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

FORM 10-Q

(Mark One)

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended July 26, 2026
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

SEMTECH CORPORATION
(Exact name of registrant as specified in its charter)

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

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

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

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

Number of shares of common stock, \$0.01 par value per share, outstanding at August 21, 2026: 93,325,626

SEMTECH CORPORATION
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FOR THE QUARTER ENDED JULY 26, 2026

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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," "target," "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 due to a growing concentration of demand in artificial intelligence-related semiconductors, 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, including the pending divestiture of our cellular module business and attendant risks, 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 25, 2026 filed with the Securities and Exchange Commission (the "SEC") on March 23, 2026, 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 the 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 AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (in thousands, except per share data) (unaudited)

	Three Months Ended		Six Months Ended	
	July 26, 2026	July 27, 2025	July 26, 2026	July 27, 2025
Net sales	\$ 341,871	\$ 257,589	\$ 632,889	\$ 508,649
Cost of sales	158,107	123,484	297,661	243,255
Gross profit	183,764	134,105	335,228	265,394
Operating expenses, net:				
Product development and engineering	60,577	48,198	118,146	95,727
Selling, general and administrative	67,331	58,469	133,930	104,916
Intangible amortization	396	148	724	295
Restructuring	(312)	1,491	865	2,690
Goodwill impairment	—	41,991	—	41,991
Total operating expenses, net	127,992	150,297	253,665	245,619
Operating income (loss)	55,772	(16,192)	81,563	19,775
Interest expense	(1,958)	(5,235)	(3,814)	(11,817)
Interest income	915	529	1,803	898
Non-operating (expense) income, net	(65)	(1,311)	166	(4,113)
Income (loss) before taxes and equity method income (loss)	54,664	(22,209)	79,718	4,743
(Benefit) provision for income taxes	(101,361)	4,793	(101,249)	13,446
Net income (loss) before equity method income (loss)	156,025	(27,002)	180,967	(8,703)
Equity method income (loss)	4,096	(62)	5,717	984
Net income (loss)	\$ 160,121	\$ (27,064)	\$ 186,684	\$ (7,719)
Earnings (loss) per share:				
Basic	\$ 1.72	\$ (0.31)	\$ 2.01	\$ (0.09)
Diluted	\$ 1.59	\$ (0.31)	\$ 1.88	\$ (0.09)
Weighted-average number of shares used in computing earnings (loss) per share:				
Basic	93,278	86,707	93,092	86,574
Diluted	100,841	86,707	99,439	86,574

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

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

	Three Months Ended		Six Months Ended	
	July 26, 2026	July 27, 2025	July 26, 2026	July 27, 2025
Net income (loss)	\$ 160,121	\$ (27,064)	\$ 186,684	\$ (7,719)
Other comprehensive income, net:				
Unrealized loss on foreign currency cash flow hedges, net	(572)	—	(795)	—
Reclassifications of realized gain on foreign currency cash flow hedges, net, to net income	(132)	—	(184)	—
Unrealized gain on interest rate cash flow hedges, net	—	595	—	505
Reclassifications of realized gain on interest rate cash flow hedges, net, to net income	—	(403)	—	(511)
Reclassifications of realized gain on interest rate swaps termination and prior hedge effectiveness, net of tax, to net income	—	(850)	—	(1,006)
Cumulative translation adjustment	(753)	901	(152)	3,944
Change in defined benefit plans, net	(11)	(13)	(22)	(26)
Other comprehensive (loss) income, net	(1,468)	230	(1,153)	2,906
Comprehensive income (loss)	<u>\$ 158,653</u>	<u>\$ (26,834)</u>	<u>\$ 185,531</u>	<u>\$ (4,813)</u>

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

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

	July 26, 2026	January 25, 2026
Assets		
Current assets:		
Cash and cash equivalents	\$ 204,051	\$ 195,179
Accounts receivable, less allowances of \$8,328 and \$7,976, respectively	169,882	160,552
Inventories	170,795	195,737
Prepaid taxes	21,376	15,422
Assets held for sale	132,235	—
Other current assets	44,502	88,230
Total current assets	<u>742,841</u>	<u>655,120</u>
Non-current assets:		
Property, plant and equipment, net of accumulated depreciation of \$342,356 and \$340,331, respectively	105,213	109,345
Deferred tax assets	139,605	34,188
Goodwill	478,210	457,925
Other intangible assets, net	44,633	40,015
Other assets	136,539	113,744
TOTAL ASSETS	<u><u>\$ 1,647,041</u></u>	<u><u>\$ 1,410,337</u></u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 68,166	\$ 84,134
Accrued liabilities	155,178	191,802
Current portion of long-term debt	143,362	—
Liabilities held for sale	70,693	—
Total current liabilities	<u>437,399</u>	<u>275,936</u>
Non-current liabilities:		
Deferred tax liabilities	—	101
Long-term debt	349,368	491,234
Other long-term liabilities	111,402	93,348
Commitments and contingencies (Note 12)		
Stockholders' equity :		
Common stock, \$0.01 par value, 250,000,000 shares authorized, 104,264,193 issued and 93,324,892 outstanding and 104,264,193 issued and 92,668,555 outstanding, respectively	1,043	1,043
Treasury stock, at cost, 10,939,301 shares and 11,595,638 shares, respectively	(457,360)	(474,376)
Additional paid-in capital	1,463,396	1,466,789
Retained deficit	(249,378)	(436,062)
Accumulated other comprehensive loss, net	(8,829)	(7,676)
Total stockholders' equity	<u>748,872</u>	<u>549,718</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 1,647,041</u></u>	<u><u>\$ 1,410,337</u></u>

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

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

Three Months Ended July 26, 2026							
	Common Stock		Treasury Stock, at Cost	Additional Paid- in Capital	Retained Deficit	Accumulated Other Comprehensive Loss, Net	Stockholders' Equity
	Number of Shares Outstanding	Amount					
Balance at April 26, 2026	93,129,478	\$ 1,043	\$ (462,474)	\$ 1,451,613	\$ (409,499)	\$ (7,361)	\$ 573,322
Net income	—	—	—	—	160,121	—	160,121
Other comprehensive loss	—	—	—	—	—	(1,468)	(1,468)
Share-based compensation	—	—	—	27,179	—	—	27,179
Treasury stock reissued to settle share-based awards	195,414	—	5,114	(15,396)	—	—	(10,282)
Balance at July 26, 2026	93,324,892	\$ 1,043	\$ (457,360)	\$ 1,463,396	\$ (249,378)	\$ (8,829)	\$ 748,872

Six Months Ended July 26, 2026							
	Common Stock		Treasury Stock, at Cost	Additional Paid- in Capital	Retained Deficit	Accumulated Other Comprehensive Loss, Net	Stockholders' Equity
	Number of Shares Outstanding	Amount					
Balance at January 25, 2026	92,668,555	\$ 1,043	\$ (474,376)	\$ 1,466,789	\$ (436,062)	\$ (7,676)	\$ 549,718
Net income	—	—	—	—	186,684	—	186,684
Other comprehensive loss	—	—	—	—	—	(1,153)	(1,153)
Share-based compensation	—	—	—	49,702	—	—	49,702
Treasury stock reissued to settle share-based awards	656,337	—	17,016	(53,095)	—	—	(36,079)
Balance at July 26, 2026	93,324,892	\$ 1,043	\$ (457,360)	\$ 1,463,396	\$ (249,378)	\$ (8,829)	\$ 748,872

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

SEMTECH CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (CONTINUED)
(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
	Number of Shares Outstanding	Amount					
Balance at April 27, 2025	86,623,006	\$ 990	\$ (506,309)	\$ 1,459,878	\$ (376,341)	\$ (9,403)	\$ 568,815
Net loss	—	—	—	—	(27,064)	—	(27,064)
Other comprehensive income	—	—	—	—	—	230	230
Share-based compensation	—	—	—	13,731	—	—	13,731
Treasury stock reissued to settle share-based awards	148,540	—	5,178	(7,998)	—	—	(2,820)
Balance at July 27, 2025	86,771,546	\$ 990	\$ (501,131)	\$ 1,465,611	\$ (403,405)	\$ (9,173)	\$ 552,892

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
	Number of Shares Outstanding	Amount					
Balance at January 26, 2025	86,272,439	\$ 990	\$ (520,511)	\$ 1,469,712	\$ (395,686)	\$ (12,079)	\$ 542,426
Net loss	—	—	—	—	(7,719)	—	(7,719)
Other comprehensive income	—	—	—	—	—	2,906	2,906
Share-based compensation	—	—	—	26,968	—	—	26,968
Treasury stock reissued to settle share-based awards	499,107	—	19,380	(31,069)	—	—	(11,689)
Balance at July 27, 2025	86,771,546	\$ 990	\$ (501,131)	\$ 1,465,611	\$ (403,405)	\$ (9,173)	\$ 552,892

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

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

	Six Months Ended	
	July 26, 2026	July 27, 2025
Cash flows from operating activities:		
Net income (loss)	\$ 186,684	\$ (7,719)
<i>Adjustments to reconcile net income (loss) to net cash provided by operating activities:</i>		
Depreciation and amortization	18,915	20,504
Amortization of right-of-use assets	3,168	2,702
Goodwill impairment	—	41,991
Accretion of deferred financing costs	2,144	2,525
Write-off of deferred financing costs	193	516
Interest rate swap termination	—	(729)
Deferred income taxes	(107,002)	4,848
Share-based compensation	50,292	24,132
Loss on disposition of business operations and assets	5	42
Equity method income	(5,717)	(984)
Gain from sale of investments	(100)	—
Corporate-owned life insurance, net	4,068	1,389
<i>Changes in assets and liabilities:</i>		
Accounts receivable, net	(35,021)	9,218
Inventories	(5,997)	(19,628)
Other assets	(17,447)	(2,770)
Accounts payable	13,245	11,225
Accrued liabilities	1,232	(11,440)
Other liabilities	(3,591)	(3,603)
Net cash provided by operating activities	105,071	72,219
Cash flows from investing activities:		
Proceeds from sales of property, plant and equipment	46	3
Purchase of property, plant and equipment	(15,663)	(4,534)
Proceeds from sale of investments	100	536
Purchase of intangibles	(5,986)	(2,779)
Acquisitions, net of cash acquired	(36,306)	—
Premiums paid for corporate-owned life insurance	—	(3,428)
Net cash used in investing activities	(57,809)	(10,202)
Cash flows from financing activities:		
Proceeds from revolving line of credit	50,000	—
Payments of revolving line of credit	(50,000)	—
Payments of term loans	—	(35,000)
Proceeds from interest rate swap termination	—	237
Deferred financing costs	(2,287)	(564)
Payments for employee share-based compensation payroll taxes	(37,213)	(12,191)
Proceeds from exercise of stock options	1,133	500
Net cash used in financing activities	(38,367)	(47,018)
Effect of foreign exchange rate changes on cash and cash equivalents	(23)	1,818
Net increase in cash and cash equivalents	8,872	16,817
Cash and cash equivalents at beginning of period	195,179	151,743
Cash and cash equivalents at end of period	\$ 204,051	\$ 168,560

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

	Six Months Ended	
	July 26, 2026	July 27, 2025
Supplemental disclosure of cash flow information:		
Interest paid	\$ 1,535	\$ 10,035
Income taxes paid	\$ 6,735	\$ 3,996
Non-cash investing and financing activities:		
Accounts payable related to capital expenditures	\$ 468	\$ 507
Accrued deferred financing costs	\$ 455	\$ —
Accrued purchases of intangibles	\$ 111	\$ 3,652
Acquisition related holdback liability	\$ 4,000	\$ —

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

SEMTECH CORPORATION AND SUBSIDIARIES
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 semiconductors powering AI data center networking and intelligent, connected Internet of Things ("IoT") devices worldwide. 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 and managed connectivity solutions ship to IoT device makers, enterprises and solution providers 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 2027 and 2026 each consisted of 13 weeks. Fiscal year 2027 will consist of 53 weeks and will end on January 31, 2027.

