
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): **July 28, 2021**

SILICON LABORATORIES INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

000-29823
(Commission File Number)

74-2793174
(IRS Employer
Identification No.)

400 West Cesar Chavez, Austin, TX
(Address of Principal Executive Offices)

78701
(Zip Code)

Registrant's telephone number, including area code: **(512) 416-8500**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0001 par value	SLAB	The NASDAQ Stock Market LLC

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

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 Securities Exchange Act of 1934.

Item 2.02. Results of Operations and Financial Condition

On July 28, 2021, Silicon Laboratories Inc. (“Silicon Laboratories”) issued a press release describing its results of operations for its fiscal quarter ended July 3, 2021. A copy of the press release is attached as Exhibit 99 to this report.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

[99](#) [Press Release of Silicon Laboratories Inc. dated July 28, 2021](#)

104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

Use of Non-GAAP Financial Information

From time to time, Silicon Laboratories provides certain non-GAAP financial measures as additional information relating to its operating results. The non-GAAP financial measurements provided in the press release furnished herewith do not replace the presentation of Silicon Laboratories’ GAAP financial results. These additional measurements merely provide supplemental information to assist investors in analyzing Silicon Laboratories’ financial position and results of operations; however, these measures are not in accordance with, or an alternative to, GAAP and may be different from non-GAAP measures used by other companies.

Non-GAAP financial measures used by Silicon Laboratories include non-GAAP gross margin, non-GAAP research and development expense, non-GAAP selling, general and administrative expense, non-GAAP operating income, non-GAAP interest expense, non-GAAP tax expense, non-GAAP net income and non-GAAP diluted earnings per share. Silicon Laboratories has chosen to provide this information to investors because it believes that such supplemental information enables them to perform meaningful comparisons of past, present and future operating results, and as a means to highlight the results of core ongoing operations.

Non-GAAP financial measures are adjusted by the following items:

- *Stock compensation expense* – represents charges for employee stock awards issued under Silicon Laboratories’ stock-based compensation plans. Stock compensation expense is excluded from non-GAAP financial measures because it is a non-cash expense, and excluding such expense provides meaningful supplemental information regarding core ongoing operations.
- *Intangible asset amortization* – primarily represents charges for the amortization of intangibles assets, such as core and developed technology, customer relationships and trademarks, acquired in connection with business combinations. Intangible asset amortization is excluded from non-GAAP financial measures because it is a non-cash expense, and excluding such expense provides meaningful supplemental information regarding core ongoing operations.
- *Acquisition and disposition related items* – primarily including the following: charges for the fair value write-up associated with inventory acquired; adjustments to the fair value of acquisition-related contingent consideration; and acquisition-related costs of a business combination or disposition-related costs of a business divestiture, such as costs for attorneys, investment bankers, accountants and other third party service providers. Acquisition and disposition related items are excluded from non-GAAP financial measures because excluding such amounts provides meaningful supplemental information regarding core ongoing operations.
- *Restructuring Charges* – primarily include costs associated with certain employee terminations, asset impairments and fair value adjustments resulting from observable price changes. Termination costs and fair value adjustments are excluded from non-GAAP financial measures because excluding such amounts provides meaningful supplemental information regarding core ongoing operations.
- *Fair value adjustments to investments* – primarily include gains and/or losses associated with certain fair value adjustments for equity investments accounted for by the equity method of accounting or cost minus impairment, if any, plus or minus changes resulting from qualifying observable price changes. Fair value adjustments are excluded from non-GAAP financial measures because these generally are non-cash, non-operating activity during the period of adjustment, relate to activity in entities outside those of Silicon Labs, and excluding such expense/gain provides meaningful supplemental information regarding core operations.
- *Interest expense adjustments* – represents charges for the amortization of the debt discount on Silicon Laboratories’ convertible senior notes, losses on the extinguishment of convertible debt and losses on the termination of interest rate swap agreements. Such amounts are excluded from non-GAAP financial measures because they are non-cash expenses and/or excluding such amounts provides meaningful supplemental information regarding core ongoing operations.
- *Income tax adjustments* – primarily include the following: the effect of the Tax Cuts & Jobs Act of 2017; the current and deferred income tax effects of the above non-GAAP adjustments; other indirect impacts of excluding stock-based compensation; and the income tax impact of certain intercompany license arrangements for technology acquired in business combinations. Income tax adjustments are excluded from non-GAAP financial measures because excluding such amounts provides meaningful supplemental information regarding core ongoing operations.

