



August 2, 2017

## Qorvo® Announces Fiscal 2018 First Quarter Results

GREENSBORO, N.C., Aug. 02, 2017 (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 2018 first quarter, ended July 1, 2017. On a GAAP basis, fiscal 2018 first quarter revenue was \$640.8 million, gross margin was 36.9%, operating loss was \$27.8 million, and diluted loss per share was \$0.24. On a non-GAAP basis, fiscal 2018 first quarter revenue was \$639.9 million, gross margin was 47.3%, operating income was \$137.4 million, or 21.5% of sales, and diluted EPS was \$0.87.

Bob Bruggeworth, president and chief executive officer of Qorvo, said, "The Qorvo team delivered June quarter revenue and EPS at the high end of our guidance with continued progress toward achieving our margin targets. We're particularly proud of the strong revenue growth in IDP. Our IDP product portfolio is capturing diverse, high-growth opportunities with differentiated technologies, and this is driving record bookings. In Mobile Products, we've secured designs for a broad suite of new products, and we're excited about ongoing development programs for marquee platforms. We're building our industry's most highly integrated RF solutions, and we're targeting the most complex and most profitable opportunities."

### Quarterly Highlights

- | Achieved record IDP revenue of \$184 million, up 9% sequentially and 22% year-over-year, led by IoT and defense
- | Secured 28 GHz wins supporting Samsung® 5G MIMO demo at 2018 Winter Olympics
- | Commenced commercial shipments of 39 GHz FEMs for 5G infrastructure
- | Designed into Technicolor® DOCSIS 3.1 gateway with 2.4 GHz and 5 GHz Wi-Fi solutions
- | Supplied multi-protocol 802.14 IoT SoCs to leading providers of cable TV and satellite TV
- | Selected by the leading China-based smartphone OEM to support marquee smartphone ramping this fall with power amplifiers, premium filters, high-performance switches and an ET PMIC
- | Secured designs for broad suite of BAW 5 products, including: quadplexers for carrier aggregation (CA); Wi-Fi iFEMs for Oppo®, Xiaomi® and LG®; and a Wi-Fi coexistence filter for a marquee smartphone platform
- | Supported new smartphone entrant in the Android® ecosystem with more than \$12 of Qorvo RF content
- | Honored by Vivo® with "Innovation Technology Partner" Award

### Financial Commentary and Outlook

Mark Murphy, chief financial officer of Qorvo, said, "In the second quarter, we expect strong sequential growth on seasonal phone launches, a modest China recovery, and continued strength in IDP. In Mobile Products, we expect double-digit year-over-year growth in the second half of the fiscal year, reflecting our current view of timing of program ramps and China market dynamics. In IDP, we are projecting over 15% full-year growth on strength across multiple markets. Our operating performance continues to improve, and we now expect free cash flow will triple in fiscal year 2018."

Qorvo currently expects the demand environment in its end markets supports the following non-GAAP expectations for the September 2017 quarter:

- | Quarterly revenue in the range of \$800 million to \$820 million
- | Gross margin of approximately 47.8%, up 50 bps from the prior quarter
- | Diluted EPS in the range of \$1.36 to \$1.50

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 reconciliation of GAAP and non-GAAP financial information, attached.

#### SELECTED GAAP RESULTS (Unaudited)

(In millions, except for percentages and EPS)

	For the quarter ended July 1, 2017	For the quarter ended April 1, 2017	Change vs. Q4 FY 2017
Revenue	\$ 640.8	\$ 643.0	\$ (2.2)
Gross profit	\$ 236.4	\$ 231.6	\$ 4.8
Gross margin	36.9%	36.0%	0.9 ppt
Operating expenses	\$ 264.2	\$ 256.1	\$ 8.1
Operating loss	\$ (27.8)	\$ (24.5)	\$ (3.3)
Net (loss) income	\$ (30.6)	\$ 55.9	\$ (86.5)
Weighted average diluted shares	127.0	131.0	(4.0)
Diluted EPS	\$ (0.24)	\$ 0.43	\$ (0.67)

### SELECTED NON-GAAP RESULTS<sup>1</sup>

(Unaudited)

(In millions, except for percentages and EPS)

