



Qorvo® Announces Fiscal 2021 Fourth Quarter Financial Results

May 05, 2021

GREENSBORO, N.C., May 05, 2021 (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 fourth quarter ended April 3, 2021.

On a GAAP basis, revenue for Qorvo's fiscal 2021 fourth quarter was \$1.073 billion, gross margin was 49.3%, operating income was \$293 million and diluted earnings per share was \$2.60. On a non-GAAP basis, gross margin was 52.6%, operating income was \$357 million and diluted earnings per share was \$2.74.

Bob Bruggeworth, president and chief executive officer of Qorvo, said, "Qorvo's March quarterly revenue exceeded expectations driven by demand in 5G handsets and Wi-Fi 6 and 6E. Our outlook is strong as Qorvo is enabling multiyear upgrade cycles in existing markets and introducing disruptive technologies including ultra-wideband, RF-based biotechnology testing and MEMS-based solutions.

"After the quarter closed, we acquired NextInput, a pioneer in the emerging field of force-sensing solutions utilizing MEMS-based sensors. We welcome the NextInput team to the Qorvo family, and we are excited to expand our technology portfolio and accelerate the deployment of the technology to our broad customer base and new markets."

Strategic Highlights

- Achieved record shipments of LB, MHB and UHB main path solutions and Wi-Fi 6E FEMs in support of leading Android® smartphone OEMs
- Continued to expand content opportunity with leading Android OEMs by securing complete main path solutions and secondary transmit in the diversity path
- Selected by leading provider of consumer IoT products to integrate UWB into a broad set of connected home devices
- Honored by Samsung® with its *Best Quality Award* in recognition of Qorvo's innovation and outstanding performance in support of the Galaxy® product family
- Secured full Wi-Fi 6 RFFE BOM in support of major U.S. MSO gateway and released multiple 5 GHz iFEMs delivering improved band isolation and enhancing capacity and range in tri-band Wi-Fi 6 home mesh networks
- Received initial production orders for cellular V2X front end modules and BAW coexistence filters to support the leading European automotive OEMs
- Supported successful landing of NASA's JPL Mars Perseverance rover with components integrated into the descent radar
- Released reconfigurable dual-band (S band and X band) GaN power amplifier MMIC, enabling more compact next-generation radar systems
- Continued to ramp shipments of GaN PAs and small signal components to major base station OEM supporting U.S. C-band mMIMO deployments and achieved additional design wins for mMIMO deployments in Japan, Korea and Canada
- After the quarter, received an EUA from the FDA for the Omnia™ COVID-19 rapid antigen test, utilizing BAW sensors for high sensitivity and specificity
- After the quarter, acquired NextInput, a pioneer in the emerging field of force sensing human-machine interface solutions utilizing MEMS sensors for smartphones, wearables, automobiles and other applications

Financial Commentary and Outlook

Mark Murphy, chief financial officer of Qorvo, said, "We expect robust end market demand to support double-digit revenue growth and operating margin expansion for Qorvo's current fiscal year ending March 2022. On this outlook and projected free cash flow, the board of directors has approved a \$2 billion share repurchase authorization."

Qorvo currently believes the demand environment in its end markets supports the following expectations for the June 2021 quarter:

- Quarterly revenue of \$1.065 billion to \$1.095 billion
- Non-GAAP gross margin of approximately 50%
- Non-GAAP diluted earnings per share of \$2.45 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 April 3, 2021	For the quarter ended January 2, 2021	Change vs. Q3 FY 2021
Revenue	\$ 1,072.7	\$ 1,094.8	\$ (22.1)
Gross profit	\$ 528.5	\$ 537.8	\$ (9.3)
Gross margin	49.3%	49.1%	0.2 ppt
Operating expenses	\$ 235.4	\$ 238.5	\$ (3.1)
Operating income	\$ 293.1	\$ 299.2	\$ (6.1)
Net income	\$ 298.7	\$ 201.0	\$ 97.7
Weighted average diluted shares	115.0	115.7	(0.7)
Diluted EPS	\$ 2.60	\$ 1.74	\$ 0.86

SELECTED NON-GAAP RESULTS¹

(Unaudited)

(In millions, except for percentages and EPS)

	For the quarter ended April 3, 2021	For the quarter ended January 2, 2021	Change vs. Q3 FY 2021
Revenue	\$ 1,072.7	\$ 1,094.8	\$ (22.1)
Gross profit	\$ 564.7	\$ 595.6	\$ (30.9)
Gross margin	52.6%	54.4%	(1.8) ppt
Operating expenses	\$ 207.5	\$ 194.2	\$ 13.3
Operating income	\$ 357.2	\$ 401.4	\$ (44.2)
Net income	\$ 315.4	\$ 356.7	\$ (41.3)
Weighted average diluted shares	115.0	115.7	(0.7)
Diluted EPS	\$ 2.74	\$ 3.08	\$ (0.34)

SELECTED GAAP RESULTS

(Unaudited)

(In millions, except for percentages and EPS)

