

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

	Three Months Ended		Year Ended	
	December 30, 2023	December 31, 2022	December 30, 2023	December 31, 2022
Revenues	\$ 86,845	\$ 257,325	\$ 782,258	\$1,024,106
Cost of revenues	42,919	100,028	321,672	381,549
Gross profit	43,926	157,297	460,586	642,557
Operating expenses:				
Research and development	83,404	86,649	337,744	332,326
Selling, general and administrative	33,633	46,573	146,996	190,971
Operating expenses	117,037	133,222	484,740	523,297
Operating income (loss)	(73,111)	24,075	(24,154)	119,260
Other income (expense):				
Interest income and other, net	3,610	4,299	19,165	13,915
Interest expense	(942)	(1,849)	(5,554)	(6,723)
Income (loss) before income taxes	(70,443)	26,525	(10,543)	126,452
Provision (benefit) for income taxes	(15,536)	1,579	7,943	38,450
Equity-method earnings (loss)	(14,880)	415	(16,030)	3,400
Net income (loss)	\$ (69,787)	\$ 25,361	\$ (34,516)	\$ 91,402
Earnings (loss) per share:				
Basic	\$ (2.19)	\$ 0.78	\$ (1.09)	\$ 2.61
Diluted	\$ (2.19)	\$ 0.76	\$ (1.09)	\$ 2.54
Weighted-average common shares outstanding:				
Basic	31,848	32,542	31,804	35,086
Diluted	31,848	33,265	31,804	36,042

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

	<u>December 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 227,504	\$ 499,915
Short-term investments	211,720	692,024
Accounts receivable, net	29,295	71,437
Inventories	194,295	100,417
Prepaid expenses and other current assets	75,117	97,570
Total current assets	<u>737,931</u>	<u>1,461,363</u>
Property and equipment, net	145,890	152,016
Goodwill	376,389	376,389
Other intangible assets, net	59,533	84,907
Other assets, net	123,313	94,753
Total assets	<u><u>\$1,443,056</u></u>	<u><u>\$2,169,428</u></u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 57,498	\$ 89,860
Revolving line of credit	45,000	--
Deferred revenue and returns liability	2,117	6,780
Other current liabilities	58,955	89,136
Total current liabilities	<u>163,570</u>	<u>185,776</u>
Convertible debt, net	--	529,573
Other non-current liabilities	70,804	49,071
Total liabilities	<u>234,374</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; 31,897 and 31,994 shares issued and outstanding at December 30, 2023 and December 31, 2022, respectively	3	3
Additional paid-in capital	16,973	--
Retained earnings	1,192,731	1,415,693
Accumulated other comprehensive loss	(1,025)	(10,688)
Total stockholders' equity	<u>1,208,682</u>	<u>1,405,008</u>
Total liabilities and stockholders' equity	<u><u>\$1,443,056</u></u>	<u><u>\$2,169,428</u></u>

