

**Silicon Laboratories Inc.**  
**Condensed Consolidated Statements of Operations**  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 29, 2019	June 30, 2018	June 29, 2019	June 30, 2018
Revenues	\$206,709	\$217,106	\$394,822	\$422,490
Cost of revenues	79,660	85,814	151,899	166,961
Gross profit	127,049	131,292	242,923	255,529
Operating expenses:				
Research and development	63,856	59,495	125,422	114,323
Selling, general and administrative	48,637	53,796	97,853	99,490
Operating expenses	112,493	113,291	223,275	213,813
Operating income	14,556	18,001	19,648	41,716
Other income (expense):				
Interest income and other, net	3,696	1,609	6,519	4,811
Interest expense	(5,005)	(4,888)	(10,002)	(9,771)
Income before income taxes	13,247	14,722	16,165	36,756
Provision (benefit) for income taxes	29,276	442	26,796	(3,929)
Net income (loss)	\$ (16,029)	\$ 14,280	\$ (10,631)	\$ 40,685
Earnings (loss) per share:				
Basic	\$ (0.37)	\$ 0.33	\$ (0.25)	\$ 0.94
Diluted	\$ (0.37)	\$ 0.32	\$ (0.25)	\$ 0.92
Weighted-average common shares outstanding:				
Basic	43,386	43,312	43,287	43,138
Diluted	43,386	44,294	43,287	44,106

**Silicon Laboratories Inc.**  
**Condensed Consolidated Balance Sheets**  
(In thousands, except per share data)  
(Unaudited)

	<b>June 29, 2019</b>	<b>December 29, 2018</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 189,549	\$ 197,043
Short-term investments	452,265	416,779
Accounts receivable, net	72,301	73,194
Inventories	73,865	74,972
Prepaid expenses and other current assets	59,662	64,650
Total current assets	847,642	826,638
Property and equipment, net	137,644	139,049
Goodwill	397,344	397,344
Other intangible assets, net	150,356	170,832
Other assets, net	69,954	90,491
Total assets	<b>\$1,602,940</b>	<b>\$1,624,354</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 41,585	\$ 41,171
Deferred revenue and returns liability	21,266	22,494
Other current liabilities	68,186	81,180
Total current liabilities	131,037	144,845
Convertible debt	361,430	354,771
Other non-current liabilities	59,202	57,448
Total liabilities	551,669	557,064
Commitments and contingencies		
Stockholders' equity:		
Preferred stock — \$0.0001 par value; 10,000 shares authorized; no shares issued	--	--
Common stock — \$0.0001 par value; 250,000 shares authorized; 43,344 and 43,088 shares issued and outstanding at June 29, 2019 and December 29, 2018, respectively	4	4
Additional paid-in capital	99,665	107,517
Retained earnings	950,712	961,343
Accumulated other comprehensive income (loss)	890	(1,574)
Total stockholders' equity	1,051,271	1,067,290
Total liabilities and stockholders' equity	<b>\$1,602,940</b>	<b>\$1,624,354</b>

**Silicon Laboratories Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
(In thousands)  
(Unaudited)

	<b>Six Months Ended</b>	
	<b>June 29, 2019</b>	<b>June 30, 2018</b>
<b>Operating Activities</b>		
Net income (loss)	\$ (10,631)	\$ 40,685
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation of property and equipment	8,447	7,643
Amortization of other intangible assets and other assets	20,476	18,366
Amortization of debt discount and debt issuance costs	6,659	6,354
Stock-based compensation expense	26,253	24,311
Deferred income taxes	24,043	(5,830)
Changes in operating assets and liabilities:		
Accounts receivable	893	(16,705)
Inventories	1,118	(565)
Prepaid expenses and other assets	11,326	(1,759)
Accounts payable	5,321	2,980
Other current liabilities and income taxes	(18,101)	(17,249)
Deferred income, deferred revenue and returns liability	(1,228)	(4,193)
Other non-current liabilities	(3,222)	(3,260)
Net cash provided by operating activities	<u>71,354</u>	<u>50,778</u>
<b>Investing Activities</b>		
Purchases of available-for-sale investments	(184,170)	(148,437)
Sales and maturities of available-for-sale investments	151,428	295,405
Purchases of property and equipment	(9,402)	(11,406)
Purchases of other assets	(2,588)	(5,893)
Acquisition of business, net of cash acquired	--	(239,729)
Net cash used in investing activities	<u>(44,732)</u>	<u>(110,060)</u>
<b>Financing Activities</b>		
Repurchases of common stock	(26,716)	(3,397)
Payment of taxes withheld for vested stock awards	(14,509)	(18,408)
Proceeds from the issuance of common stock	7,109	6,585
Net cash used in financing activities	<u>(34,116)</u>	<u>(15,220)</u>
Decrease in cash and cash equivalents	(7,494)	(74,502)
Cash and cash equivalents at beginning of period	<u>197,043</u>	<u>269,366</u>
Cash and cash equivalents at end of period	<u>\$189,549</u>	<u>\$194,864</u>

## Non-GAAP Financial Measurements

In addition to the GAAP results provided throughout this document, Silicon Labs has provided non-GAAP financial measurements on a basis excluding non-cash and other charges and benefits. Details of these excluded items are presented in the tables below, which reconcile the GAAP results to non-GAAP financial measurements.