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 further detailed 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 25, 2026 ("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.

Held for Sale

As of July 26, 2026, the Company classified certain assets and liabilities as held for sale in the Balance Sheets. See Note 2, Business Held for Sale, and Note 18, Subsequent Event, for additional information.

Recently Adopted Accounting Standards

In July 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which allows public business entities a practical expedient. Under this practical expedient, an entity is allowed to assume that the current conditions it has applied in determining credit loss allowances for current accounts receivable and current contract assets remain unchanged for the remaining life of those assets. ASU 2025-05 is effective for the Company for fiscal years beginning after December 15, 2025, and interim reporting periods in those years. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. Entities that elect the practical expedient are required to apply the amendments prospectively. The Company adopted ASU 2025-05 on a prospective basis during the fiscal quarter ended April 26, 2026. While this ASU was adopted, the Company did not elect the practical expedient permitted under the ASU. Therefore, the adoption of this standard did not have a material impact on the Company's consolidated financial statements.

Future Accounting Standards

In September 2025, the FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*, which removes all references to prescriptive and sequential software development stages, or "project stages", throughout Subtopic 350-40, and instead specifies that an entity is required to start capitalizing software costs when management has authorized and committed to funding the software project and it is probable that the project will be completed and the software will be used to perform the function intended. The amendments are effective for the Company for annual reporting periods beginning after December 15, 2027, and interim periods within those annual reporting periods. Early adoption is permitted. ASU 2025-06 may be applied using the prospective, modified, or retrospective transition methods. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, 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 the consolidated financial statements.

Note 2: Business Held for Sale

The Company determined that its cellular module business (the "Disposal Group"), which is part of the Company's IoT Systems and Connectivity operating segment, met the held for sale criteria as of July 26, 2026 and, as a result, related assets for this business were classified as "Assets held for sale" and related liabilities for this business were classified as "Liabilities held for sale" in the Balance Sheets as of July 26, 2026. The estimated fair value of the Disposal Group less estimated costs to sell exceeded its carrying amount as of July 26, 2026. As the sale of the Disposal Group is not considered a strategic shift that will have a major effect on the Company's operations or financial results, it was not reported as discontinued operations.

The following table summarizes the Company's assets and liabilities held for sale by major class:

	July 26, 2026
(in thousands)	
Assets:	
Accounts Receivable	\$ 25,882
Inventories	32,692
Other current assets	54,090
Property, plant and equipment, net	5,336
Other intangible assets, net	12,718
Other assets	1,517
Total assets held for sale	\$ 132,235
Liabilities:	
Accounts payable	\$ 27,748
Accrued liabilities	41,910
Other long-term liabilities	1,035
Total liabilities held for sale	\$ 70,693

On August 13, 2026, the Company entered into a definitive agreement for the divestiture of the Disposal Group. The transaction remains subject to the satisfaction or waiver of customary closing conditions, including but not limited to receipt of certain regulatory approvals, and is expected to be completed within twelve months. See Note 18, Subsequent Event, for additional information.

Note 3: Earnings (Loss) per Share

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

(in thousands, except per share data)	Three Months Ended		Six Months Ended	
	July 26, 2026	July 27, 2025	July 26, 2026	July 27, 2025
Net income (loss)	\$ 160,121	\$ (27,064)	\$ 186,684	\$ (7,719)
Weighted-average shares outstanding—basic	93,278	86,707	93,092	86,574
Dilutive effect of share-based compensation	2,714	—	2,596	—
Dilutive effect of 2027 Notes	1,987	—	1,815	—
Dilutive effect of 2030 Notes	1,140	—	450	—
Dilutive effect of Warrants	1,722	—	1,486	—
Weighted-average shares outstanding—diluted	100,841	86,707	99,439	86,574
Earnings (loss) per share:				
Basic	\$ 1.72	\$ (0.31)	\$ 2.01	\$ (0.09)
Diluted	\$ 1.59	\$ (0.31)	\$ 1.88	\$ (0.09)
Anti-dilutive shares not included in the above calculations:				
Share-based compensation	11	1,777	5	1,667
Warrants	—	8,573	—	8,573
Total anti-dilutive shares	11	10,350	5	10,240

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.

Any dilutive effect of the 2027 Notes, 2028 Notes and 2030 Notes (as defined in Note 9, Long-Term Debt) is calculated using the if-converted method. For the three and six months ended July 27, 2025, 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 9, Long-Term Debt) is calculated using the treasury stock method. For the three and six months ended July 27, 2025, 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 4: 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 26, 2026	July 27, 2025	July 26, 2026	July 27, 2025
Cost of sales	\$ 727	\$ 603	\$ 1,888	\$ 1,308
Product development and engineering	4,458	3,424	10,886	7,169
Selling, general and administrative	18,661	13,270	37,518	15,655
Total share-based compensation	<u>\$ 23,846</u>	<u>\$ 17,297</u>	<u>\$ 50,292</u>	<u>\$ 24,132</u>

Restricted Stock Units, Employees

The Company grants restricted stock units to certain employees which are expected to be settled with shares of the Company's common stock. 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). In the six months ended July 26, 2026, the Company granted to certain employees 356,309 restricted stock units that settle in shares with a weighted-average grant date fair value of \$90.13.

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 26, 2026, the Company granted to certain non-employee directors 9,440 restricted stock units that settle in shares with a weighted-average grant date fair value of \$169.35.

The restricted stock units that are to be settled in cash are accounted for as liabilities. The value of both the unvested and vested but unsettled awards is re-measured at the end of each reporting period until settlement. As of July 26, 2026, the total number of vested, but unsettled, shares subject to cash-settled restricted stock unit awards was 92,973 and the liability associated with these awards was \$11.7 million, which was included in "Other long-term liabilities" in the Balance Sheets as of July 26, 2026. As of January 25, 2026, 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 \$11.3 million, of which \$3.8 million was included in "Accrued liabilities" in the Balance Sheets relating to a previous non-employee director serving a short-term non-employee consultancy for the Company. The remaining \$7.5 million was included in "Other long-term liabilities" in the Balance Sheets as of January 25, 2026. In the six months ended July 26, 2026, with the approval of the Company's Board of Directors, the Company delivered 44,018 shares of the Company's common stock in payment of 44,018 restricted stock units held by a former Company director that had originally provided for settlement in cash and had been accounted for as liabilities.

Total Stockholder Return ("TSR") Market-Condition Restricted Stock Units

The Company grants TSR market-condition restricted stock units (the "TSR Awards") to certain executives of the Company, which are settled in shares and accounted for as equity awards. The TSR Awards have a pre-defined market condition, which determines the number of shares that ultimately vest, as well as a service condition. The TSR Awards are valued as of the grant date using a Monte Carlo simulation, which takes into consideration the possible outcomes pertaining to the TSR market condition and expense is recognized on a straight-line basis over the requisite service periods and is adjusted for any actual forfeitures.

In the six months ended July 26, 2026, the Company granted 84,962 TSR Awards. The market condition is determined based upon the Company's TSR benchmarked against the TSR of the Russell 3000 Index over one-, two- and three-year performance periods (one-third of the awards vesting each 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 value per unit of the TSR Awards granted in the six months ended July 26, 2026 for each one-, two- and three-year performance period was

\$132.99, \$138.06 and \$143.47, 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 2027, 2028 and 2029 performance periods would be 169,923 shares.

Financial Metric-Based Restricted Stock Units

The Company grants financial metric-based restricted stock units to certain executives of the Company, which are settled in shares and accounted for as equity awards. These awards have a performance condition in addition to a service condition. The number of vested shares for each performance period 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 financial metric-based restricted stock units are valued as of the measurement date and compensation cost 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 26, 2026, the Company granted 84,962 financial metric-based restricted stock units with a weighted-average grant date fair value of \$87.58 that vest over one-, two- and three-year performance periods (one-third of the awards vesting each 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. 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 2027, 2028 and 2029 performance periods would be 169,923 shares.

Note 5: Available-for-sale securities

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

(in thousands)	July 26, 2026			January 25, 2026		
	Fair Value	Amortized Cost	Gross Unrealized Loss	Fair Value	Amortized Cost	Gross Unrealized Loss
Convertible debt investments	\$ —	\$ 4,519	\$ (4,519)	\$ —	\$ 5,205	\$ (5,205)
Total available-for-sale securities	\$ —	\$ 4,519	\$ (4,519)	\$ —	\$ 5,205	\$ (5,205)

The Company's available-for-sale securities consist of investments in convertible debt instruments issued by privately-held companies and are recorded at fair value. 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) income, net" in the Statements of Operations.

Note 6: 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 26, 2026				January 25, 2026			
	Total	(Level 1)	(Level 2)	(Level 3)	Total	(Level 1)	(Level 2)	(Level 3)
Financial assets:								
Foreign currency forward contracts	\$ —	\$ —	\$ —	\$ —	\$ 474	\$ —	\$ 474	\$ —
Total financial assets	\$ —	\$ —	\$ —	\$ —	\$ 474	\$ —	\$ 474	\$ —
Financial liabilities:								
Foreign currency forward contracts	723	—	723	—	—	—	—	—
Total financial liabilities	\$ 723	\$ —	\$ 723	\$ —	\$ —	\$ —	\$ —	\$ —

During the six months ended July 26, 2026, the Company had no transfers of financial assets between Level 1, Level 2 or Level 3. As of July 26, 2026 and January 25, 2026, the Company had not elected the fair value option for any financial assets for which such an election would have been permitted.

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

See Note 17, 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 are recorded at cost, which approximates fair value as the debt instruments bear interest at a floating rate. The 2027 Notes and 2030 Notes (as defined in Note 9, 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 2030 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 2030 Notes:

(in thousands)	Fair Value Hierarchy	July 26, 2026		January 25, 2026	
		Carrying Value	Fair Value	Carrying Value	Fair Value
1.625% convertible senior notes due 2027, net ⁽¹⁾	Level 2	\$ 99,563	\$ 338,340	\$ 99,176	\$ 221,095
0% convertible senior notes due 2030, net ⁽²⁾	Level 2	393,167	614,945	392,058	441,537
Total long-term debt, net of debt issuance costs		\$ 492,730	\$ 953,285	\$ 491,234	\$ 662,632

⁽¹⁾ The 1.625% convertible senior notes due 2027, net, are reflected net of \$0.9 million and \$1.3 million of unamortized debt issuance costs as of July 26, 2026 and January 25, 2026, respectively.

⁽²⁾ The 0% convertible senior notes due 2030, net, are reflected net of \$9.3 million and \$10.4 million of unamortized debt issuance costs as of July 26, 2026 and January 25, 2026, 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 was \$3.8 million and \$4.5 million as of July 26, 2026 and January 25, 2026, respectively. During the six months ended July 26, 2026, the Company decreased its expected credit loss reserves by \$0.7 million due to the sale of one of its available-for-sale debt securities. Credit loss reserves related to the Company's available-for-sale debt securities are included in "Other current assets" in the Balance Sheets.

