

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

|  | Three Months Ended |                 | Six Months Ended |                 |
|--|--------------------|-----------------|------------------|-----------------|
|  | July 3,<br>2021    | July 4,<br>2020 | July 3,<br>2021  | July 4,<br>2020 |
| Revenues   | \$169,492          | \$114,350       | \$327,349        | \$232,368       |
| Cost of revenues   | 73,194             | 47,771          | 139,297          | 96,942          |
| Gross profit   | 96,298             | 66,579          | 188,052          | 135,426         |
| Operating expenses:                                      |                    |                 |                  |                 |
| Research and development                                 | 64,832             | 57,992          | 128,847          | 115,702         |
| Selling, general and administrative                      | 42,953             | 40,350          | 85,407           | 84,802          |
| Operating expenses                                       | 107,785            | 98,342          | 214,254          | 200,504         |
| Operating loss   | (11,487)           | (31,763)        | (26,202)         | (65,078)        |
| Other income (expense):                                  |                    |                 |                  |                 |
| Interest income and other, net                           | 647                | 3,267           | 3,522            | 6,518           |
| Interest expense   | (6,486)            | (11,778)        | (17,810)         | (17,319)        |
| Loss from continuing operations before income taxes      | (17,326)           | (40,274)        | (40,490)         | (75,879)        |
| Provision (benefit) for income taxes                     | 1,165              | (4,229)         | 3,157            | (8,443)         |
| Loss from continuing operations                          | (18,491)           | (36,045)        | (43,647)         | (67,436)        |
| Income from discontinued operations, net of income taxes | 38,423             | 34,222          | 77,088           | 67,857          |
| Net income (loss)  | \$ 19,932          | \$ (1,823)      | \$ 33,441        | \$ 421          |
| Basic earnings (loss) per share:                         |                    |                 |                  |                 |
| Continuing operations                                    | \$ (0.41)          | \$ (0.82)       | \$ (0.98)        | \$ (1.54)       |
| Net income   | \$ 0.44            | \$ (0.04)       | \$ 0.75          | \$ 0.01         |
| Diluted earnings (loss) per share:                       |                    |                 |                  |                 |
| Continuing operations                                    | \$ (0.41)          | \$ (0.82)       | \$ (0.98)        | \$ (1.54)       |
| Net income   | \$ 0.44            | \$ (0.04)       | \$ 0.73          | \$ 0.01         |
| Weighted-average common shares outstanding:              |                    |                 |                  |                 |
| Basic  | 44,803             | 43,761          | 44,481           | 43,699          |
| Diluted  | 45,756             | 43,761          | 45,794           | 44,219          |

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

|   | <b>July 3,<br/>2021</b> | <b>January 2,<br/>2021</b> |
|---|-------------------------|----------------------------|
| <b>Assets</b>   |                         |                            |
| Current assets:   |                         |                            |
| Cash and cash equivalents   | \$ 303,084              | \$ 202,720                 |
| Short-term investments  | 314,183                 | 521,963                    |
| Accounts receivable, net  | 99,546                  | 95,169                     |
| Inventories   | 52,269                  | 47,861                     |
| Prepaid expenses and other current assets   | 94,378                  | 87,103                     |
| Current assets held for sale  | 297,543                 | 21,005                     |
| Total current assets  | 1,161,003               | 975,821                    |
| Property and equipment, net   | 139,362                 | 135,803                    |
| Goodwill  | 376,389                 | 376,389                    |
| Other intangible assets, net  | 140,581                 | 163,483                    |
| Other assets, net   | 78,667                  | 76,675                     |
| Non-current assets held for sale  | --                      | 265,316                    |
| Total assets  | <u>\$1,896,002</u>      | <u>\$1,993,487</u>         |
| <b>Liabilities and Stockholders' Equity</b>   |                         |                            |
| Current liabilities:  |                         |                            |
| Accounts payable  | \$ 70,820               | \$ 54,949                  |
| Current portion of convertible debt, net  | --                      | 134,480                    |
| Deferred revenue and returns liability  | 12,811                  | 12,986                     |
| Other current liabilities   | 70,552                  | 81,650                     |
| Current liabilities held for sale   | 699                     | 433                        |
| Total current liabilities   | 154,882                 | 284,498                    |
| Convertible debt, net   | 439,654                 | 428,945                    |
| Other non-current liabilities   | 73,712                  | 79,752                     |
| Non-current liabilities held for sale   | --                      | 451                        |
| Total liabilities   | 668,248                 | 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; 44,764 and 43,925 shares issued and outstanding at July 3, 2021 and January 2, 2021, respectively | 4                       | 4                          |
| Additional paid-in capital  | 200,716                 | 204,359                    |
| Retained earnings   | 1,027,105               | 993,664                    |
| Accumulated other comprehensive income (loss)   | (71)                    | 1,814                      |
| Total stockholders' equity  | 1,227,754               | 1,199,841                  |
| Total liabilities and stockholders' equity  | <u>\$1,896,002</u>      | <u>\$1,993,487</u>         |

