MACOM Technology Solutions Holdings, Inc.
Form 10-Q
July 27, 2016

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

FORM 10-Q

(Mark One)
ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended July 1, 2016
or
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number: 001-35451

MACOM Technology Solutions Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware	27-0306875
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

100 Chelmsford Street
Lowell, MA 01851
(Address of principal executive offices and zip code)
(978) 656-2500
(Registrant's telephone number, including area code)

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 x No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes x No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x
As of July 22, 2016, there were 53,665,599 shares of the registrant's common stock outstanding.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
FORM 10-Q
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ITEM 1. FINANCIAL STATEMENTS
MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	July 1, 2016	October 2, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$66,842	$122,312
Short term investments	23,726	39,557
Accounts receivable (less allowances of $3,525 and $5,745, respectively)	91,962	83,950
Inventories	117,078	79,943
Deferred income taxes	—	31,431
Income tax receivable	16,123	15,854
Prepaid and other current assets	12,353	11,172
Total current assets	$328,084	$384,219
Property and equipment, net	100,452	83,759
Goodwill	117,844	93,346
Intangible assets, net	270,856	243,666
Deferred income taxes	83,900	48,239
Other long-term assets	12,015	13,022
TOTAL ASSETS	$913,151	$866,251
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	4,513	4,058
Accounts payable	30,496	29,311
Accrued liabilities	43,091	38,107
Income taxes payable	37	—
Total current liabilities	$78,137	$71,476
Long-term debt, less current portion	340,581	340,504
Warrant liability	25,563	21,822
Deferred income taxes	14,293	—
Other long-term liabilities	7,945	7,916
Total liabilities	$466,519	$441,718
Stockholders’ equity:		
Common stock	54	53
Treasury stock, at cost	(330)	(330)
Accumulated other comprehensive income (loss)	8,711	(2,279)
Additional paid-in capital	540,787	526,011
Accumulated deficit	(102,590)	(98,922)
Total stockholders’ equity	$446,632	$424,533
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$913,151	$866,251

See notes to condensed consolidated financial statements.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	July 1, 2016	July 3, 2015	July 1, 2016	July 3, 2015
Revenue	$142,288	$109,058	$391,641	$308,045
Cost of revenue	68,326	56,562	191,836	161,416
Gross profit	73,962	52,496	199,805	146,629
Operating expenses:				
Research and development	26,064	20,965	77,589	60,186
Selling, general and administrative	35,866	26,592	105,169	80,067
Impairment charges	760	—	11,765	—
Restructuring charges	1,092	558	2,100	971
Total operating expenses	63,782	48,115	196,623	141,224
Income from operations	10,180	4,381	3,182	5,405
Other income (expense)				
Warrant liability gain (expense)	15,339	546	(3,741)	(15,671)
Interest expense, net	(4,363)	(4,505)	(13,117)	(13,951)
Other income (expense)	16	(225)	36	(1,227)
Total other income (expense), net	10,992	(4,184)	(16,822)	(30,849)
Income (loss) before income taxes	21,172	197	(13,640)	(25,444)
Income tax benefit	(181)	(1,559)	(6,178)	(6,059)
Income (loss) from continuing operations	21,353	1,756	(7,462)	(19,385)
Income from discontinued operations	1,199	6,271	3,794	13,568
Net income (loss)	$22,552	$8,027	$(3,668)	$(5,817)
Net income (loss) per share:				
Basic income (loss) per share:				
Income (loss) from continuing operations	$0.40	$0.03	$(0.14)	$(0.38)
Income from discontinued operations	0.02	0.12	0.07	0.27
Income (loss) per share - basic	$0.42	$0.15	$(0.07)	$(0.12)
Diluted income (loss) per share:				
Income (loss) from continuing operations	$0.11	$0.02	$(0.14)	$(0.38)
Income from discontinued operations	0.02	0.11	0.07	0.27
Income (loss) per share - diluted	$0.13	$0.14	$(0.07)	$(0.12)
Shares used:				
Basic	53,516	53,098	53,253	50,433
Diluted	55,288	55,174	53,253	50,433

See notes to condensed consolidated financial statements.

