal amount of the 2027 Notes for such trading day was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day; (3) if the Company calls such 2027 Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date, but only with respect to the 2027 Notes called (or deemed called as provided in the 2027 Indenture) for redemption; or (4) upon the occurrence of specified corporate events described in the 2027 Indenture. As of July 27, 2025, none of the conditions allowing holders of the 2027 Notes to convert had been met. On or after July 1, 2027 until the close of business on the second scheduled trading day immediately preceding the maturity date of the 2027 Notes, holders of the 2027 Notes may convert all or a portion of their 2027 Notes, regardless of the foregoing conditions. Upon conversion, the 2027 Notes will be settled in cash up to the aggregate principal amount of the 2027 Notes to be converted, and in cash, shares of the Company's common stock or any combination thereof, at the Company's option, in respect of the remainder, if any, of the Company's conversion obligation in excess of the aggregate principal amount of the 2027 Notes being converted.

The Company may not redeem the 2027 Notes prior to November 5, 2025. The Company may redeem for cash all or any portion of the 2027 Notes (subject to the limitation described below), at the Company's option, on or after November 5, 2025 and before the 61st scheduled trading day immediately preceding the maturity date if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides the related notice of sale price redemption, at a redemption price equal to 100% of the principal amount of the 2027 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. If the Company redeems less than all the outstanding 2027 Notes, at least \$75.0 million aggregate principal amount of the 2027 Notes must be outstanding and not subject to redemption as of the relevant redemption notice date. No sinking fund is provided for the 2027 Notes.

Upon the occurrence of a Fundamental Change (as defined in the 2027 Indenture) prior to the maturity date of the 2027 Notes, holders of the 2027 Notes may require the Company to repurchase all or a portion of the 2027 Notes for cash at a price equal to 100% of the principal amount of the 2027 Notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the Fundamental Change Repurchase Date (as defined in the 2027 Indenture).

### Convertible Note Hedge Transactions

On October 6, 2022 and October 19, 2022, the Company entered into privately negotiated convertible note hedge transactions (the "Convertible Note Hedge Transactions") with an affiliate of one of the initial purchasers of the 2027 Notes and another financial institution (collectively, the "Counterparties") whereby the Company has the option to purchase the same number of shares of the Company's common stock initially underlying the 2027 Notes in the aggregate for approximately \$37.27 per share, which is subject to anti-dilution adjustments substantially similar to those in the 2027 Notes. The Convertible Note Hedge Transactions will expire upon the maturity of the 2027 Notes, if not earlier exercised. The Convertible Note Hedge Transactions are expected to reduce the potential dilution to the common stock upon the conversion of the 2027 Notes and/or offset any cash payments the Company is required to make in excess of the principal amount of converted 2027 Notes, as the case may be, in the event that the market price per share of common stock, as measured under the terms of the Convertible Note Hedge Transactions, is greater than the strike price of the Convertible Note Hedge Transactions, which initially corresponds to the initial conversion price of the 2027 Notes, or approximately \$37.27 per share of the common stock. The Convertible Note Hedge Transactions are separate transactions, entered into by the Company with each of the Counterparties, and are not part of the terms of the 2027 Notes. Holders of the 2027 Notes do not have any rights with respect to the Convertible Note Hedge Transactions. The Company used approximately \$72.6 million of the net proceeds from the offering of the 2027 Notes to pay the cost of the Convertible Note Hedge Transactions. The Convertible Note Hedge Transactions are recorded in additional paid-in capital in the Balance Sheets as they do not require classification outside of equity pursuant to Accounting Standards Codification ("ASC") 480 and qualify for equity classification pursuant to ASC 815.

### Warrant Transactions

On October 6, 2022 and on October 19, 2022, the Company separately entered into privately negotiated warrant transactions (the "Warrants") with the Counterparties whereby the holders of the Warrants have the option to acquire, collectively, subject to anti-dilution adjustments, approximately 8.6 million shares of the Company's common stock at an initial strike price of approximately \$51.15 per share. The Warrants were sold in private placements to the Counterparties pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), afforded by Section 4(a)(2) of the Securities Act. If the market price per share of the common stock, as measured under the terms of the Warrants, exceeds the strike price of the Warrants, the Warrants could have a dilutive effect on the common stock, unless the Company elects, subject to certain conditions, to settle the Warrants in cash. The Warrants will expire over a period beginning in February 2028.

The Warrants are separate transactions, entered into by the Company with each of the Counterparties, and are not part of the terms of the 2027 Notes. Holders of the 2027 Notes do not have any rights with respect to the Warrants. The Company received aggregate proceeds of approximately \$42.9 million from the sale of the Warrants to the Counterparties. The Warrants are recorded in additional paid-in capital in the Balance Sheets as they do not require classification outside of equity pursuant to ASC 480 and qualify for equity classification pursuant to ASC 815.

In combination, the Convertible Note Hedge Transactions and the Warrants are intended to synthetically increase the strike price of the conversion option of the 2027 Notes from approximately \$37.27 to \$51.15 (subject to adjustment in accordance with the terms of the agreements governing such transactions), with the expected result of reducing the dilutive effect of the 2027 Notes in exchange for a net cash premium of \$29.7 million.

### Convertible Senior Notes Due 2028

On October 26, 2023, the Company issued and sold \$250.0 million in aggregate principal amount of 4.00% Convertible Senior Notes due 2028 (the "2028 Notes") in a private placement. The 2028 Notes were issued pursuant to an indenture, dated October 26, 2023, by and among the Company, the subsidiary guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee (the "2028 Indenture"). The 2028 Notes are jointly and severally and fully and unconditionally guaranteed by each of the Company's current and future direct and indirect wholly-owned domestic subsidiaries that guarantee its borrowings under its Credit Agreement. The 2028 Notes bear interest at a rate of 4.00% per year, payable semi-annually in arrears on May 1 and November 1 of each year, beginning on May 1, 2024. The 2028 Notes will mature on November 1, 2028, unless earlier converted, redeemed or repurchased. As of July 27, 2025, approximately \$62.0 million of the 2028 Notes remained outstanding.

The initial conversion rate of the 2028 Notes is 49.0810 shares of the Company's common stock per \$1,000 principal amount of 2028 Notes (which is equivalent to an initial conversion price of approximately \$20.37 per share). The conversion rate is subject to adjustment upon the occurrence of certain events specified in the 2028 Indenture but will not be adjusted for accrued and unpaid interest. In addition, upon the occurrence of a Make-Whole Fundamental Change (as defined in the 2028 Indenture) or if the Company delivers a Notice of Redemption (as defined in the 2028 Indenture), the Company will, in certain circumstances, increase the conversion rate by a number of additional shares of common stock as described in the 2028 Indenture for a holder who elects to convert its 2028 Notes in connection with such Make-Whole Fundamental Change or to convert its 2028 Notes called (or deemed called as provided in the 2028 Indenture) for redemption in connection with such Notice of Redemption, as the case may be.

Prior to the close of business on the business day immediately preceding August 1, 2028, the 2028 Notes will be convertible at the option of the holders thereof only under the following circumstances: (1) during any fiscal quarter commencing after the fiscal quarter ended on January 28, 2024 (and only during such fiscal quarter), if the last reported sale price of the Company's common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any ten consecutive trading day period in which, for each trading day of that period, the Trading Price (as defined in the 2028 Indenture), as determined following a request by a holder of the 2028 Notes in accordance with the procedures described in the Indenture, per \$1,000 principal amount of the 2028 Notes for such trading day was less than 98% of the product of the last reported sale price of the Company's common stock and the conversion rate on each such trading day; (3) if the Company calls such 2028 Notes for redemption, at any time prior to the close of business on the scheduled trading day immediately preceding the redemption date, but only with respect to the 2028 Notes called (or deemed called as provided in the 2028 Indenture) for redemption; or (4) upon the occurrence of specified corporate events described in the 2028 Indenture. As of July 27, 2025, one of the conditions allowing the holders of the 2028 Notes to convert had been met. The trading price of the Company's common stock remained above 130% of the applicable \$20.37 conversion price for at least 20 trading days during the 30 consecutive-trading day period ending on, and including July 25, 2025 (the last trading day of the fiscal quarter ended July 27, 2025) resulting in the right of the holders of the 2028 Notes to convert the 2028 Notes beginning July 28, 2025 through October 24, 2025 (the last trading day of the fiscal quarter ending October 26, 2025). Should the holders of the 2028 Notes elect to convert some or all of the 2028 Notes, the Company intends to draw on its Revolving Credit Facility to settle the obligation.

In addition, on or after August 1, 2028 until the close of business on the second scheduled trading day immediately preceding the maturity date of the 2028 Notes, holders of the 2028 Notes may convert all or a portion of their 2028 Notes, regardless of the foregoing conditions. Upon conversion, the 2028 Notes will be settled in cash up to the aggregate principal amount of the 2028 Notes to be converted, and in cash, shares of the Company's common stock or any combination thereof, at the Company's option, in respect of the remainder, if any, of the Company's conversion obligation in excess of the aggregate principal amount of the 2028 Notes being converted.

The Company may not redeem the 2028 Notes prior to November 5, 2026. The Company may redeem for cash all or any portion of the 2028 Notes (subject to the limitation described below), at the Company's option, on or after November 5, 2026 and before the 41st scheduled trading day immediately preceding the maturity date if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides the related notice of sale price redemption, at a redemption price equal to 100% of the principal amount of the 2028 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. If the Company redeems less than all the outstanding 2028 Notes, at least \$75.0 million aggregate principal amount of the 2028 Notes must be outstanding and not subject to redemption as of the relevant redemption notice date. No sinking fund is provided for the 2028 Notes.

Upon the occurrence of a Fundamental Change (as defined in the 2028 Indenture) prior to the maturity date of the 2028 Notes, holders of the 2028 Notes may require the Company to repurchase all or a portion of the 2028 Notes for cash at a price equal to 100% of the principal amount of the 2028 Notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the Fundamental Change Repurchase Date (as defined in the 2028 Indenture).

#### Exchange of 2028 Notes

On July 11, 2024 and July 15, 2024, the Company entered into separate, privately negotiated exchange agreements (the "Exchange Agreements") with certain holders of the 2028 Notes. Pursuant to the Exchange Agreements, on July 24, 2024 certain holders exchanged with the Company approximately \$188.1 million in aggregate principal amount of the 2028 Notes held by them for an aggregate of 10,378,431 shares of the Company's common stock, which number of shares was determined over an averaging period that commenced on July 12, 2024.

**Interest Expense**

Interest expense was comprised of the following components for the periods presented:

(in thousands)	Three Months Ended		Six Months Ended	
	July 27, 2025	July 28, 2024	July 27, 2025	July 28, 2024
Contractual interest	\$ 4,734	\$ 23,502	\$ 10,174	\$ 47,147
Amortization of deferred financing costs	1,271	2,379	2,525	4,758
Write-off of deferred financing costs	364	5,497	516	5,497
Interest swap agreement	(87)	(2,800)	(195)	(5,595)
Interest rate swap termination	(1,047)	—	(1,203)	—
Total interest expense	<u>\$ 5,235</u>	<u>\$ 28,578</u>	<u>\$ 11,817</u>	<u>\$ 51,807</u>

As of July 27, 2025 and January 26, 2025, there was \$3.4 million and \$2.9 million, respectively, outstanding under the letters of credit under the Revolving Credit Facility.