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

	Year Ended	
	December 30, 2023	December 31, 2022
Operating Activities		
Net income (loss)	\$ (34,516)	\$ 91,402
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities of continuing operations:		
Depreciation of property and equipment	25,707	22,524
Amortization of other intangible assets	25,374	34,071
Amortization of debt discount and debt issuance costs	960	2,003
Loss on extinguishment of convertible debt	--	3
Stock-based compensation expense	48,208	60,510
Equity-method (earnings) loss	16,030	(3,400)
Deferred income taxes	(11,815)	(18,240)
Changes in operating assets and liabilities:		
Accounts receivable	42,142	26,876
Inventories	(93,398)	(51,044)
Prepaid expenses and other assets	(10,733)	(31,240)
Accounts payable	(25,644)	36,797
Other current liabilities and income taxes	(37,793)	(12,738)
Deferred revenue and returns liability	(4,663)	(7,069)
Other non-current liabilities	29,793	(9,181)
Net cash provided by (used in) operating activities of continuing operations	(30,348)	141,274
Investing Activities		
Purchases of marketable securities	(103,485)	(607,237)
Sales of marketable securities	395,565	223,354
Maturities of marketable securities	200,530	650,946
Purchases of property and equipment	(22,282)	(26,525)
Purchases of other assets	(520)	--
Net cash provided by investing activities of continuing operations	469,808	240,538
Financing Activities		
Proceeds from issuance of debt	80,000	--
Payments on debt	(571,157)	(21)
Repurchases of common stock	(217,137)	(883,424)
Payment of taxes withheld for vested stock awards	(18,189)	(15,387)
Proceeds from the issuance of common stock	14,612	11,779
Net cash used in financing activities of continuing operations	(711,871)	(887,053)
Discontinued Operations		
Operating activities	--	(69,467)
Net cash used in discontinued operations	--	(69,467)
Decrease in cash and cash equivalents	(272,411)	(574,708)
Cash and cash equivalents at beginning of period	499,915	1,074,623
Cash and cash equivalents at end of period	<u>\$ 227,504</u>	<u>\$ 499,915</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 December 30, 2023						
	GAAP Measure	GAAP Percent of Revenue	Stock Compensation Expense	Intangible Asset Amortization	Termination Costs	Non- GAAP Measure	Non-GAAP Percent of Revenue
Revenues	\$86,845						
Gross profit	43,926	50.6%	\$132	\$ --	\$152	\$44,210	50.9%
Research and development	83,404	96.0%	8,588	6,193	5,993	62,630	72.1%
Selling, general and administrative	33,633	38.7%	2,321	19	2,970	28,323	32.6%
Operating expenses	117,037	134.8%	10,909	6,212	8,963	90,953	104.7%
Operating income (loss)	(73,111)	(84.2)%	11,041	6,212	9,115	(46,743)	(53.8)%

Non-GAAP Earnings (Loss) Per Share and Income Tax Rate	Three Months Ended December 30, 2023								
	GAAP Measure	GAAP Tax Percentage Rate	Stock Compensation Expense	Intangible Asset Amortization	Termination Costs	Equity-Method Investment Adjustments	Income Tax Adjustments	Non- GAAP Measure	Non-GAAP Tax Percentage Rate
Income (loss) before income taxes and equity-method earnings (loss)	\$(85,323)		\$11,041	\$6,212	\$9,115	\$14,880	\$ --	\$(44,075)	
Provision (benefit) for income taxes	(15,536)	18.2%					9,409	(6,127)	13.9%
Net income (loss)	\$(69,787)							\$(37,948)	
Diluted shares outstanding	31,848							31,848	
Diluted earnings (loss) per share	\$(2.19)							\$(1.19)	

Non-GAAP Income Statement Items	Year Ended December 30, 2023						
	GAAP Measure	GAAP Percent of Revenue	Stock Compensation Expense	Intangible Asset Amortization	Termination Costs	Non-GAAP Measure	Non-GAAP Percent of Revenue
Revenues	\$782,258						
Operating income (loss)	(24,154)	(3.1)%	\$48,208	\$25,374	\$15,705	\$65,133	8.3%

Non-GAAP Earnings (Loss) Per Share	Year Ended December 30, 2023						
	GAAP Measure	Stock Compensation Expense*	Intangible Asset Amortization*	Termination Costs*	Equity-Method Investment Adjustments*	Income Tax Adjustments	Non-GAAP Measure
Net income (loss)	\$(34,516)	\$48,208	\$25,374	\$15,705	\$16,030	\$(16,879)	\$53,922
	GAAP Measure	Dilutive Securities Excluded from GAAP Measure Due to Net Loss					Non-GAAP Measure
Diluted shares outstanding	31,804			897			32,701
Diluted earnings (loss) per share	\$(1.09)						\$1.65

* Represents pre-tax amounts

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

Business Outlook	Three Months Ending March 30, 2024		
	GAAP Measure	Non-GAAP Adjustments*	Non-GAAP Measure
Gross margin	52%	0%	52%
Operating expenses	\$118	\$22	\$96
Diluted earnings (loss) per share - low	\$(2.05)	\$1.01	\$(1.04)
Diluted earnings (loss) per share - high	\$(1.89)	\$0.97	\$(0.92)

* Non-GAAP adjustments include the following estimates: stock compensation expense of \$15.9 million, intangible asset amortization of \$6.1 million, termination costs of \$0.5 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 in the Middle East, and between Russia and Ukraine), terrorism, sanctions or other geopolitical events globally (including in the Middle East, and 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 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; risks associated with any material weakness in our internal controls over financial reporting; 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.