



Qorvo® Announces Fiscal 2021 First Quarter Financial Results

Jul 29, 2020

GREENSBORO, N.C., July 29, 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 2021 first quarter, ended June 27, 2020.

On a GAAP basis, revenue for Qorvo's fiscal 2021 first quarter was \$787 million, gross margin was 41.4%, operating income was \$93 million and diluted earnings per share was \$0.83. On a non-GAAP basis, gross margin was 48.6%, operating income was \$204 million and diluted earnings per share was \$1.50.

Bob Bruggeworth, president and chief executive officer of Qorvo, said, "Qorvo delivered an exceptional June quarter, with revenue and EPS well above guidance. The Qorvo team continues to operate very well in a challenging environment. We are supporting leading customers with best-in-class products, and our technology investments are aligned with long-term market drivers in 5G handsets and infrastructure, defense, Wi-Fi 6 and IoT."

Strategic Highlights

- Achieved record infrastructure revenue supporting 5G base station deployments and sampled GaN power amplifiers for upcoming U.S. C-band spectrum allocations
- Ramped programmable power management solution and Wi-Fi 6 FEM for a leading drone manufacturer, enabling longer flight time, greater range and larger payload
- Awarded design wins for integrated GaN multi-chip broadband Tx/Rx module and 50-watt GaN power amplifier for defense radar programs
- Experienced continued strong demand for Wi-Fi 6 products, including FEMs and BAW filters, driven by work-from-home trends
- Commenced shipments of integrated ultra-low power, multi-protocol Zigbee, BLE and Thread IoT solution supporting one of the largest providers of smart home infrastructure solutions
- Requested an emergency use authorization (EUA) from the FDA for COVID-19 antibody testing using Qorvo Biotechnologies' platform featuring a unique sensor technology
- Ramped innovative antennectplexer solution addressing antenna network complexity and optimizing system efficiency for upcoming foldable smartphone
- Captured complete main path (highly integrated low-band, mid-/high-band and ultra-high-band modules) at leading Android® smartphone manufacturers for upcoming 5G product launches
- Commenced high volume UWB shipments enabling superior accuracy and reliability in spatial awareness applications, including contact tracing/social distancing, for numerous customers globally
- Increased mobile power management shipments, driven by adoption of 4G/5G dual transmit

Financial Commentary and Outlook

Mark Murphy, chief financial officer of Qorvo, said, "The rollout of 5G and Qorvo's operational performance helped drive a June quarter well above our expectations. During the September quarter, we expect robust end market demand and ongoing operational improvements to drive healthy revenue growth, gross margin expansion to approximately 50%, and continued strong free cash flow."

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

- Quarterly revenue in the range of \$925 million to \$955 million
- Non-GAAP gross margin of approximately 50%
- Non-GAAP diluted earnings per share of \$1.90 at the midpoint of guidance
- Note: fiscal year 2021 is a 53-week fiscal year, and the September quarter is a 14-week fiscal quarter

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 June 27, 2020	For the quarter ended March 28, 2020	Change vs. Q4 FY 2020
Revenue	\$ 787.5	\$ 787.8	\$ (0.3)
Gross profit	\$ 325.8	\$ 335.8	\$ (10.0)
Gross margin	41.4 %	42.6 %	(1.2) ppt
Operating expenses	\$ 233.1	\$ 233.6	\$ (0.5)
Operating income	\$ 92.7	\$ 102.2	\$ (9.5)
Net income	\$ 96.9	\$ 50.4	\$ 46.5
Weighted average diluted shares	116.8	117.8	(1.0)
Diluted EPS	\$ 0.83	\$ 0.43	\$ 0.40

SELECTED NON-GAAP RESULTS¹

(Unaudited)

(In millions, except for percentages and EPS)

	For the quarter ended June 27, 2020	For the quarter ended March 28, 2020	Change vs. Q4 FY 2020
Gross profit	\$ 382.5	\$ 390.9	\$ (8.4)
Gross margin	48.6 %	49.6 %	(1.0) ppt
Operating expenses	\$ 178.7	\$ 181.0	\$ (2.3)
Operating income	\$ 203.7	\$ 209.9	\$ (6.2)
Net income	\$ 175.1	\$ 185.3	\$ (10.2)
Weighted average diluted shares	116.8	117.8	(1.0)
Diluted EPS	\$ 1.50	\$ 1.57	\$ (0.07)

