

SKYWORKS SOLUTIONS, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share amounts)	Three Months Ended	
	December 29, 2023	December 30, 2022
Net revenue	\$ 1,201.5	\$ 1,329.3
Cost of goods sold	694.9	691.6
Gross profit	506.6	637.7
Operating expenses:		
Research and development	153.1	163.9
Selling, general, and administrative	78.8	84.5
Amortization of intangibles	0.2	21.9
Restructuring, impairment, and other charges	16.2	0.4
Total operating expenses	248.3	270.7
Operating income	258.3	367.0
Interest expense	(10.0)	(16.9)
Other income, net	3.4	0.6
Income before income taxes	251.7	350.7
Provision for income taxes	20.4	41.3
Net income	\$ 231.3	\$ 309.4
Earnings per share:		
Basic	\$ 1.45	\$ 1.94
Diluted	\$ 1.44	\$ 1.93
Weighted average shares:		
Basic	159.9	159.8
Diluted	161.0	160.2

SKYWORKS SOLUTIONS, INC.
UNAUDITED RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES

(in millions)	Three Months Ended	
	December 29, 2023	December 30, 2022
GAAP gross profit	\$ 506.6	\$ 637.7
Share-based compensation expense [a]	8.8	2.6
Amortization of acquisition-related intangibles	41.6	44.1
Non-GAAP gross profit	<u>\$ 557.0</u>	<u>\$ 684.4</u>
GAAP gross margin %	42.2 %	48.0 %
Non-GAAP gross margin %	46.4 %	51.5 %

(in millions)	Three Months Ended	
	December 29, 2023	December 30, 2022
GAAP operating income	\$ 258.3	\$ 367.0
Share-based compensation expense [a]	53.3	49.4
Acquisition-related expenses	0.1	8.2
Amortization of acquisition-related intangibles	41.9	66.0
Settlements, gains, losses, and impairments	12.1	0.3
Restructuring and other charges	—	0.4
Non-GAAP operating income	<u>\$ 365.7</u>	<u>\$ 491.3</u>
GAAP operating margin %	21.5 %	27.6 %
Non-GAAP operating margin %	30.4 %	37.0 %

(in millions)	Three Months Ended	
	December 29, 2023	December 30, 2022
GAAP net income	\$ 231.3	\$ 309.4
Share-based compensation expense [a]	53.3	49.4
Acquisition-related expenses	0.1	8.2
Amortization of acquisition-related intangibles	41.9	66.0
Settlements, gains, losses, and impairments	12.1	0.7
Restructuring and other charges	—	0.4
Tax adjustments	(21.7)	(19.5)
Non-GAAP net income	<u>\$ 317.0</u>	<u>\$ 414.6</u>

(in millions)	Three Months Ended	
	December 29, 2023	December 30, 2022
GAAP net income per share, diluted	\$ 1.44	\$ 1.93
Share-based compensation expense [a]	0.33	0.31
Acquisition-related expenses	—	0.05
Amortization of acquisition-related intangibles	0.26	0.41
Settlements, gains, losses, and impairments	0.07	0.01
Restructuring and other charges	—	—
Tax adjustments	(0.13)	(0.12)
Non-GAAP net income per share, diluted	<u>\$ 1.97</u>	<u>\$ 2.59</u>

(in millions)	Three Months Ended	
	December 29, 2023	December 30, 2022
GAAP net cash provided by operating activities	\$ 774.9	\$ 773.4
Capital expenditures	(22.2)	(63.5)
Non-GAAP free cash flow	<u>\$ 752.7</u>	<u>\$ 709.9</u>
GAAP net cash provided by operating activities margin %	64.5 %	64.4 %
Non-GAAP free cash flow margin %	62.6 %	59.1 %

SKYWORKS SOLUTIONS, INC.

DISCUSSION REGARDING THE USE OF NON-GAAP FINANCIAL MEASURES

Our earnings release contains some or all of the following financial measures that have not been calculated in accordance with United States Generally Accepted Accounting Principles (“GAAP”): (i) non-GAAP gross profit and gross margin, (ii) non-GAAP operating income and operating margin, (iii) non-GAAP net income, (iv) non-GAAP diluted earnings per share, and (v) non-GAAP free cash flow and free cash flow margin. As set forth in the “Unaudited Reconciliations of Non-GAAP Financial Measures” table found above, we derive such non-GAAP financial measures by excluding certain expenses and other items from the respective GAAP financial measure that is most directly comparable to each non-GAAP financial measure. Management uses these non-GAAP financial measures to evaluate our operating performance and compare it against past periods, make operating decisions, forecast for future periods, compare our operating performance against peer companies, and determine payments under certain compensation programs. These non-GAAP financial measures provide management with additional means to understand and evaluate the operating results and trends in our ongoing business by eliminating certain non-recurring expenses and other items that management believes might otherwise make comparisons of our ongoing business with prior periods and competitors more difficult, obscure trends in ongoing operations, or reduce management’s ability to make forecasts.