## Note 9: Income Taxes

The Company's effective tax rate differs from the statutory federal income tax rate of 21% primarily due to the regional mix of income, changes in valuation allowance, research and development ("R&D") tax credits and impact of global intangible low-taxed income ("GILTI"). The Tax Cuts and Jobs Act ("TCJA") requires R&D costs incurred for tax years beginning after December 31, 2021 to be capitalized and amortized ratably over five or fifteen years for tax purposes, depending on where the research activities are conducted. The Company has elected to treat GILTI as a period cost and the additional capitalization of foreign R&D costs within GILTI increases the Company's provision for income taxes. On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted into law in the U.S. The OBBBA modifies certain elements of the TCJA, including permanently changing the limitation on the deduction of business interest expense, as well as making permanent the immediate deduction for domestic R&D expenses. The remaining provisions of the OBBBA have multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. This legislation may be subject to further clarification and the issuance of interpretive guidance; however, the remaining provisions of the OBBBA are not expected to have a material effect on the Company's consolidated financial statements.

In December 2021, the Organization for Economic Cooperation and Development ("OECD") published a framework for a new global minimum tax of 15% ("Pillar Two") on income arising in low-tax jurisdictions, and certain governments in countries where the Company operates have enacted local Pillar Two legislation, with an effective date from January 1, 2024. The Company currently does not expect Pillar Two to have a material impact on its provision for income taxes; however, any future changes in OECD guidance or interpretations could adversely impact the Company's initial assessment.

The Company uses a two-step approach to recognize and measure uncertain tax positions ("UTP"). The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained in audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits (before the federal impact of state items) is as follows:

(in thousands)

Balance at January 26, 2025	\$	20,966
Additions based on tax positions related to the current fiscal year		773
Additions based on tax positions related to prior fiscal years		236
Balance at July 27, 2025	\$	<u>21,975</u>

Included in the balance of gross unrecognized tax benefits at July 27, 2025 and January 26, 2025 are \$5.3 million and \$4.8 million, respectively, of net tax benefits (after the federal impact of state items), that, if recognized, would impact the effective tax rate, prior to consideration of any required valuation allowance. The Company does not anticipate any events to occur during the next twelve months that would materially reduce the unrealized tax benefit as currently stated in the Company's condensed consolidated balance sheets.

The liability for UTP is reflected in the Balance Sheets as follows:

(in thousands)

	July 27, 2025	January 26, 2025
Deferred tax assets - non-current	\$ 14,729	\$ 14,255
Other long-term liabilities	5,305	4,775
Total accrued taxes	<u>\$ 20,034</u>	<u>\$ 19,030</u>

The Company's policy is to include net interest and penalties related to unrecognized tax benefits in the "Provision (benefit) for income taxes" in the Statements of Operations.

Tax years prior to 2020 (the Company's fiscal year 2021) are generally not subject to examination by the U.S. Internal Revenue Service ("IRS") except for items involving tax attributes that have been carried forward to tax years whose statute of limitations remains open. The Company's fiscal year 2023 federal income tax return is currently in the preliminary stages of examination by the IRS, and any potential material adjustments are unknown at this time. For state returns in the U.S., the Company is generally not subject to income tax examinations for calendar years prior to 2019 (the Company's fiscal year 2020). The Company has a significant tax presence in Switzerland for which Swiss tax filings have been examined through fiscal year 2020. The Company is also subject to routine examinations by various foreign tax jurisdictions in which it operates. The Company believes that adequate provisions have been made for any adjustments that may result from tax examinations. However, the outcome of tax examinations cannot be predicted with certainty. If any issues addressed in the Company's tax examinations are resolved in a manner not consistent with the Company's expectations, the Company could be required to adjust its provision for income taxes in the period such resolution occurs.

The Company's regional income or loss before taxes and equity method income or loss was as follows:

(in thousands)	Three Months Ended		Six Months Ended	
	July 27, 2025	July 28, 2024	July 27, 2025	July 28, 2024
Domestic	\$ (21,994)	\$ (170,591)	\$ (10,143)	\$ (189,460)
Foreign	(215)	4,511	14,886	3,127
Total	<u>\$ (22,209)</u>	<u>\$ (166,080)</u>	<u>\$ 4,743</u>	<u>\$ (186,333)</u>

## Note 10: Leases

The Company has operating leases for real estate, vehicles, and office equipment, which are accounted for in accordance with ASC 842, "Leases." Real estate leases are used to secure office space for the Company's administrative, engineering, production support and manufacturing activities. The Company's leases have remaining lease terms of up to approximately seven years, some of which include options to extend the leases for up to five years, and some of which include options to terminate the leases within one year.

The components of lease expense were as follows:

(in thousands)	Three Months Ended		Six Months Ended	
	July 27, 2025	July 28, 2024	July 27, 2025	July 28, 2024
Operating lease cost	\$ 1,806	\$ 1,807	\$ 3,575	\$ 3,697
Short-term lease cost	25	19	42	163
Sublease income	(132)	(140)	(259)	(296)
Total lease cost	<u>\$ 1,699</u>	<u>\$ 1,686</u>	<u>\$ 3,358</u>	<u>\$ 3,564</u>

Supplemental cash flow information related to leases was as follows:

(in thousands)	Six Months Ended	
	July 27, 2025	July 28, 2024
Cash paid for amounts included in the measurement of lease liabilities	\$ 3,954	\$ 4,035
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 4,277	\$ 2,428
Weighted-average remaining lease term—operating leases (in years)	July 27, 2025 4.6	
Weighted-average discount rate on remaining lease payments—operating leases	6.9 %	

Supplemental balance sheet information related to leases was as follows:

(in thousands)	July 27, 2025	January 26, 2025
Operating lease right-of-use assets in "Other assets"	\$ 23,372	\$ 21,729
Operating lease liabilities in "Accrued liabilities"	\$ 6,611	\$ 6,006
Operating lease liabilities in "Other long-term liabilities"	20,402	18,502
Total operating lease liabilities	<u>\$ 27,013</u>	<u>\$ 24,508</u>

Maturities of lease liabilities as of July 27, 2025 are as follows:

(in thousands)	
Fiscal Year Ending:	
2026 (remaining six months)	\$ 3,979
2027	7,854
2028	6,675
2029	5,354
2030	3,418
Thereafter	4,429
Total lease payments	31,709
Less: imputed interest	(4,696)
Total	<u>\$ 27,013</u>



## **Note 11: Commitments and Contingencies**

### **Legal Matters**

From time to time, the Company is involved in various claims, litigation, and other legal actions that are normal to the nature of its business, including with respect to intellectual property, contract, product liability, employment, and environmental matters. In accordance with ASC 450-20, "Loss Contingencies," the Company accrues an undiscounted liability for those contingencies where the incurrence of a loss is probable and the amount can be reasonably estimated. The Company also discloses the amount accrued and the amount of a reasonably possible loss in excess of the amount accrued, if material and if the amount can be reasonably estimated. The Company does not record liabilities when the likelihood that the liability has been incurred is probable but the amount cannot be reasonably estimated, or when the liability is believed to be only reasonably possible or remote. However, for liabilities that are reasonably possible but not probable, the Company discloses the amount of reasonably possible loss or range of reasonably possible loss, if material and if the amount can be reasonably estimated. The Company evaluates, at least quarterly, developments in its legal matters that could affect the amount of liability that has been previously accrued, and makes adjustments as appropriate. Significant judgment is required to determine both probability and the estimated amount. The Company may be unable to estimate a possible loss or range of possible loss due to various reasons, including, among others: (i) if the damages sought are indeterminate, (ii) if the proceedings are in early stages, (iii) if there is uncertainty as to the outcome of pending appeals, motions or settlements, (iv) if there are significant factual issues to be determined or resolved, and (v) if there are novel or unsettled legal theories presented. In such instances, there is considerable uncertainty regarding the ultimate resolution of such matters, including a possible eventual loss, if any.

Because the outcomes of litigation and other legal matters are inherently unpredictable, the Company's evaluation of legal matters or proceedings often involves a series of complex assessments by management about future events and can rely heavily on estimates and assumptions. While the consequences of certain unresolved matters and proceedings are not presently determinable, and an estimate of the probable and reasonably possible loss or range of loss for such proceedings cannot be reasonably made, an adverse outcome from such proceedings could have a material adverse effect on the Company's financial condition and results of operations in any given reporting period. In the opinion of management, after consulting with legal counsel, any ultimate liability related to current outstanding claims and lawsuits, individually or in the aggregate, is not expected to have a material adverse effect on the Company's financial condition, results of operations or cash flows. However, legal matters are inherently unpredictable and subject to significant uncertainties, some of which are beyond the Company's control.

As such, even though the Company intends to vigorously defend itself with respect to its legal matters, there can be no assurance that the final outcome of these matters will not materially and adversely affect the Company's business, financial condition, operating results, or cash flows.

On March 25, 2022, Harman Becker Automotive Systems GmbH and several of its affiliates (collectively "Harman") filed a complaint against certain Sierra Entities in the District Court of Munich, Germany. Harman asserted claims that the Sierra Entities, in connection with the delivery of certain modules by the Sierra Entities, violated a frame supply agreement, a quality assurance agreement and the United Nations Convention on Contracts for the International Sales of Goods. Harman alleged that it incurred approximately \$16 million in damages and costs, the bulk of which amount related to settling with a customer that had to implement a firmware update provided by Sierra Entities' supplier in late 2018, before Sierra Wireless disposed of the automotive business, to address the alleged product defect. At this stage, the Company is unable to form a conclusion as to the likelihood of an unfavorable outcome or an estimate of the amount or range of any possible loss resulting from the alleged claims. The Company intends to defend the claims vigorously.

On February 20, 2025, February 25, 2025 and March 7, 2025, three Company stockholders filed separate, but substantively identical, putative class action complaints against the Company and certain of its current officers, Hong Q. Hou and Mark Lin, in the U.S. District Court for the Central District of California on behalf of persons and entities that purchased or otherwise acquired Company securities between August 27, 2024 and February 7, 2025. On June 9, 2025, the court entered an order consolidating the three actions (the "Securities Action"), appointing Luis Collazos as Lead Plaintiff, and Block & Leviton, LLP as Lead Counsel. On July 14, 2025, Lead Plaintiff filed a consolidated putative class action complaint (the "Consolidated Complaint") against the Company, Hou and Lin, on behalf of persons and entities that purchased or otherwise acquired Company securities between October 10, 2024 and February 7, 2025. The Consolidated Complaint asserts Exchange Act violations related to the Company's disclosure surrounding its CopperEdge™ products. Lead Plaintiff seeks compensatory damages and other relief. The Company, Hou and Lin filed a motion to dismiss the Consolidated Complaint on August 11, 2025. At this stage, the Company is unable to form a conclusion as to the likelihood of an unfavorable outcome or an estimate of the amount or range of any possible loss resulting from the alleged claims.