SELECTED GAAP RESULTS

(Unaudited)

(In millions, except for percentages and EPS)

	For the quarter ended June 27, 2020	For the quarter ended June 29, 2019	Change vs. Q1 FY 2020
Revenue	\$ 787.5	\$ 775.6	\$ 11.9
Gross profit	\$ 325.8	\$ 294.3	\$ 31.5
Gross margin	41.4 %	37.9 %	3.5 ppt
Operating expenses	\$ 233.1	\$ 239.1	\$ (6.0)
Operating income	\$ 92.7	\$ 55.2	\$ 37.5
Net income	\$ 96.9	\$ 39.5	\$ 57.4
Weighted average diluted shares	116.8	121.1	(4.3)
Diluted EPS	\$ 0.83	\$ 0.33	\$ 0.50

SELECTED NON-GAAP RESULTS¹

(Unaudited)

(In millions, except for percentages and EPS)

	For the quarter ended June 27, 2020	For the quarter ended June 29, 2019	Change vs. Q1 FY 2020
Gross profit	\$ 382.5	\$ 358.0	\$ 24.5
Gross margin	48.6 %	46.2 %	2.4 ppt
Operating expenses	\$ 178.7	\$ 167.9	\$ 10.8
Operating income	\$ 203.7	\$ 190.1	\$ 13.6
Net income	\$ 175.1	\$ 165.3	\$ 9.8
Weighted average diluted shares	116.8	121.1	(4.3)
Diluted EPS	\$ 1.50	\$ 1.36	\$ 0.14

¹Excludes stock-based compensation expense, amortization of intangible assets, restructuring related charges, acquisition and integration related costs, accelerated depreciation, loss (gain) on assets, start-up costs, gain (loss) on investments, other (income) expense 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, loss (gain) on assets, 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, loss (gain) on assets, 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, loss (gain) on assets, accelerated depreciation, start-up costs, certain non-cash expenses, (gain) loss on investments, other (income) expense 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 2952909. The playback will be available through the close of business August 5, 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; the COVID-19 outbreak, which has and will likely continue to negatively impact the global economy and disrupt normal business activities, and which may have an adverse effect on our results of operations; our dependence on third parties; risks related to sales through distributors; risks associated with the operation of our manufacturing facilities; business disruptions; 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 and future 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. Many of the foregoing risks and uncertainties are, and will continue to be, exacerbated by the COVID-19 outbreak and any worsening of the global business and economic environment as a result. 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

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

	Three Months Ended	
	June 27, 2020	June 29, 2019
Revenue	\$ 787,451	\$ 775,598
Costs and expenses:		
Cost of goods sold	461,662	481,309
Research and development	130,071	118,920
Selling, general and administrative	86,604	88,979
Other operating expense	16,402	31,164
Total costs and expenses	694,739	720,372
Operating income	92,712	55,226
Interest expense	(18,849)	(11,864)
Other income	23,137	1,835
Income before income taxes	97,000	45,197
Income tax expense	(78)	(5,656)
Net income	\$ 96,922	\$ 39,541
Net income per share, diluted	\$ 0.83	\$ 0.33
Weighted average outstanding diluted shares	116,751	121,123

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

	Three Months Ended		
	June 27, 2020	March 28, 2020	June 29, 2019
GAAP operating income	\$ 92,712	\$ 102,154	\$ 55,226
Stock-based compensation expense	21,859	13,768	24,953
Amortization of intangible assets	71,944	69,183	58,182
Restructuring related charges	938	3,958	8,031
Acquisition and integration related costs	12,663	23,986	23,130
Accelerated depreciation	—	221	15,938
Loss (gain) on assets, start-up costs and other non-cash expenses	3,622	(3,326)	4,599