	For the quarter ended July 1, 2017	For the quarter ended April 1, 2017	Change vs. Q4 FY 2017
Revenue	\$ 639.9	\$ 642.0	\$ (2.1)
Gross profit	\$ 302.9	\$ 296.5	\$ 6.4
Gross margin	47.3%	46.2%	1.1 ppt
Operating expenses	\$ 165.5	\$ 163.1	\$ 2.4
Operating income	\$ 137.4	\$ 133.4	\$ 4.0
Net income	\$ 113.9	\$ 111.7	\$ 2.2
Weighted average diluted shares	131.3	131.0	0.3
Diluted EPS	\$ 0.87	\$ 0.85	\$ 0.02

### SELECTED GAAP RESULTS

(Unaudited)

(In millions, except for percentages and EPS)

	For the quarter ended July 1, 2017	For the quarter ended July 2, 2016	Change vs. Q1 FY 2017
Revenue	\$ 640.8	\$ 698.5	\$ (57.7)
Gross profit	\$ 236.4	\$ 276.5	\$ (40.1)
Gross margin	36.9%	39.6%	-2.7 ppt
Operating expenses	\$ 264.2	\$ 270.7	\$ (6.5)
Operating (loss) income	\$ (27.8)	\$ 5.7	\$ (33.5)
Net loss	\$ (30.6)	\$ (5.7)	\$ (24.9)
Weighted average diluted shares	127.0	127.5	(0.5)
Diluted EPS	\$ (0.24)	\$ (0.04)	\$ (0.20)

### SELECTED NON-GAAP RESULTS<sup>1</sup>

(Unaudited)

(In millions, except for percentages and EPS)

	For the quarter ended July 1, 2017	For the quarter ended July 2, 2016	Change vs. Q1 FY 2017
Revenue	\$ 639.9	\$ 697.6	\$ (57.7)
Gross profit	\$ 302.9	\$ 336.2	\$ (33.3)
Gross margin	47.3%	48.2%	-0.9 ppt
Operating expenses	\$ 165.5	\$ 168.6	\$ (3.1)
Operating income	\$ 137.4	\$ 167.6	\$ (30.2)
Net income	\$ 113.9	\$ 143.1	\$ (29.2)
Weighted average diluted shares	131.3	132.6	(1.3)
Diluted EPS	\$ 0.87	\$ 1.08	\$ (0.21)

<sup>1</sup>Excludes stock-based compensation, amortization of intangibles, acquisition and integration related costs, non-cash deferred royalty revenue and equal and offsetting non-cash prepaid royalty amortization, start-up costs, restructuring and disposal costs, loss (gain) on assets, loss (gain) on investment, 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 revenue.* Non-GAAP revenue excludes non-cash deferred royalty revenue. We believe that the exclusion of this non-cash adjustment to revenue provides management and investors a more effective means of evaluating our historical and projected performance.

*Non-GAAP gross profit and gross margin.* Non-GAAP gross profit and gross margin exclude stock-based compensation expense, amortization of intangible assets, acquired inventory step-up and revaluation, non-cash deferred royalty revenue, non-cash prepaid royalty amortization, 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 both prior periods as well as to its competitors. We also believe that the adjustments to profit and margin related to non-cash deferred royalty revenue, non-cash prepaid royalty amortization, restructuring and disposal costs 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, acquired inventory step-up and revaluation, restructuring and disposal costs, 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 acquired inventory step-up and revaluation, restructuring and disposal costs, acquisition and integration related costs, (gain) loss 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 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, acquired inventory step-up and revaluation, restructuring and disposal costs, acquisition and integration related costs, (gain) loss on assets, start-up costs, certain non-cash expenses, (gain) loss on investment and also reflect an adjustment of income taxes. The income tax adjustment primarily represents the use of net operating loss and research and development tax credit carryforwards, deferred tax expense not affecting taxes payable, tax deductible stock-based compensation expense in excess of GAAP stock-based compensation expense, and non-cash expense (benefit) related to uncertain tax positions. 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, acquisition and integration related costs and certain non-cash expenses. 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 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 non-GAAP revenue, 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. GAAP revenue is expected to reconcile within \$1.0 million of the quarterly forecasted non-GAAP revenue. We are unable to provide a reconciliation of the remaining forward-looking non-GAAP financial measures to the most directly comparable forward-looking GAAP financial measures because due to variability and difficulty in making accurate projections for items such as stock-based compensation, integration related costs, restructuring charges and the provision for income taxes, we are unable to quantify certain amounts that would be required to be included in the GAAP measures without unreasonable effort. 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 revenue, non-GAAP gross profit and gross margin, non-GAAP operating expenses, non-GAAP operating income and operating margin, non-GAAP net income, non-GAAP diluted earnings per share, free cash flow, EBITDA, non-GAAP ROIC and net debt or positive net cash, as an analytical tool compared to the most directly comparable GAAP financial measures of gross profit and gross margin, operating expenses, operating income, net income, diluted earnings per share and net cash provided by operating activities are (i) they may not be comparable to similarly titled measures used by other companies in our industry, and (ii) they 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. EDT 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 passcode 6860166. The playback will be available through the close of business August 9, 2017.