Note 7: 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 26, 2026	January 25, 2026
Raw materials and electronic components	\$ 3,686	\$ 31,924
Work in progress	125,452	119,319
Finished goods	41,657	44,494
Total inventories	<u>\$ 170,795</u>	<u>\$ 195,737</u>

As of July 26, 2026, "Inventories" in the Balance Sheets excluded amounts classified as held for sale. See Note 2, Business Held for Sale, for additional information.

Note 8: Goodwill and Intangible Assets

Goodwill

The following table summarizes goodwill by applicable operating segments:

(in thousands)	Balance as of July 26, 2026			Balance as of January 25, 2026		
	Goodwill	Accumulated Impairment Losses	Carrying Value	Goodwill	Accumulated Impairment Losses	Carrying Value
Signal Integrity	\$ 288,253	\$ —	\$ 288,253	\$ 267,205	\$ —	\$ 267,205
Analog Mixed Signal and Wireless	91,068	—	91,068	91,068	—	91,068
IoT Systems and Connectivity	946,785	(847,896)	98,889	947,548	(847,896)	99,652
Total goodwill	<u>\$ 1,326,106</u>	<u>\$ (847,896)</u>	<u>\$ 478,210</u>	<u>\$ 1,305,821</u>	<u>\$ (847,896)</u>	<u>\$ 457,925</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 25, 2026	\$ 267,205	\$ 91,068	\$ 99,652	\$ 457,925
Addition from acquisitions	21,048	—	—	21,048
Cumulative translation adjustment	—	—	(763)	(763)
Balance at July 26, 2026	<u>\$ 288,253</u>	<u>\$ 91,068</u>	<u>\$ 98,889</u>	<u>\$ 478,210</u>

During the first six months of fiscal year 2027, the Company completed certain immaterial acquisitions, which resulted in the addition of \$21.0 million in the carrying value of goodwill.

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 26, 2026, there was no indication of impairment of the Company's goodwill balances.

Purchased and Other Intangibles

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

(in thousands, except estimated useful life)	Estimated Useful Life	July 26, 2026			
		Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment	Net Carrying Amount
Core technologies	1-8 years	\$ 143,792	\$ (50,644)	\$ (64,310)	\$ 28,838
Customer relationships	1-10 years	29,847	(12,792)	(9,305)	7,750
Trade name	2-10 years	9,000	(3,323)	(4,816)	861
Capitalized development costs	3-7 years	3,912	(1,305)	(1,777)	830
Total finite-lived intangible assets		<u>\$ 186,551</u>	<u>\$ (68,064)</u>	<u>\$ (80,208)</u>	<u>\$ 38,279</u>

(in thousands, except estimated useful life)	Estimated Useful Life	January 25, 2026			
		Gross Carrying Amount	Accumulated Amortization	Accumulated Impairment	Net Carrying Amount
Core technologies	1-8 years	\$ 167,178	\$ (54,383)	\$ (91,792)	\$ 21,003
Customer relationships	1-10 years	53,248	(15,265)	(34,777)	3,206
Trade name	2-10 years	9,000	(3,257)	(4,816)	927
Capitalized development costs	3-7 years	3,912	(1,023)	(1,777)	1,112
Software licenses	7-10 years	3,740	(312)	—	3,428
Total finite-lived intangible assets		<u>\$ 237,078</u>	<u>\$ (74,240)</u>	<u>\$ (133,162)</u>	<u>\$ 29,676</u>

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

(in thousands)	Three Months Ended		Six Months Ended	
	July 26, 2026	July 27, 2025	July 26, 2026	July 27, 2025
Core technologies	\$ 1,864	\$ 2,214	\$ 3,614	\$ 4,419
Customer relationships	363	115	658	229
Trade name	33	33	66	66
Capitalized development costs	142	198	283	325
Software licenses	135	96	270	106
Total amortization expense	<u>\$ 2,537</u>	<u>\$ 2,656</u>	<u>\$ 4,891</u>	<u>\$ 5,145</u>

Amortization expense of finite-lived intangible assets related to core technologies was recorded in "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	Total
2027 (remaining six months)	\$ 3,585	\$ 612	\$ 66	\$ 282	\$ 4,545
2028	6,117	1,042	133	287	7,579
2029	5,744	1,042	133	57	6,976
2030	3,040	1,042	133	57	4,272
2031	3,040	1,042	133	57	4,272
Thereafter	7,312	2,970	263	90	10,635
Total expected amortization expense	<u>\$ 28,838</u>	<u>\$ 7,750</u>	<u>\$ 861</u>	<u>\$ 830</u>	<u>\$ 38,279</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 25, 2026	\$ 2,414	\$ 7,925	\$ 10,339
Additions	1,440	2,500	3,940
Placed in service	—	(1,100)	(1,100)
Reclassifications to assets held for sale	—	(6,825)	(6,825)
Balance at July 26, 2026	<u>\$ 3,854</u>	<u>\$ 2,500</u>	<u>\$ 6,354</u>

As of July 26, 2026, "Other intangible assets, net" in the Balance Sheets excluded amounts classified as held for sale. See Note 2, Business Held for Sale, for additional information.

Note 9: Long-Term Debt

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

(in thousands, except percentages)	July 26, 2026	January 25, 2026
1.625% convertible senior notes due 2027	\$ 100,500	\$ 100,500
0% convertible senior notes due 2030	402,500	402,500
Total debt	\$ 503,000	\$ 503,000
Current portion, net	(143,362)	—
Debt issuance costs	(10,270)	(11,766)
Total long-term debt, net of debt issuance costs	\$ 349,368	\$ 491,234
Weighted-average effective interest rate ⁽¹⁾	0.47 %	0.55 %

⁽¹⁾ The revolving loans bear interest at variable rates based on Adjusted Term SOFR or a Base Rate (as defined in the 2026 Credit Agreement), at the Company's option, plus an applicable margin that varies based on the Company's consolidated leverage ratio. As of July 26, 2026 and January 25, 2026, the effective interest rate was a weighted-average rate that represented (a) interest on the remaining debt under the 2027 Notes outstanding at a fixed rate of 1.625%, and (b) interest on the 2030 Notes outstanding at a fixed rate of 0%.

2019 Credit Agreement

On November 7, 2019, the Company, with certain of its 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 amendment and restatement agreement (as amended, restated, supplemented or otherwise modified from time to time, the "2019 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. Beginning in February 2023, the Company entered into a series of amendments to the 2019 Credit Agreement including, on April 24, 2025, a fourth amendment (the "Fourth Amendment") to the 2019 Credit Agreement, in order to, among other things, increase the total available borrowing capacity under the 2019 Revolving Credit Facility (as defined below) by \$117.5 million increasing the total facility size to \$455.0 million. Other than the foregoing, the material terms of the 2019 Credit Agreement remained unchanged. See Note 9, Long-Term Debt, included in the Annual Report on Form 10-K for the fiscal year ended January 25, 2026 for more information regarding the amendments to the 2019 Credit Agreement.

After effectiveness of the Fourth Amendment, the borrowing capacity on the revolving credit facility under the 2019 Credit Agreement (the "2019 Revolving Credit Facility") was \$455.0 million, which was scheduled to mature on January 12, 2028 (subject to, in certain circumstances, an earlier springing maturity), and the term loans thereunder (the "Term Loans") were scheduled to mature on January 12, 2028 (subject to, in certain circumstances, an earlier springing maturity).

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 (as defined in the 2019 Credit Agreement) 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 fully terminated in the third quarter of fiscal year 2026.

In fiscal year 2025, the Company repaid the outstanding amount of \$68.3 million on the 2019 Revolving Credit Facility which matured on November 7, 2024 by borrowing against the remaining 2019 Revolving Credit Facility scheduled to mature on January 12, 2028. In fiscal year 2025, the Company repaid an additional \$215.0 million on the 2019 Revolving Credit Facility and repaid \$441.4 million on the Term Loans.

In fiscal year 2026, the Company made early repayments of \$181.2 million on the remaining balance of the Term Loans.

The Company terminated the 2019 Credit Agreement in the second quarter of fiscal year 2027 and concurrently entered into the 2026 Credit Agreement, as defined and described below.

2026 Credit Agreement

On July 6, 2026, the Company, with certain of its domestic subsidiaries as guarantors, entered into a credit agreement (the "2026 Credit Agreement") with the lenders party thereto, the letter of credit issuers party thereto, and Morgan Stanley Senior Funding, Inc., as administrative agent and swing line lender, consisting of a \$360.0 million revolving credit facility (the "2026 Revolving Loan Facility"), which was undrawn, and an uncommitted incremental term loan facility (the "Incremental Loan Facility" and, together with the 2026 Revolving Loan Facility, the "2026 Revolving Credit Facility"). The Incremental Loan Facility plus any additional increase to the 2026 Revolving Loan Facility is capped at a maximum principal amount equal to the greater of (x) \$332.0 million and (y) 100% of Consolidated EBITDA (as defined in the 2026 Credit Agreement), plus an unlimited amount, so long as the pro forma Consolidated First Lien Net Leverage Ratio (as defined in the 2026 Credit Agreement) is less than 3.50:1.00. The proceeds of the 2026 Revolving Credit Facility may be used by the Company for

working capital needs and general corporate purposes, including, without limitation, refinancing of existing indebtedness and funding of transaction costs, permitted acquisitions and other permitted investments.

The 2026 Revolving Loan Facility matures on July 6, 2031 (the "Maturity Date") with a springing maturity on the date that is 91 days prior to the scheduled maturity in respect of the Company's 2030 Notes (as defined below) to the extent that, as of such date, (i) the outstanding aggregate principal amount of the 2030 Notes (and any indebtedness that refinances the 2030 Notes and, in each case, to the extent not defeased) exceeds the greater of (x) \$50.0 million and (y) 25% of Consolidated EBITDA, and (ii) the sum of available and undrawn commitments under the 2026 Revolving Loan Facility plus unrestricted cash and cash equivalents of the Company and its restricted subsidiaries (without reduction to availability for the outstanding but undrawn letters of credit) is less than the aggregate principal amount of the 2030 Notes outstanding.

As of July 26, 2026, the Company had no amounts outstanding under the Incremental Loan Facility and no revolving loans outstanding under the 2026 Revolving Credit Facility, which had available undrawn borrowing capacity of \$356.6 million, subject to net leverage limitations and customary conditions precedent, including the accuracy of representations and warranties and the absence of defaults.

All of the Company's obligations under the 2026 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 2026 Credit Agreement.

No amortization is required with respect to the revolving loans. The 2026 Credit Agreement contains customary representations 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 are as follows:

- maintaining a maximum consolidated leverage ratio, determined as of the last day of each fiscal quarter, of 4.00 to 1.00 for each fiscal quarter, subject to increase to 4.50 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 2026 Credit Agreement, subject to the satisfaction of certain conditions; and
- maintaining a minimum consolidated interest expense coverage ratio, determined as of the last day of each fiscal quarter, of 2.50 to 1.00 for each fiscal quarter.

As of July 26, 2026, the Company was in compliance with the financial covenants in the 2026 Credit Agreement.

The 2026 Credit Agreement also contains customary provisions pertaining to events of default. If any event of default occurs, the obligations under the 2026 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.

