parties, could harm our competitive position, reduce the value of our investment in research and development and other strategic initiatives, cause us to lose business, damage our reputation, subject us to legal or regulatory proceedings, cause us to incur other loss or liability and otherwise adversely affect our business. We expect to continue to devote resources to the security of our IT systems, and our technology, intellectual property and proprietary and confidential information.

Further, certain countries in which we operate have implemented, and other countries or regions may implement, cybersecurity laws that require our overall IT security environment to meet certain standards and/or be certified. Such laws may be complex, ambiguous and subject to interpretation, which may create uncertainty regarding compliance. As a result, our efforts to comply with such laws may be expensive and may fail, which could adversely affect our business, results of operations and cash flows. In addition, our contracts with certain of our customers require us to obtain cybersecurity certifications for our IT systems. Failure to obtain or maintain the necessary cybersecurity certifications could result in loss of future revenues, damage to our customer relationships and reputation, and a shift of business to our competitors.

RISKS RELATED TO HUMAN CAPITAL MANAGEMENT

We may not be able to attract or retain qualified employees.

Our future success depends upon the continued service of our executive officers and other key management and technical personnel, and on our ability to continue to identify, attract, retain and motivate them. Implementing our business strategy requires specialized engineering and other talent, as our revenues are highly dependent on technological and product innovations. In addition, in order to extend our business into certain new and expanded product areas and industries and applications beyond mobile handsets, we need to attract, retain and motivate engineering and other technical personnel with specialized skills in these areas, and these skills are in high demand among our competitors. The market for employees in our industry is extremely competitive, and competitors for talent, particularly engineering talent, increasingly attempt to hire, and to varying degrees have been successful in hiring, our employees or employment candidates, including by establishing or expanding local offices near our headquarters in San Diego, California. Further, the increased availability of remote working arrangements has expanded the pool of companies that can compete for our employees and employment candidates. A number of such competitors for talent are significantly larger than us and/or offer compensation in excess of what we offer or other benefits that we do not offer, including remote work policies that may be perceived as more favorable than ours. Further, existing immigration laws make it more difficult for us to recruit and retain highly skilled foreign national graduates of universities in the United States, making the pool of available talent even smaller. If we are unable to attract or retain qualified employees due to any of the factors described above or for other reasons, our business could be adversely impacted.

RISKS SPECIFIC TO OUR LICENSING BUSINESS

The continued and future success of our licensing programs requires us to continue to evolve our patent portfolio and to renew or renegotiate license agreements that are expiring.

We own a very strong portfolio of issued and pending patents related to cellular and other technologies. It is critical that we continue to evolve our patent portfolio, particularly in 5G and next-generation technologies. If we do not maintain a strong portfolio that is applicable to current and future standards, products and services, our future licensing revenues could be negatively impacted.

The patent license agreements that generate a significant portion of our licensing revenues are each effective for a specified term. To receive royalties after the expiration of the specified term, we will need to extend or modify the applicable license agreement or enter into a new license agreement with the applicable licensee. We might not be able to extend or modify such license agreements, or enter into new license agreements, without negatively affecting the material terms and conditions of our license agreements with such licensees, and such modifications or new agreements may negatively impact our revenues. In some circumstances, we may extend, modify or enter into new license agreements as a result of arbitration or litigation, and terms imposed by arbitrators or courts may be less favorable to us than existing terms and may impact the financial or other terms of license agreements not subject to the litigation or arbitration. If there is a delay in extending, modifying or entering into a new license agreement with a licensee, there would be a delay in our ability to recognize revenues related to that licensee's product sales. Further, if we are unable to reach agreement on such modifications or new agreements, it could result in patent infringement and/or other litigation with such licensees. Finally, certain of our license agreements contain binding renewal provisions which provide that if the parties are unable to agree upon the terms and conditions of a new license agreement by a specified date, either party may initiate binding arbitration proceedings to establish such terms and conditions, which would become effective immediately after the expiration of the prior agreement. Nonetheless, in either event, we may not be able to recognize some or any revenues related to that licensee's product sales until such new license agreement is finalized. See also the Risk Factor below titled "*Efforts by some OEMs to avoid paying fair and reasonable royalties for the use of our intellectual property may require the investment of substantial management time and financial resources and may result in legal decisions or actions by governments, courts, regulators or agencies, Standards Development Organizations (SDOs) or other industry organizations that harm our business.*"

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Efforts by some OEMs to avoid paying fair and reasonable royalties for the use of our intellectual property may require the investment of substantial management time and financial resources and may result in legal decisions or actions by governments, courts, regulators or agencies, Standards Development Organizations (SDOs) or other industry organizations that harm our business.

From time to time, companies initiate various strategies to attempt to negotiate, renegotiate, reduce and/or eliminate their need to pay royalties to us for the use of our intellectual property. These strategies have included: (i) litigation, often alleging infringement of patents held by such companies, patent misuse, patent exhaustion, patent invalidity or unenforceability of our patents or licenses, alleging that we do not license our patents on fair, reasonable and nondiscriminatory (FRAND) terms, or alleging some form of unfair competition or competition law violation; (ii) taking positions contrary to our understanding (and/or the plain language) of their contracts with us; (iii) appeals to governmental authorities; (iv) collective action, including working with wireless operators, standards bodies, other like-minded companies and organizations, on both formal and informal bases, to adopt intellectual property policies and practices that could have the effect of limiting returns on intellectual property innovations; (v) lobbying governmental regulators and elected officials for the purpose of seeking the reduction of royalty rates or the base on which royalties are calculated, seeking to impose some form of compulsory licensing or weakening a patent holder's ability to enforce its rights or obtain a fair return for such rights; and (vi) attempts by licensees to shift their royalty obligation to their suppliers in order to make royalty collection more difficult or reduce the amount of royalties collected.

In addition, certain licensees have disputed, underreported, underpaid, not reported or not paid royalties owed to us under their license agreements or reported to us in a manner that is not in compliance with their contractual obligations, and certain companies have yet to enter into or have delayed entering into or renewing license agreements with us for their use of our intellectual property, and they or others may engage in such behavior in the future. The fact that one or more licensees dispute, underreport, underpay, do not report or do not pay royalties owed to us may encourage other licensees to take similar actions or not renew their existing license agreements, and may encourage other licensees or unlicensed companies to delay entering into, or to not enter into, new license agreements. Further, to the extent such licensees and companies increase their device share, the negative impact of their underreporting, underpayment, non-payment or non-reporting on our business, results of operations, cash flows and financial condition will be exacerbated.

We have been in the past, currently are and may in the future be subject to various litigation and/or governmental investigations and proceedings, including certain governmental investigations and legal proceedings challenging our patent licensing practices. Additionally, certain of our direct and indirect customers and licensees have pursued, and others may in the future pursue, litigation or arbitration against us related to our business. Unfavorable resolutions of one or more of these matters have had and could in the future have a material adverse effect on our business, results of operations, cash flows and financial condition. See also the Risk Factors below titled *"Changes in our patent licensing practices, whether due to governmental investigations, legal challenges or otherwise, could adversely impact our business and results of operations"* and *"Our business may suffer as a result of adverse rulings in governmental investigations or proceedings or other legal proceedings."*

In addition, in connection with our participation in SDOs, we, like other patent owners, generally have made contractual commitments to such organizations to license those of our patents that would necessarily be infringed by standard-compliant products as set forth in those commitments (referred to as standard-essential patents). Some manufacturers and users of standard-compliant products advance interpretations of these commitments that are adverse to our licensing business, including interpretations that would limit the amount of royalties that we could collect on the licensing of our standard-essential patent portfolio.

Further, some third parties have proposed significant changes to existing intellectual property policies for implementation by SDOs and other industry organizations with the goal of significantly devaluing standard-essential patents. For example, some have put forth proposals which would require a maximum aggregate intellectual property royalty rate for the use of all standard-essential patents owned by all of the member companies to be applied to the selling price of any product implementing the relevant standard. They have further proposed that such maximum aggregate royalty rate be apportioned to each member company with standard-essential patents based upon the number of standard-essential patents held by such company. Others have proposed that injunctions should not be an available remedy for infringement of standard-essential patents and have made proposals that could severely limit damage awards and other remedies by courts for patent infringement (e.g., by limiting the base upon which the royalty rate may be applied). A number of these strategies are purportedly based on interpretations of the policies of certain SDOs concerning the licensing of patents that are or may be essential to industry standards and on our (or other companies') alleged failure to abide by these policies.

Some SDOs, courts and governmental agencies have adopted, and may in the future adopt, some or all of these interpretations or proposals in a manner adverse to our interests, including in litigation to which we may not be a party. Further, SDOs in certain countries may attempt to modify widely accepted standards and claim the resulting standard as their own. In addition, governments have in the past and may in the future propose and/or enact policies concerning standard-essential patents that may have various consequences, some of which may be detrimental, such as by devaluing standard-essential patents or disrupting worldwide technology standards.

We expect that such proposals, interpretations and strategies will continue in the future, and if successful, our business model would be harmed, either by limiting or eliminating our ability to collect royalties (or by reducing the royalties we can collect) on all or a portion of our standard-essential patent portfolio, limiting our return on investment with respect to new

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technologies, limiting our ability to seek injunctions against infringers of our standard-essential patents, constraining our ability to make licensing commitments when submitting our technologies for inclusion in future standards (which could make our technologies less likely to be included in such standards) or forcing us to work outside of SDOs or other industry groups to promote our new technologies, and our business, results of operations, cash flows and financial condition could be negatively impacted. In addition, the legal and other costs associated with asserting or defending our positions have been and may in the future be significant. We expect that such challenges, regardless of their merits, will continue into the foreseeable future and will require the investment of substantial management time and financial resources.

Due to the higher margin contribution of our licensing business relative to our chipset business, any reduction in licensing revenues could have a disproportionate impact on the cash resources we have available for other purposes, such as research and development.

Changes in our patent licensing practices, whether due to governmental investigations, legal challenges or otherwise, could adversely impact our business and results of operations.

As described in the Risk Factor below titled "*Our business may suffer as a result of adverse rulings in governmental investigations or proceedings or other legal proceedings,*" we have been in the past, currently are and may in the future be subject to various governmental investigations and/or legal proceedings, including certain governmental investigations and legal proceedings challenging our patent licensing practices. We believe that one intent of certain of these governmental investigations and legal proceedings has been to reduce the amount of royalties that licensees are required to pay to us for their use of our intellectual property.

If we were required to reduce the royalty rates in our patent license agreements, our revenues, earnings and cash flows would be negatively impacted absent a sufficient increase in the volume of sales of devices upon which royalties are paid. Similarly, if we were required to reduce the base on which our royalties are calculated (e.g., license at the chipset level rather than at the device level), our revenues, earnings and cash flows would be negatively impacted unless there was a sufficient increase in the volume of sales of devices upon which royalties are paid or we were able to increase our royalty rates to offset the decrease in revenues resulting from such lower royalty base.

If we were required to grant patent licenses to chipset manufacturers or other component suppliers (which could lead to implementing a more complex, multi-level licensing structure in which we license certain portions of our patent portfolio to chipset manufacturers or other component suppliers and other portions to OEMs), we would incur additional transaction costs, which may be significant, and we could incur delays in recognizing revenues until license negotiations were completed. In addition, our licensing revenues and earnings would be negatively impacted if we were not able to obtain, in the aggregate, equivalent revenues under such a multi-level licensing structure.

If we were required to sell chipsets to OEMs that do not have a license to our patents, our licensing programs could be negatively impacted by patent exhaustion claims raised by such unlicensed OEMs (i.e., claims that our sale of chipsets to such OEMs forecloses us from asserting any patents substantially embodied by the chipsets against such OEMs). Such sales could provide OEMs with a defense in the event we asserted our patents against them to obtain licensing revenue for those patents. Moreover, such a requirement could negatively impact our ability to maintain our licensing program for products that do not use our chipsets. This could have a material adverse effect on our licensing programs and our results of operations, cash flows and financial condition.