Non-GAAP operating income	\$ 203,738	\$ 209,944	\$ 190,059
GAAP net income	\$ 96,922	\$ 50,390	\$ 39,541
Stock-based compensation expense	21,859	13,768	24,953
Amortization of intangible assets	71,944	69,183	58,182
Restructuring related charges	938	3,958	8,031
Acquisition and integration related costs	12,663	23,986	23,130
Accelerated depreciation	—	221	15,938
Loss (gain) on assets, start-up costs and other non-cash expenses	3,622	(3,326)	4,599
(Gain) loss on investments	(14,617)	18,789	(661)
Other (income) expense	(3,039)	3,765	661
Adjustment of income taxes	(15,212)	4,607	(9,105)
Non-GAAP net income	\$ 175,080	\$ 185,341	\$ 165,269
GAAP weighted average outstanding diluted shares	116,751	117,757	121,123
Dilutive stock-based awards	—	—	—
Non-GAAP weighted average outstanding diluted shares	116,751	117,757	121,123
Non-GAAP net income per share, diluted	\$ 1.50	\$ 1.57	\$ 1.36

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

(in thousands, except percentages)	Three Months Ended					
	June 27, 2020		March 28, 2020		June 29, 2019	
GAAP gross profit/margin	\$ 325,789	41.4 %	\$ 335,781	42.6 %	\$ 294,289	37.9 %
Amortization of intangible assets	51,945	6.6 %	49,866	6.3 %	40,763	5.3 %
Restructuring related charges	—	—%	2,058	0.3 %	1,836	0.2 %
Stock-based compensation expense	4,616	0.6 %	2,571	0.3 %	3,041	0.4 %
Accelerated depreciation	—	—%	221	—%	15,938	2.1 %
Other non-cash expenses	125	—%	408	0.1 %	2,089	0.3 %
Non-GAAP gross profit/margin	\$ 382,475	48.6 %	\$ 390,905	49.6 %	\$ 357,956	46.2 %

Non-GAAP Operating Income		Three Months Ended June 27, 2020	
(as a percentage of sales)			
GAAP operating income			11.8 %
Stock-based compensation expense			2.8 %
Amortization of intangible assets			9.1 %
Restructuring related charges			0.1 %
Acquisition and integration related costs			1.6 %
Loss on assets, start-up costs and other non-cash expenses			0.5 %
Non-GAAP operating income			25.9 %

Free Cash Flow (1)		Three Months Ended June 27, 2020	
(in millions)			
Net cash provided by operating activities		\$	214.3
Purchases of property and equipment			(29.9)
Free cash flow		\$	184.4

(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		
	June 27, 2020	March 28, 2020	June 29, 2019
GAAP research and development expense	\$ 130,071	\$ 127,029	\$ 118,920
Less:			
Stock-based compensation expense	6,964	6,242	6,063
Other non-cash expenses	526	482	487
Non-GAAP research and development expense	<u>\$ 122,581</u>	<u>\$ 120,305</u>	<u>\$ 112,370</u>

	Three Months Ended		
	June 27, 2020	March 28, 2020	June 29, 2019
GAAP selling, general and administrative expense	\$ 86,604	\$ 85,111	\$ 88,979
Less:			
Stock-based compensation expense	10,277	4,955	15,849
Amortization of intangible assets	19,999	19,318	17,419
Other non-cash expenses	173	182	185
Non-GAAP selling, general and administrative expense	<u>\$ 56,155</u>	<u>\$ 60,656</u>	<u>\$ 55,526</u>

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

	June 27, 2020	March 28, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,136,302	\$ 714,939
Accounts receivable, net	325,993	367,172
Inventories	523,690	517,198
Other current assets	93,344	91,193
Total current assets	<u>2,079,329</u>	<u>1,690,502</u>
Property and equipment, net	1,235,676	1,259,203
Goodwill	2,615,178	2,614,274
Intangible assets, net	738,346	808,892
Long-term investments	36,921	22,515
Other non-current assets	177,236	165,296
Total assets	<u>\$ 6,882,686</u>	<u>\$ 6,560,682</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 418,258	\$ 464,755
Other current liabilities	91,074	74,248
Total current liabilities	<u>509,332</u>	<u>539,003</u>
Long-term debt	1,869,502	1,567,231
Other long-term liabilities	152,607	161,783
Total liabilities	<u>2,531,441</u>	<u>2,268,017</u>
Stockholders' equity	4,351,245	4,292,665
Total liabilities and stockholders' equity	<u>\$ 6,882,686</u>	<u>\$ 6,560,682</u>

At Qorvo®
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