



Qorvo® Announces Fiscal 2020 Fourth Quarter Financial Results

May 07, 2020

GREENSBORO, N.C., May 07, 2020 (GLOBE NEWSWIRE) -- Qorvo® (Nasdaq:QRVO), a leading provider of innovative RF solutions that connect the world, today announced financial results for the Company's fiscal 2020 fourth quarter, ended March 28, 2020. On a GAAP basis, revenue for Qorvo's fiscal 2020 fourth quarter was \$788 million, gross margin was 42.6%, operating income was \$102 million and diluted earnings per share was \$0.43. On a non-GAAP basis, gross margin was 49.6%, operating income was \$210 million and diluted earnings per share was \$1.57.

Bob Bruggeworth, president and chief executive officer of Qorvo, said, "Qorvo delivered a strong quarter under challenging circumstances, and I couldn't be more proud of how our team is responding. We are operating well, focused on keeping our employees, partners and communities healthy, while supporting customers and advancing technology. Our technologies and operations are more important than ever as we support global deployments in 5G handsets and infrastructure, defense, Wi-Fi 6 and IoT."

Strategic Highlights

- Enabled sub-6 GHz 5G network deployments with the ramp of GaN power amplifiers and small signal solutions
- Accelerated Wi-Fi 6 shipments and secured cable amplifier design wins to support increased data to the home
- Enjoyed growth in data centers, computing and gaming consoles with differentiated programmable power management solutions
- Sampled broadband 100-watt (27-31 GHz) and 130-watt (32-38 GHz) millimeter wave power amplifiers, expanding portfolio of GaN-based solid state amplifiers for defense applications
- Supported the Samsung® Galaxy S20 platform with a broad set of high performance and highly integrated advanced 4G and 5G components
- Supplied a leading smartphone manufacturer with complete main path (LB, MHB and UHB integrated solutions) as well as Wi-Fi FEM, switches and tuners for flagship 5G smartphone
- Expanded position in UHB solutions at leading Android smartphone manufacturers and across all 5G chipset solutions
- Completed the acquisition of Custom MMIC, expanding leadership in GaAs and GaN RF solutions for defense and aerospace applications
- Completed the acquisition of Decawave, positioning Qorvo as a leading provider of ultra-wide-band (UWB) system solutions for proximity awareness, secure payments and secure access in smartphones, automotive and IoT
- Introduced high sensitivity point-of-care diagnostic test platform, utilizing acoustic resonator technology, for veterinary applications

Financial Commentary and Outlook

Mark Murphy, chief financial officer of Qorvo, said, "Qorvo's revenue, gross margin, and cash flow performance demonstrate how well we are operating in a challenging environment. While our June quarter guidance reflects the ongoing demand and supply effects of COVID-19, we are encouraged by continued growth in 5G handsets and infrastructure, and we remain confident in the long-term growth drivers of our business."

Qorvo currently believes the demand environment in its end markets supports the following expectations for the June 2020 quarter:

- Quarterly revenue in the range of \$710 million to \$750 million
- Non-GAAP gross margin of approximately 47.5%
- Non-GAAP diluted earnings per share of \$1.13 at the midpoint of guidance

Qorvo's actual quarterly results may differ from these expectations and projections, and such differences may be material.

Selected Financial Information

The following tables set forth selected GAAP and non-GAAP financial information for Qorvo for the periods indicated. See the more detailed financial information for Qorvo, including reconciliations of GAAP and non-GAAP financial information, attached.

SELECTED GAAP RESULTS

(Unaudited)

(In millions, except for percentages and EPS)

	For the quarter ended March 28, 2020	For the quarter ended December 28, 2019	Change vs. Q3 FY 2020	
Revenue	\$ 787.8	\$ 869.1	\$ (81.3	)
Gross profit	\$ 335.8	\$ 368.1	\$ (32.3	)
Gross margin	42.6	% 42.4	% 0.2ppt	
Operating expenses	\$ 233.6	\$ 215.0	\$ 18.6	
Operating income	\$ 102.2	\$ 153.1	\$ (50.9	)