We provide investors with non-GAAP gross profit and gross margin, non-GAAP operating income and operating margin, non-GAAP net income, non-GAAP diluted earnings per share, and non-GAAP free cash flow and free cash flow margin because we believe it is important for investors to be able to closely monitor and understand changes in our ability to generate income from ongoing business operations. We believe these non-GAAP financial measures give investors an additional method to evaluate historical operating performance and identify trends, an additional means of evaluating period-over-period operating performance and a method to facilitate certain comparisons of our operating results to those of our peer companies. We believe that providing non-GAAP operating income and operating margin allows investors to assess the extent to which our ongoing operations impact our overall financial performance. We also believe that providing non-GAAP net income and non-GAAP diluted earnings per share allows investors to assess the overall financial performance of our ongoing operations by eliminating the impact of share-based compensation expense, acquisition-related expenses, amortization of acquisition-related intangibles, settlements, gains, losses, and impairments, restructuring-related charges, and certain tax items which may not occur in each period presented and which may represent non-cash items unrelated to our ongoing operations. We further believe that providing non-GAAP free cash flow and free cash flow margin provide insight into our liquidity, our cash-generating capability, and the amount of cash potentially available to return to shareholders. We believe that disclosing these non-GAAP financial measures contributes to enhanced financial reporting transparency and provides investors with added clarity about complex financial performance measures.

We calculate non-GAAP gross profit by excluding from GAAP gross profit, share-based compensation expense and amortization of acquisition-related intangibles. We calculate non-GAAP operating income by excluding from GAAP operating income, share-based compensation expense, acquisition-related expenses, amortization of acquisition-related intangibles, settlements, gains, losses, and impairments, and restructuring-related charges. We calculate non-GAAP net income and diluted earnings per share by excluding from GAAP net income and diluted earnings per share, share-based compensation expense, acquisition-related expenses, amortization of acquisition-related intangibles, settlements, gains, losses, and impairments, restructuring-related charges, and certain tax items. We calculate non-GAAP free cash flow by deducting capital expenditures from GAAP net cash provided by operating activities. We exclude certain items identified above from the respective non-GAAP financial measure referenced above for the reasons set forth with respect to each such excluded item below:

Share-Based Compensation Expense - because (1) the total amount of expense is partially outside of our control because it is based on factors such as stock price volatility and interest rates, which may be unrelated to our performance during the period in which the expense is incurred, (2) it is an expense based upon a valuation methodology premised on assumptions that vary over time, and (3) the amount of the expense can vary significantly between companies due to factors that can be outside of the control of such companies.

Acquisition-Related Expenses and Amortization of Acquisition-Related Intangibles - including such items as, when applicable, fair value adjustments to contingent consideration, fair value charges incurred upon the sale of acquired inventory, acquisition-related expenses, and amortization of acquired intangible assets because they are not considered by management in making operating decisions and we believe that such expenses do not have a direct correlation to our future business operations and thereby including such charges does not necessarily reflect the performance of our ongoing operations for the period in which such charges or reversals are incurred.

Settlements, Gains, Losses, and Impairments - because such settlements, gains, losses, and impairments (1) are not considered by management in making operating decisions, (2) are infrequent in nature, (3) are generally not directly controlled by management, (4) do not necessarily reflect the performance of our ongoing operations for the period in which such charges are recognized, and/or (5) can vary significantly in amount between companies and make comparisons less reliable.

Restructuring and Other Charges - because these charges have no direct correlation to our future business operations and including such charges or reversals does not necessarily reflect the performance of our ongoing operations for the period in which such charges or reversals are incurred.

Certain Income Tax Items - including certain deferred tax charges and benefits that do not result in a current tax payment or tax refund and other adjustments, including but not limited to, items unrelated to the current fiscal year or that are not indicative of our ongoing business operations.

The non-GAAP financial measures presented in the table above should not be considered in isolation and are not an alternative for the respective GAAP financial measure that is most directly comparable to each such non-GAAP financial measure. Investors are cautioned against placing undue reliance on these non-GAAP financial measures and are urged to review and consider carefully the adjustments made by management to the most directly comparable GAAP financial measures to arrive at these non-GAAP financial measures. Non-GAAP financial measures may have limited value as analytical tools because they may exclude certain expenses that some investors consider important in evaluating our operating performance or ongoing business performance. Further, non-GAAP financial measures are likely to have limited value for purposes of drawing comparisons between companies as a result of different companies potentially calculating similarly titled non-GAAP financial measures in different ways because non-GAAP measures are not based on any comprehensive set of accounting rules or principles.