On May 9, 2025 and August 12, 2025, other Company stockholders filed separate derivative actions in the U.S. District Court for the Central District of California against certain of the Company's directors and officers. On June 6, 2025, a third separate derivative action was filed in the Superior Court of the State of California for the County of Ventura against certain of the Company's directors and officers, (together with the complaints filed in federal court, the "Derivative Actions"). The Derivative

Actions assert breach of fiduciary duty and other claims based on factual allegations similar to those raised in the Securities Action. The plaintiffs in the Derivative Actions seek damages payable to the Company and declaratory, injunctive and other relief.

#### Environmental Matters

The Company vacated a former facility in Newbury Park, California in 2002, but continues to address groundwater and soil contamination at the site. The Company's efforts to address site conditions have been at the direction of the Los Angeles Regional Water Quality Control Board ("RWQCB"). In October 2013, an order was issued including a scope of proposed additional site work, monitoring, and remediation activities. The Company has been complying with RWQCB orders and direction, and continues to implement an approved remedial action plan addressing the soil, groundwater, and soil vapor at the site.

The Company has accrued liabilities where it is probable that a loss will be incurred and the cost or amount of loss can be reasonably estimated. Based on the latest determinations by the RWQCB and the most recent actions taken pursuant to the remedial action plan, the Company estimates the total range of probable loss to be between \$7.9 million and \$9.4 million. To date, the Company has made \$7.8 million in payments towards the remedial action plan. As of July 27, 2025, the estimated range of probable loss remaining was between \$0.1 million and \$1.6 million. Given the uncertainties associated with environmental assessment and the remediation activities, the Company is unable to determine a best estimate within the range of loss. Therefore, the Company has recorded the minimum amount of probable loss and as of July 27, 2025, has a remaining accrual of \$0.1 million related to this matter. These estimates could change as a result of changes in planned remedial actions, further actions from the regulatory agency, remediation technology, and other factors.

#### Indemnification

The Company has entered into agreements with its current and former executives and directors indemnifying them against certain liabilities incurred in connection with the performance of their duties. The Company's Certificate of Incorporation and Bylaws also contain indemnification obligations with respect to the Company's current directors and employees.

The Company is a party to a variety of agreements in the ordinary course of business under which the Company may be obligated to indemnify a third party with respect to certain matters. The impact on the Company's future financial results is not subject to reasonable estimation because considerable uncertainty exists as to the final outcome of any claims and whether claims will be made.

#### Product Warranties

The Company's general warranty policy provides for repair or replacement of defective parts. In some cases, a refund of the purchase price is offered. In certain instances, the Company has agreed to other or additional warranty terms, including indemnification provisions.

The product warranty accrual reflects the Company's best estimate of probable liability under its product warranties. The Company accrues for known warranty issues if a loss is probable and can be reasonably estimated, and accrues for estimated incurred but unidentified issues based on historical experience. Historically, warranty expense and the related accrual has been immaterial to the Company's consolidated financial statements.

#### Licenses

Under certain license agreements, the Company is committed to make royalty payments based on the sales of products using certain technologies. The Company recognizes royalty obligations as determinable in accordance with agreement terms.

#### Deferred Compensation

The Company maintains a deferred compensation plan for certain officers and key executives that allows participants to defer a portion of their compensation for future distribution at various times permitted by the plan. This plan provides for a discretionary Company match up to a defined portion of the employee's deferral, with any match subject to a defined vesting schedule.

The Company's liability for the deferred compensation plan is presented below:

(in thousands)	July 27, 2025	January 26, 2025
Accrued liabilities	\$ 2,940	\$ 2,930
Other long-term liabilities	40,859	36,381
Total deferred compensation liabilities under this plan	<u>\$ 43,799</u>	<u>\$ 39,311</u>

The Company has purchased whole life insurance on the lives of certain current deferred compensation plan participants. This corporate-owned life insurance is held in a grantor trust and is intended to cover a majority of the Company's costs of the deferred compensation plan.

The cash surrender value of the corporate-owned life insurance was \$43.5 million and \$34.9 million as of July 27, 2025 and January 26, 2025, respectively, and is included in "Other assets" in the Balance Sheets.

**Note 12: Restructuring**

From time to time, the Company takes steps to realign the business to focus on high-growth areas, provide customer value and make the Company more efficient. As a result, the Company has re-aligned resources and infrastructure, which resulted in restructuring charges related to one-time employee termination benefits of \$1.5 million and \$2.7 million in the three and six months ended July 27, 2025, compared to restructuring charges of \$1.5 million and \$3.8 million in the three and six months ended July 28, 2024, which resulted from the realization of synergies of the Sierra Wireless Acquisition. Restructuring related liabilities are included in "Accrued liabilities" in the Balance Sheets and restructuring charges were included in "Restructuring" in the Statements of Operations.

Restructuring activity is summarized as follows:

(in thousands)	One-time employee termination benefits	Other restructuring	Total
Balance at January 26, 2025	\$ 787	\$ —	\$ 787
Charges	2,669	21	2,690
Cash payments	(2,957)	(21)	(2,978)
Balance at July 27, 2025	<u>\$ 499</u>	<u>\$ —</u>	<u>\$ 499</u>

### Note 13: Concentration of Risk

The following significant customers accounted for at least 10% of the Company's net sales in one or more of the periods indicated:

(percentage of net sales) <sup>(1)</sup>	Three Months Ended		Six Months Ended	
	July 27, 2025	July 28, 2024	July 27, 2025	July 28, 2024
Customer A	15%	13%	12%	13%
Customer B	*	10%	*	10%

<sup>(1)</sup> In each period with an asterisk, the customer represented less than 10% of the Company's net sales.

The following table shows the customers that have an outstanding receivable balance that represents at least 10% of the Company's total net receivables as of one or more of the dates indicated:

(percentage of net receivables) <sup>(1)</sup>	July 27, 2025	January 26, 2025
Customer A	*	12%
Customer B	12%	*
Customer C	11%	12%

<sup>(1)</sup> In each period with an asterisk, the customer represented less than 10% of the Company's total net receivables.

#### Outside Subcontractors and Suppliers

The Company relies on a limited number of third-party subcontractors and suppliers for the supply of silicon wafers, chipsets and other electronic components, and for product manufacturing, packaging, testing and certain other tasks. Disruption or termination of supply sources or subcontractors have delayed and could in the future delay shipments and could have a material adverse effect on the Company. Although there are generally alternate sources for these materials and services, qualification of the alternate sources could cause delays sufficient to have a material adverse effect on the Company. A significant amount of the Company's third-party subcontractors and suppliers, including third-party foundries that supply silicon wafers, are located in the U.S., China, Israel, Japan, Taiwan and Vietnam. A significant amount of the Company's assembly and test operations are conducted by third-party contractors in China, Malaysia, Taiwan and Vietnam.

## Note 14: Segment Information

The Company's Chief Executive Officer functions as the chief operating decision maker ("CODM"). The CODM makes operating decisions and assesses performance based on the net sales and gross profit of the Company's major product lines, which represent its operating segments, to allocate resources (including employees, property, and financial or capital resources) for each segment predominantly in the annual budget and forecasting process. The Company currently has three operating segments—Signal Integrity ("SIP"), Analog Mixed Signal and Wireless ("AMW"), and IoT Systems and Connectivity ("ISC")—that represent three separate reportable segments. The SIP reportable segment consists of a portfolio of optical and copper data communications and video transport products used in a wide variety of infrastructure and industrial applications. The AMW reportable segment provides infrastructure, industrial and high-end customers with high-performance protection devices and a portfolio of specialized radio frequency products. The SIP and AMW reportable segments together constitute our Semiconductor Products business. The ISC reportable segment provides industrial customers with an IoT solutions portfolio that includes a wide range of modules, gateways, routers, and connected services.

The Company's assets are commingled among the various operating segments and the CODM does not use asset information in making operating decisions or assessing performance. Therefore, the Company has not included asset information by reportable segment in the segment disclosures below.

The Company adopted the provisions of ASU 2023-07 for the year ended January 26, 2025, on a retrospective basis and included enhanced disclosures relating to its reportable segments.

Net sales and gross profit by reportable segment were as follows:

(in thousands)	Three Months Ended July 27, 2025					
	Signal Integrity	Analog Mixed Signal and Wireless	Total Semiconductor Products	IoT Systems and Connectivity	Unallocated <sup>(1)</sup>	Total
Net sales	\$ 76,758	\$ 92,042	\$ 168,800	\$ 88,789	\$ —	\$ 257,589
Segment cost of sales	28,899	37,482	66,381	53,735	3,368	123,484
Segment gross profit	<u>\$ 47,859</u>	<u>\$ 54,560</u>	<u>\$ 102,419</u>	<u>\$ 35,054</u>	<u>\$ (3,368)</u>	<u>\$ 134,105</u>
Segment gross margin	62.4 %	59.3 %	60.7 %	39.5 %	NM <sup>(2)</sup>	
Gross margin						52.1 %

<sup>(1)</sup> Unallocated includes share-based compensation, and amortization of acquired technology

<sup>(2)</sup> Not meaningful

(in thousands)	Six Months Ended July 27, 2025					
	Signal Integrity	Analog Mixed Signal and Wireless	Total Semiconductor Products	IoT Systems and Connectivity	Unallocated <sup>(1)</sup>	Total
Net sales	\$ 150,279	\$ 182,665	\$ 332,944	\$ 175,705	\$ —	\$ 508,649
Segment cost of sales	54,256	71,660	125,916	110,728	6,611	243,255
Segment gross profit	<u>\$ 96,023</u>	<u>\$ 111,005</u>	<u>\$ 207,028</u>	<u>\$ 64,977</u>	<u>\$ (6,611)</u>	<u>\$ 265,394</u>
Segment gross margin	63.9 %	60.8 %	62.2 %	37.0 %	NM <sup>(2)</sup>	
Gross margin						52.2 %

<sup>(1)</sup> Unallocated includes share-based compensation, and amortization of acquired technology

<sup>(2)</sup> Not meaningful

Three Months Ended July 28, 2024						
(in thousands)	Signal Integrity	Analog Mixed Signal and Wireless	Total Semiconductor Products	IoT Systems and Connectivity	Unallocated <sup>(1)</sup>	Total
Net sales	\$ 59,434	\$ 79,311	\$ 138,745	\$ 76,610	\$ —	\$ 215,355
Segment cost of sales	22,666	33,912	56,578	49,499	3,814	109,891
Segment gross profit	<u>\$ 36,768</u>	<u>\$ 45,399</u>	<u>\$ 82,167</u>	<u>\$ 27,111</u>	<u>\$ (3,814)</u>	<u>\$ 105,464</u>
Segment gross margin	61.9 %	57.2 %	59.2 %	35.4 %	NM <sup>(2)</sup>	
Gross margin						49.0 %

<sup>(1)</sup> Unallocated includes share-based compensation, and amortization of acquired technology

<sup>(2)</sup> Not meaningful

Six Months Ended July 28, 2024						
(in thousands)	Signal Integrity	Analog Mixed Signal and Wireless	Total Semiconductor Products	IoT Systems and Connectivity	Unallocated <sup>(1)</sup>	Total
Net sales	\$ 117,733	\$ 154,655	\$ 272,388	\$ 149,072	\$ —	\$ 421,460
Segment cost of sales	46,204	68,552	114,756	94,867	6,781	216,404
Segment gross profit	<u>\$ 71,529</u>	<u>\$ 86,103</u>	<u>\$ 157,632</u>	<u>\$ 54,205</u>	<u>\$ (6,781)</u>	<u>\$ 205,056</u>
Segment gross margin	60.8 %	55.7 %	57.9 %	36.4 %	NM <sup>(2)</sup>	
Gross margin						48.7 %

<sup>(1)</sup> Unallocated includes share-based compensation, and amortization of acquired technology

<sup>(2)</sup> Not meaningful

### Geographic Information

Net sales activity by geographic region was as follows:

(percentage of total net sales)	Three Months Ended		Six Months Ended	
	July 27, 2025	July 28, 2024	July 27, 2025	July 28, 2024
Asia-Pacific	65%	65%	64%	64%
North America	24%	21%	23%	22%
Europe	11%	14%	13%	14%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

The Company attributes sales to a country based on the ship-to address. The table below summarizes sales activity to geographies that represented greater than 10% of total sales for at least one of the periods presented:

(percentage of total net sales)	Three Months Ended		Six Months Ended	
	July 27, 2025	July 28, 2024	July 27, 2025	July 28, 2024
China (including Hong Kong)	45%	45%	44%	44%
United States	19%	20%	18%	20%

Although a large percentage of the Company's products is shipped into the Asia-Pacific region, a significant number of products produced by these customers and incorporating the Company's semiconductor products are then sold outside this region.

