

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

	<u>Three Months Ended</u>	
	<u>April 3, 2021</u>	<u>April 4, 2020</u>
Revenues	\$255,505	\$214,877
Cost of revenues	104,922	85,711
Gross profit	150,583	129,166
Operating expenses:		
Research and development	76,474	71,223
Selling, general and administrative	51,950	53,996
Operating expenses	128,424	125,219
Operating income	22,159	3,947
Other income (expense):		
Interest income and other, net	2,875	3,251
Interest expense	(11,324)	(5,541)
Income before income taxes	13,710	1,657
Provision (benefit) for income taxes	201	(587)
Net income	<u>\$ 13,509</u>	<u>\$ 2,244</u>
Earnings per share:		
Basic	\$ 0.31	\$ 0.05
Diluted	\$ 0.29	\$ 0.05
Weighted-average common shares outstanding:		
Basic	44,160	43,642
Diluted	45,832	44,388

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

	<b>April 3, 2021</b>	<b>January 2, 2021</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 205,224	\$ 202,720
Short-term investments	367,708	521,963
Accounts receivable, net	103,699	95,169
Inventories	79,244	66,662
Prepaid expenses and other current assets	105,056	89,307
Total current assets	860,931	975,821
Property and equipment, net	141,000	139,439
Goodwill	631,932	631,932
Other intangible assets, net	154,379	166,084
Other assets, net	82,381	80,211
Total assets	<b>\$1,870,623</b>	<b>\$1,993,487</b>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 68,998	\$ 54,949
Current portion of convertible debt, net	--	134,480
Deferred revenue and returns liability	13,450	12,986
Other current liabilities	68,351	82,083
Total current liabilities	150,799	284,498
Convertible debt, net	434,288	428,945
Other non-current liabilities	78,557	80,203
Total liabilities	663,644	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; 44,749 and 43,925 shares issued and outstanding at April 3, 2021 and January 2, 2021, respectively	4	4
Additional paid-in capital	199,576	204,359
Retained earnings	1,007,173	993,664
Accumulated other comprehensive income	226	1,814
Total stockholders' equity	1,206,979	1,199,841
Total liabilities and stockholders' equity	<b>\$1,870,623</b>	<b>\$1,993,487</b>

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

	<b>Three Months Ended</b>	
	<b>April 3, 2021</b>	<b>April 4, 2020</b>
<b>Operating Activities</b>		
Net income	\$ 13,509	\$ 2,244
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property and equipment	4,529	4,183
Amortization of other intangible assets and other assets	11,705	9,827
Amortization of debt discount and debt issuance costs	6,456	3,736
Loss on extinguishment of convertible debt	3,370	--
Stock-based compensation expense	13,826	15,313
Deferred income taxes	(3,197)	(2,364)
Changes in operating assets and liabilities:		
Accounts receivable	(8,530)	1,542
Inventories	(12,626)	4,777
Prepaid expenses and other assets	(13,621)	23,576
Accounts payable	14,116	2,748
Other current liabilities and income taxes	(13,429)	(9,134)
Deferred revenue and returns liability	464	4,114
Other non-current liabilities	(2,066)	(862)
Net cash provided by operating activities	<u>14,506</u>	<u>59,700</u>
<b>Investing Activities</b>		
Purchases of available-for-sale investments	(8,251)	(70,910)
Sales and maturities of available-for-sale investments	161,392	126,920
Purchases of property and equipment	(6,176)	(4,135)
Purchases of other assets	(578)	(370)
Net cash provided by investing activities	<u>146,387</u>	<u>51,505</u>
<b>Financing Activities</b>		
Proceeds from revolving line of credit	--	310,000
Payments on debt	(140,572)	--
Repurchases of common stock	--	(16,287)
Payment of taxes withheld for vested stock awards	(17,817)	(16,294)
Net cash provided by (used in) financing activities	<u>(158,389)</u>	<u>277,419</u>
Increase in cash and cash equivalents	2,504	388,624
Cash and cash equivalents at beginning of period	<u>202,720</u>	<u>227,146</u>
Cash and cash equivalents at end of period	<u>\$205,224</u>	<u>\$615,770</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 April 3, 2021								
	GAAP Measure	GAAP Percent of Revenue	Stock Compensation Expense	Intangible Asset Amortization	Non-GAAP Measure	Non-GAAP Percent of Revenue			
Revenues	\$255,505								
Gross profit	150,583	58.9%	\$ 337	\$ --	\$150,920	59.1%			
Research and development	76,474	29.9%	7,024	8,390	61,060	23.9%			
Selling, general and administrative	51,950	20.3%	6,466	3,315	42,169	16.5%			
Operating expenses	128,424	50.2%	13,490	11,705	103,229	40.4%			
Operating income	22,159	8.7%	13,827	11,705	47,691	18.7%			
Non-GAAP Earnings Per Share and Income Tax Rate	Three Months Ended April 3, 2021								
	GAAP Measure	GAAP Tax Percentage Rate	Stock Compensation Expense	Intangible Asset Amortization	Investment Fair Value Adjustments	Interest Expense Adjustments	Income Tax Adjustments	Non-GAAP Measure	Non-GAAP Tax Percentage Rate
Income before income taxes	\$13,710		\$13,827	\$11,705	\$(1,801)	\$9,307	\$ --	\$46,748	
Provision for income taxes	201	1.5%					4,856	5,057	10.8%
Net income	\$13,509							\$41,691	
Diluted shares outstanding	45,832							45,832	
Diluted earnings per share	\$ 0.29							\$ 0.91	

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

<b>Business Outlook</b>	<b>Three Months Ending July 3, 2021</b>		
	<b>GAAP Measure</b>	<b>Non-GAAP Adjustments*</b>	<b>Non-GAAP Measure</b>
Gross margin	57.0% - 58.0%	0.0%	57.0% - 58.0%
Operating expenses	\$130	\$26	\$104
Effective tax rate	7.0%	4.5%	11.5%
Diluted earnings per share - low	\$0.28	\$0.60	\$0.88
Diluted earnings per share - high	\$0.38	\$0.60	\$0.98

\* Non-GAAP adjustments include the following estimates: stock compensation expense of \$14.0 million, intangible asset amortization of \$11.6 million, interest expense adjustments of \$5.0 million and the associated tax impact from the aforementioned items.

\*\* 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: the occurrence of any event, change or other circumstance that could give rise to the termination of the Skyworks asset purchase agreement; the failure to satisfy any of the conditions to the completion of such transaction; the effect of such 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 ability to meet expectations regarding the timing and completion of such transaction, including with respect to receipt of required regulatory approvals; 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. 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.