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

|  | <b>Six Months Ended</b> |                         |
|--|-------------------------|-------------------------|
|  | <b>July 3,<br/>2021</b> | <b>July 4,<br/>2020</b> |
| <b>Operating Activities</b>  |                         |                         |
| Net income   | \$ 33,441               | \$ 421                  |
| Adjustments to reconcile net income to cash provided by operating activities of continuing operations: |                         |                         |
| Income from discontinued operations, net of income taxes   | (77,088)                | (67,857)                |
| Depreciation of property and equipment   | 8,184                   | 7,711                   |
| Amortization of intangible assets and other assets   | 22,902                  | 20,486                  |
| Amortization of debt discount and debt issuance costs  | 11,822                  | 8,359                   |
| Loss on extinguishment of convertible debt   | 3,370                   | 3,685                   |
| Stock-based compensation expense   | 22,620                  | 24,461                  |
| Deferred income taxes  | (5,644)                 | 1,177                   |
| Changes in operating assets and liabilities:   |                         |                         |
| Accounts receivable  | (4,377)                 | 7,070                   |
| Inventories  | (4,447)                 | 8,021                   |
| Prepaid expenses and other assets  | (5,489)                 | 22,976                  |
| Accounts payable   | 14,711                  | (769)                   |
| Other current liabilities and income taxes   | (10,626)                | (15,480)                |
| Deferred revenue and returns liability   | (175)                   | 6,678                   |
| Other non-current liabilities  | (3,464)                 | 1,146                   |
| Net cash provided by operating activities of continuing operations                                     | <u>5,740</u>            | <u>28,085</u>           |
| <b>Investing Activities</b>  |                         |                         |
| Purchases of marketable securities   | (80,426)                | (199,347)               |
| Sales and maturities of marketable securities  | 286,649                 | 255,112                 |
| Purchases of property and equipment  | (10,779)                | (9,051)                 |
| Purchases of other assets  | (578)                   | (820)                   |
| Acquisition of business, net of cash acquired  | --                      | (316,809)               |
| Net cash provided by (used in) investing activities of continuing operations                           | <u>194,866</u>          | <u>(270,915)</u>        |
| <b>Financing Activities</b>  |                         |                         |
| Proceeds from issuance of debt   | --                      | 845,000                 |
| Payments on debt   | (140,572)               | (597,446)               |
| Repurchases of common stock  | (18,982)                | (16,287)                |
| Payment of taxes withheld for vested stock awards  | (19,732)                | (16,756)                |
| Proceeds from the issuance of common stock   | 8,388                   | 7,757                   |
| Net cash provided by (used in) financing activities of continuing operations                           | <u>(170,898)</u>        | <u>222,268</u>          |
| <b>Discontinued Operations</b>   |                         |                         |
| Operating activities   | 72,674                  | 72,418                  |
| Investing activities   | (2,018)                 | (1,343)                 |
| Net cash provided by (used in) discontinued operations   | <u>70,656</u>           | <u>71,075</u>           |
| Increase in cash and cash equivalents  | 100,364                 | 50,513                  |
| Cash and cash equivalents at beginning of period   | 202,720                 | 227,146                 |
| Cash and cash equivalents at end of period   | <u>\$303,084</u>        | <u>\$277,659</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 – Continuing Operations | Three Months Ended<br>July 3, 2021 |                         |                            |                               |                  |                             |
|---|------------------------------------|-------------------------|----------------------------|-------------------------------|------------------|-----------------------------|
|   | GAAP Measure                       | GAAP Percent of Revenue | Stock Compensation Expense | Intangible Asset Amortization | Non-GAAP Measure | Non-GAAP Percent of Revenue |
| Revenues  | \$169,492                          |                         |                            |                               |                  |                             |
| Gross profit  | 96,298                             | 56.8%                   | \$199                      | \$ --                         | \$96,497         | 56.9%                       |
| Research and development                                | 64,832                             | 38.3%                   | 5,488                      | 8,184                         | 51,160           | 30.2%                       |
| Selling, general and administrative                     | 42,953                             | 25.3%                   | 5,565                      | 3,267                         | 34,121           | 20.1%                       |
| Operating expenses                                      | 107,785                            | 63.6%                   | 11,053                     | 11,451                        | 85,281           | 50.3%                       |
| Operating income (loss)                                 | (11,487)                           | (6.8)%                  | 11,252                     | 11,451                        | 11,216           | 6.6%                        |