To the extent that we were required to implement any of these licensing and/or business practices, including by modifying or renegotiating our existing license agreements or pursuing other commercial arrangements, we would incur additional transaction costs, which may be significant, we could incur delays in recognizing revenues until license negotiations were completed, and our business, results of operations, cash flows and financial condition could be harmed. The impact of any such changes to our licensing practices could vary widely and by jurisdiction, depending on the specific outcomes and the geographic scope of such outcomes. In addition, if we were required to make modifications to our licensing practices in one jurisdiction, licensees or governmental agencies in other jurisdictions may attempt to obtain similar outcomes for themselves or for such other jurisdictions, as applicable, which could result in increased legal costs and further harm to our business, results of operations, cash flows and financial condition.

RISKS RELATED TO REGULATORY AND LEGAL CHALLENGES

Our business may suffer as a result of adverse rulings in governmental investigations or proceedings or other legal proceedings.

We have been in the past and currently are subject to various governmental investigations and/or legal proceedings. Certain of these matters are described in this Annual Report in "Notes to Consolidated Financial Statements, Note 7. Commitments and Contingencies." Key allegations or findings in such matters include or have in the past included, among others: that we violate FRAND licensing commitments by refusing to grant licenses to chipset manufacturers; that our royalty rates are too high; that the base on which our royalties are calculated should be something less than the wholesale (i.e., licensee's) selling price of the applicable device (minus certain permitted deductions); that we unlawfully require customers to execute a patent license before we sell them cellular modem chipsets; that we have entered into exclusive agreements with chipset customers that foreclose competition; that we leverage our position in baseband chipsets in the RFFE space; and that we violate antitrust laws and engage in anticompetitive conduct and unfair methods of competition. We may become subject to other litigation or governmental investigations or proceedings in the future.

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Unfavorable resolutions of such matters have had and could in the future have a material adverse effect on our business, results of operations, cash flows and financial condition. Depending on the matter, various remedies that could result from an unfavorable resolution include, among others: the loss of our ability to enforce one or more of our patents; injunctions; monetary damages, fines or other orders to pay money; the issuance of orders to cease certain conduct or modify our business practices, such as requiring us to reduce our royalty rates, reduce the base on which our royalties are calculated, grant patent licenses to chipset manufacturers or other component suppliers, sell chipsets to unlicensed OEMs or modify or renegotiate some or all of our existing license agreements; and determinations that some or all of our license agreements are invalid or unenforceable. In addition, a governmental body in a particular country or region may successfully assert and impose remedies with effects that extend beyond the borders of that country or region. If some or all of our license agreements are declared invalid or unenforceable and/or we are required to renegotiate these license agreements, we may not receive, or may not be able to recognize, some or any licensing or royalty revenues under the impacted license agreements unless and until we enter into new license agreements; and even licensees whose license agreements are not impacted may demand to renegotiate their agreements or invoke the dispute resolution provision in their agreements, and we may not be able to recognize some or any revenues under such agreements. The renegotiation of license agreements could result in terms that are less favorable to us than existing terms, or lead to arbitration or litigation to resolve the licensing terms, which could also be less favorable to us than existing terms, and each of which could take months or years. Licensees may underreport, underpay, not report or not pay royalties owed to us pending the conclusion of such negotiations, arbitration or litigation. In addition, we may be sued for alleged overpayments of past royalties paid to us, including private antitrust actions seeking treble damages under U.S. antitrust laws. The occurrence of any of the above could have a material adverse effect on our business, results of operations, cash flows and financial condition, and our stock price could decline, possibly significantly, in which case we may have to significantly cut costs and other uses of cash, including in research and development, significantly impairing our ability to maintain product and technology leadership and invest in next generation technologies. Further, depending on the breadth and severity of the circumstances above, we may have to reduce, suspend or eliminate our capital return programs, and our ability to timely pay our indebtedness may be impacted.

These challenges have required, and may in the future require, the investment of significant management time and attention and have resulted, and may in the future result, in significant legal costs.

RISKS RELATED TO INDUSTRY DYNAMICS AND COMPETITION

Our revenues depend on our customers' and licensees' sales of products and services based on cellular and other communications technologies, including 5G, and customer demand for our products based on these technologies.

We develop, patent and commercialize technology and products based on cellular and other communications technologies, which are primarily wireless. We depend on our customers and licensees to develop devices and services based on these technologies to drive consumer demand for such devices, and to establish the selling prices for such devices (which impact the amount of royalties we receive for certain devices). Further, the timing of our shipments of our products is dependent on the timing of our customers' and licensees' deployments of new devices and services based on these technologies. Increasingly, we also depend on operators of wireless networks, our customers and licensees and other third parties to incorporate these technologies into new device types and into industries and applications beyond mobile handsets, such as automotive and IoT, among others. Our growth also depends significantly on our ability to develop and patent 5G and next-generation wireless technologies, and to develop and commercialize products using these technologies.

Our revenues and growth in revenues could be negatively impacted, our business may be harmed and our substantial investments in these technologies may not provide us an adequate return, if: our customers' and licensees' sales of products, particularly premium-tier handset products, and services using these technologies, or average selling prices of such products, decline due to, for example, the maturity of smartphone penetration in developed regions, including China; we do not continue to maintain our intellectual property and technical leadership in 5G, including in ongoing 5G standardization efforts, or we fail to establish such leadership in future generations of wireless technology; we are unable to drive the adoption of our products into networks and devices, including devices beyond mobile handsets; consumers' rates of replacement of smartphones and other devices decline; or there is a shift in consumer demand away from new devices in favor of refurbished or secondhand devices.

Our industry is subject to intense competition in an environment of rapid technological change. Our success depends in part on our ability to adapt to such change and compete effectively; and such change and competition could result in decreased demand for our products and technologies or declining average selling prices for our products or those of our customers or licensees.

Our products and technologies face significant competition. We expect this competition to intensify as our current competitors expand their product offerings, improve their products or reduce the prices of their products as part of a strategy to maintain existing business and customers or attract new business and customers, as new opportunities develop, and as new competitors enter the industry. Competition in the semiconductor industry is affected by various factors that include, among others: OEM concentrations; vertical integration; competition in certain geographic regions; government intervention or support of national industries or competitors; geopolitical tensions, which may drive customer preference toward local suppliers; the ability to maintain product differentiation in light of evolving industry standards and speed of technological change (including the transition to smaller geometry process technologies, the demand for always on, always connected capabilities, the increasing use of AI and machine learning technologies and the need to run complex AI-based applications

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on devices); access to capacity in the supply chain; and value-added features that drive selling prices and consumer demand for new devices.

We anticipate that additional competitors will introduce products as a result of growth opportunities in the industries in which we operate, the trend toward global expansion by foreign and domestic competitors, and technological and public policy changes. Additionally, the semiconductor industry has experienced and may continue to experience consolidation, which could result in significant changes to the competitive landscape. For example, if any key supplier of technologies and intellectual property to the semiconductor industry was sold to one of our competitors, it could negatively affect our ability to procure or license such technologies and intellectual property in the future, at all or upon acceptable terms, which could have wide-ranging impacts on our business and operations.

We expect that our future success will depend on, among other factors, our ability to:

- differentiate our products with innovative technologies across multiple products and features (e.g., modem, on-device AI, graphics and other processors, camera and connectivity) and with smaller geometry process technologies that drive both performance and lower power consumption;
- develop and offer products at competitive cost and price points and to effectively cover all geographic regions and all device tiers;
- continue to be a leader in mobile, and drive the adoption of our technologies and products into the most popular device models and across a broad spectrum of devices in mobile, such as smartphones, tablets, PCs and other mobile computing devices;
- increase or accelerate adoption of our technologies and products in industries and applications outside of mobile handsets, including automotive and IoT;
- maintain or accelerate demand for our products at the premium device tier, while also driving the adoption of our products into high, mid- and low-tier devices across all regions;
- remain a leader in 5G and next-generation technology development, standardization, intellectual property creation and licensing, and develop, commercialize and remain a leading supplier of integrated circuit products based on such technologies, including RFFE products;
- maintain access to sufficient capacity in the supply chain relative to our competitors to meet customer demand;
- create standalone value and contribute to the success of our existing businesses through acquisitions, joint ventures and other strategic transactions, and by developing customer, licensee, vendor, distributor and other channel relationships in new industries and applications;
- identify potential acquisition targets that will grow or sustain our business or address strategic needs, reach agreement on terms acceptable to us, close the transactions and effectively integrate these new businesses, products, technologies and employees;
- provide leading products and technologies to OEMs, high level operating systems providers, operators, cloud providers and other industry participants as competitors, new industry entrants and other factors continue to affect the industry landscape;
- be a preferred partner and sustain preferred relationships providing integrated circuit products that support multiple operating system and infrastructure platforms to industry participants that effectively commercialize new devices using these platforms; and
- continue to develop brand recognition to effectively compete against better known companies in computing and other consumer driven segments and to deepen our presence in significant emerging regions.

We compete with many different semiconductor companies, ranging from multinational companies with integrated research and development, manufacturing, sales and marketing organizations across a broad spectrum of product lines, to companies that are focused on a single application, industry or standard product, including those that produce products for mobile handsets, automotive or IoT, among others. Most of these competitors compete with us with respect to some, but not all, of our businesses or product lines. Companies that provide on-device AI, high-performance and low-power computing and wireless connectivity-based integrated circuit products and/or software are generally competitors or potential competitors. Examples (some of which are strategic partners of ours in other areas) include Broadcom, HiSilicon, MediaTek, Mobileye, Nvidia, NXP Semiconductors, Qorvo, Samsung, Skyworks, Texas Instruments and UNISOC. Some of these current and potential competitors may have advantages over us that include, among others: motivation by our customers in certain circumstances to use our competitors' integrated circuit products, to utilize their own internally-developed integrated circuit products and/or sell such products to others, or to utilize alternative technologies; lower cost structures or a willingness and ability to accept lower prices or lower margins for their products, particularly in China; foreign government support of other technologies, competitors or OEMs that sell devices that do not contain our products; better known brand names; ownership and control of manufacturing facilities and greater expertise in manufacturing processes; the development and sale of infrastructure equipment for wireless networks, which may enable such competitors to better optimize their integrated circuit products for performance on those networks; more extensive relationships with local distribution companies

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and OEMs in certain geographic regions (such as China); longer operating histories in industries and applications beyond mobile handsets (such as automotive, IoT and data center), including more established and/or stronger customer, vendor, distributor or other channel relationships in such industries; and a more established presence in certain regions.

In addition, certain of our largest customers have in the past utilized, currently utilize and may in the future utilize our competitors' integrated circuit products in some or all of their devices, rather than our products. Further, certain of those customers have developed, are developing or may develop their own integrated circuit products (effectively making them competitors), which they have in the past utilized, currently utilize or may in the future utilize in some or all of their devices, rather than our products. See also the Risk Factor titled "*Our business, particularly our semiconductor business, may suffer as a result of our customers vertically integrating (i.e., developing their own integrated circuit products)*."

Further, political actions, including trade and/or national security protection policies, or other actions by governments, particularly the U.S. and Chinese governments, have in the past, currently are and could in the future limit or prevent us from transacting business with certain of our customers or suppliers; limit, prevent or discourage certain of our customers or suppliers from transacting business with us; or make it more expensive to do so. This could advantage our competitors by enabling them with increased sales, economies of scale, operating income and/or cash flows, and/or enabling critical technology transfer, allowing them to increase their investments in technology development, research and development, and commercialization of products. See also the Risk Factor titled "*A significant portion of our business is concentrated in China, and the risks of such concentration are exacerbated by U.S./China trade and national security tensions.*"

Competition in any or all product areas or device tiers may result in the loss of business or customers, which would negatively impact our business, results of operations, cash flows and financial condition. Such competition may also reduce average selling prices for our chipset products or the products of our customers and licensees. Certain of these dynamics are particularly pronounced in emerging regions and China where competitors may have lower cost structures or may have a willingness and ability to accept lower prices or lower margins on their products. Reductions in the average selling prices of our chipset products, without a corresponding increase in volumes, would negatively impact our revenues, and without corresponding decreases in average unit costs, would negatively impact our margins. In addition, reductions in the average selling prices of our licensees' products, unless offset by an increase in volumes, would generally decrease total royalties payable to us, negatively impacting our licensing revenues.

