

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

	Three Months Ended	
	April 2, 2022	April 3, 2021
Revenues	\$233,814	\$157,857
Cost of revenues	78,042	66,103
Gross profit	155,772	91,754
Operating expenses:		
Research and development	77,542	64,015
Selling, general and administrative	44,647	42,454
Operating expenses	122,189	106,469
Operating income (loss)	33,583	(14,715)
Other income (expense):		
Interest income and other, net	1,499	1,149
Interest expense	(1,680)	(11,324)
Income (loss) from continuing operations before income taxes	33,402	(24,890)
Provision for income taxes	11,689	1,992
Equity-method earnings	1,194	1,726
Income (loss) from continuing operations	22,907	(25,156)
Income from discontinued operations, net of income taxes	--	38,665
Net income	<u>\$ 22,907</u>	<u>\$ 13,509</u>
Basic earnings (loss) per share:		
Continuing operations	\$ 0.60	\$ (0.57)
Net income	\$ 0.60	\$ 0.31
Diluted earnings (loss) per share:		
Continuing operations	\$ 0.58	\$ (0.57)
Net income	\$ 0.58	\$ 0.29
Weighted-average common shares outstanding:		
Basic	38,003	44,160
Diluted	39,523	45,832

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

	April 2, 2022	January 1, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 765,911	\$1,074,623
Short-term investments	1,167,807	964,582
Accounts receivable, net	79,233	98,313
Inventories	55,515	49,307
Prepaid expenses and other current assets	54,932	51,748
Total current assets	2,123,398	2,238,573
Property and equipment, net	147,940	146,516
Goodwill	376,389	376,389
Other intangible assets, net	108,627	118,978
Other assets, net	87,408	77,839
Total assets	\$2,843,762	\$2,958,295
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 64,388	\$ 47,327
Current portion of convertible debt, net	--	450,599
Deferred revenue and returns liability	21,640	13,849
Other current liabilities	160,180	157,052
Total current liabilities	246,208	668,827
Convertible debt, net	528,086	--
Other non-current liabilities	61,813	77,044
Total liabilities	836,107	745,871
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; 37,204 and 38,481 shares issued and outstanding at April 2, 2022 and January 1, 2022, respectively	4	4
Retained earnings	2,018,117	2,214,839
Accumulated other comprehensive loss	(10,466)	(2,419)
Total stockholders' equity	2,007,655	2,212,424
Total liabilities and stockholders' equity	\$2,843,762	\$2,958,295

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

	Three Months Ended	
	April 2, 2022	April 3, 2021
Operating Activities		
Net income	\$ 22,907	\$ 13,509
Adjustments to reconcile net income to cash provided by (used in) operating activities of continuing operations:		
Income from discontinued operations, net of income taxes	--	(38,665)
Depreciation of property and equipment	5,156	4,108
Amortization of other intangible assets	10,351	11,451
Amortization of debt discount and debt issuance costs	496	6,456
Loss on extinguishment of convertible debt	--	3,370
Stock-based compensation expense	12,875	11,368
Equity-method earnings	(1,194)	(1,726)
Deferred income taxes	(4,202)	(3,197)
Changes in operating assets and liabilities:		
Accounts receivable	19,080	(8,530)
Inventories	(6,215)	(4,908)
Prepaid expenses and other assets	1,704	(12,735)
Accounts payable	8,932	14,116
Other current liabilities and income taxes	8,345	(13,432)
Deferred revenue and returns liability	7,791	463
Other non-current liabilities	(817)	(1,972)
Net cash provided by (used in) operating activities of continuing operations	<u>85,209</u>	<u>(20,324)</u>
Investing Activities		
Purchases of marketable securities	(435,690)	(8,251)
Sales of marketable securities	9,106	121,557
Maturities of marketable securities	213,750	39,835
Purchases of property and equipment	(4,554)	(5,705)
Purchases of other assets	--	(578)
Net cash provided by (used in) investing activities of continuing operations	<u>(217,388)</u>	<u>146,858</u>
Financing Activities		
Payments on debt	--	(140,572)
Repurchases of common stock	(157,778)	--
Payment of taxes withheld for vested stock awards	(8,755)	(17,817)
Net cash used in financing activities of continuing operations	<u>(166,533)</u>	<u>(158,389)</u>
Discontinued Operations		
Operating activities	(10,000)	34,827
Investing activities	--	(468)
Net cash provided by (used in) discontinued operations	<u>(10,000)</u>	<u>34,359</u>
Increase (decrease) in cash and cash equivalents	(308,712)	2,504
Cash and cash equivalents at beginning of period	<u>1,074,623</u>	<u>202,720</u>
Cash and cash equivalents at end of period	<u>\$ 765,911</u>	<u>\$205,224</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 2, 2022							
	GAAP Measure	GAAP Percent of Revenue	Stock Compensation Expense	Intangible Asset Amortization	Non- GAAP Measure	Non-GAAP Percent of Revenue		
Revenues	\$233,814							
Gross profit	155,772	66.6%	\$272	\$ --	\$156,044	66.7%		
Research and development	77,542	33.2%	6,991	7,570	62,981	26.9%		
Selling, general and administrative	44,647	19.0%	5,613	2,781	36,253	15.5%		
Operating expenses	122,189	52.2%	12,604	10,351	99,234	42.4%		
Operating income	33,583	14.4%	12,876	10,351	56,810	24.3%		
Non-GAAP Earnings Per Share and Income Tax Rate	Three Months Ended April 2, 2022							
	GAAP Measure	GAAP Tax Percentage Rate	Stock Compensation Expense	Intangible Asset Amortization	Equity-Method Investment Adjustments	Income Tax Adjustments	Non- GAAP Measure	Non-GAAP Tax Percentage Rate
Income before income taxes and Equity-method earnings	\$34,596		\$12,876	\$10,351	\$(1,194)	\$ --	\$56,629	
Provision for income taxes	<u>11,689</u>	33.8%				3,410	<u>15,099</u>	26.7%
Net income	22,907						41,530	
Diluted shares outstanding	39,523						39,523	
Diluted earnings per share	0.58						1.05	

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

Business Outlook	Three Months Ending July 2, 2022		
	GAAP Measure	Non-GAAP Adjustments*	Non-GAAP Measure
Gross margin	60.9%	0.1%	61%
Operating expenses	\$129	\$(22)	\$107
Effective tax rate	33%	(7)%	26%
Diluted earnings per share - low	\$0.37	\$0.48	\$0.85
Diluted earnings per share - high	\$0.47	\$0.48	\$0.95

* Non-GAAP adjustments include the following estimates: stock compensation expense of \$13.9 million, intangible asset amortization of \$8.8 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 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 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; 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, including 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; 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 these financial schedules to Silicon Labs shall mean Silicon Laboratories Inc.