Net income	\$ 50.4	\$ 161.4	\$ (111.0	)
Weighted average diluted shares	117.8	118.5	(0.7	)
Diluted EPS	\$ 0.43	\$ 1.36	\$ (0.93	)

SELECTED NON-GAAP RESULTS¹

(Unaudited)

(In millions, except for percentages and EPS)

	For the quarter ended March 28, 2020	For the quarter ended December 28, 2019	Change vs. Q3 FY 2020	
Gross profit	\$ 390.9	\$ 428.1	\$ (37.2	)
Gross margin	49.6	% 49.3	% 0.3ppt	
Operating expenses	\$ 181.0	\$ 175.6	\$ 5.4	
Operating income	\$ 209.9	\$ 252.4	\$ (42.5	)
Net income	\$ 185.3	\$ 220.8	\$ (35.5	)
Weighted average diluted shares	117.8	118.5	(0.7	)
Diluted EPS	\$ 1.57	\$ 1.86	\$ (0.29	)

SELECTED GAAP RESULTS

(Unaudited)

(In millions, except for percentages and EPS)

	For the quarter ended March 28, 2020	For the quarter ended March 30, 2019	Change vs. Q4 FY 2019	
Revenue	\$ 787.8	\$ 680.9	\$ 106.9	
Gross profit	\$ 335.8	\$ 266.6	\$ 69.2	
Gross margin	42.6	% 39.2	% 3.4ppt	
Operating expenses	\$ 233.6	\$ 202.5	\$ 31.1	
Operating income	\$ 102.2	\$ 64.0	\$ 38.2	
Net income	\$ 50.4	\$ 61.5	\$ (11.1	)
Weighted average diluted shares	117.8	124.1	(6.3	)
Diluted EPS	\$ 0.43	\$ 0.50	\$ (0.07	)

SELECTED NON-GAAP RESULTS¹

(Unaudited)

(In millions, except for percentages and EPS)

	For the quarter ended March 28, 2020	For the quarter ended March 30, 2019	Change vs. Q4 FY 2019	
Gross profit	\$ 390.9	\$ 328.2	\$ 62.7	
Gross margin	49.6	% 48.2	% 1.4ppt	
Operating expenses	\$ 181.0	\$ 160.8	\$ 20.2	
Operating income	\$ 209.9	\$ 167.4	\$ 42.5	
Net income	\$ 185.3	\$ 150.9	\$ 34.4	
Weighted average diluted shares	117.8	124.1	(6.3	)
Diluted EPS	\$ 1.57	\$ 1.22	\$ 0.35	

¹Excludes stock-based compensation, amortization of intangibles, restructuring related charges, acquisition and integration related costs, start-up costs, asset impairment and accelerated depreciation, (gain) loss on assets, loss on debt extinguishment, gain on consolidation of investment, impairment on investment, other expense (income) and an adjustment of income taxes.

Non-GAAP Financial Measures

In addition to disclosing financial results calculated in accordance with United States (U.S.) generally accepted accounting principles (GAAP), this earnings release contains some or all of the following non-GAAP financial measures: (i) non-GAAP revenue, (ii) non-GAAP gross profit and gross margin, (iii) non-GAAP operating income and operating margin, (iv) non-GAAP net income, (v) non-GAAP net income per diluted share, (vi) non-GAAP operating expenses (research and development; selling, general and administrative), (vii) free cash flow, (viii) EBITDA, (ix) non-GAAP return on invested capital (ROIC), and (x) net debt or positive net cash. Each of these non-GAAP financial measures is either adjusted from GAAP results to exclude certain expenses or derived from multiple GAAP measures, which are outlined in the "Reconciliation of GAAP to Non-GAAP Financial Measures" tables, attached, and the "Additional Selected Non-GAAP Financial Measures and Reconciliations" tables, attached.

