### Silicon Labs Announces Record Quarterly Revenue

-- Record IoT Revenue Affirms Pure-Play Focus on Massive IoT Opportunity --

AUSTIN, Texas, April 28, 2021 /PRNewswire/ -- Silicon Labs (NASDAQ: SLAB), a leading provider of silicon, software and solutions for a smarter, more connected world, today reported financial results for its first quarter ended April 3, 2021. Revenue exceeded the top end of our initial guidance at \$255.5 million, up from \$242.9 million in the fourth quarter. First quarter GAAP and non-GAAP diluted earnings per share (EPS) were \$0.29 and \$0.91, respectively.

"Despite significant supply constraints, strong bookings and durable demand momentum drove first quarter revenue to a new record of \$255.5 million led by record revenue in IoT which grew 7% sequentially and 34% year-on-year," saidTyson Tuttle, CEO of Silicon Labs. "We continue to lead the market in wireless connectivity for a vast array of intelligent solutions. Last week's announcement to become a pure-play leader of intelligent, wireless connectivity for the IoT coupled with the global economic recovery from the pandemic fuels our excitement to capitalize on the massive growth opportunity in front of us."

#### First Quarter Financial Highlights

- loT revenue increased to \$158.2 million, up 7% sequentially and 34% year-on-year.
- Infrastructure and Automotive revenue increased to \$97.3 million, up 2% sequentially and flat year-on-year.

#### On a GAAP basis:

- GAAP gross margin was 58.9%.
- GAAP R&D expenses were \$76 million.
- GAAP SG&A expenses were \$52 million.
- GAAP operating income as a percentage of revenue was 8.7%.
- GAAP diluted earnings per share was\$0.29.

On a non-GAAP basis, excluding the impact of stock compensation, amortization of acquired intangible assets, restructuring charges, non-cash interest expense and other costs associated with convertible notes, and certain other items as set forth in the reconciliation tables below:

- Non-GAAP gross margin was 59.1%.
- Non-GAAP R&D expenses were \$61 million.
- Non-GAAP SG&A expenses were \$42 million.
- Non-GAAP operating income as a percentage of revenue was 18.7%.
- Non-GAAP diluted earnings per share were \$0.91.

#### **Product Highlights**

- Announced the extension of its award-winning xG22 platform with the launch of the EFM32PG22 (PG22), a new low-cost high performance 32-bit microcontrollers (MCUs). The PG22 has an industry-leading combination of energy efficiency, performance and security ideally suited for rapid development of consumer and industrial applications with demanding size constraints and low power operational requirements. The PG22 is targeted at high volume, low-powered applications at a price point competitive with 8-bit offerings and which is form factor & code compatible with its wireless counterparts.
- Introduced new SmartClock<sup>™</sup> features to its family of AEC-Q100 qualified Si5332-AM clock generators expanding the capabilities
  of the industry's broadest portfolio of silicon-based automotive timing solutions. The new SmartClock<sup>™</sup> technology actively monitors
  reference clocks to detect potential faults and provides built-in clock redundancy.
- Introduced the new Hi823Hx Gate Driver Board, an all-in-one isolation solution perfectly suited for the recently launched Wolfspeed WolfPACK™ power module. Wolfspeed power modules are used across numerous power applications, including EV chargers and motor drives in the industrial and automotive markets. Featuring the Si823Hx isolated gate driver and Si88xx digital isolator with integrated dc-dc converter, the board delivers excellent performance in a compact and cost-effective design, optimized for a wide range of modules.

#### **Business Highlights**

- Entered into a definitive asset purchase <u>agreement</u> to sell the Infrastructure & Automotive (I&A) business to <u>Skyworks Solutions</u>, <u>Inc.</u> (NASDAQ: SWKS) for \$2.75 billion in all-cash consideration. The transaction includes Silicon Labs' power/isolation, timing and broadcast products, intellectual property and associated employees. The company's resulting focus on IoT comes at a time when the overall market and Silicon Labs' growth opportunities are accelerating, as industry projections anticipate a multi-year ramp in connected devices.
- Appointed Matt Johnson to president. Johnson previously served as senior vice president and general manager of Silicon Labs' IoT business unit.
- Appointed Daniel Cooley to chief technology officer, reporting toMatt Johnson. Cooley previously served as chief strategy officer
  and replaces Alessandro Piovaccari, who stepped down as chief technology officer but will continue to serve Silicon Labs as a
  technical advisor.