RISKS RELATED TO PRODUCT DEFECTS OR SECURITY VULNERABILITIES

Failures in our products, or in the products of our customers or licensees, including those resulting from security vulnerabilities, defects or errors, could harm our business.

Our products are complex and may contain defects, errors or security vulnerabilities, or experience failures or unsatisfactory performance, due to any number of issues, including issues in materials, design, fabrication, packaging and/or use within a system. Development of products in new domains of technology, and the transition to smaller geometry process technologies, increases complexity and adds risk to manufacturing yields and reliability, and increases the likelihood of product defects, errors or security vulnerabilities. Defects, errors, security vulnerabilities or other unintended functionality could also be introduced into our products by cyber-attacks or other actions by malicious actors, either directly or through third-party products or software used in our products or IT infrastructure. Further, because of the complexity of our products, defects, errors or security vulnerabilities might only be detected when the products are in use. Risks associated with product or technology defects, errors or security vulnerabilities are exacerbated by the fact that our customers typically integrate our products into consumer and other devices, including motor vehicles or motor vehicle systems. We routinely monitor for and assess security vulnerabilities in our products and offer remediation measures if appropriate. However, we may not be aware of all such vulnerabilities, and we may fail to identify and/or provide remediation measures for vulnerabilities (or our customers may fail to implement remediation measures) before they are exploited.

Our products may be used in devices that interact with untrusted systems or otherwise access untrusted content, which creates a risk of exposing the system hardware and software in those devices to malicious attacks. Further, security vulnerabilities in our products or the technologies we use could expose our customers, or end users of our customers' products, to hackers or other unscrupulous third parties who develop and deploy malware that could attack our products or our customers' products or IT infrastructure. Such attacks could result in the disruption of our customers' businesses or the misappropriation, theft, misuse, disclosure, loss or destruction of the technology or intellectual property, or the proprietary, confidential or personal information, of our customers, their employees or the end users of our customers' devices. While we continue to focus on this issue and take measures to safeguard our products from cybersecurity threats, device capabilities continue to evolve, enabling more elaborate functionality and applications, and increasing the risk of security failures, and techniques used to perpetrate cybersecurity attacks are increasingly sophisticated and constantly evolving. See also the Risk Factor titled "*Our business and operations could suffer in the event of security breaches of our IT systems, or other misappropriation of our technology, intellectual property or other proprietary or confidential information*."

Our products may be responsible for critical functions in our customers' products and networks. Failure of our products to perform to specifications, meet certain regulatory or industry standards (including product safety and information security standards, which may differ by region, geography and industry, and which are particularly stringent in the automotive industry), or other product defects, errors or security vulnerabilities, could lead to substantial damage to the products we sell to our customers, the devices into which our products are integrated and the end users of such devices, and potentially to our customers' IT infrastructure. Such defects, errors or security vulnerabilities could give rise to significant costs, including

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costs related to developing solutions, recalling products or participating in customer recalls (for example, in the automotive industry), repairing or replacing defective products, writing down defective inventory or indemnification obligations under our agreements, and could result in the loss of sales and divert the attention of our engineering personnel from our product development efforts. In addition, defects, errors or security vulnerabilities in our products could result in failure to achieve market acceptance, a loss of design wins, a shifting of business to our competitors, and litigation or regulatory actions against us, and could harm our reputation, our relationships with customers and partners and our ability to attract new customers, as well as the perceptions of our brand. Other potential adverse impacts of product defects, errors or security vulnerabilities include shipment delays, write-offs of property, plant and equipment and intangible assets, and losses on unfavorable purchase commitments. In addition, defects, errors or security vulnerabilities in the products of our customers or licensees could cause a delay or decrease in demand for the products into which our products are integrated, and thus for our products.

The occurrence of defects, errors or security vulnerabilities may also give rise to product liability or other commercial claims, particularly if such defects, errors or security vulnerabilities in our products or the technology we use, or the products into which they are integrated, result in personal injury or death, or customer field actions (for example, in the automotive industry, where such term means automotive product-related service actions or repairs for defects, whether safety-related or not). If a product liability or other commercial claim is brought against us, the cost of defending the claim could be significant, and could divert the attention of our technical and management personnel and harm our business, even if we are successful. We may be named in product liability claims even if there is no evidence that our products caused the damage in question, and even though we may have indemnity from our customers, and such claims could result in significant costs and expenses. We may also be required to indemnify and/or defend our customers from product liability claims relating to our products. Further, our business liability insurance may be inadequate or may not cover the claims, and future coverage may be unavailable on acceptable terms, which could adversely impact our financial results. The above is exacerbated by the fact that our products may be used, and perform critical functions, in various high-risk applications, including but not limited to: automobiles, including ADAS/AD functions; cameras and artificial intelligence, including home and enterprise security; home automation, including smoke and noxious gas detectors; medical condition monitoring; location and asset tracking and management, including wearables for child safety and elderly health; robotics, including public safety drones and autonomous municipality vehicles; and XR for treatment of phobias or PTSD, early detection of disorders or special needs, among others.

Accordingly, defects, errors or security vulnerabilities in our products or the technologies we use could have an adverse impact on us, on our customers and the end users of our customers' products. If any of these risks materialize, there could be a material adverse effect on our business, results of operations and financial condition.

RISKS RELATED TO INTELLECTUAL PROPERTY

The enforcement and protection of our intellectual property may be expensive, could fail to prevent misappropriation or unauthorized use of our intellectual property, could result in the loss of our ability to enforce one or more patents, and could be adversely affected by changes in patent laws, by laws in certain foreign jurisdictions that may not effectively protect our intellectual property and by ineffective enforcement of laws in such jurisdictions.

We rely primarily on patent, copyright, trademark and trade secret laws, as well as nondisclosure and confidentiality agreements, international treaties and other methods, to protect our intellectual property, including our patent portfolio. Policing unauthorized use of our products, technologies and intellectual property is difficult and time consuming. The steps we have taken have not always prevented, and we cannot be certain the steps we take in the future will prevent, the misappropriation or unauthorized use of our products, technologies or intellectual property, particularly in foreign countries where the laws may not protect our rights as fully or as readily as U.S. laws or where the enforcement of such laws may be lacking or ineffective.

Some industry participants who have a vested interest in devaluing patents in general, or standard-essential patents in particular, have mounted attacks on certain patent systems, increasing the likelihood of changes to established patent laws. In the United States, Europe (including the United Kingdom), India, China and elsewhere, there is continued discussion regarding potential patent law changes, and there is current and potential future litigation regarding patents, the outcomes of which could be detrimental to our licensing business. Some proposed changes would apply to only standard-essential patents, and such changes may substantially alter the incentives to participate in standardization or develop standards-compliant products. We cannot be certain that the laws and policies of any country or the practices of any standards body, foreign or domestic, with respect to intellectual property enforcement or licensing or the adoption of standards, will not be changed in the future in ways that are detrimental to our licensing programs or to the sale or use of our products or technologies.

We have had and may in the future have difficulty in certain circumstances in protecting or enforcing our intellectual property and contracts, including collecting royalties for use of our patent portfolio due to, among others: refusal by certain licensees to report and pay all or a portion of the royalties they owe to us; policies or political actions of governments, including trade protection and national security policies; challenges to our licensing practices under competition laws; adoption of mandatory licensing provisions by foreign jurisdictions; failure of foreign courts to recognize and enforce judgments of contract breach and damages issued by courts in the United States; and challenges before competition agencies to our licensing business or the pricing and integration of additional features and functionality into our chipset products.

We have engaged in litigation and arbitration in the past and may need to further litigate or arbitrate in the future to enforce our contract and/or intellectual property rights, protect our trade secrets or determine the validity and scope of

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proprietary rights of others. As a result of such litigation or arbitration, we could lose our ability to enforce one or more patents, portions of our license agreements could be determined to be invalid or unenforceable (which may in turn result in other licensees either not complying with their existing license agreements or initiating litigation or arbitration), license terms (including but not limited to royalty rates for the use of our intellectual property) could be imposed that are less favorable to us than existing terms, and we could incur substantial costs. Actions we take to enforce our contract or intellectual property rights could be costly and could absorb significant management time and attention, which, in turn, could negatively impact our results of operations and cash flows. Further, even a positive resolution to our enforcement efforts may take time to conclude, which may reduce our revenues and cash resources available for other purposes, such as research and development, in the periods prior to conclusion.

Additionally, although our license agreements generally provide us with the right to audit the books and records of licensees, audits can be expensive, time consuming, incomplete and subject to dispute. Further, certain licensees may not comply with the obligation to provide full access to their books and records. To the extent we do not aggressively enforce our rights under our license agreements, licensees may not comply with their existing license agreements, and to the extent we do not aggressively pursue unlicensed companies to enter into license agreements with us for their use of our intellectual property, other unlicensed companies may not enter into license agreements.

Finally, the intellectual property ownership and license rights, including copyrights and patents, surrounding AI technologies, which we are increasingly building into our product offerings, have not been fully addressed by U.S. or foreign courts, laws or regulations, and the use of AI in the development of our products and services could result in our loss of, or failure to obtain, intellectual property rights, as well as subject us to risks related to intellectual property infringement or misappropriation.

See also the Risk Factors titled *"Our business and operations could suffer in the event of security breaches of our IT systems, or other misappropriation of our technology, intellectual property or other proprietary or confidential information,"* "*Efforts by some OEMs to avoid paying fair and reasonable royalties for the use of our intellectual property may require the investment of substantial management time and financial resources and may result in legal decisions or actions by governments, courts, regulators or agencies, Standards Development Organizations (SDOs) or other industry organizations that harm our business,*" and "*Our business may suffer as a result of adverse rulings in governmental investigations or proceedings or other legal proceedings*."

Claims by third parties that we infringe their intellectual property could adversely affect our business.

From time to time, third parties have asserted, and may again assert, patent, copyright, trademark or other intellectual property claims against us relating to our technologies or products, including those we have acquired from other companies. These claims have resulted and may again result in our involvement in litigation, and we are currently involved in such litigation, including certain matters described in this Annual Report in "Notes to Consolidated Financial Statements, Note 7. Commitments and Contingencies." We may not prevail in such litigation given, among other factors, the complex technical issues and inherent uncertainties in intellectual property litigation. Additionally, our increasing use of AI technologies for productivity and in our products and services may expose us to copyright infringement or other intellectual property misappropriation claims. If any of our products were found to infringe another party's intellectual property, we could be subject to an injunction or be required to redesign our products, or to license such intellectual property or pay damages or other compensation to such other party (any of which could be costly). If we are unable to redesign our products, license such intellectual property used in our products or otherwise distribute our products (e.g., through a licensed supplier), we could be prohibited from making and selling our products. Similarly, our suppliers could be found to infringe another party's intellectual property, and such suppliers could then be enjoined from providing products or services to us.

In any potential dispute involving us and another party's patents, copyrights, trademarks or other intellectual property, our chipset foundries, semiconductor assembly and test providers and customers could also become the targets of litigation. We are contingently liable under certain product sales, services, license and other agreements to indemnify certain customers, chipset foundries and semiconductor assembly and test service providers against certain types of liability and damages arising from qualifying claims of patent infringement by products sold by us, or by intellectual property provided by us to our chipset foundries and semiconductor assembly and test service providers. Reimbursements under indemnification arrangements could have an adverse effect on our results of operations and cash flows. Furthermore, litigation could severely disrupt the supply of our products and the businesses of our chipset customers and their customers, which in turn could harm our relationships with them and could result in a decline in our chipset sales or a reduction in our licensees' sales, causing a corresponding decline in our chipset or licensing revenues. Any claims, regardless of their merit, could be time consuming to address, result in costly litigation, divert the efforts of our technical and management personnel, cause product release or shipment delays and/or cause damage to our customer relationships, any of which could have an adverse effect on our results of operations and cash flows.