## **About Qorvo**

Qorvo (NASDAQ:QRVO) makes a better world possible by providing innovative 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 our 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](http://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 the federal securities laws. Qorvo's business is subject to numerous risks and uncertainties, including variability in operating results, the inability of certain of our customers or suppliers to access their traditional sources of credit, our industry's rapidly changing technology, our dependence on a few large customers for a substantial portion of our revenue, a loss of revenue if contracts with the U.S. government or defense and aerospace contractors are canceled or delayed, our ability to implement innovative

technologies, our ability to bring new products to market and achieve design wins, the efficient and successful operation of our wafer fabrication facilities, assembly facilities and test and tape and reel facilities, our ability to adjust production capacity in a timely fashion in response to changes in demand for our products, variability in manufacturing yields, industry overcapacity and current macroeconomic conditions, inaccurate product forecasts and corresponding inventory and manufacturing costs, dependence on third parties and our ability to manage platform providers and customer relationships, our dependence on international sales and operations, our ability to attract and retain skilled personnel and develop leaders, the possibility that future acquisitions may dilute our shareholders' ownership and cause us to incur debt and assume contingent liabilities, fluctuations in the price of our common stock, additional claims of infringement on our intellectual property portfolio, lawsuits and claims relating to our products, security breaches and other similar disruptions compromising our information and exposing us to liability, and the impact of stringent environmental regulations. 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.

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**QORVO, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

*(In thousands, except per share data)*

*(Unaudited)*

	<b>Three Months Ended</b>	
	<b>July 1, 2017</b>	<b>July 2, 2016</b>
Revenue	\$ 640,831	\$ 698,537
Costs and expenses:		
Cost of goods sold	404,454	422,062
Research and development	116,499	117,137
Selling, general and administrative	139,431	143,595
Other operating expense	8,276	10,002
Total costs and expenses	<u>668,660</u>	<u>692,796</u>
(Loss) income from operations	(27,829)	5,741
Interest expense	(12,271)	(15,187)
Other income (expense), net	<u>(168)</u>	<u>(222)</u>
Loss before income taxes	\$ (40,268)	\$ (9,668)
Income tax benefit	9,644	3,993
Net loss	<u>\$ (30,624)</u>	<u>\$ (5,675)</u>
Net loss per share, diluted	<u>\$ (0.24)</u>	<u>\$ (0.04)</u>
Weighted average outstanding diluted shares	<u>126,961</u>	<u>127,541</u>

**QORVO, INC. AND SUBSIDIARIES**  
**RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES**

*(In thousands, except per share data)*

*(Unaudited)*

	<b>Three Months Ended</b>		
	<b>July 1, 2017</b>	<b>April 1, 2017</b>	<b>July 2, 2016</b>

GAAP operating (loss) income	\$ (27,829)	\$ (24,456)	\$ 5,741
Stock-based compensation expense	21,126	15,554	30,594
Amortization of intangible assets	134,686	133,427	119,345
Acquired inventory step-up and revaluation	—	—	1,199
Restructuring and disposal costs	531	377	414
Acquisition and integration related costs	2,777	4,243	6,760
Start-up costs	6,624	3,399	2,076
Other (including (gain) loss on assets and other non-cash expenses)	(522)	876	1,499
Non-GAAP operating income	<u>\$ 137,393</u>	<u>\$ 133,420</u>	<u>\$ 167,628</u>
GAAP net (loss) income	\$ (30,624)	\$ 55,908	\$ (5,675)
Stock-based compensation expense	21,126	15,554	30,594
Amortization of intangible assets	134,686	133,427	119,345
Acquired inventory step-up and revaluation	—	—	1,199
Restructuring and disposal costs	531	377	414
Acquisition and integration related costs	2,777	4,243	6,760
Start-up costs	6,624	3,399	2,076
Other (including (gain) loss on assets and other non-cash expenses)	(522)	876	1,499
(Gain) loss on investment	(1,098)	—	456
Adjustment of income taxes	(19,587)	(102,035)	(13,545)
Non-GAAP net income	<u>\$ 113,913</u>	<u>\$ 111,749</u>	<u>\$ 143,123</u>
GAAP weighted average outstanding diluted shares	126,961	131,001	127,541
Diluted stock-based awards	4,384	—	5,053
Non-GAAP weighted average outstanding diluted shares	<u>131,345</u>	<u>131,001</u>	<u>132,594</u>
Non-GAAP net income per share, diluted	<u>\$ 0.87</u>	<u>\$ 0.85</u>	<u>\$ 1.08</u>