**Note 15: Stock Repurchase Program**

The Company maintains a stock repurchase program that was initially approved by its board of directors (the "Board of Directors") in March 2008. The stock repurchase program does not have an expiration date and the Board of Directors has authorized expansion of the program over the years. On March 11, 2021, the Board of Directors approved the expansion of the stock repurchase program by an additional \$350.0 million. There was no activity under the stock repurchase program during the three and six months ended July 27, 2025 and July 28, 2024. As of July 27, 2025, the remaining authorization under the program was \$209.4 million. Under the program, the Company may repurchase its common stock at any time or from time to time, without prior notice, subject to market conditions and other considerations. The Company's repurchases may be made through Rule 10b5-1 and/or Rule 10b-18 or other trading plans, open market purchases, privately negotiated transactions, block purchases or other transactions. To the extent the Company repurchases any shares of its common stock under the program in the future, the Company expects to fund such repurchases from cash on hand and borrowings on its Revolving Credit Facility. The Company has no obligation to repurchase any shares under the program and may suspend or discontinue it at any time.



**Note 16: Derivatives and Hedging Activities**

In the first quarter of fiscal year 2024, the Company entered into an interest rate swap agreement with a 2.75 year term to hedge the variability of interest payments on \$150.0 million of debt outstanding on the Term Loans at a Term SOFR rate of 3.58%, plus a variable margin and spread based on the Company's consolidated leverage ratio. This interest rate swap agreement was partially terminated in the second quarter of fiscal year 2026 and as of July 27, 2025, hedges the variability of interest payments on \$75.0 million of debt outstanding on the Term Loans.

In the fourth quarter of fiscal year 2023, the Company entered into an interest rate swap agreement with a 5 year term to hedge the variability of interest payments on \$450.0 million of debt outstanding on the Term Loans at a Term SOFR rate of 3.44%, plus a variable margin and spread based on the Company's consolidated leverage ratio. This interest rate swap agreement was terminated in the fourth quarter of fiscal year 2025 due to partial repayment of the Term Loans.

The interest rate swap agreements have been designated as cash flow hedges and unrealized gains or losses, net of income tax, are recorded as a component of AOCI in the Balance Sheets. As the various settlements are made on a monthly basis, the realized gain or loss on the settlements are recorded in "Interest expense" in the Statements of Operations. The interest rate swap agreements resulted in a realized gain of \$0.1 million for the three months ended July 27, 2025, compared to a realized gain of \$2.8 million for the three months ended July 28, 2024. The interest rate swap agreements resulted in a realized gain of \$0.2 million for the six months ended July 27, 2025, compared to a realized gain of \$5.6 million for the six months ended July 28, 2024.

## ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be read in conjunction with our interim unaudited condensed consolidated financial statements and the accompanying notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q (this "Quarterly Report") and "Special Note Regarding Forward-Looking and Cautionary Statements" in this Quarterly Report as well as "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended January 26, 2025 filed with the Securities and Exchange Commission (the "SEC") on March 25, 2025.*

Our interim unaudited condensed consolidated balance sheets are referred to herein as the "Balance Sheets" and interim unaudited condensed consolidated statements of operations are referred to herein as the "Statements of Operations." Amounts and percentages may not add precisely due to rounding.

### Overview

Semtech Corporation (together with its consolidated subsidiaries, the "Company," "we," "our" or "us") is a leading provider of high-performance semiconductor, Internet of Things ("IoT") systems and cloud connectivity service solutions and was incorporated in Delaware in 1960. We have three operating segments—Signal Integrity, Analog Mixed Signal and Wireless, and IoT Systems and Connectivity—that represent three separate reportable segments. See Part I, Item 1, Note 14, Segment Information, to our interim unaudited condensed consolidated financial statements for additional information on our reportable segments.

*Signal Integrity.* We design, develop, manufacture and market a portfolio of optical and copper data communications and video transport products used in a wide variety of infrastructure and industrial applications. Our comprehensive portfolio includes integrated circuits ("ICs") for data centers, enterprise networks, passive optical networks ("PON"), and wireless base station optical transceivers. Our high-speed interfaces range from 100Mbps to 1.6Tbps and support key industry standards such as Fibre Channel, InfiniBand, Ethernet, PON and synchronous optical networks. Our video products offer advanced solutions for next generation high-definition broadcast applications.

*Analog Mixed Signal and Wireless.* We design, develop, manufacture and market high-performance protection devices, which are often referred to as transient voltage suppressors ("TVS") and specialized sensing products. TVS devices provide protection for electronic systems where voltage spikes (called transients), such as electrostatic discharge, electrical over stress or secondary lightning surge energy, can permanently damage sensitive ICs. Our portfolio of protection solutions include filter and termination devices that are integrated with the TVS device. Our products provide robust protection while preserving signal integrity in high-speed communications, networking and video interfaces. These products also operate at very low voltage. Our protection products can be found in a broad range of applications including smart phones, LCD and organic light-emitting diode TVs and displays, set-top boxes, monitors and displays, tablets, computers, notebooks, base stations, routers, automobile and industrial systems. Our unique sensing technology enables proximity sensing and advanced user interface solutions for our mobile and consumer products. We also design, develop, manufacture and market a portfolio of specialized radio frequency products used in a wide variety of industrial, medical and communications applications. Our wireless products, which include our LoRa® devices and wireless radio frequency technology ("LoRa Technology"), feature industry leading and longest-range industrial, scientific and medical radio, enabling a lower total cost of ownership and increased reliability. These features make these products particularly suitable for machine-to-machine and IoT applications. We also design, develop, and market power product devices that control, alter, regulate, and condition the power within electronic systems focused on the LoRa and IoT infrastructure segment. The highest volume product types within this category are switching voltage regulators, combination switching and linear regulators, smart regulators, isolated switches, and wireless charging. Our video products offer advanced solutions for highly differentiated audio video-over-IP technology for professional audio video applications.

*IoT Systems and Connectivity.* We design, develop, operate and market a comprehensive product portfolio of IoT solutions that enable businesses to connect and manage their devices, collect and analyze data, and improve decision-making. The portfolio includes a wide range of modules, gateways, routers (together "IoT Hardware"), and connected services that are designed to meet the specific needs of different industries and applications. Our modules are available in a variety of form factors and connectivity options, including LTE-M, NB-IoT and 5G, and can be integrated into an array of devices and systems. Our gateways and routers are designed to provide reliable and secure connectivity for IoT devices, while our connected services enable businesses to manage devices and connectivity so businesses can navigate the complex IoT landscape and realize the full potential of connected devices. We also design, develop, operate and market a portfolio of connected services used in a wide variety of industrial, medical and communications applications. Our connected services include wireless connectivity and cloud-based services for customers to deploy, connect, and operate their end applications. Our services have been purpose-built for IoT applications and include features such as SIM and subscription management, device and data management, geolocation support, as well as reporting and alerting that can be configured or tailored to a variety of IoT use cases.

Our net sales by reportable segment were as follows:

(in thousands)	Three Months Ended		Six Months Ended	
	July 27, 2025	July 28, 2024	July 27, 2025	July 28, 2024
Signal Integrity	\$ 76,758	\$ 59,434	\$ 150,279	\$ 117,733
Analog Mixed Signal and Wireless	92,042	79,311	182,665	154,655
IoT Systems and Connectivity	88,789	76,610	175,705	149,072
Total	<u>\$ 257,589</u>	<u>\$ 215,355</u>	<u>\$ 508,649</u>	<u>\$ 421,460</u>

We design, develop, manufacture and market a diverse portfolio of products for commercial applications, addressing the global infrastructure, high-end consumer and industrial end markets.

*Infrastructure:* data centers, PON, base stations, optical networks, servers, carrier networks, switches and routers, cable modems, wireless local area network ("LAN") and other communication infrastructure equipment. This market has expanded to support artificial intelligence-driven applications and general compute data center applications.

*High-End Consumer:* smartphones, tablets, smart glasses, wearables, desktops, notebooks, wireless charging, set-top boxes, digital televisions, monitors and displays, digital video recorders and other consumer equipment.

*Industrial:* IoT applications such as connected spaces (smart cities, buildings, factories, facilities and commercial buildings), smart utilities (electricity, water, gas and smart grid), wireless charging, medical, security systems, automotive, industrial and home automation, supply chain management, asset tracking and logistics, analog and digital video broadcast equipment, video-over-IP solutions and other industrial equipment.

Our end customers for our silicon solutions are primarily original equipment manufacturers ("OEMs") that produce and sell technology solutions. Our IoT module, router, gateway and managed connectivity solutions ship to IoT device makers, enterprises and solution providers to provide IoT connectivity to end devices.

### Impact of Macroeconomic Conditions

As disclosed in Part I, Item 1A: Risk Factors, of our Annual Report on Form 10-K for the fiscal year ended January 26, 2025, the Company's business is subject to risks related to, among other factors, tariffs and other trade barriers put in the place by government authorities. The imposition of tariffs and other trade barriers by government authorities on imported goods, including raw materials and components essential to our manufacturing processes, could have significant adverse effects on our business, financial condition, and results of operations. Beginning in the first quarter of fiscal year 2026, the U.S. government imposed additional tariffs on goods imported into the U.S. from numerous countries ("U.S. Tariffs") and multiple countries and groups of countries imposed, or threatened to impose, reciprocal tariffs on imports from the U.S. and other retaliatory measures. Various modifications and delays to the U.S. Tariffs have been announced and further changes are expected to be made in the future, which may include additional sector-based tariffs or other measures. The ultimate impact remains uncertain and will depend on several factors, including whether additional or incremental U.S. Tariffs or other measures are announced or imposed, to what extent other countries implement tariffs or other retaliatory measures in response, and the overall magnitude and duration of these measures. The Company continues to monitor and analyze the impacts of these measures and actions that can be taken to moderate and/or minimize their effects.

In recent periods, macroeconomic factors such as market volatility, inflationary pressures, elevated interest rates, geopolitical tensions and recessionary concerns have caused uncertainty in end customer demand, which resulted in elevated channel inventories. We believe that we can continue to take appropriate actions to align our inventory levels with anticipated customer demand profiles.

