

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

	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Revenues	\$ 166,395	\$ 203,760	\$ 418,137	\$ 695,413
Cost of revenues	76,082	84,735	196,172	278,753
Gross profit	90,313	119,025	221,965	416,660
Operating expenses:				
Research and development	83,228	79,042	249,787	254,340
Selling, general and administrative	36,793	27,766	109,041	113,363
Operating expenses	120,021	106,808	358,828	367,703
Operating income (loss)	(29,708)	12,217	(136,863)	48,957
Other income (expense):				
Interest income and other, net	3,487	2,938	9,009	15,554
Interest expense	(278)	(1,359)	(1,050)	(4,611)
Income (loss) before income taxes	(26,499)	13,796	(128,904)	59,900
Provision for income taxes	2,005	3,388	38,283	23,479
Equity-method loss	—	(60)	—	(1,150)
Net income (loss)	\$ (28,504)	\$ 10,348	\$ (167,187)	\$ 35,271
Earnings (loss) per share:				
Basic	\$ (0.88)	\$ 0.33	\$ (5.21)	\$ 1.11
Diluted	\$ (0.88)	\$ 0.32	\$ (5.21)	\$ 1.07
Weighted-average common shares outstanding:				
Basic	32,309	31,796	32,114	31,789
Diluted	32,309	32,078	32,114	32,919

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

	<u>September 28, 2024</u>	<u>December 30, 2023</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 303,082	\$ 227,504
Short-term investments	66,596	211,720
Accounts receivable, net	48,879	29,295
Inventories	139,489	194,295
Prepaid expenses and other current assets	56,090	75,117
Total current assets	<u>614,136</u>	<u>737,931</u>
Property and equipment, net	135,317	145,890
Goodwill	376,389	376,389
Other intangible assets, net	41,936	59,533
Other assets, net	81,464	123,313
Total assets	<u>\$ 1,249,242</u>	<u>\$ 1,443,056</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 44,648	\$ 57,498
Revolving line of credit	—	45,000
Deferred revenue and returns liability	8,478	2,117
Other current liabilities	65,179	58,955
Total current liabilities	<u>118,305</u>	<u>163,570</u>
Other non-current liabilities	49,551	70,804
Total liabilities	<u>167,856</u>	<u>234,374</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; 32,343 and 31,897 shares issued and outstanding at September 28, 2024 and December 30, 2023, respectively	3	3
Additional paid-in capital	55,567	16,973
Retained earnings	1,025,544	1,192,731
Accumulated other comprehensive income (loss)	272	(1,025)
Total stockholders' equity	<u>1,081,386</u>	<u>1,208,682</u>
Total liabilities and stockholders' equity	<u>\$ 1,249,242</u>	<u>\$ 1,443,056</u>

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

	Nine Months Ended	
	September 28, 2024	September 30, 2023
Operating Activities		
Net income (loss)	\$ (167,187)	\$ 35,271
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation of property and equipment	19,302	18,992
Amortization of other intangible assets	17,596	19,162
Amortization of debt issuance costs	—	960
Stock-based compensation expense	45,358	37,167
Equity-method loss	—	1,150
Deferred income taxes	29,100	(5,881)
Changes in operating assets and liabilities:		
Accounts receivable	(19,585)	(30,706)
Inventories	54,724	(66,971)
Prepaid expenses and other assets	23,091	8,085
Accounts payable	(13,849)	(37,039)
Other current liabilities and income taxes	(5,004)	(39,155)
Deferred revenue and returns liability	6,361	3,286
Other non-current liabilities	(13,946)	6,794
Net cash used in operating activities	<u>(24,039)</u>	<u>(48,885)</u>
Investing Activities		
Purchases of marketable securities	(28,363)	(91,493)
Sales of marketable securities	44,057	365,073
Maturities of marketable securities	131,008	171,766
Purchases of property and equipment	(7,785)	(18,533)
Proceeds from sale of equity investment	12,382	—
Purchases of other assets	—	(395)
Net cash provided by investing activities	<u>151,299</u>	<u>426,418</u>
Financing Activities		
Proceeds from revolving line of credit	—	80,000
Payments on debt	(45,000)	(571,157)
Repurchases of common stock	—	(217,137)
Payment of taxes withheld for vested stock awards	(16,078)	(17,239)
Proceeds from the issuance of common stock	9,396	8,013
Net cash used in financing activities	<u>(51,682)</u>	<u>(717,520)</u>
Increase (decrease) in cash and cash equivalents	75,578	(339,987)
Cash and cash equivalents at beginning of period	227,504	499,915
Cash and cash equivalents at end of period	<u>\$ 303,082</u>	<u>\$ 159,928</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 September 28, 2024					
	GAAP Measure	GAAP Percent of Revenue	Stock Compensation Expense	Intangible Asset Amortization	Non-GAAP Measure	Non-GAAP Percent of Revenue
Revenues	\$ 166,395					
Gross profit	90,313	54.3 %	\$ 369	\$ —	\$ 90,682	54.5 %
Research and development	83,228	50.0 %	10,255	5,438	67,535	40.6 %
Selling, general and administrative	36,793	22.1 %	5,279	—	31,514	18.9 %
Operating expenses	120,021	72.1 %	15,534	5,438	99,049	59.5 %
Operating income (loss)	(29,708)	(17.9)%	15,903	5,438	\$ (8,367)	(5.0)%

Non-GAAP Loss Per Share and Income Tax Rate	Three Months Ended September 28, 2024						
	GAAP Measure	GAAP Tax Percentage Rate	Stock Compensation Expense	Intangible Asset Amortization	Income Tax Adjustments	Non-GAAP Measure	Non-GAAP Tax Percentage Rate
Income (loss) before income taxes	\$ (26,499)		\$ 15,903	\$ 5,438	\$ —	\$ (5,158)	
Provision (benefit) for income taxes	2,005	(7.6)%			(3,036)	(1,031)	20.0 %
Net loss	\$ (28,504)					\$ (4,127)	
Diluted shares outstanding	32,309					32,309	
Diluted loss per share	\$ (0.88)					\$ (0.13)	

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

Business Outlook	Three Months Ended December 28, 2024		
	GAAP Measure	Non-GAAP Adjustments*	Non-GAAP Measure
Gross margin	54% to 55%	— %	54% to 55%
Operating expenses	\$118 to \$122	\$(21) to \$(23)	\$97 to \$99
Diluted loss per share	\$(0.75) to \$(1.05)	\$0.74 to \$0.84	\$(0.01) to \$(0.21)

* Non-GAAP adjustments include the following estimates: stock compensation expense of \$16.8 million, intangible asset amortization of \$5.4 million, and the application of a long-term non-GAAP tax rate of 20%.

** 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.