

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

(MARK ONE)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended August 3, 2025

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Broadcom Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**001-38449**  
(Commission File Number)

**35-2617337**  
(I.R.S. Employer Identification No.)

**3421 Hillview Ave  
Palo Alto, CA 94304  
(650) 427-6000**

(Address, including zip code, of principal executive offices and registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class  
Common Stock, \$0.001 par value

Trading Symbol(s)  
AVGO

Name of Each Exchange on Which Registered  
The NASDAQ Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of August 29, 2025, there were 4,722,365,022 shares of our common stock outstanding.

**BROADCOM INC.**  
**Quarterly Report on Form 10-Q**  
**For the Quarterly Period Ended August 3, 2025**

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**PART I — FINANCIAL INFORMATION****Item 1. Condensed Consolidated Financial Statements — Unaudited****BROADCOM INC.****INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED**

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**BROADCOM INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS — UNAUDITED**

August 3,  
2025

November 3,  
2024

(In millions, except par value)

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 10,718	\$ 9,348
Trade accounts receivable, net	6,494	4,416
Inventory	2,180	1,760
Other current assets	5,606	4,071
Total current assets	24,998	19,595
Long-term assets:		
Property, plant and equipment, net	2,451	2,521
Goodwill	97,801	97,873
Intangible assets, net	34,344	40,583
Other long-term assets	6,027	5,073
Total assets	\$ 165,621	\$ 165,645

**LIABILITIES AND EQUITY**

Current liabilities:

Accounts payable	\$ 1,432	\$ 1,662
Employee compensation and benefits	1,719	1,971
Short-term debt	1,399	1,271
Other current liabilities	12,154	11,793
Total current liabilities	16,704	16,697
Long-term liabilities:		
Long-term debt	62,830	66,295
Other long-term liabilities	12,810	14,975
Total liabilities	92,344	97,967

Commitments and contingencies (Note 11)

Stockholders' equity:

Preferred stock, \$0.001 par value; 100 shares authorized; none issued and outstanding	—	—
Common stock, \$0.001 par value; 29,000 shares authorized; 4,722 and 4,686 shares issued and outstanding as of August 3, 2025 and November 3, 2024, respectively	5	5
Additional paid-in capital	69,011	67,466
Retained earnings	4,040	—
Accumulated other comprehensive income	221	207
Total stockholders' equity	73,277	67,678
Total liabilities and equity	\$ 165,621	\$ 165,645

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**BROADCOM INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS — UNAUDITED**

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	August 3, 2025	August 4, 2024	August 3, 2025	August 4, 2024
	(In millions, except per share data)			
<b>Net revenue:</b>				
Products	\$ 9,257	\$ 7,439	\$ 25,934	\$ 22,043
Subscriptions and services	6,695	5,633	19,938	15,477
Total net revenue	<u>15,952</u>	<u>13,072</u>	<u>45,872</u>	<u>37,520</u>
<b>Cost of revenue:</b>				
Cost of products sold	3,096	2,434	8,509	7,023
Cost of subscriptions and services	608	699	1,764	2,366
Amortization of acquisition-related intangible assets	1,519	1,525	4,486	4,421
Restructuring charges	26	58	68	203
Total cost of revenue	<u>5,249</u>	<u>4,716</u>	<u>14,827</u>	<u>14,013</u>
Gross margin	10,703	8,356	31,045	23,507
Research and development	3,050	2,353	7,996	7,076
Selling, general and administrative	1,072	1,100	3,104	3,949
Amortization of acquisition-related intangible assets	507	812	1,524	2,431
Restructuring and other charges	187	303	445	1,215
Total operating expenses	<u>4,816</u>	<u>4,568</u>	<u>13,069</u>	<u>14,671</u>
Operating income	5,887	3,788	17,976	8,836
Interest expense	(807)	(1,064)	(2,449)	(3,037)
Other income, net	205	82	333	354
Income from continuing operations before income taxes	5,285	2,806	15,860	6,153
Provision for income taxes	1,145	4,238	1,252	4,190
Income (loss) from continuing operations	4,140	(1,432)	14,608	1,963
Loss from discontinued operations, net of income taxes	—	(443)	—	(392)
Net income (loss)	<u>\$ 4,140</u>	<u>\$ (1,875)</u>	<u>\$ 14,608</u>	<u>\$ 1,571</u>
<b>Basic income (loss) per share:</b>				
Income (loss) per share from continuing operations	\$ 0.88	\$ (0.31)	\$ 3.10	\$ 0.43
Loss per share from discontinued operations	—	(0.09)	—	(0.09)
Net income (loss) per share	<u>\$ 0.88</u>	<u>\$ (0.40)</u>	<u>\$ 3.10</u>	<u>\$ 0.34</u>
<b>Diluted income (loss) per share:</b>				
Income (loss) per share from continuing operations	\$ 0.85	\$ (0.31)	\$ 3.02	\$ 0.41
Loss per share from discontinued operations	—	(0.09)	—	(0.08)
Net income (loss) per share	<u>\$ 0.85</u>	<u>\$ (0.40)</u>	<u>\$ 3.02</u>	<u>\$ 0.33</u>
<b>Weighted-average shares used in per share calculations:</b>				
Basic	4,714	4,663	4,705	4,606
Diluted	4,860	4,663	4,841	4,762