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

	Three Months Ended		Nine Months Ended	
	July 1, 2016	July 3, 2015	July 1, 2016	July 3, 2015
Net income (loss)	$22,552	$8,027	$(3,668)	$(5,817)
Unrealized gain on short term investments, net of tax	9	—	20	—
Foreign currency translation gain (loss), net of tax	5,432	(822)	10,970	(836)
Other comprehensive income (loss), net of tax	5,441	(822)	10,990	(836)
Total comprehensive income (loss)	$27,993	$7,205	$7,322	$(6,653)

See notes to condensed consolidated financial statements.

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

	Common Stock		Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at October 2, 2015	52,958	$ 53	23	$ (330)	$ (2,279)	$ 526,011	$ (98,922)	$ 424,533
Stock options exercises	110	—	—	—	—	1,128	—	1,128
Vesting of restricted common stock and units	748	1	—	—	—	—	—	1
Issuance of common stock pursuant to employee stock purchase plan	154	—	—	—	—	4,207	—	4,207
Shares repurchased for stock withholdings on restricted stock awards	(283)	—	—	—	—	(9,966)	—	(9,966)
Share-based compensation	—	—	—	—	—	19,407	—	19,407
Other comprehensive income, net of tax	—	—	—	—	10,990	—	—	10,990
Net loss	—	—	—	—	—	—	(3,668)	(3,668)
Balance at July 1, 2016	53,687	$ 54	23	$ (330)	$ 8,711	$ 540,787	$ (102,590)	$ 446,632

See notes to condensed consolidated financial statements.

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

	Nine Months Ended	
	July 1, 2016	July 3, 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(3,668)	$(5,817)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities (net of acquisitions):		
Depreciation and intangibles amortization	52,612	38,662
Stock-based compensation	19,407	13,781
Warrant liability expense	3,741	15,671
Acquired inventory step-up amortization	2,200	6,333
Deferred financing cost amortization	1,214	1,247
Prepaid compensation amortization	3,849	6,584
Gain on disposition of business	(3,750)	—
Deferred income taxes	(1,845)	474
Other adjustments, net	899	(44)
Impairment of assets	12,955	3,500
Change in operating assets and liabilities (net of acquisitions):		
Accounts receivable	(558)	(6,993)
Inventories	(25,092)	1,446
Prepaid expenses and other assets	(3,157)	2,969
Accounts payable	(2,243)	(7,561)
Accrued and other liabilities	(280)	(10,494)
Income taxes	(1,937)	(55)
Prepaid compensation	—	(14,586)
Deferred revenue	—	(16,922)
Net cash provided by operating activities	54,347	28,195
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of businesses, net	(85,516)	(208,352)
Purchases of property and equipment	(24,100)	(32,488)
Proceeds from sales and maturities of investments	40,357	—
Purchases of investments	(24,945)	(250)
Proceeds from discontinued operations	3,750	—
Strategic investments	—	1,500
Acquisition of intellectual property	(777)	(2,483)
Net cash used in investing activities	(91,231)	(242,073)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from stock option exercises and employee stock purchases	5,336	5,329
Payments on notes payable	(2,625)	(2,625)
Payments of assumed debt	(9,553)	(1,372)
Repurchase of common stock	(9,966)	(7,919)
Payments of contingent consideration and other	(1,195)	(39)
Proceeds from stock offering, net of issuance costs	—	127,697
Proceeds from revolving credit facility	—	100,000

Payments on revolving credit facility	—	(100,000)
Net cash (used in) provided by financing activities	(18,003)	121,071
Foreign currency effect on cash	(583)	(401)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(55,470)	(93,208)
CASH AND CASH EQUIVALENTS — Beginning of period	$122,312	$173,895
CASH AND CASH EQUIVALENTS — End of period	$66,842	$80,687

See notes to condensed consolidated financial statements.