### Factors Affecting Our Performance

Most of our sales to customers are made on the basis of individual customer purchase orders and many customers include cancellation provisions in their purchase orders. We rely on orders received and shipped within the same quarter for a meaningful portion of our sales. Net sales made through independent distributors during the second quarters of fiscal years 2026 and 2025 were 74% and 74%, respectively, of net sales and the remainder were made directly to customers.

We are a global business with customers and suppliers around the world. A significant amount of our third-party subcontractors and suppliers, including third-party foundries that supply silicon wafers, are located outside the United States, including China, Israel, Japan, Taiwan and Vietnam. A significant amount of our assembly and test operations are conducted by third-party contractors located outside the United States, including China, Malaysia, Taiwan and Vietnam. Net sales outside the United States constituted 81% and 80% during the second quarters of fiscal years 2026 and 2025, respectively. Approximately 65% and 65% of our net sales during the second quarters of fiscal years 2026 and 2025, respectively, were to customers located in the Asia-Pacific region. We are subject to export restrictions and trade regulations, which have limited our ability to sell to certain customers in certain regions. In addition, changes in tariffs or the imposition of retaliatory tariffs may impact our net sales, gross profit, and gross margin if we are unable to pass higher costs on to our customers.

We use several metrics as indicators of future potential growth. The indicators that we believe best correlate to potential future sales growth are design wins and new product releases. There are many factors that may cause a design win or new product release to not result in sales, including a customer decision not to go to system production, a change in a customer's perspective regarding a product's value or a customer's product failing in the end market. As a result, although a design win or new product release is an important step towards generating future sales, it does not necessarily result in us being awarded business or receiving a purchase commitment.

Further, inflationary factors have in the past affected, and could continue to affect, our future performance if we are unable to pass higher costs on to our customers.

## Results of Operations

### Comparisons of the Three and Six Months Ended July 27, 2025 and July 28, 2024

#### Net Sales

The following table summarizes our net sales by major end markets:

(in thousands, except percentages)	Three Months Ended		Change	Six Months Ended		Change
	July 27, 2025	July 28, 2024		July 27, 2025	July 28, 2024	
	Net Sales	Net Sales		Net Sales	Net Sales	
Infrastructure	\$ 73,351	\$ 52,942	39 %	\$ 146,184	\$ 108,919	34 %
High-End Consumer	41,196	37,080	11 %	76,610	71,619	7 %
Industrial	143,042	125,333	14 %	285,855	240,922	19 %
Total	<u>\$ 257,589</u>	<u>\$ 215,355</u>	20 %	<u>\$ 508,649</u>	<u>\$ 421,460</u>	21 %

Net sales in the second quarter of fiscal year 2026 were \$257.6 million, an increase of 19.6% compared to \$215.4 million in the second quarter of fiscal year 2025, which was primarily driven by higher net sales from our infrastructure and industrial end markets due to stronger demand and increased sales volume. Net sales from our infrastructure end market increased \$20.4 million in the second quarter of fiscal year 2026 compared to the second quarter of fiscal year 2025, primarily driven by an approximately \$25.0 million increase in data center sales, partially offset by an approximately \$5.9 million decrease in telecommunications sales. Net sales from our industrial end market increased \$17.7 million in the second quarter of fiscal year 2026 compared to the second quarter of fiscal year 2025, primarily driven by an approximately \$8.2 million increase in LoRa-enabled sales in industrial applications and approximately \$12.5 million increase in IoT Hardware sales, partially offset by an approximately \$2.3 million decrease in other wireless and sensing products sales. Net sales from our high-end consumer end market increased \$4.1 million in the second quarter of fiscal year 2026 compared to the second quarter of fiscal year 2025, primarily driven by an approximately \$3.8 million increase in consumer TVS product sales.

Net sales for the first six months of fiscal year 2026 were \$508.6 million, an increase of 20.7% compared to \$421.5 million for the first six months of fiscal year 2025, which was primarily driven by higher net sales from our industrial and infrastructure end markets due to stronger demand and increased sales volume. Net sales from our industrial end market increased \$44.9 million for the first six months of fiscal year 2026 versus the same prior year period, primarily driven by an approximately \$27.7 million increase in IoT Hardware sales and approximately \$25.7 million increase in LoRa-enabled sales in industrial applications, partially offset by an approximately \$7.3 million decrease in other wireless and sensing products sales. Net sales from our infrastructure end market increased \$37.3 million for the first six months of fiscal year 2026 versus the same prior year period, primarily driven by an approximately \$55.4 million increase in data center sales, partially offset by an approximately \$19.9 million decrease in telecommunications sales. Net sales from our high-end consumer end market increased \$5.0 million during the first six months of fiscal year 2026 versus the same prior year period, primarily driven by a \$3.2 million increase in consumer TVS product sales.

The following table summarizes our net sales by reportable segment:

(in thousands, except percentages)	Three Months Ended		Change	Six Months Ended		Change
	July 27, 2025	July 28, 2024		July 27, 2025	July 28, 2024	
	Net Sales	Net Sales		Net Sales	Net Sales	
Signal Integrity	\$ 76,758	\$ 59,434	29 %	\$ 150,279	\$ 117,733	28 %
Analog Mixed Signal and Wireless	92,042	79,311	16 %	182,665	154,655	18 %
IoT Systems and Connectivity	88,789	76,610	16 %	175,705	149,072	18 %
Total	<u>\$ 257,589</u>	<u>\$ 215,355</u>	20 %	<u>\$ 508,649</u>	<u>\$ 421,460</u>	21 %

Net sales in the second quarter of fiscal year 2026, as compared to the second quarter of fiscal year 2025, benefited from stronger demand and increased sales volumes in all the reportable segments. Net sales from Signal Integrity increased \$17.3

million in the second quarter of fiscal year 2026 compared to the second quarter of fiscal year 2025, primarily driven by an approximately \$25.0 million increase in data center sales, partially offset by an approximately \$5.9 million decrease in telecommunications sales and approximately \$1.4 million decrease in broadcast sales. Net sales from Analog Mixed Signal and Wireless increased \$12.7 million in the second quarter of fiscal year 2026 compared to the second quarter of fiscal year 2025, primarily driven by an approximately \$8.1 million increase in LoRa-enabled product sales and an approximately \$5.7 million increase in total TVS product sales, partially offset by an approximately \$2.3 million decrease in other wireless and sensing product sales. Net sales from IoT Systems and Connectivity increased \$12.2 million in the second quarter of fiscal year 2026 compared to the second quarter of fiscal year 2025, primarily driven by an approximately \$12.5 million increase in IoT Hardware sales.

Net sales from Signal Integrity increased \$32.5 million in the first six months of fiscal year 2026 versus the same period in the prior year, primarily driven by an approximately \$55.4 million increase in data center sales, partially offset by an approximately \$19.9 million decrease in telecommunications sales and approximately \$2.3 million decrease in broadcast sales. Net sales from Analog Mixed Signal and Wireless increased \$28.0 million in the first six months of fiscal year 2026 versus the same period in the prior year, primarily driven by an approximately \$25.6 million increase in LoRa-enabled product sales, approximately \$7.4 million increase in total TVS product sales, and approximately \$1.9 million increase in proximity sensing product sales, partially offset by an approximately \$7.3 million decrease in other wireless and sensing product sales. Net sales from IoT Systems and Connectivity increased \$26.6 million in the first six months of fiscal year 2026 versus the same period in the prior year, primarily driven by an approximately \$27.7 million increase in IoT Hardware sales.

### Gross Profit

The following table summarizes our gross profit and gross margin by reportable segment:

(in thousands, except percentages)	Three Months Ended				Six Months Ended			
	July 27, 2025		July 28, 2024		July 27, 2025		July 28, 2024	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
Signal Integrity	\$ 47,859	62.4 %	\$ 36,768	61.9 %	\$ 96,023	63.9 %	\$ 71,529	60.8 %
Analog Mixed Signal and Wireless	54,560	59.3 %	45,399	57.2 %	111,005	60.8 %	86,103	55.7 %
IoT Systems and Connectivity	35,054	39.5 %	27,111	35.4 %	64,977	37.0 %	54,205	36.4 %
Unallocated costs <sup>1</sup>	(3,368)		(3,814)		(6,611)		(6,781)	
<b>Total</b>	<b>\$ 134,105</b>	<b>52.1 %</b>	<b>\$ 105,464</b>	<b>49.0 %</b>	<b>\$ 265,394</b>	<b>52.2 %</b>	<b>\$ 205,056</b>	<b>48.7 %</b>

<sup>1</sup> Unallocated costs includes share-based compensation and amortization of acquired technology

In the second quarter of fiscal year 2026, gross profit increased \$28.6 million to \$134.1 million from \$105.5 million in the second quarter of fiscal year 2025. This increase was primarily driven by a \$11.1 million increase from Signal Integrity, which experienced higher sales led by data center sales due to stronger demand, partially offset by lower telecommunications sales, a \$9.2 million increase from Analog Mixed Signal and Wireless, which experienced higher sales led by LoRa-enabled products due to stronger demand, and a \$7.9 million increase from IoT Systems and Connectivity, primarily driven by higher IoT Hardware sales due to stronger demand.

Our gross margin was 52.1% in the second quarter of fiscal year 2026, compared to 49.0% in the second quarter of fiscal year 2025. Gross margin for our Signal Integrity segment was 62.4% in the second quarter of fiscal year 2026, compared to 61.9% in the second quarter of fiscal year 2025, primarily due to favorable product mix. Gross margin for our Analog Mixed Signal and Wireless segment was 59.3% in the second quarter of fiscal year 2026, compared to 57.2% in the second quarter of fiscal year 2025, primarily due to higher volume and favorable product mix. Gross margin for our IoT Systems and Connectivity segment was 39.5% in the second quarter of fiscal year 2026, compared to 35.4% in the second quarter of fiscal year 2025, primarily due to higher volume.

In the first six months of fiscal year 2026, gross profit increased \$60.3 million to \$265.4 million from \$205.1 million in the first six months of fiscal year 2025. This increase was primarily due to a \$24.9 million increase from Analog Mixed Signal, which experienced higher sales due to stronger demand, a \$24.5 million increase from Signal Integrity, which experienced higher sales due to stronger demand, and a \$10.8 million increase from IoT Systems and Connectivity, which experienced higher sales due to stronger demand.

Our gross margin was 52.2% in the first six months of fiscal year 2026, compared to 48.7% in the first six months of fiscal year 2025. Gross margin from Signal Integrity was 63.9% in the first six months of fiscal year 2026, compared to 60.8% in the first six months of fiscal year 2025, primarily due to favorable product mix. Gross margin from Analog Mixed Signal and Wireless

was 60.8% in the first six months of fiscal year 2026, compared to 55.7% in the first six months of fiscal year 2025, primarily due to higher volume and favorable product mix. Gross margin from IoT Systems and Connectivity was 37.0% in the first six months of fiscal year 2026, compared to 36.4% in the first six months of fiscal year 2025, primarily due to higher volume.