- Appointed Dr. Manish Kothari to the IoT leadership team. As vice president of Silicon Labs India, Kothari will grow the wireless
  engineering talent, build scalable infrastructure, and foster local partnerships in Hyderabad, the company's newest and fastestgrowing wireless development center.
- Officially became the world's first silicon innovator to achieve PSA Certified's highest level of IoT hardware and software security protection. PSA Certified a respected security body for IoT hardware, software and devices co-founded by ARM awarded PSA Certified Level 3 status to Silicon Labs' EFR32MG21, a wireless SoC with Secure Vault.
- Announced a collaboration with Edge Impulse to enable rapid development and deployment of machine learning (ML) on Silicon
  Labs EFR32 wireless SoCs and EFM32 MCUs. Implementation of the Edge Impulse tool enables complex motion detection, sound
  recognition and image classification on low-power, memory-constrained, and remote edge devices.
- Announced a collaboration with Yeelight on a new smart LED light bulb to support Seamless Setup in the Google Home app. The
   <u>Yeelight Smart LED Bulb M2</u> multi-color light bulb is designed with Silicon Labs'<u>Bluetooth BG21 SoC</u>, enabling reliable wireless
   connectivity and allowing users to connect and control smart home devices in the Google Home app without requiring other
   applications.
- Collaborated with Allterco Robotics to introduce Shelly Motion, a next-generation motion sensor with unrivaled battery life enabled by Silicon Labs' Wi-Fi IoT solution. Shelly Motion is the first product to combine Shelly's innovative home automation sensors with the only industry-leading Wi-Fi solution designed to meet the ultra-low power requirements of IoT sensors. Optimized with Silicon Labs' Wi-Fi technology, Shelly Motion is the most responsive, energy-efficient, and easy-to-use smart home Wi-Fi motion sensor on the market today.

#### **Business Outlook**

The company expects second quarter revenue to be in the range of \$262 to \$272 million, with IoT roughly flat to the first quarter, limited by supply, and Infrastructure & Automotive up, and estimates the following:

#### On a GAAP basis:

- GAAP gross margin between 57% and 58%
- GAAP operating expenses at approximately \$130 million
- GAAP effective tax rate of 7%.
- GAAP diluted earnings per share between \$0.28 and \$0.38.

On a non-GAAP basis, excluding the impact of stock compensation, amortization of acquired intangible assets, restructuring charges, non-cash interest expense and other costs associated with convertible notes, and certain other items as set forth in the reconciliation tables below:

- Non-GAAP gross margin between 57% and 58%.
- Non-GAAP operating expenses at approximately \$104 million.
- Non-GAAP effective tax rate at 11.5%.
- Non-GAAP diluted earnings per share between \$0.88 and \$0.98

#### **Webcast and Conference Call**

A conference call discussing the quarterly results will follow this press release at7:30 a.m. Central time. An audio webcast will be available on Silicon Labs' website (<a href="www.silabs.com">www.silabs.com</a>) under <a href="mwstor Relations">Investor Relations</a>. A replay will be available after the call at the same website listed above or by calling 1 (877) 344-7529 (US) or (412) 317-0088 (International) and entering access code 10154019. The replay will be available through May 5, 2021.

#### **About Silicon Labs**

Silicon Labs (NASDAQ: SLAB) is a leading provider of silicon, software and solutions for a smarter, more connected world. Our award-winning technologies are shaping the future of the Internet of Things, Internet infrastructure, industrial automation, consumer and automotive markets. Our world-class engineering team creates products focused on performance, energy savings, connectivity and simplicity. silabs.com

#### **Forward-Looking Statements**

This press release contains 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 occurrence of any event, change or other circumstance that could give rise to the termination of the Skyworks asset purchase agreement; the failure to satisfy any of the conditions to the completion of such transaction; the effect of such 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 ability to meet expectations regarding the timing and completion of such transaction, including with respect to receipt of required regulatory approvals; 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. 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 this press release to Silicon Labs shall mean Silicon Laboratories Inc.

Note to editors: Silicon Laboratories, Silicon Labs, the "S" symbol, and the Silicon Labs logo are trademarks of Silicon Laboratories Inc. All other product names noted herein may be trademarks of their respective holders.

**Three Months Ended** 

#### Silicon Laboratories Inc.

#### **Condensed Consolidated Statements of Income**

(In thousands, except per share data)

(Unaudited)

	Α	pril 3,	-	April 4,
	:	2021		2020
Revenues	\$2	55,505	\$2	214,877
Cost of revenues	10	04,922		85,711
Gross profit	1:	50,583		129,166
Operating expenses:				
Research and development		76,474		71,223
Selling, general and administrative		51,950		53,996
Operating expenses	1:	28,424		125,219
Operating income		22,159		3,947
Other income (expense):				
Interest income and other, net		2,875		3,251
Interest expense	(1	11,324)		(5,541)
Income before income taxes		13,710		1,657
Provision (benefit) for income taxes		201		(587)
Net income	\$	13,509	\$	2,244
Earnings per share:				
Basic	\$	0.31	\$	0.05
Diluted	\$	0.29	\$	0.05
Weighted-average common shares outstanding:				
Basic		44,160		43,642