In managing Qorvo's business on a consolidated basis, management develops an annual operating plan, which is approved by our Board of Directors, using non-GAAP financial measures. In developing and monitoring performance against this plan, management considers the actual or potential impacts on these non-GAAP financial measures from actions taken to reduce costs with the goal of increasing gross margin and operating margin. In addition, management relies upon these non-GAAP financial measures to assess whether research and development efforts are at an appropriate

level, and when making decisions about product spending, administrative budgets, and other operating expenses. Also, we believe that non-GAAP financial measures provide useful supplemental information to investors and enable investors to analyze the results of operations in the same way as management. We have chosen to provide this supplemental information to enable investors to perform additional comparisons of our operating results, to assess our liquidity and capital position and to analyze financial performance excluding the effect of expenses unrelated to operations, certain non-cash expenses and stock-based compensation expense, which may obscure trends in Qorvo's underlying performance.

We believe that these non-GAAP financial measures offer an additional view of Qorvo's operations that, when coupled with the GAAP results and the reconciliations to corresponding GAAP financial measures, provide a more complete understanding of Qorvo's results of operations and the factors and trends affecting Qorvo's business. However, these non-GAAP financial measures should be considered as a supplement to, and not as a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP.

Our rationale for using these non-GAAP financial measures, as well as their impact on the presentation of Qorvo's operations, are outlined below:

Non-GAAP gross profit and gross margin. Non-GAAP gross profit and gross margin exclude stock-based compensation expense, amortization of intangible assets, accelerated depreciation, restructuring related charges and certain non-cash expenses. We believe that exclusion of these costs in presenting non-GAAP gross profit and gross margin gives management and investors a more effective means of evaluating Qorvo's historical performance and projected costs and the potential for realizing cost efficiencies. We believe that the majority of Qorvo's purchased intangibles are not relevant to analyzing current operations because they generally represent costs incurred by the acquired company to build value prior to acquisition, and thus are effectively part of transaction costs rather than ongoing costs of operating Qorvo's business. In this regard, we note that (i) once the intangibles are fully amortized, the intangibles will not be replaced with cash costs and therefore, the exclusion of these costs provides management and investors with better visibility into the actual costs required to generate revenues over time, and (ii) although we set the amortization expense based on useful life of the various assets at the time of the transaction, we cannot influence the timing and amount of the future amortization expense recognition once the lives are established. Similarly, we believe that presentation of non-GAAP gross profit and gross margin and other non-GAAP financial measures that exclude the impact of stock-based compensation expense assists management and investors in evaluating the period-over-period performance of Qorvo's ongoing operations because (i) the expenses are non-cash in nature, and (ii) although the size of the grants is within our control, the amount of expense varies depending on factors such as short-term fluctuations in stock price volatility and prevailing interest rates, which can be unrelated to the operational performance of Qorvo during the period in which the expense is incurred and generally are outside the control of management. Moreover, we believe that the exclusion of stock-based compensation expense in presenting non-GAAP gross profit and gross margin and other non-GAAP financial measures is useful to investors to understand the impact of the expensing of stock-based compensation to Qorvo's gross profit and gross margins and other financial measures in comparison to prior periods. We also believe that the adjustments to profit and margin related to accelerated depreciation, restructuring related charges and certain non-cash expenses do not constitute part of Qorvo's ongoing operations and therefore the exclusion of these items provides management and investors with better visibility into the actual revenue and actual costs required to generate revenues over time and gives management and investors a more effective means of evaluating our historical and projected performance. We believe disclosure of non-GAAP gross profit and gross margin has economic substance because the excluded expenses do not represent continuing cash expenditures and, as described above, we have little control over the timing and amount of the expenses in question.

Non-GAAP operating income and operating margin. Non-GAAP operating income and operating margin exclude stock-based compensation expense, amortization of intangible assets, restructuring related charges, acquisition and integration related costs, (gain) loss on assets, asset impairment and accelerated depreciation, start-up costs and certain non-cash expenses. We believe that presentation of a measure of operating income and operating margin that excludes amortization of intangible assets and stock-based compensation expense is useful to both management and investors for the same reasons as described above with respect to our use of non-GAAP gross profit and gross margin. We believe that restructuring related charges, acquisition and integration related costs, (gain) loss on assets, asset impairment and accelerated depreciation, start-up costs and certain non-cash expenses do not constitute part of Qorvo's ongoing operations and therefore, the exclusion of these costs provides management and investors with better visibility into the actual costs required to generate revenues over time and gives management and investors a more effective means of evaluating our historical and projected performance. We believe disclosure of non-GAAP operating income and operating margin has economic substance because the excluded expenses are either unrelated to ongoing operations or do not represent current cash expenditures.

