

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

	<b>Three Months Ended</b>	
	<b>March 30, 2019</b>	<b>March 31, 2018</b>
Revenues	\$188,113	\$205,384
Cost of revenues	72,239	81,147
Gross profit	115,874	124,237
Operating expenses:		
Research and development	61,566	54,828
Selling, general and administrative	49,216	45,694
Operating expenses	110,782	100,522
Operating income	5,092	23,715
Other income (expense):		
Interest income and other, net	2,823	3,202
Interest expense	(4,997)	(4,883)
Income before income taxes	2,918	22,034
Provision (benefit) for income taxes	(2,480)	(4,371)
Net income	<u>\$ 5,398</u>	<u>\$ 26,405</u>
Earnings per share:		
Basic	\$ 0.12	\$ 0.61
Diluted	\$ 0.12	\$ 0.60
Weighted-average common shares outstanding:		
Basic	43,189	42,963
Diluted	43,716	43,918

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

	<u>March 30,</u> <u>2019</u>	<u>December 29,</u> <u>2018</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 231,144	\$ 197,043
Short-term investments	382,710	416,779
Accounts receivable, net	69,871	73,194
Inventories	70,489	74,972
Prepaid expenses and other current assets	60,274	64,650
Total current assets	<u>814,488</u>	<u>826,638</u>
Property and equipment, net	138,819	139,049
Goodwill	397,344	397,344
Other intangible assets, net	160,512	170,832
Other assets, net	110,764	90,491
Total assets	<u>\$1,621,927</u>	<u>\$1,624,354</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 41,544	\$ 41,171
Deferred revenue and returns liability	23,971	22,494
Other current liabilities	69,240	81,180
Total current liabilities	<u>134,755</u>	<u>144,845</u>
Convertible debt	358,093	354,771
Other non-current liabilities	71,597	57,448
Total liabilities	<u>564,445</u>	<u>557,064</u>
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; 43,341 and 43,088 shares issued and outstanding at March 30, 2019 and December 29, 2018, respectively	4	4
Additional paid-in capital	90,988	107,517
Retained earnings	966,741	961,343
Accumulated other comprehensive loss	(251)	(1,574)
Total stockholders' equity	<u>1,057,482</u>	<u>1,067,290</u>
Total liabilities and stockholders' equity	<u>\$1,621,927</u>	<u>\$1,624,354</u>

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

	<u>Three Months Ended</u>	
	<u>March 30,</u>	<u>March 31,</u>
	<u>2019</u>	<u>2018</u>
<b>Operating Activities</b>		
Net income	\$ 5,398	\$ 26,405
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation of property and equipment	4,137	3,704
Amortization of other intangible assets and other assets	10,320	6,427
Amortization of debt discount and debt issuance costs	3,321	3,169
Stock-based compensation expense	12,584	12,192
Deferred income taxes	(3,530)	(4,780)
Changes in operating assets and liabilities:		
Accounts receivable	3,323	(3,307)
Inventories	4,488	(3,368)
Prepaid expenses and other assets	6,410	(17,169)
Accounts payable	714	13,030
Other current liabilities and income taxes	(15,996)	(9,643)
Deferred income, deferred revenue and returns liability	1,477	(2,599)
Other non-current liabilities	(631)	(1,849)
Net cash provided by operating activities	<u>32,015</u>	<u>22,212</u>
<b>Investing Activities</b>		
Purchases of available-for-sale investments	(63,577)	(52,821)
Sales and maturities of available-for-sale investments	99,068	128,975
Purchases of property and equipment	(3,874)	(4,102)
Purchases of other assets	(414)	(4,698)
Net cash provided by investing activities	<u>31,203</u>	<u>67,354</u>
<b>Financing Activities</b>		
Repurchases of common stock	(15,004)	--
Payment of taxes withheld for vested stock awards	(14,113)	(17,871)
Proceeds from the issuance of common stock	--	1,211
Net cash used in financing activities	<u>(29,117)</u>	<u>(16,660)</u>
Increase in cash and cash equivalents	34,101	72,906
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>\$231,144</u>	<u>\$342,272</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 March 30, 2019							
	GAAP Measure	GAAP Percent of Revenue	Stock Compensation Expense	Intangible Asset Amortization	Non-GAAP Measure	Non-GAAP Percent of Revenue		
Revenues	\$188,113							
Gross profit	115,874	61.6%	\$ 318	\$ --	\$116,192	61.8%		
Research and development	61,566	32.7%	6,097	7,711	47,758	25.4%		
Selling, general and administrative	49,216	26.2%	6,169	2,608	40,439	21.5%		
Operating expenses	110,782	58.9%	12,266	10,319	88,197	46.9%		
Operating income	5,092	2.7%	12,584	10,319	27,995	14.9%		
Non-GAAP Earnings Per Share and Income Tax Rate	Three Months Ended March 30, 2019							
	GAAP Measure	GAAP Tax Percentage Rate	Stock Compensation Expense	Intangible Asset Amortization	Non-cash Interest Expense	Income Tax Adjustments	Non- GAAP Measure	Non-GAAP Tax Percentage Rate
Income before income taxes	\$ 2,918		\$12,584	\$10,319	\$2,886	\$ --	\$28,707	
Provision (benefit) for income taxes	(2,480)	-85.0%				5,340	2,860	10.0%
Net income	\$ 5,398						\$25,847	
Diluted shares outstanding	43,716						43,716	
Diluted earnings per share	\$ 0.12						\$ 0.59	

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

<b>Business Outlook</b>	<b>Three Months Ending June 29, 2019</b>		
	<b>GAAP Measure</b>	<b>Non-GAAP Adjustments</b>	<b>Non-GAAP Measure</b>
Gross margin	60.0%	0.50%	60.5%
Operating expenses	\$112.5	\$23.5	\$89.0
Effective tax rate	5.0%	7.0%	12.0%
Diluted earnings per share - low	\$0.16	\$0.54	\$0.70
Diluted earnings per share - high	\$0.26	\$0.54	\$0.80

\*\* 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.