Pursuant to the requirements of Regulation G, we have provided in the press release furnished with this report a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

The information in this report, including the exhibit hereto, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. The information contained therein and in the accompanying exhibit shall not be incorporated by reference into any filing with the U.S. Securities and Exchange Commission made by Silicon Laboratories, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

EXHIBIT INDEX

Exhibit No.	Description
99	Press Release of Silicon Laboratories Inc. dated July 28, 2021
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURE

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

SILICON LABORATORIES INC.

July 28, 2021

/s/ John C. Hollister

Date

John C. Hollister
*Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)*



Silicon Labs Announces Record Revenue for Second Quarter 2021
Strong Execution in Supply-Constrained Market Delivers Record IoT Revenue

AUSTIN, Texas – July 28, 2021 – [Silicon Labs](#) (NASDAQ: SLAB), a leader in secure, intelligent wireless technology for a more connected world, reported strong financial results for the second quarter, which ended July 3, 2021. Revenue exceeded the top of the guidance range at \$278 million, and revenue from the Internet of Things business (IoT) ended at a record high of \$169 million, up seven percent sequentially and 48 percent year-on-year. Second quarter GAAP and non-GAAP diluted earnings per share (EPS) were \$0.44 and \$1.05, respectively.

“We continue to capitalize on the increased adoption, growth and diversity of the global IoT market,” said Silicon Labs CEO Tyson Tuttle. “Achieving another quarter of record revenue, robust bookings, and strong design wins amid a tight supply chain environment is a testament to our powerful development platform, performance-driven team, and purpose-oriented culture.”

Earlier in the week, Silicon Labs accomplished another major milestone, completing the divestiture of its Infrastructure and Automotive (I&A) businesses to [Skyworks Solutions, Inc.](#) (NASDAQ: SWKS) for \$2.75 billion in an all-cash transaction, the proceeds of which have been fully funded. Silicon Labs is now reporting revenue from the divested products as “discontinued operations” and from IoT as “continuing operations.”

Second Quarter Financial Highlights

- IoT revenue from continuing operations increased to \$169 million, up seven percent sequentially and 48 percent year-on-year
- I&A revenue from discontinued operations increased to \$108 million, up 11 percent sequentially and 16 percent year-on-year

Results from continuing operations on a GAAP basis:

- GAAP gross margin was 56.8%
- GAAP R&D expenses were \$65 million
- GAAP SG&A expenses were \$43 million
- GAAP operating loss as a percentage of revenue was (6.8)%
- GAAP loss per share was \$(0.41)

Results from continuing operations on a non-GAAP basis, excluding the impact of stock compensation, amortization of acquired intangible assets, restructuring charges, non-cash interest expense and other costs associated with convertible notes, and certain other items as set forth in the reconciliation tables were as follows:

- Non-GAAP gross margin was 56.9%
 - Non-GAAP R&D expenses were \$51 million
 - Non-GAAP SG&A expenses were \$34 million
 - Non-GAAP operating income as a percentage of revenue was 6.6%
 - Non-GAAP diluted earnings per share were \$0.16
-

Innovations and Achievements

- Completed smooth transition of the infrastructure and automotive business to Skyworks Solutions, positioning Silicon Labs as a pure-play leader in secure, intelligent wireless connectivity.
- Continued to drive the IoT industry forward by contributing more than 20 percent of the source code and launching new products for Matter, which simplifies the complexities of secure, reliable wireless connectivity for both developers and consumers.
- Collaborated with fellow IoT leader, Wirepas, to launch a connected solution for asset tracking and building automation. Wirepas chose Silicon Labs for its integrated hardware and software platform, ultra-low power chips and affordable solutions.
- Remained steadfast in our dedication to environmental sustainability and passion for supporting local communities by becoming the first corporation to join the International Institute of Information Technology Hyderabad's new Smart City Living Lab, which focuses R&D on devices that improve life in densifying cities.
- Demonstrated we are passionate about connecting more than “things” and announced the annual WorksWith conference, which connects developers and business leaders to the information, experts, and technology needed to go from IoT idea to award-winning innovation.