The non-GAAP financial measurements do not replace the presentation of Silicon Labs' GAAP financial results. These measurements provide supplemental information to assist management and investors in analyzing Silicon Labs' financial position and results of operations. Silicon Labs has chosen to provide this information to investors to enable them to perform meaningful comparisons of past, present and future operating results and as a means to emphasize the results of core on-going operations.

### Unaudited Reconciliation of GAAP to Non-GAAP Financial Measures (In thousands, except per share data)

Non-GAAP Income Statement Items	Three Months Ended June 29, 2019								
	GAAP Measure	GAAP Percent of Revenue	Stock Compensation Expense	Intangible Asset Amortization	Acquisition Related Items	Non-GAAP Measure	Non-GAAP Percent of Revenue		
Revenues	\$206,709								
Gross profit	127,049	61.5%	\$ 326	\$ --	\$ --	\$127,375	61.6%		
Research and development	63,856	30.9%	6,459	7,687	--	49,710	24.0%		
Selling, general and administrative	48,637	23.6%	6,884	2,469	1,248	38,036	18.4%		
Operating expenses	112,493	54.5%	13,343	10,156	1,248	87,746	42.4%		
Operating income	14,556	7.0%	13,669	10,156	1,248	39,629	19.2%		
Non-GAAP Earnings Per Share and Income Tax Rate	Three Months Ended June 29, 2019								
	GAAP Measure	GAAP Tax Percentage Rate	Stock Compensation Expense	Intangible Asset Amortization	Acquisition Related Items	Non-cash Interest Expense	Income Tax Adjustments	Non-GAAP Measure	Non-GAAP Tax Percentage Rate
Income before income taxes	\$ 13,247		\$13,669	\$10,156	\$1,248	\$2,900	\$ --	\$41,220	
Provision for income taxes	29,276	221.0%					(24,476)	4,800	11.6%
Net income (loss)	\$(16,029)							\$36,420	
Diluted shares outstanding	GAAP Measure 43,386		Dilutive Securities Excluded From GAAP Measure Due to Net Loss					Non-GAAP Measure 44,010	
Diluted earnings (loss) per share	\$ (0.37)			624				\$ 0.83	

**Unaudited Forward-Looking Statements Regarding Business Outlook\*\***  
**(In millions, except per share data)**

Business Outlook	Three Months Ending September 28, 2019		
	GAAP Measure	Non-GAAP Adjustments	Non-GAAP Measure
Gross margin	60.0%	0.0%	60.0%
Operating expenses	\$112.0	\$23.0	\$89.0
Effective tax rate	10.5%	2.0%	12.5%
Diluted earnings per share - low	\$0.29	\$0.50	\$0.79
Diluted earnings per share - high	\$0.39	\$0.50	\$0.89

\*\* These financial schedules contain forward-looking statements based on Silicon Labs' current expectations. The words "believe," "estimate," "expect," "intend," "anticipate," "plan," "project," "will" and similar phrases as they relate to Silicon Labs are intended to identify such forward-looking statements. These forward-looking statements reflect the current views and assumptions of Silicon Labs and are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are the following: risks that Silicon Labs may not be able to maintain its historical growth; quarterly fluctuations in revenues and operating results; difficulties developing new products that achieve market acceptance; dependence on a limited number of products and customers; intellectual property litigation risks; risks associated with acquisitions and divestitures; product liability risks; difficulties managing Silicon Labs' distributors, manufacturers and subcontractors; inventory-related risks; difficulties managing international activities; risks associated with international activities (including trade barriers); risks that Silicon Labs may not be able to manage strains associated with its growth; credit risks associated with its accounts receivable; dependence on key personnel; stock price volatility; geographic concentration of manufacturers, assemblers, test service providers and customers in Asia that subjects Silicon Labs' business and results of operations to risks of natural disasters, epidemics, war and political unrest; debt-related risks; capital-raising risks; the competitive and cyclical nature of the semiconductor industry; average selling prices of products may decrease significantly and rapidly; information technology risks; cyber-attacks against Silicon Labs' products and its networks; conflict mineral risks and other factors that are detailed in the SEC filings of Silicon Laboratories Inc. Silicon Labs disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. References in these financial schedules to Silicon Labs shall mean Silicon Laboratories Inc.