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MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unaudited Interim Financial Information—The accompanying unaudited, condensed consolidated financial statements have been prepared according to the rules and regulations of the United States (the "U.S.") Securities and Exchange Commission ("SEC") and, in the opinion of management, reflect all adjustments, which include normal recurring adjustments, necessary for a fair statement of the condensed consolidated balance sheets, condensed consolidated statements of operations, condensed consolidated statement of comprehensive loss and condensed consolidated statements of cash flows of MACOM Technology Solutions Holdings, Inc. ("MACOM", the "Company", "us", "we" or "our") for the periods presented. We prepare our interim financial information using the same accounting principles we use for our annual audited consolidated financial statements. Certain information and note disclosures normally included in the annual audited consolidated financial statements have been condensed or omitted in accordance with prescribed SEC rules. We believe that the disclosures made in our condensed consolidated financial statements and the accompanying notes are adequate to make the information presented not misleading.

The consolidated balance sheet at October 2, 2015 is as reported in our audited consolidated financial statements as of that date. Our accounting policies are described in the notes to our October 2, 2015 consolidated financial statements, which were included in our Annual Report on Form 10-K for our fiscal year ended October 2, 2015 filed with the SEC on November 24, 2015. We recommend that the financial statements included in this Quarterly Report on Form 10-Q be read in conjunction with the consolidated financial statements and notes included in our Annual Report on Form 10-K for our fiscal year ended October 2, 2015.

Principles of Consolidation—We have one reportable segment, semiconductors and modules. The accompanying consolidated financial statements include our accounts and the accounts of our majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. Certain prior period financial statement amounts, including Automotive business discontinued operations, have been adjusted to conform to current reported presentation.

We have a 52 or 53-week fiscal year ending on the Friday closest to the last day of September. The fiscal years 2016 and 2015 include 52 weeks. To offset the effect of holidays, for fiscal years in which there are 53 weeks, we include the extra week arising in our fiscal years in the first quarter.

Use of Estimates—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities during the reporting periods, the reported amounts of revenue and expenses during the reporting periods, and the disclosure of contingent assets and liabilities at the date of the financial statements. On an ongoing basis, we base estimates and assumptions on historical experience, currently available information, and various other factors that management believes to be reasonable under the circumstances. Actual results may differ materially from these estimates and assumptions.

Recent Accounting Pronouncements—Our Recent Accounting Pronouncements are described in the notes to our October 2, 2015 consolidated financial statements, which were included in our Annual Report on Form 10-K.

In November 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) No. 2015-17, Balance Sheet Classification of Deferred Taxes. This update simplifies the presentation of deferred income taxes by eliminating the current requirements to classify deferred income tax assets and liabilities between current and noncurrent. The amendments in this update require that deferred tax assets and liabilities be classified as noncurrent in a classified statement of financial position. For public business entities, the standard is effective in the annual reporting periods beginning after December 15, 2016. Early adoption is permitted as of the beginning of any interim or annual reporting period and can be applied either prospectively or retrospectively to all periods presented. We have elected to adopt this standard early and have implemented the change prospectively as of the second quarter of fiscal 2016; prior periods were not adjusted. Upon adoption in the second quarter of fiscal 2016, we included $31.4 million of current deferred income tax assets with our noncurrent deferred income tax assets; no adjustments were

made to deferred tax liabilities.
In February 2016, the FASB issued ASU 2016-02, Leases, which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Certain qualitative and quantitative disclosures are required, as well as a retrospective recognition and measurement of impacted leases. The new guidance is effective for fiscal years and interim periods within those years beginning after December 15, 2018, with early adoption permitted. We are evaluating the effect that the updated standard will have on our consolidated financial statements and related disclosures.
In March 2016, the FASB issued ASU 2016-09, Improvements to Employee Share-Based Payment Accounting, which simplifies several aspects of the accounting for employee share-based payment transactions for both public and nonpublic entities,

including the accounting for income taxes, forfeitures and statutory tax withholding requirements, as well as classification in the statement of cash flows. Early adoption is permitted and the updated standard must be adopted no later than our fiscal first quarter of fiscal 2018. We are evaluating the effect that the updated standard will have on our consolidated financial statements and related disclosures.

