

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

	Three Months Ended	
	April 1, 2023	April 2, 2022
Revenues	\$246,787	\$233,814
Cost of revenues	92,927	78,042
Gross profit	153,860	155,772
Operating expenses:		
Research and development	89,396	77,542
Selling, general and administrative	44,891	44,647
Operating expenses	134,287	122,189
Operating income	19,573	33,583
Other income (expense):		
Interest income and other, net	4,836	1,499
Interest expense	(1,656)	(1,680)
Income before income taxes	22,753	33,402
Provision for income taxes	7,753	11,689
Equity-method earnings (loss)	(1,033)	1,194
Net income	<u>\$ 13,967</u>	<u>\$ 22,907</u>
Earnings per share:		
Basic	\$ 0.44	\$ 0.60
Diluted	\$ 0.41	\$ 0.58
Weighted-average common shares outstanding:		
Basic	31,959	38,003
Diluted	33,753	39,523

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

	<u>April 1, 2023</u>	<u>December 31, 2022</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 716,377	\$ 499,915
Short-term investments	435,699	692,024
Accounts receivable, net	87,694	71,437
Inventories	133,236	100,417
Prepaid expenses and other current assets	87,734	97,570
Total current assets	<u>1,460,740</u>	<u>1,461,363</u>
Property and equipment, net	152,110	152,016
Goodwill	376,389	376,389
Other intangible assets, net	78,397	84,907
Other assets, net	93,812	94,753
Total assets	<u>\$2,161,448</u>	<u>\$2,169,428</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 71,437	\$ 89,860
Current portion of convertible debt, net	530,096	--
Deferred revenue and returns liability	11,258	6,780
Other current liabilities	80,540	89,136
Total current liabilities	<u>693,331</u>	<u>185,776</u>
Convertible debt, net	--	529,573
Other non-current liabilities	48,663	49,071
Total liabilities	<u>741,994</u>	<u>764,420</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; 31,997 and 31,994 shares issued and outstanding at April 1, 2023 and December 31, 2022, respectively	3	3
Retained earnings	1,425,914	1,415,693
Accumulated other comprehensive loss	(6,463)	(10,688)
Total stockholders' equity	<u>1,419,454</u>	<u>1,405,008</u>
Total liabilities and stockholders' equity	<u>\$2,161,448</u>	<u>\$2,169,428</u>

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

	Three Months Ended	
	April 1, 2023	April 2, 2022
Operating Activities		
Net income	\$ 13,967	\$ 22,907
Adjustments to reconcile net income to cash provided by (used in) operating activities of continuing operations:		
Depreciation of property and equipment	6,235	5,156
Amortization of other intangible assets	6,510	10,351
Amortization of debt issuance costs	523	496
Stock-based compensation expense	16,638	12,875
Equity-method earnings (loss)	1,033	(1,194)
Deferred income taxes	(2,670)	(4,202)
Changes in operating assets and liabilities:		
Accounts receivable	(16,257)	19,080
Inventories	(32,794)	(6,215)
Prepaid expenses and other assets	11,530	1,704
Accounts payable	(12,966)	8,932
Other current liabilities and income taxes	(8,529)	8,345
Deferred revenue and returns liability	4,478	7,791
Other non-current liabilities	(978)	(817)
Net cash provided by (used in) operating activities of continuing operations	<u>(13,280)</u>	<u>85,209</u>
Investing Activities		
Purchases of marketable securities	(66,113)	(435,690)
Sales of marketable securities	170,317	9,106
Maturities of marketable securities	157,734	213,750
Purchases of property and equipment	(7,657)	(4,554)
Net cash provided by (used in) investing activities of continuing operations	<u>254,281</u>	<u>(217,388)</u>
Financing Activities		
Repurchases of common stock	(17,608)	(157,778)
Payment of taxes withheld for vested stock awards	(6,931)	(8,755)
Net cash used in financing activities of continuing operations	<u>(24,539)</u>	<u>(166,533)</u>
Discontinued Operations		
Operating activities	<u>--</u>	<u>(10,000)</u>
Net cash used in discontinued operations	<u>--</u>	<u>(10,000)</u>
Increase (decrease) in cash and cash equivalents	216,462	(308,712)
Cash and cash equivalents at beginning of period	<u>499,915</u>	<u>1,074,623</u>
Cash and cash equivalents at end of period	<u><u>\$716,377</u></u>	<u><u>\$ 765,911</u></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)

<u>Non-GAAP Income Statement Items</u>	<u>Three Months Ended April 1, 2023</u>								
	<u>GAAP Measure</u>	<u>GAAP Percent of Revenue</u>	<u>Stock Compensation Expense</u>	<u>Intangible Asset Amortization</u>	<u>Termination Costs</u>	<u>Non- GAAP Measure</u>	<u>Non-GAAP Percent of Revenue</u>		
Revenues	\$246,787								
Gross profit	153,860	62.3%	\$298	\$ --	\$113	\$154,271	62.5%		
Research and development	89,396	36.2%	9,491	6,491	3,216	70,198	28.4%		
Selling, general and administrative	44,891	18.2%	6,849	19	1,383	36,640	14.8%		
Operating expenses	134,287	54.4%	16,340	6,510	4,599	106,838	43.3%		
Operating income	19,573	7.9%	16,638	6,510	4,712	47,433	19.2%		
<u>Non-GAAP Earnings Per Share and Income Tax Rate</u>	<u>Three Months Ended April 1, 2023</u>								
	<u>GAAP Measure</u>	<u>GAAP Tax Percentage Rate</u>	<u>Stock Compensation Expense</u>	<u>Intangible Asset Amortization</u>	<u>Termination Costs</u>	<u>Equity-Method Investment Adjustments</u>	<u>Income Tax Adjustments</u>	<u>Non- GAAP Measure</u>	<u>Non-GAAP Tax Percentage Rate</u>
Income before income taxes and equity-method earnings (loss)	\$21,720		\$16,638	\$6,510	\$4,712	\$1,033	\$ --	\$50,613	
Provision for income taxes	<u>7,753</u>	34.1%					5,223	<u>12,976</u>	25.6%
Net income	\$13,967							\$37,637	
Diluted shares outstanding	33,753							33,753	
Diluted earnings per share	\$ 0.41							\$ 1.12	

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

Business Outlook	Three Months Ending July 1, 2023		
	GAAP Measure	Non-GAAP Adjustments*	Non-GAAP Measure
Gross margin	60%	0.5%	60.5%
Operating expenses	\$131	\$(25)	\$106
Effective tax rate	34%	(9)%	25%
Diluted earnings per share - low	\$0.35	\$0.63	\$0.98
Diluted earnings per share - high	\$0.45	\$0.63	\$1.08

* Non-GAAP adjustments include the following estimates: stock compensation expense of \$17.7 million, intangible asset amortization of \$6.4 million, termination costs of \$1.6 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 competitive and cyclical nature of the semiconductor industry; the challenging macroeconomic environment, including disruptions in the financial services industry; 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; risks that demand and the supply chain may be adversely affected by military conflict (including between Russia and Ukraine), terrorism, sanctions or other geopolitical events globally (including conflict between Taiwan and China); 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 and/or obtaining sufficient supply from 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; the impact of COVID-19 on the U.S. and global economy; debt-related risks; capital-raising risks; the timing and scope of anticipated share repurchases and/or dividends; 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.