### ***Operating Expenses, net***

The following table summarizes our operating expenses, net:

(in thousands, except percentages)	Three Months Ended			Six Months Ended		
	July 27, 2025	July 28, 2024	Change	July 27, 2025	July 28, 2024	Change
Product development and engineering	\$ 48,198	\$ 40,084	20 %	\$ 95,727	\$ 81,688	17 %
Selling, general and administrative	58,469	55,789	5 %	104,916	108,058	(3)%
Intangible amortization	148	282	(48)%	295	589	(50)%
Restructuring	1,491	1,541	(3)%	2,690	3,810	(29)%
Goodwill impairment	41,991	—	100 %	41,991	—	100 %
Total operating expenses, net	<u>\$ 150,297</u>	<u>\$ 97,696</u>	54 %	<u>\$ 245,619</u>	<u>\$ 194,145</u>	27 %

### ***Product Development and Engineering Expenses***

Product development and engineering expenses increased \$8.1 million in the second quarter of fiscal year 2026 compared to the second quarter of fiscal year 2025 primarily as a result of a \$6.7 million net increase in staffing-related costs, including higher supplemental compensation, and a \$2.3 million increase from new product introduction expenses, partially offset by a \$0.9 million decrease in depreciation.

Product development and engineering expenses increased \$14.0 million in the first six months of fiscal year 2026 compared to the first six months of fiscal year 2025 primarily as a result of a \$11.2 million net increase in staffing-related costs, including higher supplemental compensation, and an increase of \$2.1 million from new product introduction expenses.

The levels of product development and engineering expenses reported in a fiscal period can be significantly impacted, and therefore experience period over period volatility, by the number of new product tape-outs and by the timing of recoveries from engineering services, which are typically recorded as a reduction to product development and engineering expense.

### ***Selling, General and Administrative Expenses***

Selling, general and administrative expenses increased \$2.7 million in the second quarter of fiscal year 2026 compared to the second quarter of fiscal year 2025 primarily as a result of a \$2.5 million net increase in staffing-related costs from higher supplemental compensation and a \$0.7 million increase in consulting expenses, partially offset by a \$0.6 million decrease in depreciation.

Selling, general and administrative expenses decreased \$3.1 million in the first six months of fiscal year 2026 compared to the first six months of fiscal year 2025 primarily as a result of a \$5.5 million net decrease in staffing-related costs driven by lower share-based compensation caused by remeasurement of the cash-settled awards liability, a \$1.0 million decrease in transaction and integration expenses, partially offset by a \$2.8 million increase in consulting expenses.

### ***Intangible Amortization***

Intangible amortization was \$0.1 million and \$0.3 million for the second quarters of fiscal years 2026 and 2025, respectively, and \$0.3 million and \$0.6 million for the first six months of fiscal years 2026 and 2025, respectively. The amortization of acquired technology intangible assets is reflected in cost of sales.

### ***Restructuring***

Restructuring expenses decreased by \$0.1 million in the second quarter of fiscal year 2026 compared to the second quarter of fiscal year 2025, and by \$1.1 million for the first six months of fiscal year 2026 compared to the same period in fiscal year 2025 primarily due to structural reorganization actions in the prior year periods to reduce our workforce as a result of cost-saving measures and internal resource alignment including from the realization of synergies of the Sierra Wireless Acquisition.

### ***Goodwill Impairment***

Goodwill impairment was \$42.0 million for the second quarter and first six months of fiscal year 2026 primarily due to reduced earnings forecasts associated with the IoT Connected Services reporting unit, included in the IoT Systems and Connectivity operating segment. There was no goodwill impairment at any of the Company's other reporting units. There was no goodwill impairment recorded in the same periods of fiscal year 2025.

See Note 7, Goodwill and Intangible Assets, to our interim unaudited condensed consolidated financial statements for additional information.

### ***Interest Expense***

Interest expense, including amortization and a write-off of deferred financing costs, decreased by \$23.3 million to \$5.2 million from \$28.6 million for the second quarter of fiscal year 2026 compared to the same period in fiscal year 2025, and decreased by \$40.0 million to \$11.8 million from \$51.8 million for the first six months of fiscal year 2026 compared to the same period in fiscal year 2025. The decreases in both periods were primarily due to interest savings as a result of approximately \$188.1 million of 2028 Notes extinguished in exchange for common stock in the second quarter of fiscal year 2025, and debt repayment of \$215.0 million on the Revolving Credit Facility (as defined below) and \$476.4 million on the Term Loans (as defined below) from the fourth quarter of fiscal year 2025 through the second quarter of fiscal year 2026.

### ***Investment Impairments and Credit Loss Reserves, Net***

During the second quarter and first six months of fiscal year 2026 and second quarter of fiscal year 2025, we did not record any investment impairments and credit loss reserves. During the first six months of 2025, investment impairments and credit loss reserves, net totaled a loss of \$1.1 million primarily due to an other-than-temporary impairment on one of our non-marketable equity investments.

### ***Provision for Income Taxes***

We recorded income tax expense of \$4.8 million in the second quarter of fiscal year 2026, compared to income tax expense of \$4.2 million in the second quarter of fiscal year 2025. The change in our tax provision for the three months ended July 27, 2025, compared to the three months ended July 28, 2024 was primarily due to a regional mix of income and changes in valuation allowance. The effective tax rates in the second quarters of fiscal years 2026 and 2025 differ from the statutory federal income tax rate of 21% primarily due to regional mix of income, changes in valuation allowance, impact of global intangible low-taxed income ("GILTI") and research and development ("R&D") credits. The Tax Cuts and Jobs Act ("TCJA") requires R&D costs incurred for tax years beginning after December 31, 2021 to be capitalized and amortized ratably over five or fifteen years for tax purposes, depending on where the research activities are conducted. We have elected to treat GILTI as a period cost and the additional capitalization of R&D costs within GILTI increases our provision for income taxes. On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted in the U.S. The OBBBA includes significant provisions, such as the permanent extension of certain expiring provisions of the TCJA. The OBBBA permanently changes the limitation on the deduction of business interest expense, as well as makes permanent the immediate deduction for domestic R&D expenses. The legislation has multiple effective dates, with certain provisions effective in 2025 and others implemented through 2027. This legislation may be subject to further clarification and the issuance of interpretive guidance; however, we do not expect a material impact to the financial statements at this time.

In the first six months of fiscal year 2026, we recorded income tax expense of \$13.4 million, compared to income tax expense of \$7.2 million in the first six months of fiscal year 2025. The change in our tax provision for the six months ended July 27, 2025, compared to the six months ended July 28, 2024 was primarily due to a regional mix of income, changes in valuation allowance, non-deductibility of goodwill impairment, impact of GILTI and R&D credits. The effective tax rates in the first six months of fiscal years 2026 and 2025 differ from the statutory federal income tax rate of 21% primarily due to a regional mix of income, changes in valuation allowance, non-deductibility of goodwill impairment, impact of GILTI and R&D credits.

As a global organization, we are subject to audit by taxing authorities in various jurisdictions. To the extent that an audit, or the closure of a statute of limitations, results in adjusting our reserves for uncertain tax positions, our effective tax rate could experience extreme volatility since any adjustment would be recorded as a discrete item in the period of adjustment.

For further information on the effective tax rate and the TCJA's and OBBBA's impacts, see Note 9, Income Taxes, to our interim unaudited condensed consolidated financial statements.

### ***Liquidity and Capital Resources***

Our capital requirements depend on a variety of factors including, but not limited to, the rate of increase or decrease in our existing business base; the success, timing and amount of investment required to bring new products to market; sales growth or decline; potential acquisitions or divestitures; the general economic environment in which we operate; and our ability to generate cash flows from operating activities.

We believe that our cash on hand, expected cash generation from future operations and available borrowing capacity under the Revolving Credit Facility are sufficient to meet liquidity requirements for at least the next 12 months, including funds needed for our material cash requirements. As of July 27, 2025, we had \$168.6 million in cash and cash equivalents and \$451.6 million of available undrawn borrowing capacity on our Revolving Credit Facility, subject to net leverage limitations and customary conditions precedent, including the accuracy of representations and warranties and the absence of defaults. Over the longer-term, we expect to fund our business using cash flows from operating activities.

As of July 27, 2025 and January 26, 2025, there was \$3.4 million and \$2.9 million, respectively, outstanding under the letters of credit under the Revolving Credit Facility.



A meaningful portion of our capital resources, and the liquidity they represent, are held by our subsidiaries outside of the U.S. As of July 27, 2025, our foreign subsidiaries held \$151.0 million of cash and cash equivalents, compared to \$139.1 million at January 26, 2025. Our liquidity may be impacted by fluctuating exchange rates. For additional information on exchange rates, see Item 3—Quantitative and Qualitative Disclosures About Market Risk.

In connection with the enactment of the TCJA, all historic and current foreign earnings are taxed in the U.S. Depending on the jurisdiction, these foreign earnings are potentially subject to a withholding tax, if repatriated. As of July 27, 2025, our historical undistributed earnings prior to fiscal year 2023 of our foreign subsidiaries are intended to be permanently reinvested outside of the U.S. With the enactment of the TCJA, which amended the Internal Revenue Code of 1986, all post-1986 previously unremitted earnings for which no U.S. deferred tax liability had been accrued were subject to U.S. tax. As a result of the U.S. taxation of these amounts, we have determined that none of the foreign earnings from fiscal year 2023 onward will be permanently reinvested outside of the U.S. If we needed to remit all or a portion of our historical undistributed earnings to the U.S. for investment in our domestic operations, any such remittance could result in increased tax liabilities and a higher effective tax rate. Determination of the amount of the unrecognized potential deferred tax liability on these unremitted earnings is not practicable.

We expect our future non-operating uses of cash will be for capital expenditures and debt repayment. We expect to fund these cash requirements through cash flows from operating activities.

#### Credit Agreement

On September 26, 2022 (the "Third Restatement Effective Date"), we entered into a third amended and restated credit agreement (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement") with the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, swing line lender and letter of credit issuer.

On April 24, 2025, we entered into the fourth amendment (the "Fourth Amendment") to the Credit Agreement, in order to, among other things, increase the total available borrowing capacity under the revolving credit facility under the Credit Agreement (the "Revolving Credit Facility") by \$117.5 million, increasing the total facility size to \$455.0 million. The increase partially replaces borrowing capacity that matured on November 7, 2024. Other than the foregoing, the material terms of the Credit Agreement remain unchanged.

After effectiveness of the Fourth Amendment, the borrowing capacity on the Revolving Credit Facility is \$455.0 million, which is scheduled to mature on January 12, 2028 (subject to, in certain circumstances, an earlier springing maturity), and the term loans thereunder (the "Term Loans") are scheduled to mature on January 12, 2028 (subject to, in certain circumstances, an earlier springing maturity).

As of July 27, 2025, the Company had \$146.2 million outstanding under the Term Loans and no revolving loans outstanding under the Revolving Credit Facility, which had available undrawn borrowing capacity of \$451.6 million, subject to net leverage limitations and customary conditions precedent, including the accuracy of representations and warranties and the absence of defaults.

Up to \$40.0 million of the Revolving Credit Facility may be used to obtain letters of credit, up to \$25.0 million of the Revolving Credit Facility may be used to obtain swing line loans, and up to \$75.0 million of the Revolving Credit Facility may be used to obtain revolving loans and letters of credit in certain currencies other than U.S. Dollars. The proceeds of the Revolving Credit Facility may be used by us for capital expenditures, permitted acquisitions, permitted dividends, working capital and general corporate purposes.