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**BROADCOM INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) — UNAUDITED**

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	August 3, 2025	August 4, 2024	August 3, 2025	August 4, 2024
(In millions)				
Net income (loss)	\$ 4,140	\$ (1,875)	\$ 14,608	\$ 1,571
Other comprehensive income, net of tax:				
Change in unrealized gain on derivative instruments	—	—	(3)	—
Change in actuarial loss and prior service costs associated with defined benefit plans	15	1	17	1
Other comprehensive income, net of tax	15	1	14	1
Comprehensive income (loss)	<u>\$ 4,155</u>	<u>\$ (1,874)</u>	<u>\$ 14,622</u>	<u>\$ 1,572</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**BROADCOM INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — UNAUDITED**

	Three Fiscal Quarters Ended	
	August 3, 2025	August 4, 2024
	(In millions)	
<b>Cash flows from operating activities:</b>		
Net income	\$ 14,608	\$ 1,571
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible and right-of-use assets	6,116	6,962
Depreciation	426	437
Stock-based compensation	5,373	4,427
Deferred taxes and other non-cash taxes	(983)	2,833
Loss on debt extinguishment	118	105
Non-cash interest expense	273	336
Other	58	266
Changes in assets and liabilities, net of acquisitions and disposals:		
Trade accounts receivable, net	(2,066)	2,078
Inventory	(420)	16
Accounts payable	(236)	206
Employee compensation and benefits	(110)	(118)
Other current assets and current liabilities	(1,028)	(3,913)
Other long-term assets and long-term liabilities	(2,295)	(848)
Net cash provided by operating activities	<u>19,834</u>	<u>14,358</u>
<b>Cash flows from investing activities:</b>		
Acquisitions of businesses, net of cash acquired	—	(25,978)
Proceeds from sales of businesses	300	3,485
Purchases of property, plant and equipment	(386)	(426)
Purchases of investments	(261)	(145)
Sales of investments	147	136
Other	(13)	(10)
Net cash used in investing activities	<u>(213)</u>	<u>(22,938)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from long-term borrowings	10,695	34,985
Payments on debt obligations	(14,840)	(12,136)
Proceeds from commercial paper, net	488	—
Payments of dividends	(8,345)	(7,330)
Repurchases of common stock - repurchase program	(2,450)	(7,176)
Shares repurchased for tax withholdings on vesting of equity awards	(3,860)	(4,012)
Issuance of common stock	118	64
Other	(57)	(52)
Net cash provided by (used in) financing activities	<u>(18,251)</u>	<u>4,343</u>
Net change in cash and cash equivalents	1,370	(4,237)
Cash and cash equivalents at beginning of period	9,348	14,189
Cash and cash equivalents at end of period	<u>\$ 10,718</u>	<u>\$ 9,952</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**BROADCOM INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY — UNAUDITED**  
Three Fiscal Quarters Ended August 3, 2025