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

	<b>Three Months Ended</b>					
	<b>July 1, 2017</b>		<b>April 1, 2017</b>		<b>July 2, 2016</b>	
GAAP gross profit/margin	\$ 236,377	36.9 %	\$ 231,596	36.0 %	\$ 276,475	39.6 %
Adjustment for intangible amortization	62,122	9.7 %	60,966	9.5 %	47,094	6.7 %
Acquired inventory step-up and revaluation	—	— %	—	— %	1,199	0.2 %
Adjustment for stock-based compensation	4,001	0.6 %	3,697	0.6 %	10,758	1.5 %
Other non-cash expenses	431	— %	288	— %	682	0.1 %
Non-cash deferred royalty revenue and equal and offsetting non-cash prepaid royalty amortization (\$970)	—	0.1 %	—	0.1 %	—	0.1 %
Non-GAAP gross profit/margin	<u>\$ 302,931</u>	<u>47.3 %</u>	<u>\$ 296,547</u>	<u>46.2 %</u>	<u>\$ 336,208</u>	<u>48.2 %</u>

**Three Months Ended**  
**July 1, 2017**

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**Non-GAAP Operating Income**  
(as a percentage of sales)

GAAP operating loss	(4.3) %
Stock-based compensation expense	3.3 %
Amortization of intangible assets	21.1 %
Restructuring and disposal costs	0.1 %
Acquisition and integration related costs	0.4 %

Start-up costs	1.0%
Other (including gain on assets and other non-cash expenses)	(0.1)%
Non-GAAP operating income	<u>21.5%</u>

**QORVO, INC. AND SUBSIDIARIES**  
**ADDITIONAL SELECTED NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS**

*(In thousands)*  
*(Unaudited)*

	<b>Three Months Ended</b>		
	<b>July 1, 2017</b>	<b>April 1, 2017</b>	<b>July 2, 2016</b>
GAAP research and development expense	\$ 116,499	\$ 115,670	\$ 117,137
Less:			
Stock-based compensation expense	5,471	6,108	6,343
Other non-cash expenses	462	705	219
Non-GAAP research and development expense	<u>\$ 110,566</u>	<u>\$ 108,857</u>	<u>\$ 110,575</u>

	<b>Three Months Ended</b>		
	<b>July 1, 2017</b>	<b>April 1, 2017</b>	<b>July 2, 2016</b>
GAAP selling, general and administrative expense	\$ 139,431	\$ 132,738	\$ 143,595
Less:			
Stock-based compensation expense	11,587	5,732	13,094
Amortization of intangible assets	72,564	72,461	72,251
Other non-cash expenses	309	275	245
Non-GAAP selling, general and administrative expense	<u>\$ 54,971</u>	<u>\$ 54,270</u>	<u>\$ 58,005</u>

**QORVO, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

*(In thousands)*  
*(Unaudited)*

	<b>July 1, 2017</b>	<b>April 1, 2017</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 512,631	\$ 545,463
Accounts receivable, net	373,711	357,948
Inventories	470,880	430,454
Other current assets	109,994	127,740
Total current assets	<u>1,467,216</u>	<u>1,461,605</u>
Property and equipment, net	1,440,105	1,391,932
Goodwill	2,173,889	2,173,914
Intangible assets, net	1,265,876	1,400,563
Long-term investments	36,248	35,494
Other non-current assets	59,362	58,815
Total assets	<u>\$ 6,442,696</u>	<u>\$ 6,522,323</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**



Current liabilities:

Accounts payable and accrued liabilities	\$ 345,872	\$ 386,830
Other current liabilities	16,046	31,998
Total current liabilities	<u>361,918</u>	<u>418,828</u>
Long-term debt	989,420	989,154
Deferred tax liabilities	89,279	131,511
Other long-term liabilities	89,398	86,108
Total liabilities	<u>1,530,015</u>	<u>1,625,601</u>
Stockholders' equity	4,912,681	4,896,722
Total liabilities and stockholders' equity	<u>\$ 6,442,696</u>	<u>\$ 6,522,323</u>

At Qorvo

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Source: Qorvo, Inc.

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