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 2026 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 26, 2026, \$100.5 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 (the "2027 Notes Market Price Condition"); (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 26, 2026, the 2027 Notes Market Price Condition was satisfied, allowing holders of the 2027 Notes to convert their 2027 Notes beginning on July 27, 2026 through October 23, 2026 (the last trading day of the fiscal quarter ending October 25, 2026). Should the holders of the 2027 Notes elect to convert some or all of the outstanding 2027 Notes, the Company intends to draw on the 2026 Revolving Credit Facility to settle the obligation. To the extent the 2027 Notes and 2030 Notes discussed below cannot be refinanced with the 2026 Revolving Credit Facility, \$143.4 million of the balance has been classified as current and recorded in Current portion of long-term debt on the Balance Sheets. 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 redeem for cash all or any portion of the 2027 Notes (subject to the limitation described below), at the Company's option, 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 Hedges") 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 Hedges will expire upon the maturity of the 2027 Notes, if not earlier exercised. The Convertible Note Hedges 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 Hedges, is greater than the strike price of the Convertible Note Hedges, 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 Hedges 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 Hedges. 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 Hedges. The Convertible Note Hedges 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 customary 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 Hedges 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.

Exchange of 2027 Notes and Related Unwinding of Convertible Note Hedges and Warrants

On October 7, 2025, the Company entered into separate, privately negotiated exchange agreements with certain holders of the 2027 Notes (the "2025 Exchange of 2027 Notes"). Pursuant to the 2025 Exchange of 2027 Notes, on October 14, 2025, the Company used approximately \$220.6 million of the net proceeds from the 2030 Notes (discussed below), together with the issuance of 3,036,192 shares of the Company's common stock as consideration for the exchange of approximately \$219.0 million aggregate principal amount of the 2027 Notes and accrued interest. The Company accounted for these exchange transactions as an induced conversion. In fiscal year 2026, in connection with the exchange transactions, the Company recognized an induced conversion expense of \$17.6 million recorded in "Interest expense" on the Statements of Operations and an increase to "Additional paid-in capital" of \$14.3 million on the Balance Sheets, which included \$3.3 million from the write-off of deferred financing costs.

In connection with the 2025 Exchange of 2027 Notes, the Company also terminated a portion of the Convertible Note Hedges and the Warrants corresponding to the number of 2027 Notes exchanged. The Company received approximately \$24.5 million in connection with the termination, which was recorded as an increase to additional paid-in capital on the Balance Sheets.

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 were 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 guaranteed its borrowings under its 2019 Credit Agreement. The 2028 Notes bore 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 were scheduled to mature on November 1, 2028, unless earlier converted, redeemed or repurchased. As of July 26, 2026, as a result of certain exchange transactions, no amounts remain outstanding under the 2028 Notes.

Exchanges of 2028 Notes

In fiscal year 2025, in connection with the exchange transactions, the Company recognized \$144.7 million of loss included in "Loss on extinguishment of debt" in the Statements of Operations and \$5.5 million of loss resulting from the write-off of deferred financing costs included in "Interest expense" in the Statements of Operations.

In fiscal year 2026, in connection with the exchange transactions, the Company recognized an induced conversion expense of \$3.6 million recorded in "Interest expense" on the Statements of Operations and an increase to "Additional paid-in capital" of \$2.2 million on the Balance Sheets, which included \$1.3 million from the write-off of deferred financing costs.

Convertible Senior Notes Due 2030

On October 10, 2025, the Company issued and sold \$402.5 million in aggregate principal amount of 0% Convertible Senior Notes due 2030 (the "2030 Notes") in a private placement. The 2030 Notes were issued pursuant to an indenture, dated October 10, 2025, by and among the Company, the subsidiary guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee (the "2030 Indenture"). The 2030 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 2026 Credit Agreement. The 2030 Notes do not bear any interest and will mature on October 15, 2030, unless earlier converted, redeemed or repurchased. As of July 26, 2026, \$402.5 million of the 2030 Notes remain outstanding.

The initial conversion rate of the 2030 Notes is 9.8964 shares of the Company's common stock per \$1,000 principal amount of 2030 Notes (which is equivalent to an initial conversion price of approximately \$101.05 per share). The conversion rate is subject to adjustment upon the occurrence of certain events specified in the 2030 Indenture. In addition, upon the occurrence of a Make-Whole Fundamental Change (as defined in the 2030 Indenture) or if the Company delivers a Notice of Redemption (as defined in the 2030 Indenture), the Company will, in certain circumstances, increase the conversion rate by a number of additional shares of common stock as described in the 2030 Indenture for a holder who elects to convert its 2030 Notes in connection with such Make-Whole Fundamental Change or to convert its 2030 Notes called (or deemed called as provided in the 2030 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 July 15, 2030, the 2030 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 ending on January 25, 2026 (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 (the "2030 Notes Market Price Condition"); (2) during the five business day period after any ten consecutive trading day period in which the trading price per \$1,000 principal amount of the 2030 Notes for each trading day of that period was less than 98% of the product of the last reported sale price of the common stock and the conversion rate for the 2030 Notes on each such trading day; (3) if the Company calls such 2030 Notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date, but only with respect to the 2030 Notes called (or deemed called) for redemption; or (4) upon the occurrence of specified corporate events described in the 2030 Indenture. As of July 26, 2026, the 2030 Notes Market Price Condition was satisfied, allowing holders of the 2030 Notes to convert their 2030 Notes beginning on July 27, 2026 through October 23, 2026 (the last trading day of the fiscal quarter ending October 25, 2026). To the extent the 2027 Notes discussed above and 2030 Notes cannot be refinanced with the 2026 Revolving Credit Facility, \$143.4 million of the balance has been classified as current and recorded in "Current portion of long-term debt" on the Consolidated Balance Sheets. On or after July 15, 2030, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their 2030 Notes, regardless of the foregoing circumstances. Upon conversion, the Company will settle conversions by paying cash up to the aggregate principal amount of the 2030 Notes being converted and paying or delivering, as the case may be, cash, shares of its common stock or a combination of cash and shares of its common stock, at the Company's election, in respect of the remainder, if any, of the Company's conversion obligation in excess of the aggregate principal amount of the 2030 Notes being converted.

The 2030 Notes will not be redeemable before October 20, 2028. The 2030 Notes will be redeemable, in whole or in part (subject to certain limitations), for cash at the Company's option at any time, and from time to time, on or after October 20, 2028, and prior to the 21st scheduled trading day immediately preceding the maturity date, but only if the last reported sale price per share of the Company's common stock has been at least 130% of the conversion price for the 2030 Notes then in effect on (i) each of at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption and (ii) the trading day immediately preceding the date the Company sends such notice, at a redemption price equal to 100% of the principal amount of the 2030 Notes to be redeemed, plus accrued and unpaid special interest, if any, to, but excluding, the redemption date. If the Company elects to redeem fewer than all of the outstanding 2030 Notes, at least \$75.0 million aggregate principal amount of 2030 Notes must be outstanding and not subject to redemption as of the relevant redemption date. No sinking fund is provided for the 2030 Notes, which means that the Company is not required to redeem or retire the 2030 Notes periodically.

Capped Call Transactions

On October 7, 2025 and on October 8, 2025, the Company entered into privately negotiated capped call transactions (the "Capped Calls") with various financial institutions (collectively, the "Option Counterparties"). The Capped Calls cover, subject to customary adjustments, the number of shares of common stock that initially underlie the 2030 Notes sold. The Capped Calls have an initial strike price of approximately \$101.05 per share, subject to adjustments, which corresponds to the approximate initial conversion price of the 2030 Notes. The Capped Calls are expected generally to reduce potential dilution to the common stock upon any conversion of 2030 Notes and/or offset any cash payments the Company would be required to make in excess of the principal amount of converted 2030 Notes, as the case may be, with such reduction and/or offset subject to a cap based on the cap price. If, however, the market price per share of common stock exceeds the cap price of the Capped Calls, there would be dilution and/or there would not be an offset of such potential cash payments, in each case, to the extent that the then-market price per share of the common stock exceeds the cap price. The cap price of the Capped Calls is initially approximately \$141.82 per share, which represents a premium of 100% over the last reported sale price of the common stock of \$70.91 per share on October 7, 2025, and is subject to certain customary adjustments under the terms of the Capped Calls.

The Capped Calls are separate transactions, entered into by the Company with each of the Option Counterparties, and are not part of the terms of the 2030 Notes. Holders of the 2030 Notes do not have any rights with respect to the Capped Calls. The Company paid approximately \$31.4 million for the Capped Calls. The Capped Calls 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.

Interest Expense

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

(in thousands)	Three Months Ended		Six Months Ended	
	July 26, 2026	July 27, 2025	July 26, 2026	July 27, 2025
Contractual interest	\$ 711	\$ 4,734	\$ 1,477	\$ 10,174
Amortization of deferred financing costs	1,054	1,271	2,144	2,525
Write-off of deferred financing costs	193	364	193	516
Interest swap agreement	—	(87)	—	(195)
Interest rate swap termination	—	(1,047)	—	(1,203)
Total interest expense	<u>\$ 1,958</u>	<u>\$ 5,235</u>	<u>\$ 3,814</u>	<u>\$ 11,817</u>

As of July 26, 2026, there was \$3.4 million outstanding under the letters of credit under the 2026 Revolving Credit Facility and as of January 25, 2026, there was \$3.4 million outstanding under the letters of credit under the 2019 Revolving Credit Facility.

Note 10: Income Taxes

The Company's effective tax rate differs from the statutory federal income tax rate of 21% primarily due to the changes in valuation allowance, regional mix of income, 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 ("OB3") was enacted into law in the U.S. The OB3 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 OB3 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 OB3 are not expected to have a material effect on the Company's consolidated financial statements. The Company will continue to monitor the potential future impacts of the OB3, including provisions that become effective in subsequent periods, and will reflect any material changes in its financial statements when appropriate.

The Company evaluates its deferred tax assets on a quarterly basis to determine whether a valuation allowance is required based on the weight of all available positive and negative evidence, including forecasts of future taxable income. During the second quarter of fiscal year 2027, the Company released a portion of its U.S. deferred tax valuation allowances based on management's determination that it was more likely than not that the related deferred tax benefits would be realized. The release was supported by sustained profitability and the Company's cumulative three-year pre-tax income position, inclusive of the impact of permanent book-to-tax differences, together with forecasts of future taxable income and the expected reversal of taxable temporary differences sufficient to support realization of deferred tax assets. Prior to the release, the Company had a full valuation allowance against its U.S. deferred tax assets since the second quarter of fiscal year 2024. The release of approximately \$112.4 million created a material benefit in the second quarter of fiscal year 2027.

As of July 26, 2026, the Company continues to maintain a full valuation allowance on deferred tax assets in France and on certain Canadian net operating loss carryforwards. The Company also continues to maintain a partial valuation allowance on certain Canadian research and development tax credit carryforwards and certain U.S. deferred tax assets that management believes will not be realized.

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 25, 2026	\$	20,514
Additions based on tax positions related to the current fiscal year		1,761
Reductions for settlements with tax authorities or expiration of statutes		(1,532)
Balance at July 26, 2026	\$	20,743

Included in the balance of gross unrecognized tax benefits at July 26, 2026 and January 25, 2026 are \$4.5 million and \$4.6 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 believes that it is reasonably possible that its balance of gross unrecognized tax benefits may decrease by approximately \$1.6 million within the next twelve months due to statutes of limitations.