| Non-GAAP Earnings Per Share – Total Operations | Three Months Ended<br>July 3, 2021 |                             |                                |                            |                                    |                               |                        |                  |
|--|------------------------------------|-----------------------------|--------------------------------|----------------------------|------------------------------------|-------------------------------|------------------------|------------------|
|  | GAAP Measure                       | Stock Compensation Expense* | Intangible Asset Amortization* | Disposition Related Items* | Investment Fair Value Adjustments* | Interest Expense Adjustments* | Income Tax Adjustments | Non-GAAP Measure |
| Net income                                     | \$19,932                           | \$13,644                    | \$11,562                       | \$3,195                    | \$(236)                            | \$4,992                       | \$(4,818)              | \$48,271         |
| Diluted shares outstanding                     | 45,756                             |                             |                                |                            |                                    |                               |                        | 45,756           |
| Diluted earnings per share                     | \$ 0.44                            |                             |                                |                            |                                    |                               |                        | \$ 1.05          |

\* Represents pre-tax amounts

| Non-GAAP Income Statement Items – Discontinued Operations | Three Months Ended<br>July 3, 2021 |                             |                                |                            |                        |                  |  |
|---|------------------------------------|-----------------------------|--------------------------------|----------------------------|------------------------|------------------|--|
|   | GAAP Measure                       | Stock Compensation Expense* | Intangible Asset Amortization* | Disposition Related Items* | Income Tax Adjustments | Non-GAAP Measure |  |
| Income from discontinued operations                       | \$38,423                           | \$2,392                     | \$111                          | \$3,195                    | \$(3,318)              | \$40,803         |  |

\* Represents pre-tax amounts

| Non-GAAP Tax Rate – Total Operations | Three Months Ended<br>July 3, 2021 |                          |                         |                            |                               |                           |                                   |                              |                        |                  |                              |
|--------------------------------------|------------------------------------|--------------------------|-------------------------|----------------------------|-------------------------------|---------------------------|-----------------------------------|------------------------------|------------------------|------------------|------------------------------|
|                                      | GAAP Measure                       | GAAP Tax Percentage Rate | Discontinued Operations | Stock Compensation Expense | Intangible Asset Amortization | Disposition Related Items | Investment Fair Value Adjustments | Interest Expense Adjustments | Income Tax Adjustments | Non-GAAP Measure | Non-GAAP Tax Percentage Rate |
| Loss from before income taxes        | \$(17,326)                         |                          | \$37,921                | \$13,644                   | \$11,562                      | \$3,195                   | \$(236)                           | \$4,992                      | \$ --                  | \$53,752         |                              |
| Provision for income taxes           | 1,165                              | (6.7)%                   | (502)                   |                            |                               |                           |                                   |                              | 4,818                  | 5,481            | 10.2%                        |

**Unaudited Reconciliation of GAAP to Non-GAAP Financial Measures**  
**(In thousands, except per share data)**  
**(Continued)**

| <b>Operating Expenses<br/>– Total Operations</b> | <b>Three Months Ended<br/>July 3, 2021</b> |                                    |                             |
|--|--|------------------------------------|-----------------------------|
|  | <b>Continuing<br/>Operations</b>           | <b>Discontinued<br/>Operations</b> | <b>Total<br/>Operations</b> |
| Operating expenses                               | 107,785                                    | \$25,052                           | \$132,837                   |

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

| <b>Business Outlook</b>                  | <b>Three Months Ending<br/>October 2, 2021</b> |                                  |                             |
|--|--|----------------------------------|-----------------------------|
|  | <b>GAAP<br/>Measure</b>                        | <b>Non-GAAP<br/>Adjustments*</b> | <b>Non-GAAP<br/>Measure</b> |
| Gross margin                             | 57% - 57.5%                                    | 0% - 0.5%                        | 57% - 58%                   |
| Operating expenses                       | \$116  | \$23                             | \$93                        |
| Effective tax rate                       | (11)%  | 25%                              | 14%                         |
| Diluted earnings (loss) per share - low  | \$(0.56)                                       | \$0.66                           | \$0.10                      |
| Diluted earnings (loss) per share - high | \$(0.46)                                       | \$0.66                           | \$0.20                      |

\* Non-GAAP adjustments include the following estimates: stock compensation expense of \$12.8 million, intangible asset amortization of \$11.1 million, interest expense adjustments of \$5.1 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 effect of the Skyworks 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 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 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. 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.