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Par Value				
(In millions)						
<b>Balance as of November 3, 2024</b>	4,686	\$ 5	\$ 67,466	\$ —	\$ 207	\$ 67,678
Net income	—	—	—	5,503	—	5,503
Dividends to common stockholders	—	—	—	(2,774)	—	(2,774)
Common stock issued	24	—	—	—	—	—
Stock-based compensation	—	—	1,280	—	—	1,280
Shares repurchased for tax withholdings on vesting of equity awards	(8)	—	(1,898)	—	—	(1,898)
<b>Balance as of February 2, 2025</b>	4,702	5	66,848	2,729	207	69,789
Net income	—	—	—	4,965	—	4,965
Other comprehensive loss	—	—	—	—	(1)	(1)
Dividends to common stockholders	—	—	—	(2,785)	—	(2,785)
Common stock issued	26	—	118	—	—	118
Stock-based compensation	—	—	1,773	—	—	1,773
Repurchases of common stock	(16)	—	(227)	(2,223)	—	(2,450)
Shares repurchased for tax withholdings on vesting of equity awards	(9)	—	(1,823)	—	—	(1,823)
<b>Balance as of May 4, 2025</b>	4,703	5	66,689	2,686	206	69,586
Net income	—	—	—	4,140	—	4,140
Other comprehensive income	—	—	—	—	15	15
Dividends to common stockholders	—	—	—	(2,786)	—	(2,786)
Common stock issued	19	—	—	—	—	—
Stock-based compensation	—	—	2,322	—	—	2,322
<b>Balance as of August 3, 2025</b>	<u>4,722</u>	<u>\$ 5</u>	<u>\$ 69,011</u>	<u>\$ 4,040</u>	<u>\$ 221</u>	<u>\$ 73,277</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**BROADCOM INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY — UNAUDITED**  
**Three Fiscal Quarters Ended August 4, 2024**

	Common Stock Shares	Par Value	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	(In millions)					
<b>Balance as of October 29, 2023</b>	4,139	\$ 4	\$ 21,095	\$ 2,682	\$ 207	\$ 23,988
Net income	—	—	—	1,325	—	1,325
Issuance of common stock upon the acquisition of VMware, Inc.	544	1	53,420	—	—	53,421
Fair value of partially vested equity awards assumed in connection with the acquisition of VMware, Inc.	—	—	749	—	—	749
Dividends to common stockholders	—	—	—	(2,435)	—	(2,435)
Common stock issued	27	—	—	—	—	—
Stock-based compensation	—	—	1,582	—	—	1,582
Repurchases of common stock	(67)	—	(5,655)	(1,572)	—	(7,227)
Shares repurchased for tax withholdings on vesting of equity awards	(10)	—	(1,119)	—	—	(1,119)
<b>Balance as of February 4, 2024</b>	4,633	5	70,072	—	207	70,284
Net income	—	—	—	2,121	—	2,121
Dividends to common stockholders	—	—	(322)	(2,121)	—	(2,443)
Common stock issued	33	—	64	—	—	64
Stock-based compensation	—	—	1,457	—	—	1,457
Shares repurchased for tax withholdings on vesting of equity awards	(12)	—	(1,548)	—	—	(1,548)
Other	—	—	26	—	—	26
<b>Balance as of May 5, 2024</b>	4,654	5	69,749	—	207	69,961
Net loss	—	—	—	(1,875)	—	(1,875)
Other comprehensive income	—	—	—	—	1	1
Dividends to common stockholders	—	—	(2,452)	—	—	(2,452)
Common stock issued	25	—	—	—	—	—
Stock-based compensation	—	—	1,388	—	—	1,388
Shares repurchased for tax withholdings on vesting of equity awards	(8)	—	(1,399)	—	—	(1,399)
Other	—	—	27	—	—	27
<b>Balance as of August 4, 2024</b>	4,671	\$ 5	\$ 67,313	\$ (1,875)	\$ 208	\$ 65,651