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

(in thousands)

	July 26, 2026	January 25, 2026
Deferred tax assets - non-current	\$ 14,264	\$ 13,943
Other long-term liabilities	4,527	4,625
Total accrued taxes	\$ 18,791	\$ 18,568

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 2021 (the Company's fiscal year 2022) 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 final stages of examination by the IRS, and the Company is not expecting any material adjustments 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 2020 (the Company's fiscal year 2021). The Company has a significant tax presence in Switzerland for which Swiss tax filings have been examined through fiscal year 2021. 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 26, 2026	July 27, 2025	July 26, 2026	July 27, 2025
Domestic	\$ (3,503)	\$ (21,994)	\$ (9,775)	\$ (10,143)
Foreign	58,167	(215)	89,493	14,886
Total	\$ 54,664	\$ (22,209)	\$ 79,718	\$ 4,743

Note 11: 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 twelve 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 26, 2026	July 27, 2025	July 26, 2026	July 27, 2025
Operating lease cost	\$ 2,103	\$ 1,806	\$ 4,141	\$ 3,575
Short-term lease cost	31	25	79	42
Sublease income	(133)	(132)	(266)	(259)
Total lease cost	<u>\$ 2,001</u>	<u>\$ 1,699</u>	<u>\$ 3,954</u>	<u>\$ 3,358</u>

Supplemental cash flow information related to leases was as follows:

(in thousands)	Six Months Ended	
	July 26, 2026	July 27, 2025
Cash paid for amounts included in the measurement of lease liabilities	\$ 4,206	\$ 3,954
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 12,513	\$ 4,277
Weighted-average remaining lease term—operating leases (in years)	July 26, 2026 6.3	
Weighted-average discount rate on remaining lease payments—operating leases	6.7 %	

Supplemental balance sheet information related to leases was as follows:

(in thousands)	July 26, 2026	January 25, 2026
Operating lease right-of-use assets in "Other assets"	\$ 31,142	\$ 23,455
Operating lease liabilities in "Accrued liabilities"	\$ 5,740	\$ 6,063
Operating lease liabilities in "Other long-term liabilities"	26,523	20,697
Total operating lease liabilities	<u>\$ 32,263</u>	<u>\$ 26,760</u>

As of July 26, 2026, operating lease right-of-use assets and operating lease liabilities excluded amounts classified as held for sale. See Note 2, Business Held for Sale, for additional information.

Maturities of lease liabilities as of July 26, 2026 are as follows:

(in thousands)	
Fiscal Year Ending:	
2027 (remaining six months)	\$ 4,023
2028	7,314
2029	6,356
2030	5,257
2031	4,888
Thereafter	12,027
Total lease payments	39,865
Less: imputed interest	(7,602)
Total	<u>\$ 32,263</u>

Note 12: 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, Dr. Hou and Mr. 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, Dr. Hou and Mr. Lin filed a motion to dismiss the Consolidated Complaint on August 11, 2025, which the Court granted in part, and denied in part on October 8, 2025. By virtue of the ruling, Mr. Lin is no longer a defendant. On May 20, 2026, the Court granted Lead Plaintiff's motion for class certification for the period November 25, 2024 to February 7, 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, which were subsequently consolidated ("Federal Derivative Action"). On June 6, 2025 and November 24, 2025, other Company stockholders filed separate derivative actions in the Superior Court of the State of California for the County of Ventura against certain of the Company's directors and officers, which were also subsequently consolidated ("Ventura County Derivative Action" and 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. On March 13, 2026, the court in the Ventura County Derivative Action entered an order staying the case pending final resolution of the motion to dismiss in the Federal Derivative Action. On May 1, 2026, defendants filed a motion to dismiss the Amended Complaint in the Federal Derivative Action. Following full briefing and a hearing, on August 14, 2026, the Court granted Defendants' motion to dismiss the Federal Derivative Action, with leave to amend. Plaintiff must file an amended complaint by August 28, 2026.

On July 1, 2026, a purported stockholder class action was filed against Semtech in Delaware Chancery Court. The action challenges Article II Section 2.10(b) and Section 2.10(c) of Semtech's Amended and Restated Bylaws which, among other processes, require a stockholder to make a Consent Record Date Request in writing in the proper form, which the Board must act on in no less than 20 days (the "Subject Provisions"). Plaintiff further contends that the Board wrongfully refused a stockholder demand to amend the Subject Provisions and seeks a declaration of the court that the Subject Provisions are invalid and unenforceable under Delaware law. The Company intends to defend the claims vigorously.

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 \$9.1 million and \$9.4 million. To date, the Company has made \$8.1 million in payments towards the remedial action plan. As of July 26, 2026, the estimated range of probable loss remaining was between \$1.0 million and \$1.3 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 26, 2026, has a remaining accrual of \$1.0 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 26, 2026	January 25, 2026
Accrued liabilities	\$ 3,730	\$ 3,529
Other long-term liabilities	49,421	42,535
Total deferred compensation liabilities under this plan	<u>\$ 53,151</u>	<u>\$ 46,064</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 \$50.3 million and \$46.2 million as of July 26, 2026 and January 25, 2026, respectively, and is included in "Other assets" in the Balance Sheets.

Note 13: 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 realigned resources and infrastructure, which resulted in restructuring recoveries of \$0.3 million in the three months ended July 26, 2026 and restructuring charges of \$0.9 million in the six months ended July 26, 2026 related to one-time employee termination benefits and a gain on early termination of a lease. Restructuring charges for the three and six months ended July 27, 2025 were \$1.5 million and \$2.7 million, respectively, and related to one-time termination benefits. 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 25, 2026	\$ 697	\$ —	\$ 697
Charges (recoveries)	2,436	(1,571)	865
Cash payments and non-cash releases	(2,980)	1,571	(1,409)
Balance at July 26, 2026	<u>\$ 153</u>	<u>\$ —</u>	<u>\$ 153</u>

Note 14: 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) ⁽¹⁾	Three Months Ended		Six Months Ended	
	July 26, 2026	July 27, 2025	July 26, 2026	July 27, 2025
Customer A	12%	*	15%	*
Customer B	15%	15%	15%	12%

⁽¹⁾ 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) ⁽¹⁾	July 26, 2026	January 25, 2026
Customer A	20%	13%
Customer B	*	12%
Customer C	12%	12%
Customer D	11%	10%

⁽¹⁾ 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 has 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 15: 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.

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

Three Months Ended July 26, 2026						
(in thousands)	Signal Integrity	Analog Mixed Signal and Wireless	Total Semiconductor Products	IoT Systems and Connectivity	Unallocated ⁽¹⁾	Total
Net sales	\$ 126,173	\$ 117,352	\$ 243,525	\$ 98,346	\$ —	\$ 341,871
Segment cost of sales	43,762	46,813	90,575	64,908	2,624	158,107
Segment gross profit	<u>\$ 82,411</u>	<u>\$ 70,539</u>	<u>\$ 152,950</u>	<u>\$ 33,438</u>	<u>\$ (2,624)</u>	<u>\$ 183,764</u>
Segment gross margin	65.3 %	60.1 %	62.8 %	34.0 %	NM ⁽²⁾	
Gross margin						53.8 %

Six Months Ended July 26, 2026						
(in thousands)	Signal Integrity	Analog Mixed Signal and Wireless	Total Semiconductor Products	IoT Systems and Connectivity	Unallocated ⁽¹⁾	Total
Net sales	\$ 228,176	\$ 218,107	\$ 446,283	\$ 186,606	\$ —	\$ 632,889
Segment cost of sales	81,772	88,413	170,185	121,602	5,874	297,661
Segment gross profit	<u>\$ 146,404</u>	<u>\$ 129,694</u>	<u>\$ 276,098</u>	<u>\$ 65,004</u>	<u>\$ (5,874)</u>	<u>\$ 335,228</u>
Segment gross margin	64.2 %	59.5 %	61.9 %	34.8 %	NM ⁽²⁾	
Gross margin						53.0 %

⁽¹⁾ Unallocated includes share-based compensation and amortization of acquired technology

⁽²⁾ Not meaningful

Three Months Ended July 27, 2025						
(in thousands)	Signal Integrity	Analog Mixed Signal and Wireless	Total Semiconductor Products	IoT Systems and Connectivity	Unallocated ⁽¹⁾	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 ⁽²⁾	
Gross margin						52.1 %

Six Months Ended July 27, 2025						
(in thousands)	Signal Integrity	Analog Mixed Signal and Wireless	Total Semiconductor Products	IoT Systems and Connectivity	Unallocated ⁽¹⁾	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 ⁽²⁾	
Gross margin						52.2 %

⁽¹⁾ Unallocated includes share-based compensation and amortization of acquired technology

⁽²⁾ 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 26, 2026	July 27, 2025	July 26, 2026	July 27, 2025
Asia-Pacific	70%	65%	71%	64%
North America	20%	24%	19%	23%
Europe	10%	11%	10%	13%
	<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 26, 2026	July 27, 2025	July 26, 2026	July 27, 2025
China (including Hong Kong)	55%	45%	55%	44%
United States	15%	19%	14%	18%

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 16: 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 26, 2026 and July 27, 2025. As of July 26, 2026, 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 the 2026 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 17: Derivatives and Hedging Activities

The Company is exposed to certain risks arising from both its business operations and economic conditions and principally manages its exposures to such risks through management of its core business activities. The Company, on a routine basis and in the normal course of business, experiences expenses denominated in foreign currencies, which include, but are not limited to, the Canadian Dollar ("CAD"), Swiss Franc ("CHF") and Great British Pound ("GBP"). Such expenses expose the Company to exchange rate fluctuations between these foreign currencies and the U.S. Dollar ("USD"). The Company occasionally uses derivative financial instruments, in the form of forward contracts, to mitigate a portion of the risk associated with adverse movements in these foreign currency exchange rates during a twelve-month window. Currency forward contracts involve fixing the exchange rate for delivery of a specified amount of foreign currency on a specified date. The Company's accounting treatment for these instruments is based on whether or not the instruments are designated as a hedging instrument. The Company applied hedge accounting to all foreign currency derivatives and designated these hedges as cash flow hedges.

The Company's foreign exchange contracts had the following outstanding balances:

(in thousands, except number of instruments data)	July 26, 2026			January 25, 2026		
	Number of Instruments	Sell Notional Value	Buy Notional Value	Number of Instruments	Sell Notional Value	Buy Notional Value
Sell USD/Buy CAD Forward Contract	12	\$ 15,004	\$ 20,500	24	\$ 32,270	\$ 44,250
Sell USD/Buy CHF Forward Contract	12	4,475	Fr. 3,450	24	8,868	Fr. 6,900
Sell USD/Buy GBP Forward Contract	12	6,832	£ 5,050	24	13,666	£ 10,100
Total	36			72		

These foreign currency forward contracts were designated as cash flow hedges and the unrealized gains or losses, net of tax, were recorded as a component of "Accumulated other comprehensive loss, net" ("AOCI") in the Balance Sheets. The effective portions of the cash flow hedges were recorded in AOCI until the hedged items were recognized in either "Product development and engineering expense" or "Selling, general and administrative expense" in the Statements of Operations once the foreign exchange contract matured, offsetting the underlying hedged expenses. Any ineffective portions of the cash flow hedges were recorded in "Non-operating income (expense), net" in the Statements of Operations. The Company presents its derivative assets and liabilities at their gross fair values in the Balance Sheets.

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 (as defined in the 2019 Credit Agreement) 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 fully terminated in the third quarter of fiscal year 2026.

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 is recorded in "Interest expense" in the Statements of Operations. There were no interest rate swap agreements for the three and six months ended July 26, 2026. The interest rate swap agreements resulted in a realized gain of \$0.1 million and \$0.2 million for the three and six months ended July 27, 2025, respectively.