2. ACQUISITIONS

Acquisition of FiBest Limited—On December 9, 2015, we completed the acquisition of FiBest Limited (“FiBest”) a Japan-based merchant market component supplier of optical sub-assemblies ("FiBest Acquisition"). We acquired FiBest to expand our position in optical networking components. In connection with the FiBest Acquisition, all of the outstanding equity interests (including outstanding options) of FiBest were exchanged for aggregate consideration of $59.1 million including cash of $47.5 million and assumed debt of $11.6 million. We funded the FiBest Acquisition with cash on hand. For the nine months ended July 1, 2016, we recorded transaction costs of $2.7 million as selling, general and administrative expense related to this acquisition. There were no transaction costs were recorded in the three months ended July 1, 2016. The FiBest Acquisition was accounted for as a stock purchase and the operations of FiBest have been included in our consolidated financial statements since the date of acquisition.

We recognized the FiBest assets acquired and liabilities assumed based upon the fair value of such assets and liabilities measured as of the date of acquisition. The aggregate purchase price for FiBest is being allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of the purchase price over the fair value of the acquired net assets represents cost and revenue synergies specific to the Company, as well as non-capitalizable intangible assets, such as the employee workforce acquired, and has been allocated to goodwill, none of which will be tax deductible.

During the quarter ended July 1, 2016, we recorded an adjustment of $1.1 million primarily related to an adjustment of the deferred tax liability associated with the acquisition of FiBest. The purchase accounting is preliminary and subject to completion of certain areas such as the valuation of acquired inventory, and therefore the purchase price allocation remains preliminary. The adjustments arising from the completion of the outstanding matters may materially affect the preliminary purchase accounting. We expect to finalize our allocation of purchase price during calendar year 2016. The adjusted preliminary allocation of purchase price as of July 1, 2016, is as follows (in thousands):

	Preliminary Allocation	Allocation Adjustments	Adjusted Allocation
Current assets	$ 10,850	$—	10,850
Intangible assets	45,650	—	45,650
Other assets	3,334	—	3,334
Total assets acquired	59,834	—	59,834
Liabilities assumed:			
Debt	11,627	—	11,627
Deferred income taxes	12,932	(1,131)	11,801
Other liabilities	3,968	—	3,968
Total liabilities assumed	28,527	(1,131)	27,396
Net assets acquired	31,307	1,131	32,438
Consideration:			
Cash paid upon closing, net of cash acquired	47,517	—	47,517
Goodwill	$ 16,210	$(1,131)	$15,079

The components of the acquired intangible assets on a preliminary basis were as follows (in thousands):

	Amount	Useful Lives (Years)
Developed technology	$9,400	7
Customer relationships	36,250	10
	$45,650	

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The overall weighted-average life of the identified intangible assets acquired in the FiBest Acquisition is estimated to be 9.4 years and the assets are being amortized over their estimated useful lives based upon the pattern over which we expect to receive the economic benefit from these assets.

The following is a summary of FiBest revenue and earnings included in MACOM's accompanying condensed consolidated statements of operations for the three and nine months ended months ended July 1, 2016 (in thousands):

	Three Months Ended	Nine Months Ended
Revenue	$ 10,191	$ 21,296
Loss before income taxes	(1,150)	(3,717)

Unaudited Supplemental Pro Forma Data—The pro forma statements of operations data for the three and nine months ended July 1, 2016 and July 3, 2015, below, give effect to the FiBest Acquisition, described above, as if it had occurred at October 4, 2014. These amounts have been calculated after applying our accounting policies and adjusting the results of FiBest to reflect; transaction costs, retention compensation expense, the impact of the step-up to the value of acquired inventory, as well as the additional intangible amortization that would have been charged assuming the fair value adjustments had been applied and incurred since October 4, 2014. This pro forma data is presented for informational purposes only and does not purport to be indicative of our future results of operations.