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**BROADCOM INC.****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****1. Overview, Basis of Presentation and Significant Accounting Policies****Overview**

Broadcom Inc. ("Broadcom"), a Delaware corporation, is a global technology leader that designs, develops and supplies a broad range of semiconductor and infrastructure software solutions. Our semiconductor solutions include a broad portfolio of complex digital and mixed signal complementary metal oxide semiconductor based devices, analog III-V based products, network interface cards and other modules, switches, subsystems and, in some cases, racks that are used in a wide array of environments, end products and applications such as artificial intelligence ("AI") and enterprise data centers, servers, networking and connectivity equipment, storage systems, home connectivity devices, set-top boxes, broadband access, telecommunication equipment, smartphones and base stations, factory automation, power generation and alternative energy systems, and electronic displays. Our infrastructure software solutions help enterprises simplify their information technology ("IT") environments so they can increase business velocity and flexibility, and enable customers to plan, develop, deliver, automate, manage and secure applications across mainframe, distributed, edge, mobile, and private and hybrid cloud platforms. Our portfolio of infrastructure and security software is designed to modernize, optimize, and secure the most complex private and hybrid cloud environments, enabling scalability, agility, automation, insights, resiliency and security making it easy for customers to run their mission-critical workloads. We also offer mission-critical fibre channel storage area networking ("FC SAN") products and related software in the form of modules, switches and subsystems incorporating multiple semiconductor products. Unless stated otherwise or the context otherwise requires, references to "Broadcom," "we," "our," and "us" mean Broadcom and its consolidated subsidiaries. We have two reportable segments: semiconductor solutions and infrastructure software.

**Basis of Presentation**

We operate on a 52- or 53-week fiscal year ending on the Sunday closest to October 31. Our fiscal year ending November 2, 2025 ("fiscal year 2025") is a 52-week fiscal year. Our fiscal year ended November 3, 2024 ("fiscal year 2024") was a 53-week fiscal year, with our first fiscal quarter containing 14 weeks.

The accompanying condensed consolidated financial statements include the accounts of Broadcom and its subsidiaries, and have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for interim financial information. The financial information included herein is unaudited, and reflects all adjustments which are, in the opinion of our management, of a normal recurring nature and necessary for a fair statement of the results for the periods presented. The November 3, 2024 condensed consolidated balance sheet data were derived from Broadcom's audited consolidated financial statements included in its Annual Report on Form 10-K for fiscal year 2024 as filed with the Securities and Exchange Commission. All intercompany balances and transactions have been eliminated in consolidation. The operating results for the fiscal quarter ended August 3, 2025 are not necessarily indicative of the results that may be expected for fiscal year 2025, or for any other future period.

**Significant Accounting Policies**

*Use of estimates.* The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates, and such differences could affect the results of operations reported in future periods.

**2. Revenue from Contracts with Customers**

We account for a contract with a customer when both parties have approved the contract and are committed to perform their respective obligations, each party's rights can be identified, payment terms can be identified, the contract has commercial substance, and it is probable that we will collect substantially all of the consideration to which we are entitled. Revenue is recognized when, or as, performance obligations are satisfied by transferring control of a promised product or service to a customer.

### Disaggregation

We have considered (1) information that is regularly reviewed by our Chief Executive Officer, who has been identified as the chief operating decision maker (the “CODM”) as defined by the authoritative guidance on segment reporting, in evaluating financial performance and (2) disclosures presented outside of our financial statements in our earnings releases and used in investor presentations to disaggregate revenues. The principal category we use to disaggregate revenues is the nature of our products and subscriptions and services, as presented in our condensed consolidated statements of operations. In addition, revenues by reportable segment are presented in Note 10, “Segment Information.”