As of July 27, 2025, we were in compliance with the financial covenants in our Credit Agreement. The Credit Agreement also contains customary provisions pertaining to events of default. If any event of default occurs, the obligations under the Credit Agreement may be declared due and payable, terminated upon written notice to us and existing letters of credit may be required to be cash collateralized.

See Note 8, Long-Term Debt to our interim unaudited condensed consolidated financial statements for additional information regarding the terms of the Credit Agreement.

We have entered into interest rate swap agreements to hedge the variability of interest payments on debt outstanding under the Term Loans. See Note 16, Derivatives and Hedging Activities, to our interim unaudited condensed consolidated financial statements for additional information.



### Convertible Senior Notes Due 2027

On October 12, 2022 and October 21, 2022, we issued and sold \$300.0 million and \$19.5 million, respectively, in aggregate principal amount of 1.625% Convertible Senior Notes due 2027 (the "2027 Notes") in a private placement. The 2027 Notes were issued pursuant to an indenture dated October 12, 2022, by and among us, the subsidiary guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee. The 2027 Notes bear interest at a rate of 1.625% per year, payable semi-annually in arrears on May 1 and November 1 of each year, beginning on May 1, 2023. The 2027 Notes will mature on November 1, 2027, unless earlier converted, redeemed or repurchased. The 2027 Notes are not currently redeemable and, as of July 27, 2025, none of the conditions allowing holders of the 2027 Notes to convert had been met. The 2027 Notes were initially issued pursuant to an exemption from the registration requirements of the Securities Act afforded by Section 4(a)(2) of the Securities Act.

We used approximately \$72.6 million of the net proceeds from the 2027 Notes to pay for the cost of the Convertible Note Hedge Transactions, after such cost was partially offset by approximately \$42.9 million of proceeds to us from the sale of Warrants in connection with the issuance of the 2027 Notes, all as defined and described in Note 8, Long-Term Debt to our interim unaudited condensed consolidated financial statements. The Convertible Note Hedge Transactions and Warrants transactions are indexed to, and potentially settled in, our common stock and the net cost of \$29.7 million has been recorded as a reduction to additional paid-in capital in the consolidated statement of stockholders' equity (deficit). We used the remaining net proceeds to fund a portion of the consideration in the Sierra Wireless Acquisition and to pay related fees and expenses. For additional information on the 2027 Notes, Convertible Note Hedge Transactions and the Warrants, see Note 8, Long-Term Debt to our interim unaudited condensed consolidated financial statements.

### Convertible Senior Notes Due 2028

On October 26, 2023, we issued and sold \$250.0 million in aggregate principal amount of 2028 Notes in a private placement. The 2028 Notes were issued pursuant to an indenture, dated October 26, 2023, by and among the Company, the subsidiary guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee. The 2028 Notes bear interest at a rate of 4.00% per year, payable semi-annually in arrears on May 1 and November 1 of each year, beginning on May 1, 2024. The 2028 Notes will mature on November 1, 2028, unless earlier converted, redeemed or repurchased. As of July 27, 2025, approximately \$62.0 million of the 2028 Notes remained outstanding. The 2028 Notes were offered and sold only to eligible purchasers who are both "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act and "accredited investors" within the meaning of Rule 501(a) under the Securities Act, in reliance on Section 4(a)(2) under the Securities Act.

The 2028 Notes are not currently redeemable by the Company. The 2028 Notes may be converted at the option of the holders at the times and under the circumstances and at the conversion rate described in Note 8, Long-Term Debt, to our interim unaudited condensed consolidated financial statements. As of July 27, 2025, one of the conditions allowing holders of the 2028 Notes to convert had been met. The trading price of our common stock remained above 130% of the applicable \$20.37 conversion price for at least 20 trading days during the 30 consecutive trading-day period ending on, and including, July 25, 2025 (the last trading day of the quarter ended July 27, 2025), resulting in the right of the holders of the 2028 Notes to convert the 2028 Notes beginning July 28, 2025 through October 24, 2025 (the last trading day of the fiscal quarter ending October 26, 2025). Should the holders of the 2028 Notes elect to convert some or all of the outstanding 2028 Notes, the Company intends to draw on its Revolving Credit Facility to settle the obligation.

On July 11, 2024 and July 15, 2024, we entered into separate, privately negotiated exchange agreements (the "Exchange Agreements") with certain holders of the 2028 Notes. Pursuant to the Exchange Agreements, certain holders of the 2028 Notes exchanged with us approximately \$188.1 million in aggregate principal amount of 2028 Notes held by them for an aggregate of 10,378,431 shares of our common stock, which number of shares was determined over an averaging period that commenced on July 12, 2024.

For additional information on the 2028 Notes, see Note 8, Long-Term Debt to our interim unaudited condensed consolidated financial statements.

### Capital Expenditures and Research and Development

We incur significant expenditures in order to fund the development, design and manufacture of new products. We intend to continue to focus on those areas that have shown potential for viable and profitable market opportunities, which may require additional investment in equipment and the hiring of additional design and application engineers aimed at developing new products. Certain of these expenditures, particularly the addition of design engineers, do not generate significant payback in the short-term. We plan to finance these expenditures with cash generated by our operating activities, our existing cash balances and additional draws on our Revolving Credit Facility, as needed. Borrowings under our Revolving Credit Facility are subject to customary conditions precedent, including the accuracy of representations and warranties and the absence of any defaults under the facility.

### Portfolio Rationalization

We are continuing to conduct a portfolio rationalization review, which has included identifying non-core assets in an effort to align our portfolio with our strategic vision and preferred margin profile. As part of the portfolio rationalization review, we are reviewing potential strategic alternatives for certain of our non-core assets. No decision has been made regarding any strategic alternative or any particular asset, and there is no assurance that the exploration of strategic alternatives will result in any transactions, nor any specified timeline.

### Purchases under our Stock Repurchase Program

We currently have in effect a stock repurchase program that was initially approved by our Board of Directors in March 2008. On March 11, 2021, the Board of Directors approved the expansion of the stock repurchase program by an additional \$350.0 million. Under the program, subject to the terms of the Credit Agreement, we may repurchase our common stock at any time or from time to time, without prior notice, subject to market conditions and other considerations. Our repurchases may be made through Rule 10b5-1 and/or Rule 10b-18 or other trading plans, open market purchases, privately negotiated transactions, block purchases or other transactions.

We did not repurchase any shares of our common stock under the program in the first six months of fiscal year 2026 or in the first six months of fiscal year 2025. As of July 27, 2025, the remaining authorization under the program was \$209.4 million. To the extent we repurchase any shares of our common stock under the program in the future, we expect to fund such repurchases from cash on hand and borrowings on our Revolving Credit Facility. We have no obligation to repurchase any shares under the program and may suspend or discontinue it at any time.

### Working Capital

Working capital, defined as total current assets less total current liabilities including the current portion of long-term debt, fluctuates depending on end-market demand and our effective management of certain items such as receivables, inventory and payables. In times of escalating demand, our working capital requirements may increase as we purchase additional manufacturing materials and increase production. In addition, our working capital may be affected by potential acquisitions and transactions involving our debt instruments. Although investments made to fund working capital will reduce our cash balances, these investments are necessary to support business and operating initiatives.

### Material Cash Requirements

Except as disclosed above, there have been no material changes to our cash requirements from those disclosed in our Annual Report on Form 10-K for the fiscal year ended January 26, 2025.

### **Cash Flows**

In summary, our cash flows for each period were as follows:

(in thousands)	Six Months Ended	
	July 27, 2025	July 28, 2024
Net cash provided by (used in) operating activities	\$ 72,219	\$ (5,084)
Net cash used in investing activities	(10,202)	(2,672)
Net cash used in financing activities	(47,018)	(4,550)
Effect of foreign exchange rate changes on cash and cash equivalents	1,818	(351)
Net increase (decrease) in cash and cash equivalents	<u>\$ 16,817</u>	<u>\$ (12,657)</u>

### Operating Activities

Net cash provided by or used in operating activities is driven by net income or loss adjusted for non-cash items and fluctuations in operating assets and liabilities.

Operating cash flows for the first six months of fiscal year 2026 compared to the first six months of fiscal year 2025 were favorably impacted by a 20.7% increase in net sales, significantly lower interest payments on debt, lower restructuring payments related to employee termination benefits, and a decrease in income tax payments, and were unfavorably impacted by an increase in annual bonus payments and an incremental increase in inventory spend.

### Investing Activities

Net cash provided by or used in investing activities is primarily driven by capital expenditures, purchases and sales of investments, purchases of intangibles, and proceeds from or premiums paid for corporate-owned life insurance.

Capital expenditures were \$4.5 million for the first six months of fiscal year 2026 compared to \$4.7 million for the first six months of fiscal year 2025.

In the first six months of fiscal year 2026, we sold investments for proceeds of \$0.5 million compared to \$2.7 million for the first six months of fiscal year 2025. In the first six months of fiscal year 2025, we paid \$0.4 million for strategic investments in companies that are enabling the LoRa and LoRaWAN®-based ecosystem. No similar investments were made in the first six months of fiscal year 2026.

Purchases of intangibles were \$2.8 million for the first six months of fiscal year 2026, compared to \$5.0 million for the first six months of fiscal year 2025, which included capitalized development costs and software licenses.

In the first six months of fiscal year 2026, we paid \$3.4 million in premiums into our corporate-owned life insurance policy in order to provide substantive coverage for our deferred compensation liability. In the first six months of fiscal year 2025, we received \$4.8 million of proceeds from corporate-owned life insurance, which were used to pay deferred compensation distributions.

### Financing Activities

Net cash provided by or used in financing activities is primarily attributable to payments on our Term Loans, payments related to deferred financing costs, payments related to employee share-based compensation payroll taxes and proceeds from the exercise of stock options.

In the first six months of fiscal year 2026, we made prepayments of \$35.0 million on our Term Loans. No such prepayments were made in the first six months of fiscal year 2025.

In the first six months of fiscal year 2026, we paid \$0.6 million for deferred financing costs, compared to \$0.8 million for the first six months of fiscal year 2025.

In the first six months of fiscal year 2026, we paid \$12.2 million for employee share-based compensation payroll taxes and received \$0.5 million in proceeds from the exercise of stock options. In the first six months of fiscal year 2025, we paid \$4.2 million for employee share-based compensation payroll taxes and received \$0.6 million in proceeds from the exercise of stock options.

### **Critical Accounting Estimates**

Our critical accounting policies and estimates are disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 7 of our Annual Report on Form 10-K for the fiscal year ended January 26, 2025. While, there have been no significant changes to our policies during the three and six months ended July 27, 2025, we revised certain assumptions within one of our critical accounting estimates to reflect developments during the second quarter of fiscal year 2026.