Note 18: Subsequent Event

On August 13, 2026, the Company entered into a definitive agreement to sell its cellular module business to Compal Electronics, Inc. for approximately \$62.0 million in an all-cash transaction, subject to customary adjustments. The transaction remains subject to the satisfaction or waiver of customary closing conditions, including but not limited to receipt of certain regulatory approvals. See Note 2, Business Held for Sale, for additional details.

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 25, 2026 filed with the Securities and Exchange Commission (the "SEC") on March 23, 2026.

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 semiconductors powering AI data center networking and intelligent, connected IoT devices worldwide 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 15, 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") and photonic products 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. Our photonic products include gain chips, semiconductor optical amplifiers, distributed feedback lasers for optical transceivers used across data center interconnects and intra-data center interconnects.

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 includes 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 smartphones, 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, force sensing, and advanced user interface solutions for mobile, consumer, computing and automotive 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, 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.

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 26, 2026	July 27, 2025	July 26, 2026	July 27, 2025
Signal Integrity	\$ 126,173	\$ 76,758	\$ 228,176	\$ 150,279
Analog Mixed Signal and Wireless	117,352	92,042	218,107	182,665
IoT Systems and Connectivity	98,346	88,789	186,606	175,705
Total	<u>\$ 341,871</u>	<u>\$ 257,589</u>	<u>\$ 632,889</u>	<u>\$ 508,649</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 25, 2026, the Company's business is subject to risks related to, among other factors, tariffs and other trade barriers put in 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. In February 2026, the U.S. Supreme Court ruled that certain of those U.S. Tariffs imposed under the International Emergency Economic Powers Act were not authorized by statute, and the legal status, scope and implementation of certain U.S. Tariffs and related measures continue to evolve. Various modifications, suspensions 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 imposed under alternate legal authorities. 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, the extent to which existing tariffs remain in effect, 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, recessionary concerns and changes in trade policy 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.

Recent Developments

Financing

On July 6, 2026, the Company, with certain of its domestic subsidiaries as guarantors, entered into the 2026 Credit Agreement, as defined and discussed below, consisting of a \$360.0 million revolving credit facility, which was undrawn as of closing and as of the end of the second quarter of fiscal year 2027, and an uncommitted incremental term loan facility.

Divestiture

On August 13, 2026, the Company entered into a definitive agreement to sell its cellular module business to Compal Electronics, Inc. ("Compal") for approximately \$62.0 million in an all-cash transaction, subject to customary adjustments. The transaction remains subject to the satisfaction or waiver of customary closing conditions, including but not limited to receipt of certain regulatory approvals. See Note 2, Business Held for Sale, for additional information.

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 2027 and 2026 were 75% 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 85% and 81% during the second quarters of fiscal years 2027 and 2026, respectively. Approximately 70% and 65% of our net sales during the second quarters of fiscal years 2027 and 2026, 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 26, 2026 and July 27, 2025

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 26, 2026	July 27, 2025		July 26, 2026	July 27, 2025	
	Net Sales	Net Sales		Net Sales	Net Sales	
Infrastructure	\$ 123,743	\$ 73,351	69 %	\$ 222,518	\$ 146,184	52 %
High-End Consumer	39,271	41,196	(5)%	77,624	76,610	1 %
Industrial	178,857	143,042	25 %	332,747	285,855	16 %
Total	<u>\$ 341,871</u>	<u>\$ 257,589</u>	33 %	<u>\$ 632,889</u>	<u>\$ 508,649</u>	24 %

Net sales in the second quarter of fiscal year 2027 were \$341.9 million, an increase of 32.7% compared to \$257.6 million in the second quarter of fiscal year 2026, 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 \$50.4 million in the second quarter of fiscal year 2027 compared to the second quarter of fiscal year 2026, primarily driven by an approximately \$47.4 million increase in data center sales. Net sales from our industrial end market increased \$35.8 million in the second quarter of fiscal year 2027 compared to the second quarter of fiscal year 2026, primarily driven by an approximately \$21.3 million increase in LoRa-enabled sales in industrial applications and approximately \$11.7 million increase in IoT Hardware sales. Net sales from our high-end consumer end market decreased \$1.9 million in the second quarter of fiscal year 2027 compared to the second quarter of fiscal year 2026, primarily driven by an approximately \$4.0 million decrease in proximity sensing product sales, partially offset by an approximately \$1.9 million increase in consumer TVS product sales.

Net sales for the first six months of fiscal year 2027 were \$632.9 million, an increase of 24.4% compared to \$508.6 million for the first six months of fiscal year 2026, 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 \$76.3 million for the first six months of fiscal year 2027 versus the same prior year period, primarily driven by a \$67.5 million increase in data center sales and approximately \$6.0 million increase in telecommunications sales. Net sales from our industrial end market increased \$46.9 million for the first six months of fiscal year 2027 versus the same prior year period, primarily driven by an approximately \$26.9 million increase in LoRa-enabled sales in industrial applications, approximately \$14.3 million increase in IoT Hardware sales and approximately \$3.3 million increase in broadcast sales. Net sales from our high-end consumer end

market increased \$1.0 million during the first six months of fiscal year 2027 compared to the first six months of fiscal year 2026.

The following table summarizes our net sales by reportable segment:

(in thousands, except percentages)	Three Months Ended			Six Months Ended		
	July 26, 2026	July 27, 2025	Change	July 26, 2026	July 27, 2025	Change
	Net Sales	Net Sales		Net Sales	Net Sales	
Signal Integrity	\$ 126,173	\$ 76,758	64 %	\$ 228,176	\$ 150,279	52 %
Analog Mixed Signal and Wireless	117,352	92,042	27 %	218,107	182,665	19 %
IoT Systems and Connectivity	98,346	88,789	11 %	186,606	175,705	6 %
Total	<u>\$ 341,871</u>	<u>\$ 257,589</u>	33 %	<u>\$ 632,889</u>	<u>\$ 508,649</u>	24 %

Net sales in the second quarter of fiscal year 2027, as compared to the second quarter of fiscal year 2026, benefited from stronger demand and increased sales volumes in all the reportable segments. Net sales from Signal Integrity increased \$49.4 million in the second quarter of fiscal year 2027 compared to the second quarter of fiscal year 2026, primarily driven by an approximately \$47.4 million increase in data center sales. Net sales from Analog Mixed Signal and Wireless increased \$25.3 million in the second quarter of fiscal year 2027 compared to the second quarter of fiscal year 2026, primarily driven by an approximately \$21.8 million increase in LoRa-enabled product sales and approximately \$6.3 million increase in total TVS product sales, partially offset by an approximately \$4.0 million decrease in proximity sensing product sales. Net sales from IoT Systems and Connectivity increased \$9.6 million in the second quarter of fiscal year 2027 compared to the second quarter of fiscal year 2026, primarily driven by an approximately \$11.7 million increase in IoT Hardware sales, partially offset by an approximately \$2.1 million decrease in managed connectivity sales.

Net sales in the first six months of fiscal year 2027, as compared to the first six months of fiscal year 2026, were impacted by stronger demand across all reportable segments. Net sales from Signal Integrity increased \$77.9 million in the first six months of fiscal year 2027 versus the same prior year period, primarily driven by an approximately \$67.5 million increase in data center sales, approximately \$6.0 million increase in telecommunications sales and approximately \$3.3 million increase in broadcast sales. Net sales from Analog Mixed Signal and Wireless increased \$35.4 million in the first six months of fiscal year 2027 versus the same prior year period, primarily driven by an approximately \$27.5 million increase in LoRa-enabled product sales and approximately \$12.9 million increase in total TVS product sales, partially offset by an approximately \$6.8 million decrease in proximity sensing product sales. Net sales from IoT Systems and Connectivity increased \$10.9 million in the first six months of fiscal year 2027 versus the same prior year period, primarily driven by an approximately \$14.3 million increase in IoT Hardware sales, partially offset by an approximately \$3.6 million decrease in managed connectivity 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 26, 2026		July 27, 2025		July 26, 2026		July 27, 2025	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
Signal Integrity	\$ 82,411	65.3 %	\$ 47,859	62.4 %	\$ 146,404	64.2 %	\$ 96,023	63.9 %
Analog Mixed Signal and Wireless	70,539	60.1 %	54,560	59.3 %	129,694	59.5 %	111,005	60.8 %
IoT Systems and Connectivity	33,438	34.0 %	35,054	39.5 %	65,004	34.8 %	64,977	37.0 %
Unallocated costs ¹	(2,624)		(3,368)		(5,874)		(6,611)	
Total	<u>\$ 183,764</u>	53.8 %	<u>\$ 134,105</u>	52.1 %	<u>\$ 335,228</u>	53.0 %	<u>\$ 265,394</u>	52.2 %

¹ Unallocated costs includes share-based compensation and amortization of acquired technology

In the second quarter of fiscal year 2027, gross profit increased \$49.7 million to \$183.8 million from \$134.1 million in the second quarter of fiscal year 2026. This increase was primarily driven by an approximately \$34.6 million increase from Signal Integrity, which experienced higher sales led by data center sales due to stronger demand, an approximately \$16.0 million increase from Analog Mixed Signal and Wireless, which experienced higher sales led by LoRa-enabled product sales and TVS product sales due to stronger demand, offset by an approximately \$1.6 million decrease from IoT Systems and Connectivity, primarily driven by lower managed connectivity sales.

Our gross margin was 53.8% in the second quarter of fiscal year 2027, compared to 52.1% in the second quarter of fiscal year 2026. Gross margin for our Signal Integrity segment was 65.3% in the second quarter of fiscal year 2027, compared to 62.4% in the second quarter of fiscal year 2026, primarily due to favorable product mix and improved overhead absorption. Gross margin for our Analog Mixed Signal and Wireless segment was 60.1% in the second quarter of fiscal year 2027, compared to 59.3% in the second quarter of fiscal year 2026, primarily due to favorable product mix. Gross margin for our IoT Systems and Connectivity segment was 34.0% in the second quarter of fiscal year 2027, compared to 39.5% in the second quarter of fiscal year 2026, primarily due to unfavorable product mix.

In the first six months of fiscal year 2027, gross profit increased \$69.8 million to \$335.2 million from \$265.4 million in the first six months of fiscal year 2026. This increase was primarily due to a \$50.4 million increase from Signal Integrity, which experienced higher sales led by data center sales due to stronger demand, an approximately \$18.7 million increase from Analog Mixed Signal and Wireless, which experienced higher sales led by LoRa-enabled product sales and TVS product sales due to stronger demand. Gross profit from IoT Systems and Connectivity has increased by an immaterial amount in the first six months of fiscal year 2027 versus the same prior year period.

Our gross margin was 53.0% in the first six months of fiscal year 2027, compared to 52.2% in the first six months of fiscal year 2026. Gross margin from Signal Integrity was 64.2% in the first six months of fiscal year 2027, compared to 63.9% in the first six months of fiscal year 2026, primarily due to favorable product mix. Gross margin from Analog Mixed Signal and Wireless was 59.5% in the first six months of fiscal year 2027, compared to 60.8% in the first six months of fiscal year 2026, primarily due to inventory allowance, partially offset by favorable product mix. Gross margin from IoT Systems and Connectivity was 34.8% in the first six months of fiscal year 2027, compared to 37.0% in the first six months of fiscal year 2026, primarily due to unfavorable product mix.