Business Outlook

The company expects third quarter revenue from continuing operations to be in the range of \$170 to \$180 million. The company also estimates the following results from continuing operations:

On a GAAP basis:

- GAAP gross margin between 57% and 57.5%
- GAAP operating expenses at approximately \$116 million
- GAAP effective tax rate of approximately (11)%
- GAAP diluted loss per share to be in the range of a \$(0.56) to \$(0.46)

On a non-GAAP basis, excluding the impact of stock compensation, amortization of acquired intangible assets, restructuring charges, non-cash interest expense and other costs associated with convertible notes, and certain other items as set forth in the reconciliation tables:

- Non-GAAP gross margin between 57% and 58%
 - Non-GAAP operating expenses at approximately \$93 million
 - Non-GAAP effective tax rate of approximately 14%
 - Non-GAAP diluted earnings per share between \$0.10 and \$0.20
-

Earnings Webcast and Conference Call

Silicon Labs will host an earnings conference call to discuss the quarterly results and answer questions at 7:30 am CST today. An audio webcast will be available on Silicon Labs' website (www.silabs.com) under [Investor Relations](#). The company will post an audio recording of the event at silabs.com/investors and make a replay available through August 4, 2021 online or by calling (877) 344-7529 (US) or (412) 317-0088 (international) and entering access code 10158301.

About Silicon Labs

Silicon Labs (NASDAQ: SLAB) is a leader in secure, intelligent wireless technology for a more connected world. Our integrated hardware and software platform, intuitive development tools, unmatched ecosystem and robust support make us the ideal long-term partner in building advanced industrial, commercial, home and life applications. We make it easy for developers to solve complex wireless challenges throughout the product lifecycle and get to market quickly with innovative solutions that transform industries, grow economies and improve lives. silabs.com

Forward-Looking Statements

This press release contains 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: the effect of the Skyworks transaction on the ability of Silicon Labs to retain and hire key personnel and maintain relationships with its customers, suppliers, advertisers, partners and others with whom it does business, or on its operating results and businesses generally; risks associated with the disruption of management's attention from ongoing business operations due to such transaction; the timing and scope of anticipated share repurchases and/or dividends; the impact of COVID-19 on the U.S. and global economy, including the restrictions on travel and transportation and other actions taken by governmental authorities and disruptions to the business of our customers or our global supply chain that have occurred or may occur in the future, the ongoing impact of COVID-19 on our employees and our ability to provide services to our customers and respond to their needs; 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; risks associated with international activities (including trade barriers, particularly with respect to China); intellectual property litigation risks; risks associated with acquisitions and divestitures; product liability risks; difficulties managing Silicon Labs' distributors, manufacturers and subcontractors; dependence on a limited number of products; absence of long-term commitments from customers; inventory-related risks; difficulties managing international activities; 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 or pandemics, 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 and other factors that are detailed in the SEC filings of Silicon Laboratories Inc. The level of share repurchases and/or dividends depends on market conditions and the level of other uses of cash. 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 this press release to Silicon Labs shall mean Silicon Laboratories Inc.

Note to editors: Silicon Laboratories, Silicon Labs, the "S" symbol, and the Silicon Labs logo are trademarks of Silicon Laboratories Inc. All other product names noted herein may be trademarks of their respective holders.