	Three Months Ended		Nine Months Ended	
	July 1, 2016	July 3, 2015	July 1, 2016	July 3, 2015
Revenue	$ 142,288	$ 112,938	$ 399,267	$ 323,262
Net income (loss)	24,276	5,440	(2,509)	(14,724)

Acquisition of Aeroflex/Metelics Inc.—On December 14, 2015, we acquired Aeroflex/Metelics, Inc. ("Metelics”), a diode supplier for aggregate cash consideration of $38.0 million, subject to customary working capital and other adjustments ("Metelics Acquisition"). We acquired Metelics to expand our diode business. We funded the acquisition with cash on hand. The Metelics Acquisition was accounted for as a stock purchase and the operations of Metelics have been included in our consolidated financial statements since the date of acquisition. For the nine months ended July 1, 2016, we recorded transaction costs of $0.5 million as selling, general and administrative expenses related to this acquisition. For the three months ended July 1, 2016, no material transaction costs were recorded.

We recognized the Metelics assets acquired and liabilities assumed based upon the fair value of such assets and liabilities measured as of the date of acquisition. The aggregate purchase price for Metelics is being allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of the purchase price over the fair value of the acquired net assets represents cost and revenue synergies specific to the Company, as well as non-capitalizable intangible assets, such as the employee workforce acquired, and has been allocated to goodwill, which will be tax deductible due to a 338(h)(10) election. During the quarter ended April 1, 2016, we recorded an adjustment of $1.8 million primarily associated with inventory which reduced current assets acquired. The purchase accounting is preliminary and subject to completion including certain fair value measurements, particularly the finalization of the valuation of acquired inventory and fixed assets, as well as, the finalization of the working capital adjustment with the seller. The adjustments arising from the completion of the outstanding matters may materially affect the preliminary purchase accounting.We expect to finalize our allocation of purchase price during calendar year 2016. The adjusted preliminary allocation of purchase price as of July 1, 2016, is as follows (in thousands):

	Preliminary Allocation	Allocation Adjustments	Adjusted Allocation
Current assets	$15,250	$(1,835)	$13,415
Intangible assets	19,700	—	19,700
Other assets	6,249	—	6,249
Total assets acquired	41,199	(1,835)	39,364
Liabilities assumed:			
Other liabilities	7,401	—	7,401
Total liabilities assumed	7,401	—	7,401
Net assets acquired	33,798	(1,835)	31,963
Consideration:			
Cash paid upon closing, net of cash acquired	38,000	—	38,000
Goodwill	$4,202	$1,835	$6,037

The components of the acquired intangible assets on a preliminary basis were as follows (in thousands):

	Amount	Useful Lives (Years)
Developed technology	$1,000	7
Customer relationships	18,700	10
	$19,700	

The overall weighted-average life of the identified intangible assets acquired in the Metelics Acquisition is estimated to be 9.8 years and the assets are being amortized over their estimated useful lives based upon the pattern over which we expect to receive the economic benefit from these assets.

The following is a summary of Metelics revenue and earnings included in our accompanying condensed consolidated statements of operations (in thousands):

	Three Months Ended July 1, 2016	Nine Months Ended July 1, 2016
Revenue	$9,861	$22,113
Income before income taxes	596	422

Unaudited Supplemental Pro Forma Data—The pro forma statements of operations data for the three and nine months ended July 1, 2016 and July 3, 2015, below, give effect to the Metelics Acquisition, described above, as if it had occurred at October 4, 2014. These amounts have been calculated after applying our accounting policies and adjusting the results of Metelics to reflect the transaction costs, the impact of the step-up to the value of acquired inventory, as well as, the additional intangible amortization that would have been charged assuming the fair value adjustments had been applied and incurred since October 4, 2014. This pro forma data is presented for informational purposes only and does not purport to be indicative of our future results of operations.