	For the quarter ended April 3, 2021	For the quarter ended March 28, 2020	Change vs. Q4 FY 2020
Revenue	\$ 1,072.7	\$ 787.8	\$ 284.9
Gross profit	\$ 528.5	\$ 335.8	\$ 192.7
Gross margin	49.3%	42.6%	6.7 ppt
Operating expenses	\$ 235.4	\$ 233.6	\$ 1.8
Operating income	\$ 293.1	\$ 102.2	\$ 190.9
Net income	\$ 298.7	\$ 50.4	\$ 248.3
Weighted average diluted shares	115.0	117.8	(2.8)
Diluted EPS	\$ 2.60	\$ 0.43	\$ 2.17

SELECTED NON-GAAP RESULTS¹

(Unaudited)

(In millions, except for percentages and EPS)

	For the quarter ended April 3, 2021	For the quarter ended March 28, 2020	Change vs. Q4 FY 2020
Revenue	\$ 1,072.7	\$ 787.8	\$ 284.9
Gross profit	\$ 564.7	\$ 390.9	\$ 173.8
Gross margin	52.6%	49.6%	3.0 ppt
Operating expenses	\$ 207.5	\$ 181.0	\$ 26.5
Operating income	\$ 357.2	\$ 209.9	\$ 147.3
Net income	\$ 315.4	\$ 185.3	\$ 130.1
Weighted average diluted shares	115.0	117.8	(2.8)
Diluted EPS	\$ 2.74	\$ 1.57	\$ 1.17

¹ Excludes stock-based compensation expense, amortization of intangible assets, restructuring related charges, acquisition and integration related costs, loss (gain) on assets, start-up costs, loss on debt extinguishment, (gain) loss on investments, impairment on investment, 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 gross profit and gross margin, (ii) non-GAAP operating income and operating margin, (iii) non-GAAP net income, (iv) non-GAAP net income per diluted share, (v) non-GAAP operating expenses (research and development; selling, general and administrative), (vi) free cash flow, (vii) EBITDA, (viii) non-GAAP return on invested capital (ROIC), and (ix) 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, restructuring related charges and certain non-cash expenses. We believe that exclusion of these costs in presenting non-GAAP gross profit and gross margin facilitates a useful evaluation of our historical performance and projected costs and the potential for realizing cost efficiencies. We view amortization of acquisition-related intangible assets, such as the amortization of the cost associated with an acquired company's research and development efforts, trade names, and customer relationships, as items arising from pre-acquisition activities, determined at the time of an acquisition, rather than ongoing costs of operating Qorvo's business. While these intangible assets are continually evaluated for impairment, amortization of the cost of purchased intangible assets is a static expense, which is not typically affected by operations during any particular period. Although we exclude the amortization of purchased intangible assets from these non-GAAP financial measures, management believes that it is important for investors to understand that such intangible assets were recorded as part of purchase price accounting and contribute to revenue generation.

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 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 facilitates a useful evaluation of 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, 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, 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 facilitates a useful evaluation of 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, start-up costs, certain non-cash expenses, loss on debt extinguishment, (gain) loss on investments, impairment on investment, 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 operating expenses (research and development and selling, general and administrative). 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 facilitates a useful evaluation of 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, and free cash flow margin is calculated as free cash flow as a percentage of revenue. 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 financial measures. Our earnings release contains forward-looking free cash flow, 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 6818780. The playback will be available through the close of business May 12, 2021.

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 pandemic, 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 pandemic 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		Twelve Months Ended	
	April 3, 2021	March 28, 2020	April 3, 2021	March 28, 2020
Revenue	\$ 1,072,730	\$ 787,772	\$ 4,015,307	\$ 3,239,141
Costs and expenses:				
Cost of goods sold	544,255	451,991	2,131,741	1,917,378
Research and development	147,285	127,029	570,395	484,414
Selling, general and administrative	78,123	85,111	367,238	343,569
Other operating expense	9,999	21,487	39,306	70,564
Total costs and expenses	779,662	685,618	3,108,680	2,815,925
Operating income	293,068	102,154	906,627	423,216
Interest expense	(15,410)	(18,935)	(75,198)	(60,392)
Other income (expense), net	9,128	(18,584)	(24,049)	32,265
Income before income taxes	286,786	64,635	807,380	395,089
Income tax benefit (expense)	11,951	(14,245)	(73,769)	(60,764)
Net income	\$ 298,737	\$ 50,390	\$ 733,611	\$ 334,325
Net income per share, diluted	\$ 2.60	\$ 0.43	\$ 6.32	\$ 2.80
Weighted average outstanding diluted shares	115,010	117,757	116,016	119,293

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

	Three Months Ended		
	April 3, 2021	January 2, 2021	March 28, 2020
GAAP operating income	\$ 293,068	\$ 299,203	\$ 102,154
Stock-based compensation expense	18,168	19,247	13,768