We have been and may continue to be involved in litigation and/or be required to appear in front of administrative bodies (such as the United States International Trade Commission) to defend against patent assertions against our products by third parties, including companies attempting to gain competitive advantage or leverage in licensing negotiations. We may not be successful in such proceedings, and if we are not, the range of possible outcomes is very broad and may include, for example, monetary damages or fines or other orders to pay money, royalty payments, injunctions on the sale of certain of our products (or on the sale of our customers' devices using such products) or the issuance of orders to cease certain conduct or modify our business practices. Further, a governmental body in a particular country or region may assert, and may be successful in

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imposing, remedies with effects that extend beyond the borders of that country or region. In addition, a negative outcome in any such proceeding could severely disrupt the business of our customers, which in turn could harm our relationships with them and could result in a decline in our chipset sales or a reduction in our licensees' sales, causing corresponding declines in our chipset or licensing revenues.

Our use of open source software may harm our business.

Certain of our software and our suppliers' software may contain or may be derived from "open source" software, and we have seen, and believe that we will continue to see, customers request that we develop products, including software associated with our integrated circuit products, that use open source software elements and operate in an open source environment, which, under certain open source licenses, may offer accessibility to a portion of our products' source code and may expose our related intellectual property to adverse licensing conditions. Licensing of such open source software may impose certain obligations on us if we were to distribute derivative works of that software. For example, these obligations may require us to make source code for the derivative works available to our customers in a manner that allows them to make such source code available to their customers, or to license such derivative works under a particular type of license that is different than what we customarily use to license our software. Furthermore, in the course of product development, we may make contributions to third-party open source projects that could subject our intellectual property to adverse licensing conditions. For example, to encourage the growth of a software ecosystem that is interoperable with our products, we may need to contribute certain implementations under the open source licensing terms that govern such projects, which may adversely impact our associated intellectual property. Developing open source products, while adequately protecting the intellectual property upon which our licensing programs depend, may prove burdensome and time-consuming under certain circumstances, thereby placing us at a competitive disadvantage, and we may not adequately protect our intellectual property.

GENERAL RISK FACTORS

We operate in the highly cyclical semiconductor industry, which is subject to significant downturns. We are also susceptible to declines in global, regional and local economic conditions generally. Our stock price and financial results are subject to substantial quarterly and annual fluctuations due to these dynamics, among others.

The semiconductor industry is highly cyclical, volatile, subject to downturns and characterized by constant and rapid technological change, price erosion, evolving technical standards, frequent new product introductions, short product life cycles and fluctuations in product supply and demand. Periods of downturns have been characterized by diminished demand for end-user products, high inventory levels, excess or obsolete inventory adjustments or reserves, underutilization of manufacturing capacity, changes in revenue mix and erosion of average selling prices. During such downturns, our revenues have declined, and our results of operations and financial condition have been adversely impacted. We expect our business to continue to be subject to such cyclical downturns.

In addition, recent changes in global trade policy, including tariffs and related trade actions announced by the U.S., China and other countries, have resulted in significant volatility in capital markets and increased economic uncertainty. The escalation of trade tensions and the implementation of additional trade barriers between the U.S. and its trading partners may have the effect of increasing prices and/or decreasing demand for end-user products incorporating our products (including wireless devices and connected vehicles, among others), and could result in a general economic slowdown or recession, any of which would have an adverse impact on our results of operations and financial condition. In addition, tariffs may increase the cost of certain supplies used in our business, which could result in increased operating expenses and reduced margins. Finally, continued uncertainty regarding global economic conditions and trade policy may make it harder for management to estimate the future performance of our business.

A decline in global, regional or local economic conditions, or a slow-down in economic growth, particularly in geographic regions with high concentrations of wireless device users or high concentrations of our customers or licensees, could also have adverse, wide-ranging effects on our business and financial results, including: a decrease in demand for our products and technologies; a decrease in demand for the products and services of our customers or licensees; the inability of our suppliers to deliver on their supply commitments to us, our inability to supply our products to our customers and/or the inability of our customers or licensees to supply their products to end users; the insolvency of key suppliers, customers or licensees; delays in reporting or payments from our customers or licensees; failures by counterparties; and/or negative effects on wireless device inventories. In addition, our customers' and licensees' ability to purchase or pay for our products and intellectual property and network operators' ability to upgrade their wireless networks could be adversely affected, potentially leading to a reduction, cancellation or delay of orders for our products. Further, inflationary pressure may increase our costs, including employee compensation costs, reduce demand for our products or those of our customers or licensees due to increased prices of those products, or result in employee attrition to the extent our compensation does not keep up with inflation, particularly if our competitors' compensation does.

Our stock price and financial results have fluctuated in the past and are likely to fluctuate in the future. Factors that may have a significant impact on the market price of our stock and our financial results include those identified above and throughout this Risk Factors section, as well as: volatility of the stock market in general and technology and semiconductor companies in particular; announcements concerning us, our suppliers, our competitors or our customers or licensees, including any announcement concerning the initiation of, or any developments in, any lawsuit or governmental investigation or proceeding against us, or any announcement concerning the implementation of tariffs or other trade restrictions affecting our products or those of our significant customers; and variations between our actual financial results or guidance and

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expectations of securities analysts or investors, among others. In the past, securities class action litigation has been brought against companies following periods of volatility in the market price of their securities, among other reasons. We have been in the past and may in the future be the target of securities litigation, which could result in substantial uninsured costs and divert management's attention and our resources.

Geopolitical conflicts, natural disasters, pandemics and other health crises, and other factors outside of our control, could significantly disrupt our business.

We have operations and facilities in the United States and many other countries throughout the world. We derive a significant portion of our revenues from Chinese OEMs and from non-Chinese OEMs that utilize our products in devices they sell into China (which has the largest number of smartphone users in the world); our key suppliers and their manufacturing foundries and assembly, test and other facilities are primarily located in Taiwan and Korea; our manufacturing facilities for RFFE and RF products are located in China, Germany and Singapore; the primary warehouses where we store finished goods for fulfillment of customer orders are located in Singapore; and a significant portion of our workforce (including engineering and other technical personnel) is based in India. Acts of war, terrorism, geopolitical conflicts, political instability or tensions (such as the current geopolitical tensions involving China and Taiwan), natural disasters, the effects of climate change, pandemics or other health crises affecting any of the regions in which we operate, and particularly those in which our customers, suppliers, manufacturing facilities and/or significant portions of our workforce are concentrated, could significantly disrupt our business by, among others: reducing demand for our products and services or end-user devices incorporating our products or intellectual property; impairing our customers' or licensees' ability to purchase or pay for our products, services or intellectual property; delaying or preventing our suppliers from providing us with critical components or raw materials; delaying or preventing our foundry or semiconductor assembly and test providers from manufacturing, assembling or testing our products; preventing us from manufacturing products or shipping finished products; damaging or destroying inventory; delaying or preventing network operators from upgrading their wireless networks to meet new technology standards; or preventing a significant number of our employees, or employees who perform critical functions, from performing their duties for us. For example, our business depends on our ability to receive consistent and reliable chipset supply from our foundry partners, particularly in Taiwan. Consequently, a significant or prolonged military or other geopolitical conflict involving China and Taiwan could severely limit or prevent us from receiving chipset supply from Taiwan, which would have a material adverse impact on our business (and likely on the semiconductor industry as a whole). In addition, acts of war, terrorism, geopolitical conflicts, political instability or tensions, natural disasters, the effects of climate change, pandemics or other health crises impacting any of these regions could also result in a decline in global, regional or local economic conditions generally, or increased volatility in financial markets, which could have adverse effects on our business and financial results. See also the Risk Factor titled "*We operate in the highly cyclical semiconductor industry, which is subject to significant downturns. We are also susceptible to declines in global, regional and local economic conditions generally. Our stock price and financial results are subject to substantial quarterly and annual fluctuations due to these dynamics, among others*." Any such events may also have the effect of exacerbating the other risks discussed in this "Risk Factors" section.

Our business may suffer due to the impact of, or our failure to comply with, the various existing, new or amended laws, regulations, policies or standards to which we are subject.

Our business and products, and those of our customers and licensees, are subject to various laws, rules and regulations globally, as well as government policies and the specifications of international, national and regional communications standards bodies (collectively, Regulations). These include, among others, Regulations related to: patent licensing practices; antitrust, competition and competitive business practices; protection of intellectual property; cybersecurity; privacy and data protection; AI technologies; imports and exports, such as the U.S. Export Administration Regulations administered by the U.S. Department of Commerce; trade and trade protection including tariffs; foreign policy and national security; the flow of funds out of certain countries (e.g., China); automotive industry safety, security and quality standards; environmental protection (including climate change), health and safety; supply chain, responsible sourcing (including the use of conflict minerals) and human rights; spectrum availability and license issuance; adoption of standards; taxation; labor, employment and human capital; corporate governance; public disclosure and reporting (including reporting of sustainability-related data); and business conduct. Compliance with, or changes in the interpretation of, existing Regulations, the adoption of new Regulations, changes in the oversight of our activities by governments or standards bodies, or rulings in court, regulatory, administrative or other proceedings relating to such Regulations, among others, could have an adverse effect on our business and results of operations. See also the Risk Factors titled "*Our business may suffer as a result of adverse rulings in governmental investigations or proceedings or other legal proceedings,*" "*Changes in our patent licensing practices, whether due to governmental investigations, legal challenges or otherwise, could adversely impact our business and results of operations,*" "*A significant portion of our business is concentrated in China, and the risks of such concentration are exacerbated by U.S./China trade and national security tensions,*" "*There are numerous risks associated with the operation and control of our manufacturing facilities, including a higher portion of fixed costs relative to a fabless model; environmental compliance and liability; impacts related to climate change; exposure to natural disasters, health crises, geopolitical conflicts and cyber-attacks; timely supply of equipment and materials; and various manufacturing issues,*" and "*Tax liabilities could adversely affect our results of operations.*"

Regulations are complex and changing (which may create uncertainty regarding compliance), are subject to varying interpretations, and their application in practice may evolve over time. In addition, and especially in developing regulatory areas (for example, AI, privacy and data protection, and sustainability-related reporting), Regulations may differ by country

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or by state within the United States and may be conflicting in certain cases. As a result, our efforts to comply with Regulations may fail, particularly if there is ambiguity as to how they should be applied in practice. Failure to comply with any Regulation may adversely affect our business, results of operations and cash flows. New Regulations, or evolving interpretations thereof, may cause us to incur higher costs as we revise current practices, policies or procedures; may divert management time and attention to compliance activities; and may negatively impact our ability to conduct business in certain jurisdictions.

There are risks associated with our debt.

Our outstanding debt and any additional debt we incur may have negative consequences on our business, including, among others: requiring us to use cash to pay the principal of and interest on our debt, thereby reducing the amount of cash available for other purposes; limiting our ability to obtain additional financing for working capital, capital expenditures, acquisitions, stock repurchases, dividends, general corporate or other purposes; and limiting our flexibility in planning for, or reacting to, changes in our business, industries or the market. Our ability to make payments of principal and interest on our debt depends upon our future performance, which is subject to economic and political conditions, industry cycles and financial, business and other factors, many of which are beyond our control. If we are unable to generate sufficient cash flow from operations to service our debt, we may be required to, among others: refinance or restructure all or a portion of our debt; reduce or delay planned capital or operating expenditures; reduce, suspend or eliminate our dividend payments and/or our stock repurchase program; or sell selected assets. Such measures might not be sufficient to enable us to service our debt. In addition, any such refinancing, restructuring or sale of assets might not be available on economically favorable terms or at all, and if prevailing interest rates at the time of any such refinancing or restructuring are higher than our current rates, interest expense related to such refinancing or restructuring would increase. Further, if there are adverse changes in the ratings assigned to our debt securities by credit rating agencies, our borrowing costs, our ability to access debt financing in the future and the terms of such debt could be adversely affected.

Tax liabilities could adversely affect our results of operations.

We are subject to income taxes in the United States and numerous foreign jurisdictions. Significant judgment is required in determining our provision for income taxes. We regularly are subject to examination of our tax returns and reports by taxing authorities in the United States federal jurisdiction and various state and foreign jurisdictions, most notably in countries where we earn a routine return and the tax authorities believe substantial value-add activities are performed, as well as countries where we own intellectual property. The final determination of tax audits and any related legal proceedings could materially differ from amounts reflected in our income tax provisions and accruals. In such case, our income tax provision, results of operations and cash flows in the period or periods in which that determination is made could be negatively affected.