	Three Months Ended		Nine Months Ended	
	July 1, 2016	July 3, 2015	July 1, 2016	July 3, 2015
Revenue	$142,288	$118,000	$400,477	$337,392
Net income (loss)	22,182	7,616	(3,521)	(8,132)

Acquisition of BinOptics Corporation—On December 15, 2014, we completed the acquisition of BinOptics Corporation (“BinOptics”) a supplier of high-performance photonic semiconductor products ("BinOptics Acquisition"). In accordance with the related agreement and plan of merger, all of the outstanding equity interests (including outstanding warrants) of BinOptics were exchanged for aggregate consideration of approximately $208.4 million in cash. In addition we paid $14.6 million as part of a related retention escrow agreement designed to retain certain BinOptics employees. This $14.6 million was included in the terms of the purchase agreement and has been accounted for as a post-closing prepaid expense. We funded the BinOptics Acquisition with a combination of cash on hand and the incurrence of $100.0 million of additional borrowings under our existing Revolving Facility. For the nine months ended July 3, 2015, we recorded transaction costs of $4.1 million related to the BinOptics Acquisition.

The BinOptics Acquisition was accounted for as a stock purchase and the operations of BinOptics have been included in our consolidated financial statements since the date of acquisition.
We have recognized BinOptics' assets acquired and liabilities assumed based upon the fair value of such assets and liabilities measured as of the date of acquisition. The aggregate purchase price for BinOptics has been allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess of the purchase price over the fair value of the acquired net assets represents cost and revenue synergies specific to the Company, as well as non-capitalizable intangible assets, such as the employee workforce acquired, and has been allocated to goodwill, none of which is tax deductible.
We finalized our allocation of purchase price during the first quarter of fiscal year 2016. The final allocation of purchase price as of January 1, 2016, is as follows (in thousands):

	October 2, 2015 Allocation	Allocation Adjustments	January 1, 2016 Adjusted Allocation
Current assets	$ 23,674	$ (1,100)	$ 22,574
Intangible assets	136,900	400	137,300
Other assets	9,194	—	9,194
Total assets acquired	169,768	(700)	169,068
Liabilities assumed:			
Debt	2,535	—	2,535
Deferred income taxes	33,345	99	33,444
Other liabilities	13,106	—	13,106
Total liabilities assumed	48,986	99	49,085
Net assets acquired	120,782	(799)	119,983
Consideration:			
Cash paid upon closing, net of cash acquired	208,352	—	208,352
Goodwill	$ 87,570	$ 799	$ 88,369

The components of the acquired intangible assets were as follows (in thousands):

	Amount	Useful Lives (Years)
Developed technology	$17,500	7
Customer relationships	119,800	10
	$137,300	

The overall weighted-average life of the identified intangible assets acquired in the BinOptics Acquisition is estimated to be 9.6 years and the assets are being amortized over their estimated useful lives based upon the pattern over which we expect to receive the economic benefit from these assets.
Unaudited Supplemental Pro Forma Data—The pro forma statements of operations data for the three and nine months ended July 3, 2015, below, give effect to the BinOptics Acquisition, described above, as if it had occurred at September 28, 2013. These amounts have been calculated after applying our accounting policies and adjusting the results of BinOptics to reflect the transaction costs, retention compensation expense, the impact of the step-up to the value of the acquired inventory, as well as additional intangible amortization that would have been charged assuming the fair value adjustments to intangible assets had been applied and incurred since September 28, 2013. This pro forma data is presented as of July 3, 2015 for informational purposes only and does not purport to be indicative of our future results of operations.

	Three Months Ended July 3, 2015	Nine Months Ended July 3, 2015

Revenue	$130,663	$382,279
Net income	13,178	2,317