Non-GAAP net income and non-GAAP net income per diluted share. Non-GAAP net income and non-GAAP net income per diluted share exclude the effects of stock-based compensation expense, amortization of intangible assets, restructuring related charges, acquisition and integration related costs, (gain) loss on assets, asset impairment and accelerated depreciation, start-up costs, certain non-cash expenses, gain on consolidation of investment, impairment on investment, loss on debt extinguishment, other expense (income) and also reflect an adjustment of income taxes. The income tax adjustment primarily represents the use of research and development tax credit carryforwards, deferred tax expense (benefit) items not affecting taxes payable, adjustments related to the deemed and actual repatriation of historical foreign earnings, non-cash expense (benefit) related to uncertain tax positions and other items unrelated to the current fiscal year or that are not indicative of our ongoing business operations. We believe that presentation of measures of net income and net income per diluted share that exclude these items is useful to both management and investors for the reasons described above with respect to non-GAAP gross profit and gross margin and non-GAAP operating income and operating margin. We believe disclosure of non-GAAP net income and non-GAAP net income per diluted share has economic substance because the excluded expenses are either unrelated to ongoing operations or do not represent current cash expenditures.

Non-GAAP research and development and selling, general and administrative expenses. Non-GAAP research and development and selling, general and administrative expenses exclude stock-based compensation expense, amortization of intangible assets and certain non-cash expenses (primarily acquisition and integration related costs). We believe that presentation of measures of these operating expenses that exclude amortization of intangible assets and stock-based compensation expense is useful to both management and investors for the same reasons as described above with respect to our use of non-GAAP gross profit and gross margin. We believe that acquisition and integration related costs and certain non-cash expenses do not constitute part of Qorvo's ongoing operations and therefore, the exclusion of these costs provides management and investors with better visibility into the actual costs required to generate revenues over time and gives management and investors a more effective means of evaluating our historical and projected performance. We believe disclosure of these non-GAAP operating expenses has economic substance because the excluded expenses are either unrelated to ongoing operations or do not represent current cash expenditures.

Free cash flow. Qorvo defines free cash flow as net cash provided by operating activities during the period minus property and equipment expenditures made during the period. We use free cash flow as a supplemental financial measure in our evaluation of liquidity and financial strength. Management believes that this measure is useful as an indicator of our ability to service our debt, meet other payment obligations and make strategic investments. Free cash flow should be considered in addition to, rather than as a substitute for, net income as a measure of our performance and net

cash provided by operating activities as a measure of our liquidity. Additionally, our definition of free cash flow is limited, in that it does not represent residual cash flows available for discretionary expenditures due to the fact that the measure does not deduct the payments required for debt service and other contractual obligations. Therefore, we believe it is important to view free cash flow as a measure that provides supplemental information to our entire statement of cash flows.

EBITDA. Qorvo defines EBITDA as earnings before interest expense and interest income, income tax expense (benefit), depreciation and intangible amortization. Management believes that this measure is useful to evaluate our ongoing operations and as a general indicator of our operating cash flow (in conjunction with a cash flow statement which also includes among other items, changes in working capital and the effect of non-cash charges).

Non-GAAP ROIC. Return on invested capital (ROIC) is a non-GAAP financial measure that management believes provides useful supplemental information for management and the investor by measuring the effectiveness of our operations' use of invested capital to generate profits. We use ROIC to track how much value we are creating for our shareholders. Non-GAAP ROIC is calculated by dividing annualized non-GAAP operating income, net of an adjustment for income taxes (as described above), by average invested capital. Average invested capital is calculated by subtracting the average of the beginning balance and the ending balance of current liabilities (excluding the current portion of long-term debt and other short-term financings) from the average of the beginning balance and the ending balance of net accounts receivable, inventories, other current assets, net property and equipment and a cash amount equal to seven days of quarterly revenue.