Operating Expenses, net

The following table summarizes our operating expenses, net:

(in thousands, except percentages)	Three Months Ended			Six Months Ended		
	July 26, 2026	July 27, 2025	Change	July 26, 2026	July 27, 2025	Change
Product development and engineering	\$ 60,577	\$ 48,198	26 %	\$ 118,146	\$ 95,727	23 %
Selling, general and administrative	67,331	58,469	15 %	133,930	104,916	28 %
Intangible amortization	396	148	168 %	724	295	145 %
Restructuring	(312)	1,491	(121)%	865	2,690	(68)%
Goodwill impairment	—	41,991	(100)%	—	41,991	(100)%
Total operating expenses, net	<u>\$ 127,992</u>	<u>\$ 150,297</u>	<u>(15)%</u>	<u>\$ 253,665</u>	<u>\$ 245,619</u>	<u>3 %</u>

Product Development and Engineering Expenses

Product development and engineering expenses increased \$12.4 million in the second quarter of fiscal year 2027 compared to the second quarter of fiscal year 2026 primarily as a result of an \$8.2 million net increase in staffing-related costs from higher headcount and supplemental compensation, and a \$3.0 million increase from new product introduction expenses.

Product development and engineering expenses increased \$22.4 million in the first six months of fiscal year 2027 compared to the first six months of fiscal year 2026 primarily as a result of a \$17.0 million net increase in staffing-related costs from higher headcount, share-based compensation and supplemental compensation, and a \$4.3 million increase from new product introduction expenses, partially offset by a \$1.3 million increase in tax credit recoveries.

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 \$8.9 million in the second quarter of fiscal year 2027 compared to the second quarter of fiscal year 2026 primarily as a result of a \$5.4 million increase in share-based compensation mainly from revaluation of the cash-settled awards caused by the impact of the higher closing stock price as of period-end and a \$3.7 million net increase in staffing-related costs from higher supplemental compensation, partially offset by a \$0.8 million decrease in depreciation.

Selling, general and administrative expenses increased \$29.0 million in the first six months of fiscal year 2027 compared to the first six months of fiscal year 2026 primarily as a result of a \$21.9 million increase in share-based compensation mainly from revaluation of the cash-settled awards caused by the impact of the higher closing stock price as of period-end, a \$6.6 million increase in staffing-related costs from higher supplemental compensation and a \$3.0 million increase in transaction and integration related expenses, partially offset by a \$1.7 million decrease in depreciation and a \$1.0 million decrease in consulting expenses.

Intangible Amortization

Intangible amortization was \$0.4 million and \$0.1 million for the second quarters of fiscal years 2027 and 2026, respectively, and \$0.7 million and \$0.3 million for the first six months of fiscal years 2027 and 2026. The amortization of acquired technology intangible assets is reflected in cost of sales.

Restructuring

Restructuring expenses decreased by \$1.8 million in the second quarter of fiscal year 2027 compared to the second quarter of fiscal year 2026 and decreased by \$1.8 million for the first six months of fiscal year 2027 compared to the same period in fiscal year 2026, primarily due to a gain on early termination of a lease.

Goodwill Impairment

There was no goodwill impairment in the second quarter and first six months of fiscal year 2027.

Goodwill impairment was \$42.0 million in 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.

See Note 8, 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 \$3.3 million to \$2.0 million for the second quarter of fiscal year 2027, compared to \$5.2 million for the second quarter of fiscal year 2026, primarily due to interest savings as a result of the full repayment of the Term Loans (as defined below) in the third quarter of fiscal year 2026, partial and full repayment of the 2027 and 2028 Notes, respectively, using net proceeds from the 2030 Notes (discussed below) and common stock considerations in the third quarter of fiscal year 2026.

Interest expense, including amortization and a write-off of deferred financing costs, decreased by \$8.0 million to \$3.8 million for the first six months of fiscal year 2027, compared to \$11.8 million for the first six months of fiscal year 2026, primarily due to interest savings as a result of the full repayment of the Term Loans in the third quarter of fiscal year 2026, partial and full repayment of the 2027 and 2028 Notes, respectively, using net proceeds from the 2030 Notes and common stock considerations in the third quarter of fiscal year 2026.

See Note 9, Long-Term Debt, to our interim unaudited condensed consolidated financial statements for additional information.

Provision for Income Taxes

We recorded income tax benefit of \$101.4 million in the second quarter of fiscal year 2027, compared to income tax expense of \$4.8 million in the second quarter of fiscal year 2026. The change in our tax provision for the three months ended July 26, 2026, compared to the three months ended July 27, 2025 was primarily due to the release of U.S. valuation allowance, changes in regional mix of income and tax benefit of investment impairment losses. The U.S. valuation allowance release resulted in a \$112.4 million non-cash tax benefit for the second quarter of fiscal year 2027.

Management's estimates of the appropriate valuation allowance in any jurisdiction involve a number of assumptions and judgments, including the amount and timing of future taxable income. Key factors supporting the conclusion to release a portion of the valuation allowance in the second quarter of fiscal year 2027 included current fiscal year-to-date profitability, sustained cumulative profitability over the last three years, and reasonable expectations of future period profitability both in the near and long term. These factors, amongst others, provided adequate positive evidence in the second quarter to support the conclusion that sufficient taxable income will be generated in the future and a portion of the valuation allowance is no longer warranted. Should future results differ from management's estimates as of July 26, 2026, it is possible there could be future adjustments to the valuation allowances that would result in an increase or decrease in tax expense in the period such changes in estimates were made.

In the first six months of fiscal year 2027, we recorded income tax benefit of \$101.2 million, compared to income tax expense of \$13.4 million in the first six months of fiscal year 2026. The change in our tax provision for the six months ended July 26, 2026, compared to the six months ended July 27, 2025, was primarily due to the release of U.S. valuation allowance, a regional mix of income, tax benefit of investment impairment losses, impact of global intangible low-taxed income ("GILTI") and research and development ("R&D") credits. The effective tax rates in the second quarters of fiscal years 2027 and 2026 differ

from the statutory federal income tax rate of 21% primarily due to changes in valuation allowance, regional mix of income, impact of GILTI and 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 ("OB3") was enacted into law in the U.S. The OB3 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 OB3 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 OB3 are not expected to have a material effect on our consolidated financial statements. We will continue to monitor the potential future impacts of the OB3, including provisions that become effective in subsequent periods, and will reflect any material changes in our financial statements when appropriate.

In December 2021, the Organization for Economic Cooperation and Development 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. Pillar Two did not have a material impact on our provision for income taxes for the fiscal quarter ended July 26, 2026.

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 OB3's impacts, see Note 10, 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 2026 Revolving Credit Facility, as defined and discussed below, are sufficient to meet liquidity requirements for at least the next 12 months, including funds needed for our material cash requirements. As of July 26, 2026, we had \$204.1 million in cash and cash equivalents and \$356.6 million of available undrawn borrowing capacity on our 2026 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 26, 2026, there was \$3.4 million outstanding under the letters of credit under the 2026 Revolving Credit Facility and as of January 25, 2026, there was \$3.4 million outstanding under the letters of credit under the 2019 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 26, 2026, our foreign subsidiaries held \$185.9 million of cash and cash equivalents, compared to \$182.7 million at January 25, 2026. 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 26, 2026, 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, we entered into a third amendment and restatement credit agreement (as amended, restated, supplemented or otherwise modified from time to time, the "2019 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 2019 Credit Agreement, in order to, among other things, increase the total available borrowing capacity under the revolving credit facility under the 2019 Credit Agreement (the "2019 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 2019 Credit Agreement remain unchanged.

After effectiveness of the Fourth Amendment, the borrowing capacity on the 2019 Revolving Credit Facility was \$455.0 million, which was scheduled to mature on January 12, 2028 (subject to, in certain circumstances, an earlier springing maturity), and the term loans thereunder (the "Term Loans") were scheduled to mature on January 12, 2028 (subject to, in certain circumstances, an earlier springing maturity).

We had entered into interest rate swap agreements to hedge the variability of interest payments on debt outstanding under the Term Loans. As of July 26, 2026, there were no interest rate swap agreements outstanding. See Note 17, Derivatives and Hedging Activities, to our interim unaudited condensed consolidated financial statements for additional information.

On July 6, 2026, the Company, with certain of its domestic subsidiaries as guarantors, entered into the 2026 Credit Agreement with the lenders party thereto, the letter of credit issuers party thereto, and Morgan Stanley Senior Funding, Inc., as administrative agent and swing line lender, consisting of a \$360.0 million revolving credit facility (the "2026 Revolving Loan Facility"), which was undrawn, and an uncommitted incremental term loan facility (the "Incremental Loan Facility" and, together with the 2026 Revolving Loan Facility, the "2026 Revolving Credit Facility"). The Incremental Loan Facility plus any additional increase to the 2026 Revolving Loan Facility is capped at a maximum principal amount equal to the greater of (x) \$332.0 million and (y) 100% of Consolidated EBITDA (as defined in the 2026 Credit Agreement), plus an unlimited amount, so long as the pro forma Consolidated First Lien Net Leverage Ratio (as defined in the 2026 Credit Agreement) is less than 3.50:1.00. The proceeds of the 2026 Credit Facility may be used by the Company for the working capital needs and general corporate purposes, including, without limitation, refinancing of existing indebtedness and funding of transaction costs, permitted acquisitions and other permitted investments.

The 2026 Revolving Loan Facility matures on July 6, 2031 (the "Maturity Date") with a springing maturity on the date that is 91 days prior to the scheduled maturity in respect of the Company's 2030 Notes (as defined below) to the extent that, as of such date, (i) the outstanding aggregate principal amount of the 2030 Notes (and any indebtedness that refinances the 2030 Notes and, in each case, to the extent not defeased) exceeds the greater of (x) \$50.0 million and (y) 25% of Consolidated EBITDA, and (ii) the sum of available and undrawn commitments under the 2026 Revolving Loan Facility plus unrestricted cash and cash equivalents of the Company and its restricted subsidiaries (without reduction to availability for the outstanding but undrawn letters of credit) is less than the aggregate principal amount of the 2030 Notes outstanding.

As of July 26, 2026, we had no amounts outstanding under the Incremental Loan Facility and no revolving loans outstanding under the 2026 Revolving Credit Facility, which had available undrawn borrowing capacity of \$356.6 million, subject to net leverage limitations and customary conditions precedent, including the accuracy of representations and warranties and the absence of defaults.

As of July 26, 2026, we were in compliance with the financial covenants in our 2026 Credit Agreement. The 2026 Credit Agreement also contains customary provisions pertaining to events of default. If any event of default occurs, the obligations under the 2026 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 9, Long-Term Debt to our interim unaudited condensed consolidated financial statements for additional information regarding the terms of the 2026 Credit Agreement.

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 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 October 26, 2025, one of the conditions allowing holders of the 2027 Notes to convert had been met. The trading price of our common stock remained above 130% of the applicable conversion price for at least 20 trading days during the 30 consecutive trading-day period ending on, and including, April 24, 2026 (the last trading day of the quarter ended April 26, 2026), resulting in the right of the holders of the 2027 Notes to convert their 2027 Notes beginning April 27, 2026 through July 24, 2026 (the last trading day of the quarter ending July 26, 2026). Should the holders of the 2027 Notes elect to convert some or all of the outstanding 2027 Notes, we intend to draw on

the 2026 Revolving Credit Facility to settle the obligation. 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 Hedges, 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 9, Long-Term Debt, to our interim unaudited condensed consolidated financial statements. The Convertible Note Hedges 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" on the Balance Sheets. 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 Hedges and the Warrants, see Note 9, Long-Term Debt, to our interim unaudited condensed consolidated financial statements.