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

	Three Months Ended		Six Months Ended	
	July 3, 2021	July 4, 2020	July 3, 2021	July 4, 2020
Revenues	\$ 169,492	\$ 114,350	\$ 327,349	\$ 232,368
Cost of revenues	73,194	47,771	139,297	96,942
Gross profit	96,298	66,579	188,052	135,426
Operating expenses:				
Research and development	64,832	57,992	128,847	115,702
Selling, general and administrative	42,953	40,350	85,407	84,802
Operating expenses	107,785	98,342	214,254	200,504
Operating loss	(11,487)	(31,763)	(26,202)	(65,078)
Other income (expense):				
Interest income and other, net	647	3,267	3,522	6,518
Interest expense	(6,486)	(11,778)	(17,810)	(17,319)
Loss from continuing operations before income taxes	(17,326)	(40,274)	(40,490)	(75,879)
Provision (benefit) for income taxes	1,165	(4,229)	3,157	(8,443)
Loss from continuing operations	(18,491)	(36,045)	(43,647)	(67,436)
Income from discontinued operations, net of income taxes	38,423	34,222	77,088	67,857
Net income (loss)	<u>\$ 19,932</u>	<u>\$ (1,823)</u>	<u>\$ 33,441</u>	<u>\$ 421</u>
Basic earnings (loss) per share:				
Continuing operations	\$ (0.41)	\$ (0.82)	\$ (0.98)	\$ (1.54)
Net income	\$ 0.44	\$ (0.04)	\$ 0.75	\$ 0.01
Diluted earnings (loss) per share:				
Continuing operations	\$ (0.41)	\$ (0.82)	\$ (0.98)	\$ (1.54)
Net income	\$ 0.44	\$ (0.04)	\$ 0.73	\$ 0.01
Weighted-average common shares outstanding:				
Basic	44,803	43,761	44,481	43,699
Diluted	45,756	43,761	45,794	44,219

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

Non-GAAP Income Statement Items – Continuing Operations	Three Months Ended July 3, 2021					
	GAAP Measure	GAAP Percent of Revenue	Stock Compensation Expense	Intangible Asset Amortization	Non-GAAP Measure	Non-GAAP Percent of Revenue
Revenues	\$ 169,492					
Gross profit	96,298	56.8%	\$ 199	\$ --	\$ 96,497	56.9%
Research and development	64,832	38.3%	5,488	8,184	51,160	30.2%
Selling, general and administrative	42,953	25.3%	5,565	3,267	34,121	20.1%
Operating income (loss)	(11,487)	(6.8)%	11,252	11,451	11,216	6.6%

Non-GAAP Earnings Per Share – Continuing Operations	Three Months Ended July 3, 2021						
	GAAP Measure	Stock Compensation Expense*	Intangible Asset Amortization*	Investment Fair Value Adjustments*	Interest Expense Adjustments*	Income Tax Adjustments	Non- GAAP Measure
Loss from continuing operations	\$ (18,491)	\$ 11,252	\$ 11,451	\$ (236)	\$ 4,992	\$ (1,500)	\$ 7,468
		Dilutive Securities Excluded From GAAP Measure Due to Net Loss					
Diluted shares outstanding	44,803			953			45,756
Diluted earnings (loss) per share	\$ (0.41)						\$ 0.16

* Represents pre-tax amounts

Non-GAAP Earnings Per Share – Net Income	Three Months Ended July 3, 2021							
	GAAP Measure	Stock Compensation Expense*	Intangible Asset Amortization*	Disposition Related Items*	Investment Fair Value Adjustments*	Interest Expense Adjustments*	Income Tax Adjustments	Non- GAAP Measure
Net income	\$ 19,932	\$ 13,644	\$ 11,562	\$ 3,195	\$ (236)	\$ 4,992	\$ (4,818)	\$ 48,271
Diluted shares outstanding	45,756							45,756
Diluted earnings per share	\$ 0.44							\$ 1.05

* Represents pre-tax amounts

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

Business Outlook	Three Months Ending October 2, 2021		
	GAAP Measure	Non-GAAP Adjustments*	Non-GAAP Measure
Gross margin	57% - 57.5%	0% - 0.5%	57% - 58%
Operating expenses	\$ 116	\$ 23	\$ 93
Effective tax rate	(11)%	25%	14%
Diluted earnings (loss) per share - low	\$ (0.56)	\$ 0.66	\$ 0.10
Diluted earnings (loss) per share - high	\$ (0.46)	\$ 0.66	\$ 0.20

* Non-GAAP adjustments include the following estimates: stock compensation expense of \$12.8 million, intangible asset amortization of \$11.1 million, interest expense adjustments of \$5.1 million and the associated tax impact from the aforementioned items.