### Goodwill

During the second quarter of fiscal year 2026, the Company determined that the fair value of its IoT Connectivity Services reporting unit, which is part of the IoT Systems and Connectivity segment, exceeded its carrying amount due to reduced earnings forecasts. As a result, the Company recorded \$42.0 million of total pre-tax non-cash goodwill impairment charges for the second quarter and first six months of fiscal year 2026 to write down the carrying value of the IoT Connected Services reporting unit to its fair value. The Fair value of the reporting unit was determined based on a discounted cash flow model (an income approach) and earnings multiples (a market approach). Significant inputs to the reporting unit fair value measurements included forecasted cash flows, discount rates, terminal growth rates and earnings multiples, which were determined by management estimates and assumptions. While we believe the judgments and assumptions are reasonable, different assumptions could change the estimated fair value and, therefore, additional impairments could be required.

For further discussion of goodwill and intangible assets, see Note 7, Goodwill and Intangible Assets to our interim unaudited condensed consolidated financial statements.

### **Recent Accounting Pronouncements**

For a discussion of recent accounting pronouncements, see Note 1, Organization and Basis of Presentation to our interim unaudited condensed consolidated financial statements.

### **ITEM 3. Quantitative and Qualitative Disclosures About Market Risk**

We are subject to a variety of market risks, including commodity risk and the risks related to foreign currency, interest rates and market performance that are discussed in Item 7A of our Annual Report on Form 10-K for the fiscal year ended January 26, 2025. Many of the factors that can have an impact on our market risk are external to us, and so we are unable to fully predict them.

#### **Commodity Risk**

We are subject to risk from fluctuating market prices of certain commodity raw materials, particularly gold, that are incorporated into our end products or used by our suppliers to process our end products. Increased commodity prices are passed on to us in the form of higher prices from our suppliers, either in the form of general price increases or a commodity surcharge. Although we generally deal with our suppliers on a purchase order basis rather than on a long-term contract basis, we generally attempt to obtain firm pricing for volumes consistent with planned production. Our gross margins may decline if we are not able to increase selling prices of our products or obtain manufacturing efficiencies to offset the increased cost. We do not enter into formal hedging arrangements to mitigate against commodity risk.

#### **Foreign Currency Risk**

Our foreign operations expose us to the risk of fluctuations in foreign currency exchange rates against our functional currencies and we may economically hedge this risk with foreign currency contracts (such as currency forward contracts). Gains or losses on these balances are generally offset by corresponding losses or gains on the related hedging instruments. As of July 27, 2025, our largest foreign currency exposures were from the Australian Dollar, Canadian Dollar, Euro, Great British Pound, Swiss Franc and Mexican Peso.

We considered the historical trends in foreign currency exchange rates and determined that it is reasonably possible that adverse changes in foreign exchange rates of 10% for all currencies could be experienced in the near-term. These reasonably possible adverse changes were applied to our total monetary assets and liabilities denominated in currencies other than our functional currency as of the end of our second quarter of fiscal year 2026. The adverse impact these changes would have had (after taking into account balance sheet hedges only) on our income before taxes is \$2.2 million for the quarter ended July 27, 2025.

#### **Interest rate and credit risk**

We are subject to interest rate risk in connection with the portion of the outstanding debt under our Credit Agreement that bears interest at a variable rate as of July 27, 2025.

In the first quarter of fiscal year 2024, we entered into an interest rate swap agreement with a 2.75 year term to hedge the variability of interest payments on \$150.0 million of debt outstanding on the Term Loans at a Term SOFR rate of 3.58%, plus a variable margin and spread based on our consolidated leverage ratio. This interest rate swap agreement was partially terminated in the second quarter of fiscal year 2026 and, as of July 27, 2025, hedges the variability of interest payments on \$75.0 million of debt outstanding on the Term Loans.

Based upon our \$71.2 million of unhedged floating-rate outstanding indebtedness as of July 27, 2025, the adverse impact a one percentage point increase in Term SOFR would have on our interest expense is \$0.7 million.

Interest rates also affect our return on excess cash and investments. As of July 27, 2025, we had \$168.6 million of cash and cash equivalents. A majority of our cash and cash equivalents generate interest income based on prevailing interest rates. Interest income, net of reserves, generated by our investments and cash and cash equivalents was not material in the second quarter of fiscal year 2026. A significant change in interest rates would impact the amount of interest income generated from our cash and investments. It would also impact the market value of our investments.

Our investments are primarily subject to credit risk. Our investment guidelines prescribe credit quality, permissible investments, diversification, and duration restrictions. These restrictions are intended to limit risk by restricting our investments to high quality debt instruments with relatively short-term durations. Our investment strategy limits investment of new funds and maturing securities to U.S. Treasury, Federal agency securities, high quality money market funds and time deposits with our principal commercial banks. Outside of these investment guidelines, we also invest in a limited amount of debt securities in privately held companies that we view as strategic to our business. For example, many of these investments are in companies that are enabling the LoRa®- and LoRaWAN® -based ecosystem.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds, have in the past and may in the future lead to market-wide liquidity problems. Financial instruments that potentially subject us to significant concentrations of credit risk consist primarily of cash, cash equivalents and marketable securities. We maintain cash held in deposit at financial institutions in the U.S. These deposits are insured by the FDIC in an amount up to \$250,000 for any depositor. To the extent we hold cash deposits in amounts that exceed the FDIC insurance limitation, we may incur a loss in the event of a failure of any of the financial institutions where we maintain

deposits. There can be no assurance that our deposits in excess of the FDIC or other comparable insurance limits will be backstopped by the U.S. or any applicable foreign government in the future or that any bank or financial institution with which we do business will be able to obtain needed liquidity from other banks, government institutions or by acquisition in the event of a future failure or liquidity crisis. In addition, if any of our partners or parties with whom we conduct business are unable to access funds due to the status of their financial institution, such parties' ability to pay their obligations to us or to enter into new commercial arrangements requiring additional payments to us could be adversely affected. Management believes we are not exposed to significant risk due to the financial position of the depository institution, but will continue to monitor regularly and adjust, if needed, to mitigate risk. We have established guidelines regarding diversification of our investments and their maturities, which are designed to maintain principal and maximize liquidity. To date, we have not experienced any losses associated with this credit risk and continue to believe that this exposure is not significant.

#### **ITEM 4. Controls and Procedures**

##### **Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate to allow timely decisions regarding required disclosure. Our management, with the participation of our CEO and CFO, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report. Based on that evaluation, our management, including our CEO and CFO, concluded that our disclosure controls and procedures were effective as of July 27, 2025.

##### **Changes in Internal Controls**

As of July 27, 2025, there were no changes to our internal control over financial reporting that occurred during the fiscal quarter then ended that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

### ITEM 1. Legal Proceedings

Information about our material legal proceedings is set forth in [Note 11, Commitments and Contingencies](#) to the interim unaudited condensed consolidated financial statements included in Part I, Item 1 of this Quarterly Report and incorporated by reference herein.

We have elected to disclose environmental proceedings described in Item 103(c)(3)(iii) of Regulation S-K unless we reasonably believe that such proceeding will result in no monetary sanctions, or in monetary sanctions, exclusive of interest and costs, of less than \$1,000,000.

### ITEM 1A. Risk Factors

Please carefully consider and evaluate all of the information in this Quarterly Report and the risk factors set forth in our Annual Report on Form 10-K for the fiscal year ended January 26, 2025. If any of these risks actually occur, our business could be materially harmed. If our business is harmed, the trading price of our common stock could decline.

The risk factors associated with our business have not materially changed as compared to the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended January 26, 2025.

### ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

#### Recent Sales of Unregistered Securities

None.

#### Issuer Purchase of Equity Securities

None.

### ITEM 3. Defaults Upon Senior Securities

None.

### ITEM 4. Mine Safety Disclosures

Not applicable.

### ITEM 5. Other Information

#### Insider Trading Arrangements

##### *Securities Trading Arrangements of Directors and Executive Officers*

The following table sets forth certain information regarding any "Rule 10b5-1 trading arrangements" (a "trading plan") or "non-Rule 10b5-1 trading arrangements," each as defined in Item 408 of Regulation S-K, adopted or terminated by the Company's directors and executive officers during the fiscal quarter ended July 27, 2025. All of these trading plans were adopted during the Company's quarterly open trading window in accordance with the Company's Stock Trading Guidelines for Semtech Stock for All Directors, Officers and Employees.

Name and Title	Action	Date of Action	Trading Arrangements		Total Shares to be Sold (c)	Duration (d)
			Rule 10b5-1(a)	Non-Rule 10b5-1(b)		
Gregory Fischer <i>Director</i>	Adopt	5/30/2025	X		1,500	August 29, 2025 through May 30, 2026
Mark Lin <i>EVP and Chief Financial Officer</i>	Adopt	6/23/2025	X		302,045 (e)	September 21, 2025 through October 16, 2026
Paul V. Walsh Jr. <i>Director</i>	Adopt	7/9/2025	X		10,500	October 22, 2025 through June 23, 2027

(a) Intended to satisfy the affirmative defense of Rule 10b5-1(c) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(b) Not intended to satisfy the affirmative defense of 10b5-1(c) promulgated under the Exchange Act.

(c) The numbers in this column represent the maximum number of shares of our common stock that may be sold pursuant to each trading plan.

- (d) Transactions under the trading plan may occur during the specified plan duration period and will expire the earlier of the end of the specified plan duration period or the completion of all sales under such trading plan.
- (e) This number includes shares of our common stock issuable pursuant to unvested restricted stock unit awards ("RSUs") and unvested performance stock units ("PSUs"). The PSUs are subject to the achievement of certain performance conditions as set forth in the applicable PSU agreement. The actual number of PSUs that vest following the end of an applicable performance period, if any, vary and therefore the resulting shares of our common stock available for sale under the plan will depend on the attainment of the performance metrics. The maximum number of shares to be sold will be reduced by net shares withheld to satisfy tax withholding obligations that arise in connection with the vesting and settlement.

**ITEM 6. Exhibits**

Documents that are not physically filed with this report are incorporated herein by reference to the location indicated.

Exhibit No.	Description	Location
3.1	Restated Certificate of Incorporation of Semtech Corporation	<a href="#">Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 26, 2003</a>
3.2	Amended and Restated Bylaws of Semtech Corporation, adopted on June 3, 2025	<a href="#">Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 9, 2025</a>
10.1 *	Amended and Restated Semtech Corporation 2017 Long-Term Equity Incentive Plan	<a href="#">Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 9, 2025</a>
10.2 *	Semtech Corporation Policy Regarding Director Compensation (as amended June 5, 2025)	<a href="#">Filed herewith</a>
31.1	Certification of the Chief Executive Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended	<a href="#">Filed herewith</a>
31.2	Certification of the Chief Financial Officer Pursuant to Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended	<a href="#">Filed herewith</a>
32	Certification of the Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. §1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Exhibit 32 is being furnished and shall not be deemed "filed")	<a href="#">Furnished herewith</a>
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended July 27, 2025, formatted in Inline XBRL: (i) Consolidated Statements of Operations, (ii) Consolidated Statements of Comprehensive Income and Loss, (iii) Consolidated Balance Sheets (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flow and (v) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.	
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended July 27, 2025, formatted in Inline XBRL (included as Exhibit 101).	

\* Management contract or compensatory plan or arrangement.



## 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, thereunto duly authorized.

SEMTECH CORPORATION

Registrant

Date: August 26, 2025

/s/ Mark Lin

Mark Lin

Executive Vice President and Chief Financial Officer  
(Principal Accounting and Financial Officer)