Amortization of intangible assets	34,934	73,112	69,183
Restructuring related charges	629	546	3,958
Acquisition and integration related costs	7,763	5,261	23,986
Loss (gain) on assets, start-up costs and other non-cash expenses	2,666	3,990	(3,105)
Non-GAAP operating income	<u>\$ 357,228</u>	<u>\$ 401,359</u>	<u>\$ 209,944</u>
GAAP net income	\$ 298,737	\$ 201,035	\$ 50,390
Stock-based compensation expense	18,168	19,247	13,768
Amortization of intangible assets	34,934	73,112	69,183
Restructuring related charges	629	546	3,958
Acquisition and integration related costs	7,763	5,261	23,986
Loss (gain) on assets, start-up costs and other non-cash expenses	2,666	3,990	(3,105)
Loss on debt extinguishment	—	61,991	—
(Gain) loss on investments	(7,257)	388	—
Impairment on investment	—	—	18,336
Other (income) expense	(1,588)	(2,850)	4,218
Adjustment of income taxes	<u>(38,670)</u>	<u>(6,033)</u>	<u>4,607</u>
Non-GAAP net income	<u>\$ 315,382</u>	<u>\$ 356,687</u>	<u>\$ 185,341</u>
GAAP weighted average outstanding diluted shares	115,010	115,690	117,757
Dilutive stock-based awards	—	—	—
Non-GAAP weighted average outstanding diluted shares	<u>115,010</u>	<u>115,690</u>	<u>117,757</u>
Non-GAAP net income per share, diluted	<u>\$ 2.74</u>	<u>\$ 3.08</u>	<u>\$ 1.57</u>

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

<i>(in thousands, except percentages)</i>	Three Months Ended					
	April 3, 2021		January 2, 2021		March 28, 2020	
GAAP gross profit/margin	\$ 528,475	49.3%	\$ 537,752	49.1%	\$ 335,781	42.6%
Amortization of intangible assets	30,993	2.9%	52,989	4.9%	49,866	6.3%
Restructuring related charges	—	—%	—	—%	2,058	0.3%
Stock-based compensation expense	4,858	0.4%	4,478	0.4%	2,571	0.3%
Other non-cash expenses	375	—%	375	—%	629	0.1%
Non-GAAP gross profit/margin	<u>\$ 564,701</u>	<u>52.6%</u>	<u>\$ 595,594</u>	<u>54.4%</u>	<u>\$ 390,905</u>	<u>49.6%</u>

Non-GAAP Operating Income	Three Months Ended
<i>(as a percentage of sales)</i>	April 3, 2021
GAAP operating income	27.3%
Stock-based compensation expense	1.7%
Amortization of intangible assets	3.3%
Restructuring related charges	0.1%
Acquisition and integration related costs	0.7%
Loss on assets, start-up costs and other non-cash expenses	0.2%
Non-GAAP operating income	<u>33.3%</u>

Free Cash Flow (1)	Three Months Ended
<i>(in millions)</i>	April 3, 2021

Net cash provided by operating activities	\$ 402.9
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Purchases of property and equipment	(77.4)
Free cash flow	\$ 325.5

(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		
	April 3, 2021	January 2, 2021	March 28, 2020
GAAP research and development expense	\$ 147,285	\$ 136,697	\$ 127,029
Less:			
Stock-based compensation expense	7,708	7,897	6,242
Other non-cash expenses	526	525	482
Non-GAAP research and development expense	<u>\$ 139,051</u>	<u>\$ 128,275</u>	<u>\$ 120,305</u>

	Three Months Ended		
	April 3, 2021	January 2, 2021	March 28, 2020
GAAP selling, general and administrative expense	\$ 78,123	\$ 93,139	\$ 85,111
Less:			
Stock-based compensation expense	5,602	6,872	4,955
Amortization of intangible assets	3,941	20,123	19,318
Other non-cash expenses	159	184	182
Non-GAAP selling, general and administrative expense	<u>\$ 68,421</u>	<u>\$ 65,960</u>	<u>\$ 60,656</u>

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

	April 3, 2021	March 28, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,397,880	\$ 714,939
Accounts receivable, net	457,431	367,172
Inventories	507,787	517,198
Other current assets	120,706	91,193
Total current assets	<u>2,483,804</u>	<u>1,690,502</u>
Property and equipment, net	1,266,031	1,259,203
Goodwill	2,642,708	2,614,274
Intangible assets, net	611,155	808,892
Long-term investments	35,370	22,515
Other non-current assets	182,402	165,296
Total assets	<u>\$ 7,221,470</u>	<u>\$ 6,560,682</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 568,928	\$ 464,755
Other current liabilities	112,653	74,248
Total current liabilities	<u>681,581</u>	<u>539,003</u>
Long-term debt	1,742,550	1,567,231
Other long-term liabilities	167,914	161,783
Total liabilities	<u>2,592,045</u>	<u>2,268,017</u>

Stockholders' equity	<u>4,629,425</u>	<u>4,292,665</u>
Total liabilities and stockholders' equity	<u>\$ 7,221,470</u>	<u>\$ 6,560,682</u>

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