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

	July 3, 2021	January 2, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 303,084	\$ 202,720
Short-term investments	314,183	521,963
Accounts receivable, net	99,546	95,169
Inventories	52,269	47,861
Prepaid expenses and other current assets	94,378	87,103
Current assets held for sale	297,543	21,005
Total current assets	1,161,003	975,821
Property and equipment, net	139,362	135,803
Goodwill	376,389	376,389
Other intangible assets, net	140,581	163,483
Other assets, net	78,667	76,675
Non-current assets held for sale	--	265,316
Total assets	\$ 1,896,002	\$ 1,993,487
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 70,820	\$ 54,949
Current portion of convertible debt, net	--	134,480
Deferred revenue and returns liability	12,811	12,986
Other current liabilities	70,552	81,650
Current liabilities held for sale	699	433
Total current liabilities	154,882	284,498
Convertible debt, net	439,654	428,945
Other non-current liabilities	73,712	79,752
Non-current liabilities held for sale	--	451
Total liabilities	668,248	793,646
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; 44,764 and 43,925 shares issued and outstanding at July 3, 2021 and January 2, 2021, respectively	4	4
Additional paid-in capital	200,716	204,359
Retained earnings	1,027,105	993,664
Accumulated other comprehensive income (loss)	(71)	1,814
Total stockholders' equity	1,227,754	1,199,841
Total liabilities and stockholders' equity	\$ 1,896,002	\$ 1,993,487

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

	Six Months Ended	
	July 3, 2021	July 4, 2020
Operating Activities		
Net income	\$ 33,441	\$ 421
Adjustments to reconcile net income to cash provided by operating activities of continuing operations:		
Income from discontinued operations, net of income taxes	(77,088)	(67,857)
Depreciation of property and equipment	8,184	7,711
Amortization of intangible assets and other assets	22,902	20,486
Amortization of debt discount and debt issuance costs	11,822	8,359
Loss on extinguishment of convertible debt	3,370	3,685
Stock-based compensation expense	22,620	24,461
Deferred income taxes	(5,644)	1,177
Changes in operating assets and liabilities:		
Accounts receivable	(4,377)	7,070
Inventories	(4,447)	8,021
Prepaid expenses and other assets	(5,489)	22,976
Accounts payable	14,711	(769)
Other current liabilities and income taxes	(10,626)	(15,480)
Deferred revenue and returns liability	(175)	6,678
Other non-current liabilities	(3,464)	1,146
Net cash provided by operating activities of continuing operations	<u>5,740</u>	<u>28,085</u>
Investing Activities		
Purchases of marketable securities	(80,426)	(199,347)
Sales and maturities of marketable securities	286,649	255,112
Purchases of property and equipment	(10,779)	(9,051)
Purchases of other assets	(578)	(820)
Acquisition of business, net of cash acquired	--	(316,809)
Net cash provided by (used in) investing activities of continuing operations	<u>194,866</u>	<u>(270,915)</u>
Financing Activities		
Proceeds from issuance of debt	--	845,000
Payments on debt	(140,572)	(597,446)
Repurchases of common stock	(18,982)	(16,287)
Payment of taxes withheld for vested stock awards	(19,732)	(16,756)
Proceeds from the issuance of common stock	8,388	7,757
Net cash provided by (used in) financing activities of continuing operations	<u>(170,898)</u>	<u>222,268</u>
Discontinued Operations		
Operating activities	72,674	72,418
Investing activities	(2,018)	(1,343)
Net cash provided by (used in) discontinued operations	<u>70,656</u>	<u>71,075</u>
Increase in cash and cash equivalents	100,364	50,513
Cash and cash equivalents at beginning of period	202,720	227,146
Cash and cash equivalents at end of period	<u>\$ 303,084</u>	<u>\$ 277,659</u>