Net debt or positive net cash. Net debt or positive net cash is defined as unrestricted cash, cash equivalents and short-term investments minus any borrowings under our credit facility and the principal balance of our senior unsecured notes. Management believes that net debt or positive net cash provides useful information regarding the level of Qorvo's indebtedness by reflecting cash and investments that could be used to repay debt.

Forward-looking non-GAAP measures. Our earnings release contains forward-looking gross margin, income tax rate and diluted earnings per share. We provide these non-GAAP measures to investors on a prospective basis for the same reasons (set forth above) that we provide them to investors on a historical basis. We are unable to provide a reconciliation of the forward-looking non-GAAP financial measures to the most directly comparable forward-looking GAAP financial measures without unreasonable effort due to variability and difficulty in making accurate projections for items that would be required to be included in the GAAP measures, such as stock-based compensation, acquisition and integration related costs, restructuring related charges, asset impairments and the provision for income taxes. We believe such reconciliations would imply a degree of precision that would be confusing or misleading to investors.

Limitations of non-GAAP financial measures. The primary material limitations associated with the use of non-GAAP financial measures as an analytical tool compared to the most directly comparable GAAP financial measures are these non-GAAP financial measures (i) may not be comparable to similarly titled measures used by other companies in our industry, and (ii) exclude financial information that some may consider important in evaluating our performance, thus limiting their usefulness as a comparative tool. We compensate for these limitations by providing full disclosure of the differences between these non-GAAP financial measures and the corresponding GAAP financial measures, including a reconciliation of the non-GAAP financial measures to the corresponding GAAP financial measures, to enable investors to perform their own analysis of our gross profit and gross margin, operating expenses, operating income, net income, net income per diluted share and net cash provided by operating activities. We further compensate for the limitations of our use of non-GAAP financial measures by presenting the corresponding GAAP measures more prominently.

Qorvo will conduct a conference call at 5:00 p.m. ET today to discuss today's press release. The conference call will be broadcast live over the Internet and can be accessed by any interested party at <http://www.qorvo.com> (under "Investors"). A telephone playback of the conference call will be available approximately two hours after the call's completion and can be accessed by dialing 719-457-0820 and using the passcode 6708971. The playback will be available through the close of business May 14, 2020.

About Qorvo

Qorvo (Nasdaq:QRVO) makes a better world possible by providing innovative Radio Frequency (RF) solutions at the center of connectivity. We combine product and technology leadership, systems-level expertise and global manufacturing scale to quickly solve our customers' most complex technical challenges. Qorvo serves diverse high-growth segments of large global markets, including advanced wireless devices, wired and wireless networks and defense radar and communications. We also leverage unique competitive strengths to advance 5G networks, cloud computing, the Internet of Things, and other emerging applications that expand the global framework interconnecting people, places and things. Visit www.qorvo.com to learn how Qorvo connects the world.

Qorvo is a registered trademark of Qorvo, Inc. in the U.S. and in other countries. All other trademarks are the property of their respective owners.

This press release includes "forward-looking statements" within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about our plans, objectives, representations and contentions, and are not historical facts and typically are identified by use of terms such as "may," "will," "should," "could," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue" and similar words, although some forward-looking statements are expressed differently. You should be aware that the forward-looking statements included herein represent management's current judgment and expectations, but our actual results, events and performance could differ materially from those expressed or implied by forward-looking statements. We do not intend to update any of these forward-looking statements or publicly announce the results of any revisions to these forward-looking statements, other than as is required under U.S. federal securities laws. Our business is subject to numerous risks and uncertainties, including those relating to fluctuations in our operating results; our substantial dependence on developing new products and achieving design wins; our dependence on a few large customers for a substantial portion of our revenue; a loss of revenue if contracts with the United States government or defense and aerospace contractors are canceled or delayed or if defense spending is reduced; our dependence on third parties; risks related to sales through distributors; risks associated with the operation of our manufacturing facilities; business disruptions resulting from natural disasters, extreme weather conditions and public health issues, including the outbreak of COVID-19; poor manufacturing yields; increased inventory risks and costs due to timing of customer forecasts; our inability to effectively manage or maintain evolving relationships with platform providers; risks from international sales and operations; economic regulation in China; changes in government trade policies, including imposition of tariffs and export restrictions; our ability to implement innovative technologies; underutilization of manufacturing facilities as a result of industry overcapacity; we may not be able to borrow funds under our credit facility or secure future financing; we may not be able to generate sufficient cash to service all of our debt; restrictions imposed by the agreements governing our debt; volatility in the price of our common stock; damage to our reputation or brand; fluctuations in the amount and frequency of our stock repurchases; our recent acquisitions and other strategic investments could fail to achieve financial or strategic objectives; our ability to attract,