Diluted 45,832 44,388

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

Non-GAAP Income			Three Mo	nths Ended			
Statement Items	April 3, 2021						
		GAAP	Stock	Intangible		Non-GAAP	
	GAAP	Percent of	Compensation	Asset	Non-GAAP	Percent of	
	Measure	Revenue	Expense	Amortization	Measure	Revenue	
Revenues	\$255,505						
Gross profit	150,583	58.9%	\$ 337	\$	\$150,920	59.1%	
Research and							
development	76,474	29.9%	7,024	8,390	61,060	23.9%	
Selling, general and							
administrative	51,950	20.3%	6,466	3,315	42,169	16.5%	
Operating income	22,159	8.7%	13,827	11,705	47,691	18.7%	
Non-GAAP			Th	ree Months Ended			
Earnings Per Share				April 3, 2021			
	-	Stock	Intangible	Investment	Interest	Income	Non
	GAAP	Compensation	Asset	Fair Value	Expense	Tax	GAA
	Measure	Expense*	Amortization*	Adjustments*	Adjustments*	Adjustments	Meas
Net income	\$13,509	\$13,827	\$11,705	\$(1,801)	\$9,307	\$(4,856)	\$41,6

45,832

\$ 0.91

45,832

\$ 0.29

Diluted shares

outstanding

Diluted earnings

per share

<sup>\*</sup> Represents pre-tax amounts

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

	Three Months Ending		
<b>Business Outlook</b>	July 3, 2021		
	GAAP	Non-GAAP	Non-GAAP
	Measure	Adjustments*	Measure
Gross margin	57-58%	0%	57-58%
Operating expenses	\$130	\$26	\$104
Effective tax rate	7%	4.5%	11.5%
Diluted earnings per share - low	\$0.28	\$0.60	\$0.88
Diluted earnings per share - high	\$0.38	\$0.60	\$0.98

<sup>\*</sup> Non-GAAP adjustments include the following estimates: stock compensation expense of \$14 million, intangible asset amortization of \$12 million, interest expense adjustments of \$5 million, and the associated tax impact from the aforementioned items.

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

	April 3,	January 2,
	2021	2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 205,224	\$ 202,720
Short-term investments	367,708	521,963
Accounts receivable, net	103,699	95,169
Inventories	79,244	66,662
Prepaid expenses and other current assets	105,056	89,307
Total current assets	860,931	975,821
Property and equipment, net	141,000	139,439
Goodwill	631,932	631,932
Other intangible assets, net	154,379	166,084
Other assets, net	82,381	80,211
Total assets	\$1,870,623	\$1,993,487

#### Liabilities and Stockholders' Equity Current liabilities: Accounts payable 68,998 54,949 Current portion of convertible debt, net 134,480 12,986 Deferred revenue and returns liability 13,450 Other current liabilities 82,083 68,351 Total current liabilities 150,799 284,498 Convertible debt, net 434,288 428,945 Other non-current liabilities 78,557 80,203 Total liabilities 663,644 793,646 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; 44,749 and 43,925 shares issued and outstanding at April 3, 2021 and January 2, 2021, respectively 4 4 Additional paid-in capital 199,576 204,359 1,007,173 993,664 Retained earnings Accumulated other comprehensive income 226 1,814

#### Silicon Laboratories Inc.

1,206,979

\$1,870,623

1,199,841

\$1,993,487

Total stockholders' equity

Total liabilities and stockholders' equity

#### **Condensed Consolidated Statements of Cash Flows**

(In thousands)

(Unaudited)

	Three Months Ended		
	April 3,	April 4,	
	2021	2020	
Operating Activities			
Net income	\$ 13,509	\$ 2,244	
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of property and equipment	4,529	4,183	
Amortization of other intangible assets and other assets	11,705	9,827	
Amortization of debt discount and debt issuance costs	6,456	3,736	

Loss on extinguishment of convertible debt	3,370	
	13,826	15,313
Stock-based compensation expense		
Deferred income taxes	(3,197)	(2,364)
Changes in operating assets and liabilities:		
Accounts receivable	(8,530)	1,542
Inventories	(12,626)	4,777
Prepaid expenses and other assets	(13,621)	23,576
Accounts payable	14,116	2,748
Other current liabilities and income taxes	(13,429)	(9,134)
Deferred revenue and returns liability	464	4,114
Other non-current liabilities	(2,066)	(862)
Net cash provided by operating activities	14,506	59,700
Investing Activities		
Purchases of available-for-sale investments	(8,251)	(70,910)
Sales and maturities of available-for-sale investments	161,392	126,920
Purchases of property and equipment	(6,176)	(4,135)
Purchases of other assets	(578)	(370)
Net cash provided by investing activities	146,387	51,505
Financing Activities		
Proceeds from revolving line of credit		310,000
Payments on debt	(140,572)	
Repurchases of common stock		(16,287)
Payment of taxes withheld for vested stock awards	(17,817)	(16,294)
Net cash provided by (used in) financing activities	(158,389)	277,419
Increase in cash and cash equivalents	2,504	388,624
Cash and cash equivalents at beginning of period	202,720	227,146
Cash and cash equivalents at end of period	\$205,224	\$615,770

SOURCE Silicon Labs

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Additional assets available online: Mages (1)