On October 7, 2025, we entered into the 2025 Exchange of 2027 Notes with certain holders of the 2027 Notes. Pursuant to the 2025 Exchange of 2027 Notes, on October 14, 2025, we used approximately \$220.6 million of the net proceeds from the 2030 Notes (discussed below), together with the issuance of 3,036,192 shares of our common stock as consideration for the exchange of approximately \$219.0 million aggregate principal amount of the 2027 Notes and accrued interest. We accounted for these exchange transactions as an induced conversion. In fiscal year 2026, in connection with the exchange transactions, we recognized an induced conversion expense of \$17.6 million recorded in "Interest expense" on the Statements of Operations and an increase to "Additional paid-in capital" of \$14.3 million on the Balance Sheets, which included \$3.3 million from the write-off of deferred financing costs.

In connection with the 2025 Exchange of 2027 Notes, we also terminated the Convertible Note Hedges and the Warrants corresponding to the number of 2027 Notes exchanged. The Company received approximately \$24.5 million in connection with the termination, which was recorded as an increase to additional paid-in capital on the Balance Sheets.

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 bore 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 were scheduled to mature on November 1, 2028, unless earlier converted, redeemed or repurchased. 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. As of July 26, 2026, as a result of certain exchange transactions, no amounts remain outstanding under the 2028 Notes.

In fiscal year 2025, in connection with the exchange transactions, we recognized \$144.7 million of loss included in "Loss on extinguishment of debt" in the Statements of Operations and \$5.5 million of loss resulting from the write-off of deferred financing costs included in "Interest expense" in the Statements of Operations.

In fiscal year 2026, in connection with the exchange transactions, we recognized an induced conversion expense of \$3.6 million recorded in "Interest expense" on the Statements of Operations and an increase to "Additional paid-in capital" of \$2.2 million on the Balance Sheets, which included \$1.3 million from the write-off of deferred financing costs.

For additional information on the 2028 Notes, see Note 9, Long-Term Debt, to our interim unaudited condensed consolidated financial statements.

Convertible Senior Notes Due 2030

On October 10, 2025, we issued and sold \$402.5 million in aggregate principal amount of 2030 Notes in a private placement. The 2030 Notes were issued pursuant to an indenture, dated October 10, 2025, by and among the Company, the subsidiary guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee. The 2030 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 2026 Credit Agreement. The 2030 Notes do not bear any interest and will mature on October 15, 2030, unless earlier converted, redeemed or repurchased. As of July 26, 2026, \$402.5 million of the 2030 Notes remained outstanding.

For additional information on the 2030 Notes, see Note 9, 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 2026 Revolving Credit Facility, as needed. Borrowings under our 2026 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 Optimization

We are continuing to conduct a portfolio optimization review, a process that includes identifying potential acquisitions and divestitures, in an effort to align our portfolio with our strategic vision and preferred growth and margin profile. As part of the portfolio optimization review, we have entered into a definitive agreement to divest our cellular module business. No decision has been made regarding any other particular assets and there is no assurance that the continued portfolio optimization process will result in any further 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. This program represents one of our principal efforts to return value to our stockholders. Under the program, subject to the terms of the 2026 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 2027 or in the first six months of fiscal year 2026. As of July 26, 2026, 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 the 2026 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 25, 2026.

Cash Flows

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

(in thousands)	Six Months Ended	
	July 26, 2026	July 27, 2025
Net cash provided by operating activities	\$ 105,071	\$ 72,219
Net cash used in investing activities	(57,809)	(10,202)
Net cash used in financing activities	(38,367)	(47,018)
Effect of foreign exchange rate changes on cash and cash equivalents	(23)	1,818
Net increase in cash and cash equivalents	\$ 8,872	\$ 16,817

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 2027 compared to the first six months of fiscal year 2026 were favorably impacted by a 24.4% increase in net sales, and lower interest payments on debt, and were unfavorably impacted by an increase in annual bonus payments.

Investing Activities

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

In the first six months of fiscal year 2027, we completed immaterial acquisitions for cash consideration of \$36.3 million, net of cash acquired. No similar acquisitions were made in the first six months of fiscal year 2026.

Capital expenditures were \$15.7 million for the first six months of fiscal year 2027 compared to \$4.5 million for the first six months of fiscal year 2026.

Purchases of intangibles were \$6.0 million for the first six months of fiscal year 2027, compared to \$2.8 million for the first six months of fiscal year 2026, 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. No such payments were made in the first six months of fiscal year 2027.

Financing Activities

Net cash provided by or used in financing activities is primarily attributable to proceeds from and payments of the 2019 Revolving Credit Facility, payments on our Term Loans, and payments related to employee share-based compensation payroll taxes.

In the first six months of fiscal year 2027, we collected proceeds of \$50.0 million from and made payments of \$50.0 million on the 2019 Revolving Credit Facility, as discussed above. No such proceeds were collected and no such payments were made in the first six months of fiscal year 2026.

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 2027 as the Term Loan balance was fully repaid in fiscal year 2026.

In the first six months of fiscal year 2027, we paid \$37.2 million for employee share-based compensation payroll taxes and received \$1.1 million in proceeds from the exercise of stock options. In the first six months of fiscal year 2026, we paid \$12.2 million for employee share-based compensation payroll taxes.

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 25, 2026. There have been no significant changes to our policies during the three and six months ended July 26, 2026.

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 25, 2026. 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 26, 2026, 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 2027. The adverse impact these changes would have had (after taking into account balance sheet hedges only) on our income before taxes was not material for the quarter ended July 26, 2026.

Interest rate and credit risk

While we had no revolving loans outstanding under the 2026 Revolving Credit Facility as of July 26, 2026, future borrowing under our 2026 Credit Agreement is subject to variable interest rates.

Interest rates also affect our return on excess cash and investments. As of July 26, 2026, we had \$204.1 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 2027. 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 26, 2026.

Changes in Internal Controls

As of July 26, 2026, 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 12, 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 25, 2026. 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.

Apart from the below, 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 25, 2026.

The pending divestiture of our cellular module business creates significant risks and uncertainties that could adversely affect our business, financial condition, and results of operations.

On August 13, 2026, we entered into a definitive agreement to sell our cellular module business to Compal. The cellular module business represents a substantial portion of our IoT Systems and Connectivity segment. The transaction is expected to close during the fourth quarter of our fiscal year 2027, but completion may be delayed beyond that period. The announcement and pendency of the divestiture may create uncertainty among employees, customers, suppliers and other business partners regarding the future of the cellular module business and our remaining operations. Key employees may seek alternative employment as a result, which could disrupt customer relationships and product development programs and cause us to incur additional retention costs.

Customers of our cellular module business may defer new design wins, accelerate qualification of alternative suppliers, shift business to competitors to reduce supply chain risk or cancel existing projects or programs that incorporate our products, which could reduce revenue and profitability prior to the closing. Suppliers and other business partners may similarly seek to modify or terminate their relationships with the cellular module business or with us as a result of the announcement or pendency of the divestiture.

Our senior management team and board of directors must devote substantial time and attention to the divestiture process, which could detract from our core semiconductor businesses and other strategic initiatives. In addition, the definitive agreement may restrict our ability to take certain actions with respect to the cellular module business pending completion of the divestiture without Compal's consent, which could prevent us from pursuing business opportunities or responding effectively to competitive pressures and industry developments.

We may be unable to complete the divestiture, or may face delays in completing it, as a result of a failure to obtain required regulatory approvals or third-party consents in a timely manner or at all, the imposition of conditions on any such approval, a failure to satisfy the closing conditions contemplated by the definitive agreement, or adverse changes in general economic conditions. If the divestiture is not completed, we would have incurred significant transaction-related costs without realizing the anticipated benefits, and the adverse effects described above may nevertheless have occurred. We also may be subject to additional obligations or liabilities under the definitive agreement in connection with a termination of the transaction.

The cellular module business shares systems, facilities, personnel and other resources with our other businesses. Separating those resources and establishing standalone capabilities requires significant planning and investment prior to the closing and may result in additional costs and operational challenges following the closing. We may also be required to provide, or depend on Compal to provide, certain transition services for a period after the closing. Any failure to separate these operations successfully, or difficulties in providing or obtaining transition services, could disrupt our remaining operations. We may also retain certain liabilities associated with the cellular module business or incur liabilities under obligations related to the divestiture, any of which could adversely affect our financial condition. In addition, the consideration we receive may be less than the carrying value of the net assets of the cellular module business, and we may be required to record impairment or other charges in connection with the classification of the business as held for sale or the completion of the divestiture.

If the divestiture of our cellular module business is completed, our remaining operations will be more concentrated in certain semiconductor end markets and applications, potentially increasing the volatility of our operating results. We also may not realize the anticipated strategic, financial or other benefits of the divestiture, or such benefits may take longer to realize than expected. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

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 26, 2026. In addition, the table includes the disclosure of a Rule 10b5-1 Plan adopted by Asaf Silberstein, our EVP and Chief Operating Officer, on April 8, 2026, which was inadvertently omitted from our Quarterly Report on Form 10-Q for the quarter ended April 26, 2026. 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 Purchased or Sold (c)	Duration (d)
			Rule 10b5-1(a)	Non-Rule 10b5-1(b)		
Asaf Silberstein <i>EVP and Chief Operating Officer</i>	Adopt	4/8/2026	X		16,500	July 8, 2026 through April 30, 2027
Julie G. Ruehl <i>Director</i>	Adopt	5/29/2026	X		1,500	September 3, 2026 through June 4, 2027
Mark Lin <i>EVP and Chief Financial Officer</i>	Adopt	6/29/2026	X		25,207	December 11, 2026 through September 13, 2027
Paula LuPriore <i>Director</i>	Adopt	7/10/2026	X		2,500	October 10, 2026 through July 10, 2027

(a) Intended to satisfy the affirmative defense of Rule 10b5-1(c) promulgated under 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.

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	Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended October 26, 2003
3.2	Amended and Restated Bylaws of Semtech Corporation, adopted on June 3, 2025	Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 9, 2025
10.1 *	Semtech Corporation Executive Severance Plan (As Amended and Restated June 2, 2026)	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 8, 2026
10.2 *	Amended and Restated Semtech Corporation 2017 Long-Term Equity Incentive Plan	Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 8, 2026
10.3	Credit Agreement, dated as of July 6, 2026, by and among Semtech Corporation, certain of the Company's domestic subsidiaries party thereto as subsidiary guarantors, the lenders party thereto, the letter of credit issuers party thereto, and Morgan Stanley Senior Funding, Inc., as administrative agent and swing line lender	Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 6, 2026
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	Filed herewith
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	Filed herewith
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")	Furnished herewith
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended July 26, 2026, 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 26, 2026, 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, 2026

/s/ Mark Lin

Mark Lin

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

CERTIFICATION

I, Hong Q. Hou, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Semtech Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 26, 2026

/s/ Hong Q. Hou

Hong Q. Hou

President and Chief Executive Officer

CERTIFICATION

I, Mark Lin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Semtech Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 26, 2026

/s/ Mark Lin

Mark Lin

Executive Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO
18 USC 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Semtech Corporation (the "Company") for the period ended July 26, 2026 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Hong Q. Hou, President and Chief Executive Officer of the Company, and Mark Lin, Executive Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 USC §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 26, 2026

/s/ Hong Q. Hou

Hong Q. Hou

President and Chief Executive Officer

/s/ Mark Lin

Mark Lin

Executive Vice President and Chief Financial Officer