retain and motivate key employees; our reliance on our intellectual property portfolio; claims of infringement of third-party intellectual property rights; security breaches and other similar disruptions compromising our information; theft, loss or misuse of personal data by or about our employees, customers or third parties; warranty claims, product recalls and product liability; and risks associated with environmental, health and safety regulations and climate change. These and other risks and uncertainties, which are described in more detail in Qorvo's most recent Annual Report on Form 10-K and in other reports and statements filed with the Securities and Exchange Commission, could cause actual results and developments to be materially different from those expressed or implied by any of these forward-looking statements.

Financial Tables to Follow

QRVO-F

QORVO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Twelve Months Ended	
	March 28, 2020	March 30, 2019	March 28, 2020	March 30, 2019
Revenue	\$ 787,772	\$ 680,882	\$ 3,239,141	\$ 3,090,325
Costs and expenses:				
Cost of goods sold	451,991	414,309	1,917,378	1,895,142
Research and development	127,029	112,846	484,414	450,482
Selling, general and administrative	85,111	75,033	343,569	476,074
Other operating expense	21,487	14,647	70,564	52,161
Total costs and expenses	685,618	616,835	2,815,925	2,873,859
Income from operations	102,154	64,047	423,216	216,466
Interest expense	(18,935)	) (10,359)	) (60,392)	) (43,963)
Other (expense) income, net	(18,584)	) (3,492)	) 32,265	) (80,711)
Income before income taxes	\$ 64,635	\$ 50,196	\$ 395,089	\$ 91,792
Income tax (expense) benefit	(14,245)	) 11,321	(60,764)	) 41,333
Net income	\$ 50,390	\$ 61,517	\$ 334,325	\$ 133,125
Net income per share, diluted	\$ 0.43	\$ 0.50	\$ 2.80	\$ 1.05
Weighted average outstanding diluted shares	117,757	124,057	119,293	127,356

QORVO, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		
	March 28, 2020	December 28, 2019	March 30, 2019
GAAP operating income	\$ 102,154	\$ 153,069	\$ 64,047
Stock-based compensation expense	13,768	16,381	12,706
Amortization of intangible assets	69,183	62,910	54,997
Restructuring related charges	3,958	5,956	8,645
Acquisition and integration related costs	23,986	7,226	2,642
Asset impairment and accelerated depreciation	221	4,324	19,252
(Gain) loss on assets, start-up costs and other non-cash expenses	(3,326)	) 2,540	5,116
Non-GAAP operating income	\$ 209,944	\$ 252,406	\$ 167,405
GAAP net income	\$ 50,390	\$ 161,356	\$ 61,517
Stock-based compensation expense	13,768	16,381	12,706
Amortization of intangible assets	69,183	62,910	54,997
Restructuring related charges	3,958	5,956	8,645
Acquisition and integration related costs	23,986	7,226	2,642
Asset impairment and accelerated depreciation	221	4,324	19,252

(Gain) loss on assets, start-up costs and other non-cash expenses	(3,326	) 2,540	5,116	
Loss on debt extinguishment	—	—	6,197	
Gain on consolidation of investment	—	(43,008	) —	
Impairment on investment	18,336	—	—	
Other expense (income)	4,218	(1,560	) 169	
Adjustment of income taxes	4,607	4,712	(20,316	)
Non-GAAP net income	\$ 185,341	\$ 220,837	\$ 150,925	
GAAP weighted average outstanding diluted shares	117,757	118,455	124,057	
Dilutive stock-based awards	—	—	—	
Non-GAAP weighted average outstanding diluted shares	117,757	118,455	124,057	
Non-GAAP net income per share, diluted	\$ 1.57	\$ 1.86	\$ 1.22	