Tax rules may change in a manner that adversely affects our future reported results of operations or the way we conduct our business. Most of our income is taxable in the United States with a significant portion qualifying for preferential treatment as foreign-derived deduction eligible income (FDDEI), formerly known as foreign-derived intangible income (FDII). If U.S. tax rates increase and/or the FDDEI deduction is eliminated or reduced in the future, our provision for income taxes, results of operations and cash flows would be adversely affected (potentially materially). Also, if our customers move manufacturing operations to the United States, our FDDEI deduction may be reduced.

Further changes in the tax laws of foreign jurisdictions could arise as a result of the base erosion and profit shifting (BEPS) project that was undertaken by the Organization for Economic Co-operation and Development (OECD). The OECD, representing a coalition of member countries, has made certain changes, including the Pillar Two framework, which imposes a minimum tax of 15% in each taxing jurisdiction. The OECD is contemplating additional changes to numerous long-standing tax principles. These changes, if and as adopted by countries, may increase tax uncertainty and may adversely affect our provision for income taxes, results of operations and cash flows.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk Management and Strategy

To identify, assess and manage cybersecurity risks, we maintain an IT security/cybersecurity program (Cybersecurity Program), which includes policies, procedures, processes and administrative, physical and technical controls designed to protect, defend and mitigate effects to us from cybersecurity threats and incidents. For example, we provide recurring employee cybersecurity training to help our employees better understand cybersecurity threats, our policies, actions and approach to managing this type of risk and how they can help increase our security posture.

Our Cybersecurity Program also includes an incident response process that is overseen by our Vice President of Cybersecurity and supported by an internal team of cybersecurity specialists, with involvement from business, legal and senior management as appropriate. In the event of a cybersecurity incident, a technical cybersecurity team investigates and

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addresses the threat, while a cross-functional team assesses the incident to inform criticality determinations and response efforts, including escalations of the incident to senior management as appropriate.

We evaluate and update our cybersecurity risk profile through ongoing assessment of the cybersecurity threat landscape and security monitoring. Our cybersecurity risk profile is used as an input to identify, assess and update our Cybersecurity Program, and associated priorities are updated as new risk information becomes available. Information security, including cybersecurity, is also incorporated into our overall Enterprise Risk Management (ERM) program. Our ERM Operating Committee includes members in senior leadership positions across various functional areas that evaluate enterprise risks and develop and monitor associated mitigation plans. Cybersecurity related risks are included in the risk universe that the committee evaluates to assess top risks to the enterprise. As part of our ERM program, our executive leadership team receives annual updates on enterprise risks, including cybersecurity risks, as well as their potential impact, likelihood, potential mitigation plans and status.

Our Cybersecurity Program, and portions thereof, are periodically reviewed by third-party assessors, consultants, auditors or other firms. For example, we periodically conduct penetration tests and tabletop exercises to simulate attacks against our infrastructure, systems, or portions thereof, in order to validate the efficacy of our security controls and response capabilities. Such exercises are typically conducted with assistance from third-party advisors and experts. Incident response efforts are also supported by external resources such as legal advisors, cybersecurity forensic firms, communications specialists, and other outside advisors and experts as well as law enforcement support, as appropriate. We benefit from engaging third parties to provide specialized skills, knowledge, tools and resources, and such third parties may also help reduce costs, increase efficiency and/or improve the quality of our Cybersecurity Program.

Our supplier community (including suppliers of IT services and other third-party service providers) plays a large role in Qualcomm's success, and we believe in engaging with our suppliers to help them protect against cybersecurity threats. We operate a supplier cybersecurity assurance program, which is integrated with our procurement processes and supported by the relevant groups within the legal organization, to assess and attempt to mitigate potential cybersecurity risks across our supplier community commensurate with their cybersecurity risk. Specifically, based on a risk classification of the supplier, our third-party risk management process includes steps such as the evaluation of a supplier's security controls, posture and maturity as well as the identification and treatment of cybersecurity-related risks.

Notwithstanding our Cybersecurity Program as described above, we cannot anticipate, detect, repel or guarantee the effectiveness of our preventative measures against all cybersecurity threats, particularly because the techniques used are increasingly sophisticated and constantly evolving. Like many companies, we have encountered intrusions and attempts to gain unauthorized access to our IT systems or other attacks and incidents, and we have had third-party service providers who have encountered intrusions. However, during fiscal 2025, we did not identify any risks from cybersecurity threats that materially affected or are reasonably anticipated to materially affect our business strategy, results of operations or financial condition. For additional information about the cybersecurity risks we face, including how such risks could affect us in the future, see "Part I, Item 1A. Risk Factors" in this Annual Report, including the Risk Factors titled "*Our business and operations could suffer in the event of security breaches of our IT systems, or other misappropriation of our technology, intellectual property or other proprietary or confidential information"* and *"Failures in our products, or in the products of our customers or licensees, including those resulting from security vulnerabilities, defects or errors, could harm our business."*

Governance

Our Board of Directors has primary responsibility for oversight of our risk management efforts, with support from its standing committees. In particular, the Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to our Cybersecurity Program. As part of its oversight of IT security/cybersecurity matters, the Audit Committee receives cybersecurity updates on a quarterly basis and an IT security/cybersecurity briefing from management, typically including our Chief Information Officer (CIO) and Vice President of Cybersecurity, on at least a semi-annual basis. In addition to this regular reporting, significant cybersecurity threats or incidents may also be escalated on an as-needed basis through our organizational structure in accordance with our incident response process.

Key elements of our Cybersecurity Program, including defending against key cybersecurity threats and risks, are overseen by our CIO, Vice President of Cybersecurity, the Information Security and Risk Management (ISRM) organization and certain legal functions under the office of the General Counsel, which include subject matter experts focused on identifying and managing cybersecurity threats and consequences where technically feasible and commensurate with risk. Our CIO has over 30 years of experience in IT and telecommunications and previously held CIO or other IT leadership roles at DISH Network (now EchoStar), CenturyLink, Level 3 Communications and TW Telecom prior to joining Qualcomm. Our Vice President of Cybersecurity has over 20 years of experience in cybersecurity gained across numerous leadership roles in Qualcomm's IT and Cybersecurity organization, including security architecture, risk and compliance, incident response, security operations and identity management. This experience is supplemented by the collective experience and expertise across the ISRM organization, which includes the Cyber Security Operations Center, Cyber Defense Engineering Services, Cyber Identity and Architecture, Cyber Governance Risk and Compliance, and Threat Intelligence teams, among others. The Cybersecurity Program is also supported by additional members of senior management, including our Chief Financial Officer and Chief Operating Officer, Chief Technology Officer, Chief Human Resources Officer and General Counsel, through regular reporting and review.

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Item 2. Properties

At September 28, 2025, we occupied the following facilities (square footage in millions):

	United States	Other Countries	Total
Owned facilities	4.5	1.4	5.9
Leased facilities	0.7	8.1	8.8
Total	5.2	9.5	14.7

Our headquarters and certain of our research and development operations are located in San Diego, California. We own and lease properties around the world for use as sales and administrative offices and research and development centers, primarily in the United States, India and China, and we also operate owned and leased manufacturing facilities in Singapore, Germany and China. We do not identify or allocate facilities by operating segment. We believe our existing facilities, including both leased and owned, are suitable and adequate for the conduct of our business.

Additional information on operating leases is provided in this Annual Report in "Notes to Consolidated Financial Statements, Note 7. Commitments and Contingencies." Additional information on net property, plant and equipment by geography is provided in this Annual Report in "Notes to Consolidated Financial Statements, Note 8. Segment Information."

Item 3. Legal Proceedings

Information regarding certain legal proceedings is provided in this Annual Report in "Notes to Consolidated Financial Statements, Note 7. Commitments and Contingencies."

Item 4. Mine Safety Disclosures

Not applicable.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information and Dividends

Our common stock is traded on the NASDAQ Global Select Market (NASDAQ) under the symbol "QCOM." At November 3, 2025, there were 5,564 holders of record of our common stock.

We currently intend to continue to pay quarterly cash dividends, subject to capital availability and our view that cash dividends are in the best interests of our stockholders. Future dividends may be affected by, among other items, our views on potential future capital availability and requirements, including those relating to research and development, creation and expansion of sales and distribution channels, investments and acquisitions, legal and regulatory risks, withholding of payments by one or more of our significant licensees and/or customers, fines and/or adverse rulings by government agencies, courts or arbitrators in legal or regulatory matters, stock repurchase programs, debt issuances, changes in federal, state or foreign income tax law, trade and/or national security protection policies, volatility in economies and financial markets or other macroeconomic conditions, and changes to our business model.

Issuer Purchases of Equity Securities

Our purchases of our common stock in the fourth quarter of fiscal 2025 were:

	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
	(In thousands)		(In thousands)	(In millions)
June 30, 2025 to July 27, 2025	5,357	$ 157.75	5,357	$ 8,838
July 28, 2025 to August 24, 2025	5,966	153.36	5,966	7,923
August 25, 2025 to September 28, 2025	4,297	158.93	4,297	7,240
Total	15,620		15,620	

(1) Average Price Paid Per Share excludes cash paid for commissions and excise taxes.

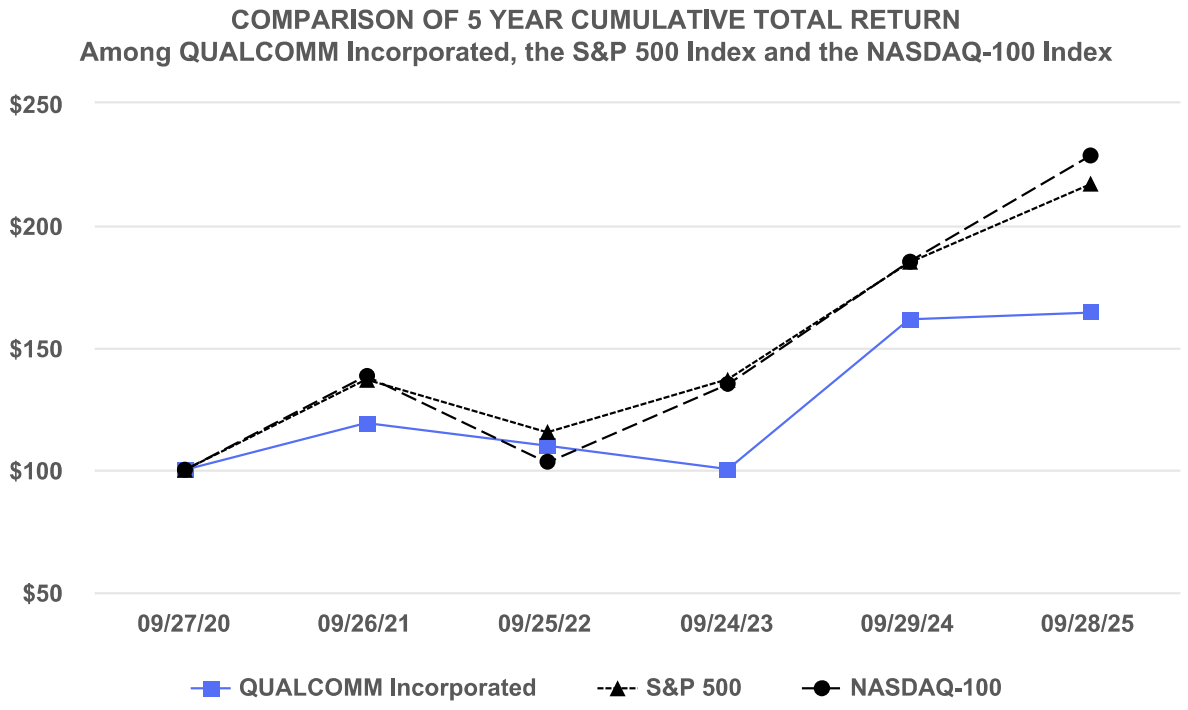
(2) On November 6, 2024, we announced a $15.0 billion stock repurchase program, which has no expiration date. Shares withheld to satisfy statutory tax withholding requirements related to the vesting of share-based awards are not issued or considered stock repurchases under our stock repurchase program and, therefore, are excluded from the table above.