Our earnings release contains forward-looking estimates of non-GAAP diluted earnings per share for the second quarter of our 2024 fiscal year (“Q2 2024”). We provide this non-GAAP measure to investors on a prospective basis for the same reasons (set forth above) that we provide it to investors on a historical basis. We are unable to provide a reconciliation of our forward-looking estimate of Q2 2024 GAAP diluted earnings per share to a forward-looking estimate of Q2 2024 non-GAAP diluted earnings per share because certain information needed to make a reasonable forward-looking estimate of GAAP diluted earnings per share for Q2 2024 (other than estimated share-based compensation expense of \$0.25 to \$0.35 per diluted share, estimated amortization of intangibles of \$0.20 to \$0.30 per diluted share and certain tax items of -\$0.15 to \$0.00 per diluted share) is difficult to predict and estimate and is often dependent on future events that may be uncertain or outside of our control. Such events may include unanticipated changes in our GAAP effective tax rate, unanticipated one-time charges related to asset impairments (fixed assets, inventory, intangibles, or goodwill), unanticipated acquisition-related expenses, unanticipated settlements, gains, losses, and impairments, and other unanticipated non-recurring items not reflective of ongoing operations. The probable significance of these unknown items, in the aggregate, is estimated to be in the range of \$0.00 to \$0.15 in quarterly earnings per diluted share on a GAAP basis. Our forward-looking estimates of both GAAP and non-GAAP measures of our financial performance may differ materially from our actual results and should not be relied upon as statements of fact.

[a] The following table summarizes the expense recognized in accordance with ASC 718 - *Compensation, Stock Compensation* (in millions):

	Three Months Ended	
	December 29, 2023	December 30, 2022
Cost of goods sold	\$ 8.8	\$ 2.6
Research and development	25.4	27.9
Selling, general, and administrative	19.1	18.9
Total share-based compensation	<u>\$ 53.3</u>	<u>\$ 49.4</u>

SKYWORKS SOLUTIONS, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions)	<u>As of</u>	
	<u>December 29, 2023</u>	<u>September 29, 2023</u>
Assets		
Cash, cash equivalents, and marketable securities	\$ 1,047.6	\$ 738.5
Accounts receivable, net	659.4	864.3
Inventory	926.8	1,119.7
Property, plant, and equipment, net	1,342.7	1,390.1
Goodwill and intangible assets, net	3,339.1	3,398.8
Other assets	913.5	915.3
Total assets	<u>\$ 8,229.1</u>	<u>\$ 8,426.7</u>
Liabilities and Equity		
Accounts payable	\$ 135.7	\$ 159.2
Accrued and other liabilities	873.0	892.5
Debt	993.2	1,292.3
Stockholders' equity	6,227.2	6,082.7
Total liabilities and equity	<u>\$ 8,229.1</u>	<u>\$ 8,426.7</u>

SKYWORKS SOLUTIONS, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	Three Months Ended	
	December 29, 2023	December 30, 2022
Cash flow from operating activities		
Net income	\$ 231.3	\$ 309.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation	53.3	49.4
Depreciation	64.7	99.4
Amortization of intangible assets	48.1	72.0
Deferred income taxes	(2.6)	(29.9)
Asset impairment charges	16.1	—
Amortization of debt discount and issuance costs	1.9	0.7
Other, net	(4.4)	—
Changes in assets and liabilities:		
Receivables, net	204.9	329.9
Inventory	192.2	(55.8)
Accounts payable	(18.7)	(87.8)
Other current and long-term assets and liabilities	(11.9)	86.1
Net cash provided by operating activities	774.9	773.4
Cash flow from investing activities		
Capital expenditures	(22.2)	(63.5)
Purchased intangibles	(7.6)	(7.8)
Purchases of marketable securities	(1.1)	(163.1)
Sales and maturities of marketable securities	3.2	11.3
Other	4.2	—
Net cash used in investing activities	(23.5)	(223.1)
Cash flow from financing activities		
Repurchase of common stock — payroll tax withholdings on equity awards	(32.7)	(31.9)
Repurchase of common stock — stock repurchase program	—	(166.2)
Dividends paid	(108.9)	(99.4)
Net proceeds from exercise of stock options	1.1	1.1
Payments of debt	(300.0)	—
Net cash used in financing activities	(440.5)	(296.4)
Net increase in cash and cash equivalents	310.9	253.9
Cash and cash equivalents at beginning of period	718.8	566.0
Cash and cash equivalents at end of period	\$ 1,029.7	\$ 819.9