QORVO, INC. AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(Unaudited)

<i>(in thousands, except percentages)</i>	Three Months Ended								
	March 28, 2020			December 28, 2019			March 30, 2019		
GAAP gross profit/margin	\$ 335,781	42.6	%	\$ 368,111	42.4	%	\$ 266,573	39.2	%
Amortization of intangible assets	49,866	6.3	%	44,910	5.2	%	38,695	5.7	%
Restructuring related charges	2,058	0.3	%	3,438	0.4	%	—	—	%
Stock-based compensation expense	2,571	0.3	%	6,601	0.7	%	3,276	0.4	%
Accelerated depreciation	221	—	%	4,324	0.5	%	18,266	2.7	%
Other non-cash expenses	408	0.1	%	670	0.1	%	1,387	0.2	%
Non-GAAP gross profit/margin	\$ 390,905	49.6	%	\$ 428,054	49.3	%	\$ 328,197	48.2	%

Non-GAAP Operating Income	Three Months Ended	
<i>(as a percentage of sales)</i>	March 28, 2020	
GAAP operating income	13.0	%
Stock-based compensation expense	1.8	%
Amortization of intangible assets	8.8	%
Restructuring related charges	0.5	%
Acquisition and integration related costs	3.0	%
(Gain) loss on assets, start-up costs and other non-cash expenses	(0.3	)%
Non-GAAP operating income	26.8	%

Free Cash Flow (1)	Three Months Ended	
<i>(in millions)</i>	March 28, 2020	
Net cash provided by operating activities	\$ 214.3	
Purchases of property and equipment	(35.1	)
Free cash flow	\$ 179.2	

(1) Free Cash Flow is calculated as net cash provided by operating activities minus property and equipment expenditures.

QORVO, INC. AND SUBSIDIARIES
ADDITIONAL SELECTED NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS
(In thousands)
(Unaudited)

	Three Months Ended		
	March 28, 2020	December 28, 2019	March 30, 2019
GAAP research and development expense	\$ 127,029	\$ 122,851	\$ 112,846
Less:			
Stock-based compensation expense	6,242	6,205	5,430

Other non-cash expenses	482	482	1,154
Non-GAAP research and development expense	\$ 120,305	\$ 116,164	\$ 106,262

	Three Months Ended		
	March 28, 2020	December 28, 2019	March 30, 2019
GAAP selling, general and administrative expense	\$ 85,111	\$ 81,205	\$ 75,033
Less:			
Stock-based compensation expense	4,955	3,540	3,970
Amortization of intangible assets	19,318	17,999	16,302
Other non-cash expenses	182	182	231
Non-GAAP selling, general and administrative expense	\$ 60,656	\$ 59,484	\$ 54,530

QORVO, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	March 28, 2020	March 30, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 714,939	\$ 711,035
Accounts receivable, net	367,172	378,172
Inventories	517,198	511,793
Other current assets	91,193	83,841
Total current assets	1,690,502	1,684,841
Property and equipment, net	1,259,203	1,366,513
Goodwill	2,614,274	2,173,889
Intangible assets, net	808,892	408,210
Long-term investments	22,515	97,786
Other non-current assets	165,296	76,785
Total assets	\$ 6,560,682	\$ 5,808,024
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 464,755	\$ 393,823
Other current liabilities	74,248	41,791
Total current liabilities	539,003	435,614
Long-term debt	1,567,231	920,935
Other long-term liabilities	161,783	91,796
Total liabilities	2,268,017	1,448,345
Stockholders' equity	4,292,665	4,359,679
Total liabilities and stockholders' equity	\$ 6,560,682	\$ 5,808,024

At Qorvo®
Doug DeLieto
VP, Investor Relations
1.336.678.7968



Source: Qorvo, Inc.