Stock Performance Graph

The following graph compares the cumulative total stockholder return on our common stock, the Standard & Poor's 500 Stock Index (S&P 500) and the NASDAQ-100 Index (NASDAQ-100) for the five years ended September 28, 2025. The S&P 500 tracks the aggregate price performance of the equity securities of 500 United States companies selected by Standard & Poor's Index Committee to include companies in leading industries and to reflect the United States stock market. The NASDAQ-100 tracks the aggregate price performance of the 100 largest domestic and international non-financial securities listed on the NASDAQ Stock Market based on market capitalization. Our common stock is a component of each of the S&P 500 and the NASDAQ-100.

The total return for our stock and for each index assumes that $100 was invested at the market close on the last trading day for our fiscal year ended September 27, 2020 and that all dividends were reinvested. All returns are reported as of our fiscal year end, which is the last Sunday in September. Stockholder returns over the indicated period are based on historical data and should not be considered indicative of future stockholder returns.

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Item 6. (Reserved)

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included in "Part II, Item 8. Financial Statements and Supplementary Data" of this Annual Report.

The following section generally discusses fiscal 2025 and 2024 items and year-to-year comparisons between fiscal 2025 and 2024. Discussions of fiscal 2023 items and year-to-year comparisons between fiscal 2024 and 2023 that are not included in this Annual Report can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended September 29, 2024.

Our Business and Operating Segments

We develop and commercialize foundational technologies and products used across industries and applications from mobile devices to other areas including automotive and the internet of things (IoT). We derive revenues principally from sales of integrated circuit products and licensing our intellectual property, including patents and other rights.

We are organized on the basis of products and services and have three reportable segments. We conduct business primarily through our QCT (Qualcomm CDMA Technologies) semiconductor business and our QTL (Qualcomm Technology Licensing) licensing business. Our QSI (Qualcomm Strategic Initiatives) reportable segment makes strategic investments. We also have nonreportable segments, including QGOV (Qualcomm Government Technologies) and our Data Center business (formerly referred to as our cloud computing processing initiative).

Further information regarding our business and operating segments is provided in "Part I, Item 1. Business" of this Annual Report.

Seasonality. Many of our products and much of our intellectual property are incorporated into consumer wireless devices, which are subject to seasonality and other fluctuations in demand. Our revenues have historically fluctuated based on consumer demand for devices, as well as on the timing of customer/licensee device launches and/or innovation cycles (such as the transition to the next generation of wireless technologies). This has resulted in fluctuations in QCT revenues in advance of and during device launches incorporating our products (for example, certain major handset OEMs accelerated their premium-tier device launches into the first quarter of fiscal 2025) and in QTL revenues when licensees' sales occur. These trends may or may not continue in the future. Further, the trends for QTL have been, and may in the future be, impacted by disputes and/or resolutions with licensees and/or governmental investigations or proceedings.

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Fiscal 2025 Overview

Revenues were $44.3 billion, an increase of 14% compared to revenues of $39.0 billion in fiscal 2024, with net income of $5.5 billion, a decrease of 45% compared to net income of $10.1 billion in fiscal 2024. Key items from fiscal 2025 included:

- QCT revenues increased by 16% in fiscal 2025 compared to the prior year, primarily due to higher handsets, IoT and automotive revenues.
- QTL revenues remained approximately flat in fiscal 2025 compared to the prior year.
- We recorded a charge of $5.7 billion to income tax expense to establish a valuation allowance in the fourth quarter of fiscal 2025 as we no longer expect to realize substantially all of our existing federal deferred tax assets as a result of the tax reform legislation included in the One Big Beautiful Bill Act (OBBB) enacted on July 4, 2025.

Results of Operations

Revenues (in millions)

	2025	2024	Change
Equipment and services	$ 37,869	$ 32,791	$ 5,078
Licensing	6,415	6,171	244
	$ 44,284	$ 38,962	$ 5,322

2025 vs. 2024

The increase in revenues in fiscal 2025 was primarily due to:

+ $5.1 billion in higher equipment and services revenue from our QCT segment
+ $143 million in licensing revenues resulting from a settlement of a licensing dispute in the second quarter of fiscal 2025, which was not allocated to our segment results

Costs and Expenses (in millions, except percentages)

	2025	2024	Change
Cost of revenues	$ 19,738	$ 17,060	$ 2,678
Gross margin	55%	56%	

2025 vs. 2024

Gross margin percentage decreased in fiscal 2025 primarily due to a decrease in the proportion of total revenues related to QTL licensing revenues (which have a higher margin percentage contribution).

	2025	2024	Change
Research and development	$ 9,042	$ 8,893	$ 149
% of revenues	20%	23%	

2025 vs. 2024

The increase in research and development expenses in fiscal 2025 was primarily due to a $118 million increase in share-based compensation expense. Our costs related to the development of wireless and integrated circuit technologies (including investments in key growth and diversification initiatives) remained approximately flat, primarily driven by $314 million in higher non-recurring engineering cost reimbursements for product-related development work, partially offset by an increase in employee-related costs.

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	2025	2024	Change
Selling, general and administrative	$ 3,110	$ 2,759	$ 351
% of revenues	7%	7%	

2025 vs. 2024

The increase in selling, general and administrative expenses in fiscal 2025 was primarily due to:

- + $231 million increase in sales and marketing expenses (including investments in key growth and diversification initiatives)
- + $70 million increase in employee-related expenses

	2025	2024	Change
Other expenses	$ 39	$ 179	$ (140)

2025 vs. 2024

Other expenses in fiscal 2025 consisted of restructuring and restructuring-related charges.

Other expenses in fiscal 2024 primarily consisted of $107 million in restructuring and restructuring-related charges (substantially all of which related to severance costs) and a $75 million charge related to the settlement of a securities class action lawsuit.

Interest Expense and Investment and Other Income, Net (in millions)

	2025	2024	Change
Interest expense	$ 664	$ 697	$ (33)
Investment and other income, net			
Interest and dividend income	$ 639	$ 675	$ (36)
Net gains on marketable securities	254	14	240
Net gains on other investments	44	175	(131)
Net gains on deferred compensation plan assets	127	198	(71)
Impairment losses on other investments	(113)	(79)	(34)
Other	21	(21)	42
	$ 972	$ 962	$ 10

2025 vs. 2024

Net gains on marketable securities in fiscal 2025 was primarily driven by the initial public offerings of certain QSI equity investments.

Net gains on other investments in fiscal 2024 was primarily driven by observable price changes on certain of our QSI non-marketable equity investments.

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Income Tax Expense (in millions, except percentages)

The following table summarizes the primary factors that caused our annual tax provision from continuing operations to differ from the expected income tax provision at the U.S. federal statutory rate. Substantially all of our income is taxed in the U.S., of which a significant portion qualifies for preferential treatment as foreign-derived intangible income (FDII) at a 13% effective tax rate for the periods presented. Additional information regarding our annual effective tax rate (including discussion related to the impact of the requirement to capitalize research and development expenditures for federal income tax purposes, and the benefit related to the transfer of intellectual property between foreign subsidiaries in fiscal 2024) is provided in this Annual Report in "Notes to Consolidated Financial Statements, Note 3. Income Taxes."

	2025	2024
Expected income tax provision at federal statutory tax rate	$ 2,659	$ 2,171
Valuation allowance on federal deferred tax assets resulting from OBBB	5,724	—
Benefit from FDII deduction, excluding the impact of capitalizing research and development expenditures	(735)	(596)
Benefit from FDII deduction related to capitalizing research and development expenditures	(492)	(585)
Benefit related to the research and development tax credit	(237)	(259)
Excess tax benefit associated with share-based awards	(120)	(176)
Foreign currency losses (gains) related to foreign withholding tax receivable	98	(21)
Benefit related to the transfer of intellectual property between foreign subsidiaries	(8)	(317)
Other	233	9
Income tax expense	$ 7,122	$ 226
Effective tax rate	56%	2%

On July 4, 2025, tax reform legislation included in the OBBB was enacted in the United States. The OBBB includes significant corporate tax reforms, including the permanent reinstatement of deducting domestic research and development expenditures as incurred beginning in fiscal 2026 (under prior law such expenditures were capitalized and amortized over five years). The legislation also modifies international tax provisions, including changes to the FDII regime. Specifically, it renames FDII as Foreign-Derived Deduction Eligible Income (FDDEI), maintains the current FDDEI effective tax rate of 13% through fiscal 2026 and adjusts the FDDEI effective tax rate to a permanent 14% rate in fiscal 2027 (compared to 16% under prior law). As a result of these changes, we expect to be subject to the corporate alternative minimum tax (CAMT) beginning in fiscal 2026. CAMT imposes a 15% federal minimum tax on adjusted financial statement income, reduced by general business credits, including research and development credits. As we expect to perpetually be subject to CAMT, we no longer expect to realize substantially all of our existing federal deferred tax assets and recognized a charge of $5.7 billion to income tax expense to establish a valuation allowance in the fourth quarter of fiscal 2025.

Beginning in fiscal 2023 and through fiscal 2025, for federal income tax purposes, we were required to capitalize and amortize domestic research and development expenditures over five years (such expenditures were previously deducted as incurred). Our cash flows from operations were adversely affected due to significantly higher cash tax payments. However, since the resulting deferred tax asset was established at the statutory rate of 21% (rather than the current effective tax rate of 13% after considering the FDII deduction), capitalization favorably affected our total provision for income taxes and results of operations. With the enactment of OBBB, such impacts on our cash flows and tax provision are not expected to continue beginning in fiscal 2026. Changes in future taxable income (including less of our income qualifying for preferential treatment as FDDEI), tax laws (including changes to the CAMT rules) and other factors may change our determination regarding whether we will be able to realize our deferred tax assets.

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Segment Results

The following should be read in conjunction with the fiscal 2025 and 2024 results of operations for each reportable segment included in this Annual Report in "Notes to Consolidated Financial Statements, Note 8. Segment Information."

QCT Segment (in millions, except percentages)

	2025	2024	Change
Revenues			
Handsets	$ 27,793	$ 24,863	$ 2,930
Automotive	3,957	2,910	1,047
IoT (internet of things)	6,617	5,423	1,194
Total revenues (1)	$ 38,367	$ 33,196	$ 5,171
EBT (2)	$ 11,670	$ 9,527	$ 2,143
EBT as a % of revenues	30%	29%	1 point

(1) Descriptions of our three QCT revenue streams can be found in this Annual Report in "Notes to Consolidated Financial Statements, Note 2. Composition of Certain Financial Statement Items."

(2) Earnings before income taxes.

Substantially all of QCT's revenues consist of equipment and services revenues, which were $37.7 billion and $32.6 billion in fiscal 2025 and 2024, respectively. QCT revenues mostly relate to sales of our Snapdragon and Dragonwing platforms (which include processors and modems), stand-alone Mobile Data Modems, radio frequency transceiver, power management and wireless connectivity integrated chipsets as well as sales of 4G, 5G sub 6 and 5G millimeter wave RFFE products.

2025 vs. 2024

The increase in QCT revenues in fiscal 2025 was primarily due to:

+ higher handsets revenues, due to $2.5 billion in higher revenues per chipset primarily driven by higher average selling prices and favorable mix, and $423 million in higher chipset shipments by certain major OEMs, both of which benefited from an increase in demand for premium-tier Snapdragon platforms in Android devices
+ higher IoT revenues due to $1.5 billion in higher shipments across edge networking, consumer and industrial products, partially offset by unfavorable mix
+ higher automotive revenues, primarily driven by an increase in shipments from new vehicle launches with our Snapdragon digital cockpit products

QCT EBT as a percentage of revenues increased in fiscal 2025 primarily due to:

+ higher revenues
- higher operating expenses, primarily driven by higher selling, general and administrative expenses

Gross margin percentage remained approximately flat in fiscal 2025, primarily driven by higher product costs, partially offset by higher average selling prices.

QTL Segment (in millions, except percentages)

	2025	2024	Change
Licensing revenues	$ 5,582	$ 5,572	$ 10
EBT	4,043	4,027	16
EBT as a % of revenues	72%	72%	—

2025 vs. 2024

QTL licensing revenues and EBT remained approximately flat in fiscal 2025. During the second quarter of fiscal 2025, we executed final agreements for new long-term licenses with two key Chinese OEMs (for which the initial terms had expired) and entered into comprehensive 4G and 5G license agreements with Transsion (a growing, China-headquartered OEM that sells primarily in developing regions). As a result of our agreements with Transsion, all outstanding litigation between the parties has been dismissed. Beginning in the second quarter of fiscal 2025, QTL revenues did not include royalties from Huawei, whose license agreement has expired.

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QSI Segment (in millions)

	2025	2024	Change
Equipment and services revenues	$ —	$ 18	$ (18)
EBT	180	104	76

2025 vs. 2024
QSI EBT increased in fiscal 2025 primarily due to higher net gains on marketable securities resulting from the initial public offerings of certain of our equity investments, partially offset by lower net gains from observable price changes on certain of our non-marketable equity investments.

Looking Forward

We believe that on-device AI and high-performance, low-power computing combined with cellular technology (such as 5G) will continue to drive adoption of certain technologies that are already commonly used in smartphones by industries and applications beyond mobile handsets, such as automotive and IoT. We believe it is important that we remain a leader in such technology development, standardization, intellectual property creation and licensing, and a leading developer and supplier of integrated circuit products in order to sustain and grow our business long-term.

As we look forward to the next several quarters:

- We continue to monitor the recent changes in global trade policy, including tariffs and related trade actions announced by the U.S., China and other countries. The degree to which such tariffs and other related actions impact our business, financial condition and results of operations will depend on future developments, which are uncertain. Changes to global trade policies may negatively impact demand, pricing and cost for our products and technologies, and contribute to the inherent uncertainties in estimating future customer demand, which may result in increased excess or obsolete inventory or reserve charges, negatively impacting our results of operations and cash flows. See "Part I, Item 1A. Risk Factors" in this Annual Report, including the Risk Factor titled "*We operate in the highly cyclical semiconductor industry, which is subject to significant downturns. We are also susceptible to declines in global, regional and local economic conditions generally. Our stock price and financial results are subject to substantial quarterly and annual fluctuations due to these dynamics, among others.*"
- We expect leading process technology nodes to continue to drive product cost increases from certain of our key semiconductor wafer suppliers.
- We expect continued intense competition, including from vertical integration by certain of our customers (for example, Apple and Samsung). In particular, Apple began utilizing its own modem (rather than our products) in its recently released smartphones and we expect that Apple will increasingly use its own modem products, rather than our products, in its future devices, which will have a significant negative impact on our QCT revenues, results of operations and cash flows.
- We expect to continue investing in key growth and diversification initiatives. We also expect our share-based compensation expense to increase as we have replaced our annual cash incentive awards for fiscal 2026 and 2027 with a two-year equity award for our broader non-executive leadership team. This approach is designed to motivate and retain our team to execute our long-term diversification strategy, while further aligning their compensation with the interests of our stockholders.
- U.S./China trade relations and/or national security protection policies may negatively impact our business, growth prospects and results of operations. See "Part I, Item 1A. Risk Factors" in this Annual Report, including the Risk Factor titled "*A significant portion of our business is concentrated in China, and the risks of such concentration are exacerbated by U.S./China trade and national security tensions."*

We are also involved in certain legal proceedings, including those described in this Annual Report in "Notes to Consolidated Financial Statements, Note 7. Commitments and Contingencies." Litigation is inherently uncertain, and, while we intend to continue to vigorously defend ourselves in such matters, the unfavorable resolution of one or more of these matters could have a material adverse effect on our business, results of operations, financial condition or cash flows.

In addition to the foregoing business and market-based matters, we continue to devote resources to working with and educating participants in the wireless industry and governments as to the benefits of our licensing programs and our extensive technology investments in promoting a highly competitive and innovative wireless industry. However, we expect that certain companies may be dissatisfied with the need to pay reasonable royalties for the use of our technologies and not welcome the success of our licensing programs in enabling new, highly cost-effective competitors to their products. Accordingly, such companies, and/or governments or regulators, may continue to challenge our business model in various forums throughout the world.

Further discussion of risks related to our business is provided in "Part I, Item 1A. Risk Factors" included in this Annual Report.

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Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash, cash equivalents and marketable securities (including restricted cash), cash generated from operations and cash provided by our debt programs, which we believe will satisfy our working and other capital requirements for at least the next 12 months based on our current business plans.

The following table presents selected financial information related to our liquidity as of and for the years ended September 28, 2025 and September 29, 2024 (in millions):

	September 28, 2025	September 29, 2024	Change
Cash, cash equivalents and marketable securities (including restricted cash)			
Cash and cash equivalents	$ 5,520	$ 7,849	$ (2,329)
Restricted cash (1)	2,323	—	2,323
Marketable securities	4,635	5,451	(816)
	$ 12,478	$ 13,300	$ (822)
Debt (2)	$ 14,811	$ 14,634	$ 177

(1) In connection with our pending acquisition of Alphawave IP Group plc (Alphawave), we agreed to restrict the use of approximately $2.3 billion of cash to be held for purposes of satisfying payment of the consideration to effect the acquisition. Additional information regarding our pending acquisition of Alphawave is provided in this Annual Report in "Notes to Consolidated Financial Statements, Note 9. Acquisitions."

(2) Includes our issued debt reported as long-term and short-term. At September 28, 2025, we had $15.1 billion of principal fixed-rate notes outstanding with maturity dates between 2027 and 2053.

	2025	2024	Change
Net cash provided by operating activities	$ 14,012	$ 12,202	$ 1,810
Net cash used by investing activities	(800)	(3,623)	2,823
Net cash used by financing activities	(13,196)	(9,269)	(3,927)

Cash, cash equivalents and marketable securities (including restricted cash). The net decrease in cash, cash equivalents and marketable securities (including restricted cash) in fiscal 2025 was primarily due to $8.8 billion in payments to repurchase shares of our common stock, $3.8 billion in cash dividends paid, $1.4 billion repayment of unsecured fixed-rate notes that matured in May 2025, $1.2 billion in capital expenditures, $1.1 billion in payments of tax withholdings related to the vesting of share-based awards and $743 million in cash paid for acquisitions and other investments. This was partially offset by cash provided by operating activities, proceeds from the issuance of $1.5 billion of unsecured fixed-rate notes in May 2025 and $404 million in proceeds from the issuance of common stock (primarily under our Employee Stock Purchase Plan).

During fiscal 2025, income taxes paid were less than our provision. This was driven primarily by the $5.7 billion charge to income tax expense to establish a valuation allowance in fiscal 2025 as a result of the tax reform legislation included in the OBBB. This was partially offset by our installment payment for a one-time U.S. repatriation tax accrued in fiscal 2018 of $530 million and the adverse impact of the requirement to capitalize and amortize research and development expenditures for federal income tax purposes. The enactment of the OBBB includes significant corporate tax reforms, including the permanent reinstatement of deducting domestic research and development expenditures as incurred beginning in fiscal 2026. We expect this change will have a favorable effect on our cash flows from operations due to lower cash tax payments compared to fiscal 2025 beginning in fiscal 2026.

Net changes in our operating assets and liabilities positively impacted our operating cash flows in fiscal 2025 primarily from a decrease in other assets driven by the utilization of prior advanced supply agreement payments, partially offset by an increase in accounts receivables primarily driven by higher revenues.

Debt. During the third quarter of fiscal 2025, we repaid $1.4 billion of unsecured fixed-rate notes that matured in May 2025. In May 2025, we also issued $1.5 billion of unsecured fixed-rate notes, consisting of $500 million of 4.50% notes, $400 million of 4.75% notes and $600 million of 5.00% notes (collectively, May 2025 Notes) that mature on May 20, 2030, May 20, 2032 and May 20, 2035, respectively. The net proceeds from the May 2025 Notes will be used for general corporate purposes. We also entered into interest rate swaps which are designated as fair value hedges and allow us to effectively convert all of our fixed-rate payments due under the May 2025 Notes into floating-rate payments.

We have an unsecured commercial paper program, which provides for the issuance of up to $4.5 billion of commercial paper. Net proceeds from this program are used for general corporate purposes. At September 28, 2025, we had no amounts of commercial paper outstanding. We also have a Revolving Credit Facility that provides for unsecured revolving facility loans, swing line loans and letters of credit in an aggregate amount of up to $4.0 billion, which expires on August 8, 2029. At September 28, 2025, no amounts were outstanding under the Revolving Credit Facility.

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We expect to issue new debt in the future. The amount and timing of any such new debt will depend on a number of factors, including but not limited to maturities of our existing debt, acquisitions and strategic investments, favorable and/or acceptable interest rates and changes in corporate income tax law. Additional information regarding our debt is provided in this Annual Report in "Notes to Consolidated Financial Statements, Note 6. Debt."

Capital Return Program. The following table summarizes stock repurchases (including excise taxes paid) and dividends paid during fiscal 2025 and 2024 (in millions, except per-share amounts):

	Stock Repurchase Program			Dividends		Total
	Shares	Average Price Paid Per Share	Amount	Per Share	Amount	Amount
2025	56	$ 155.43	$ 8,791	$ 3.48	$ 3,805	$ 12,596
2024	25	161.37	4,121	3.30	3,687	7,808

At September 28, 2025, $7.2 billion remained authorized for repurchase under our stock repurchase program. Our stock repurchases were at an increased level in fiscal 2025 compared to fiscal 2024. The timing of future stock repurchases and the number of shares of common stock to be repurchased will depend upon prevailing market conditions and other factors. Repurchases may be made in the open market, through 10b5-1 programs, through accelerated share repurchase programs, in privately negotiated transactions or through the use of derivative instruments. Our stock repurchase programs are subject to periodic evaluations to determine when and if repurchases are in the best interests of our stockholders, and we may accelerate, suspend, delay or discontinue repurchases at any time.

We currently intend to continue to use cash dividends as a means of returning capital to stockholders, subject to capital availability and our view that cash dividends are in the best interests of our stockholders, among other factors. Additional information regarding our capital returns is provided in this Annual Report in "Notes to Consolidated Financial Statements, Note 4. Capital Stock."

Additional Capital Requirements. Recent and expected working and other capital requirements, in addition to the above matters, also include the items described below:

- Our purchase obligations at September 28, 2025, which primarily relate to purchase commitments with certain suppliers of our integrated circuit products, including those under multi-year capacity commitments, totaled $15.1 billion, of which, $10.5 billion is expected to be paid in the next 12 months.
- Our research and development expenditures were $9.0 billion in fiscal 2025 and $8.9 billion in fiscal 2024.
- Cash outflows for capital expenditures were $1.2 billion in fiscal 2025 and $1.0 billion in fiscal 2024. We expect capital expenditures to increase from fiscal 2025 in the near term primarily to support the testing of our integrated circuits.
- Amounts related to future lease payments for operating lease obligations at September 28, 2025 totaled $1.1 billion, with $142 million expected to be paid within the next 12 months.
- On June 9, 2025, we announced that we reached an agreement to acquire Alphawave at an implied enterprise value of approximately $2.4 billion (as of the announcement date). The purchase price will be paid in cash or, if validly elected by eligible shareholders of Alphawave, in shares of our common stock or securities exchangeable for shares of our common stock. The acquisition is subject to certain closing conditions, including receipt of regulatory approvals. Subject to the satisfaction of these conditions, this acquisition is expected to complete during the first quarter of calendar 2026.
- We expect to continue making strategic investments and acquisitions, the amounts of which could vary significantly.

Further, regulatory authorities in certain jurisdictions have investigated our business practices and instituted proceedings against us, and they or other regulatory authorities may do so in the future. Additionally, certain of our direct and indirect customers and licensees have pursued, and they or others may in the future pursue, litigation, arbitration or other strategies against us related to our business. Unfavorable resolutions of one or more of these matters have had and could in the future have a material adverse effect on our business, results of operations, financial condition and cash flows. See "Notes to Consolidated Financial Statements, Note 7. Commitments and Contingencies" and "Part I, Item 1A. Risk Factors" in this Annual Report.

Critical Accounting Estimates

The preparation of our consolidated financial statements in accordance with accounting principles generally accepted in the United States requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent amounts. We base our estimates on historical and anticipated results and trends and on various other assumptions that we believe are reasonable under the circumstances, including assumptions as to future events. By their nature, estimates are inherently subject to a degree of uncertainty. Although we believe that our estimates and the assumptions supporting our assessments are reasonable, actual results could differ materially from our estimates and assumptions, and could be material to our consolidated financial statements.

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In addition to our critical accounting estimates and policies below, refer to "Note 1. Significant Accounting Policies" and "Note 2. Composition of Certain Financial Statement Items" included in this Annual Report in "Notes to Consolidated Financial Statements" for further information. If the impact of changes in our critical accounting estimates is material or considered necessary to understand our results of operations for the periods presented, then such information is disclosed within this Annual Report in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Revenue Recognition. We grant licenses or otherwise provide rights to use portions of our intellectual property portfolio, which, among other rights, includes certain patent rights essential to and/or useful in the manufacture, sale or use of certain wireless products. We estimate and recognize sales-based royalties on such licensed products in the period in which the licensees' sales occur, which is based largely on preliminary royalty estimates provided by our licensees. For fiscal 2025 and 2024, actual amounts for sales-based royalties have been materially consistent with such estimates, and no significant reversals of revenues have been required as a result of adjustments to prior period royalty estimates.

Impairment of Non-marketable Equity Investments. We monitor our investments, many of which are in early-stage companies, for events or circumstances that could indicate impairment, including those that result from observable price adjustments. Key considerations in this assessment include the investee's financial and liquidity position and business forecasts (including their ability to respond to any significant deterioration), industry performance, development and/or market acceptance of the investee's products or technologies, as well as considering any appreciation in fair value that has not been recognized in the carrying values of such investments and other relevant events and factors. Measurement of any impairments may require the use of unobservable inputs. In fiscal 2025 and 2024, there were no significant impairment losses or adjustments to our previous judgments and estimates recorded.

Inventories. We measure inventory at the lower of cost or net realizable value considering judgments and estimates related to future customer demand and other market conditions, such as the impact of the macroeconomic environment and global trade policies. Although we believe these estimates are reasonable, any significant changes in customer demand that are less favorable than our previous estimates may require additional inventory write-downs and would be reflected in cost of sales resulting in a negative impact to our gross margin in that period. For fiscal 2025 and 2024, the net effect from changes in this estimate and related reserves was less than 1% of cost of revenues during each period.

Impairment of Goodwill, Other Indefinite-Lived Assets and Long-Lived Assets. We monitor our goodwill, other indefinite-lived assets and long-lived assets for the existence of impairment indicators and apply judgments in the valuation methods (generally income or market approach) and underlying inputs and assumptions utilized in such assessments, which are generally unobservable inputs. During fiscal 2025 and 2024, there were no material impairment charges for long-lived or indefinite-lived assets. Additionally, the estimated fair values of our QCT and QTL reporting units, based on our qualitative assessment, were substantially in excess of their respective carrying values at September 28, 2025.

Legal and Regulatory Proceedings. We are currently involved in certain legal and regulatory proceedings, the outcomes of which are inherently uncertain. If there is at least a reasonable possibility that a material loss may have been incurred associated with pending legal and regulatory proceedings, we disclose such fact. We record our best estimate of a loss related to pending legal and regulatory proceedings when the loss is considered probable and the amount can be reasonably estimated. We face difficulties in evaluating or estimating likely outcomes and/or the amount of possible loss in certain legal and regulatory proceedings. Until the final resolution of such matters, there may be an exposure to loss in excess of the amount recorded (or the possible loss disclosed), and such amounts could be material.

Income Taxes. We make significant judgments and estimates in determining our provision for income taxes, including our assessment of our income tax positions, both in the U.S. and foreign jurisdictions, given the uncertainties involved in the interpretation and application of complex tax laws and regulations in various taxing jurisdictions. While we believe we have appropriate support for the positions we have taken or plan to take on our tax returns, we regularly assess the potential outcomes of examinations by taxing authorities in determining the adequacy of our provision for income taxes based on the technical merits of the position. The actual liability for U.S. or foreign taxes may be materially different from our estimates, which could result in the need to record additional tax liabilities or potentially reverse previously recorded tax liabilities. Based on our results for fiscal 2025, an assumed one-percentage point increase to our annual effective tax rate would result in an increase in income tax expense of $127 million.

Deferred tax assets represent amounts available to reduce income taxes payable on taxable income in future years. Under the OBBB enacted in July 2025, we expect to be subject to CAMT beginning in fiscal 2026 and therefore, we no longer expect to realize substantially all of our existing federal deferred tax assets. As a result, we recorded a charge of $5.7 billion to income tax expense to establish a valuation allowance against such deferred tax assets in the fourth quarter of fiscal 2025. Factors considered in this determination included assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences, forecasted operating earnings and available tax planning strategies, and considering that substantially all of our income is taxed in the U.S., of which a significant portion qualifies for preferential treatment as FDDEI. Changes in future taxable income (including less of our income qualifying for preferential treatment as FDDEI), tax laws (including changes to the CAMT rules) and other factors may change our determination regarding whether we will be able to realize our deferred tax assets.

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Recent Accounting Pronouncements

Information regarding recent accounting pronouncements and the impact of those pronouncements, if any, on our consolidated financial statements is provided in this Annual Report in "Notes to Consolidated Financial Statements, Note 1. Significant Accounting Policies."

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks, including changes to interest rates, equity price risk and foreign currency exchange rates.

Interest Rate Risk

We invest a portion of our cash in a number of diversified fixed- and floating-rate securities consisting of cash equivalents, marketable debt securities and time deposits that are subject to interest rate risk. At September 28, 2025 and September 29, 2024, a hypothetical increase in interest rates of 100 basis points across the entire yield curve on our holdings would have resulted in an immaterial decrease in the fair value of our holdings.

At September 28, 2025 and September 29, 2024, all of our issued debt was comprised of unsecured fixed-rate notes. From time to time, we issue commercial paper for which our exposure to interest rate risk is negligible based on the original maturities of approximately three months or less.

We manage our exposure to certain interest rate risks related to our long-term debt through the use of interest rate swaps. We enter into these agreements to manage interest rate risk associated with our cash equivalents and marketable securities, in addition to changes in the fair value of our outstanding debt. At September 28, 2025 and September 29, 2024, we had an aggregate notional amount of $3.6 billion and $2.1 billion, respectively, in interest rate swaps that are designated as fair value hedges to effectively convert certain fixed-rate interest payments into floating-rate payments on our outstanding debt. At September 28, 2025 and September 29, 2024, a hypothetical increase in interest rates of 100 basis points would not cause a material loss in earnings.

Equity Price Risk

We hold investments in non-marketable equity instruments in privately held companies that may be impacted by equity price risks. Volatility in the equity markets could negatively affect our investees' ability to raise additional capital as well as our ability to realize value from our investments through initial public offerings, mergers or private sales. Consequently, we could incur impairment losses or realized losses on all or part of the values of our non-marketable equity investments. At September 28, 2025, our non-marketable equity investments (including those accounted for under the equity method) consisted of investments in over 150 companies with an aggregate carrying value included in other assets of $1.4 billion. Impairment losses on such investments were not material for any of the periods presented in this Annual Report.

Foreign Exchange Risk

As a global company, we face exposure to adverse movements in foreign currency exchange rates. Financial assets and liabilities held by consolidated subsidiaries that are not denominated in the functional currency of those entities are subject to the effects of currency fluctuations. We could experience gains or losses on foreign currency cash flows, as well as economic loss with respect to the recoverability of foreign investments.

We manage our exposure to foreign exchange market risks, when deemed appropriate, through the use of derivative and non-derivative financial instruments, including foreign currency forward and option contracts with financial counterparties and, from time to time, other financial instruments designated as net investment hedges. We utilize such financial instruments for hedging or risk management purposes rather than for speculative purposes. While we may hedge certain transactions with non-U.S. customers, declines in currency values in certain regions may, if not reversed, adversely affect future product sales because our products may become more expensive to purchase in the countries of the affected currencies.

Gains or losses on hedged foreign currency transactions and investments, including certain royalties earned from licensees, operating expenses and net investments in foreign subsidiaries, are generally offset by corresponding losses or gains on the related hedging instrument.

We have experienced fluctuations in our effective tax rate as a result of foreign currency gains or losses related to our Korean withholding tax receivable (which was $2.2 billion as of September 28, 2025), which is described further in this Annual Report in "Notes to Consolidated Financial Statements, Note 3. Income Taxes." Based on the balance of such foreign withholding tax receivable, an assumed 10% adverse change to foreign exchange rates would result in losses of approximately $223 million and $222 million as of September 28, 2025 and September 29, 2024, respectively. Other gains and losses from foreign currency transactions were not material for any of the periods presented in this Annual Report.

Our analysis methods used to assess and mitigate the risks discussed above should not be considered projections of future risks. Additional information regarding the financial instruments mentioned above is provided in this Annual Report in "Notes to Consolidated Financial Statements, Note 1. Significant Accounting Policies," "Notes to Consolidated Financial Statements, Note 2. Composition of Certain Financial Statement Items," "Notes to Consolidated Financial Statements, Note 6. Debt" and "Notes to Consolidated Financial Statements, Note 10. Fair Value Measurements and Marketable Securities."

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Item 8. Financial Statements and Supplementary Data

The information required by this item is included in this Annual Report on pages F-1 through F-27.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such terms are defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act). Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Annual Report.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and our principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under this framework, our management concluded that our internal control over financial reporting was effective as of September 28, 2025.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited our consolidated financial statements included in this Annual Report, has also audited the effectiveness of our internal control over financial reporting as of September 28, 2025, as stated in its report which appears on pages F-1 through F-2 in this Annual Report.

Inherent Limitations over Internal Controls

Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

iii. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations, including the possibility of human error and circumvention by collusion or overriding of controls. Accordingly, even an effective internal control system may not prevent or detect material misstatements on a timely basis. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the fourth quarter of fiscal 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

On September 11, 2025, Heather Ace, our Chief Human Resources Officer, acting as trustee on behalf of her family trust, adopted a Rule 10b5-1 trading arrangement (as defined in Item 408 of Regulation S-K) providing for the sale of up to 12,800 shares of our common stock. The plan is scheduled to terminate on November 18, 2026.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item regarding directors will be included in our definitive Proxy Statement to be filed with the SEC in connection with our 2026 Annual Meeting of Stockholders (2026 Proxy Statement) and is incorporated herein by reference. Certain information required by this item regarding executive officers is set forth in Item 1 of Part I of this Annual Report under the heading "Information about our Executive Officers." The information required by this item regarding corporate governance will be included in our 2026 Proxy Statement and is incorporated herein by reference.

Item 11. Executive Compensation

The information required by this item will be included in our 2026 Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be included in our 2026 Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be included in our 2026 Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this item will be included in our 2026 Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

The following documents are filed as part of this report:

(a) Financial Statements:

	Page Number
(1) Report of Independent Registered Public Accounting Firm (PCAOB ID: 238)	F-1
Consolidated Balance Sheets at September 28, 2025 and September 29, 2024	F-3
Consolidated Statements of Operations for Fiscal 2025, 2024 and 2023	F-4
Consolidated Statements of Comprehensive Income for Fiscal 2025, 2024 and 2023	F-5
Consolidated Statements of Cash Flows for Fiscal 2025, 2024 and 2023	F-6
Consolidated Statements of Stockholders' Equity for Fiscal 2025, 2024 and 2023	F-7
Notes to Consolidated Financial Statements	F-8
(2) Schedule II - Valuation and Qualifying Accounts for Fiscal 2025, 2024 and 2023	S-1

Financial statement schedules other than those listed above have been omitted because they are either not required, not applicable or the information is otherwise included in the notes to the consolidated financial statements.

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