The following tables present revenue disaggregated by type of revenue and by region for the periods presented:

Fiscal Quarter Ended August 3, 2025						
	Americas	Asia Pacific	Europe, the Middle East and Africa		Total	
(In millions)						
Products	\$ 662	\$ 8,181	\$ 414	\$	9,257	
Subscriptions and services	4,062	779	1,854		6,695	
<b>Total</b>	<b>\$ 4,724</b>	<b>\$ 8,960</b>	<b>\$ 2,268</b>	<b>\$</b>	<b>15,952</b>	
Fiscal Quarter Ended August 4, 2024						
	Americas	Asia Pacific	Europe, the Middle East and Africa		Total	
(In millions)						
Products	\$ 582	\$ 6,411	\$ 446	\$	7,439	
Subscriptions and services	3,409	630	1,594		5,633	
<b>Total</b>	<b>\$ 3,991</b>	<b>\$ 7,041</b>	<b>\$ 2,040</b>	<b>\$</b>	<b>13,072</b>	
Three Fiscal Quarters Ended August 3, 2025						
	Americas	Asia Pacific	Europe, the Middle East and Africa		Total	
(In millions)						
Products	\$ 1,787	\$ 22,904	\$ 1,243	\$	25,934	
Subscriptions and services	12,275	2,188	5,475		19,938	
<b>Total</b>	<b>\$ 14,062</b>	<b>\$ 25,092</b>	<b>\$ 6,718</b>	<b>\$</b>	<b>45,872</b>	
Three Fiscal Quarters Ended August 4, 2024						
	Americas	Asia Pacific	Europe, the Middle East and Africa		Total	
(In millions)						
Products	\$ 1,763	\$ 18,869	\$ 1,411	\$	22,043	
Subscriptions and services	9,187	1,623	4,667		15,477	
<b>Total</b>	<b>\$ 10,950</b>	<b>\$ 20,492</b>	<b>\$ 6,078</b>	<b>\$</b>	<b>37,520</b>	

Although we recognize revenue for the majority of our products when title and control transfer in Penang, Malaysia, we disclose revenue by region based primarily on the geographic shipment location or delivery location specified by our distributors, original equipment manufacturer customers, contract manufacturers, channel partners, or software customers.

### Contract Balances

Contract assets and contract liabilities balances were as follows:

	August 3, 2025	November 3, 2024
	(In millions)	
Contract Assets	\$ 7,575	\$ 4,402
Contract Liabilities	\$ 14,336	\$ 14,495

We fulfill our obligations under a contract with a customer by transferring products and services in exchange for consideration from the customer. We recognize a contract asset when revenue recognized on a contract exceeds the amount invoiced. A contract asset is a right to consideration that is conditional on something other than the passage of time. A contract asset becomes a receivable when invoiced upon the right to consideration becoming unconditional.

We recognize a contract liability when billings on a contract exceed the revenue recognized and there is a future obligation to transfer products or services to a customer. Changes in our contract assets and contract liabilities primarily result from the timing difference between our performance and the customer's payment.

As of August 3, 2025, approximately 66% of contract liabilities related to contracts subject to termination for convenience provisions. The amount of revenue recognized during the three fiscal quarters ended August 3, 2025 that was included in the contract liabilities balance as of November 3, 2024 was \$8,021 million. The amount of revenue recognized during the three fiscal quarters ended August 4, 2024 that was included in the contract liabilities balance as of October 29, 2023 was \$2,280 million.

#### **Remaining Performance Obligations**

Revenue allocated to remaining performance obligations represents the transaction price allocated to unsatisfied or partially unsatisfied performance obligations. Remaining performance obligations include unearned revenue and amounts that will be invoiced and recognized as revenue in future periods, but do not include contracts for software, subscriptions or services where the customer is not committed. The customer is not considered committed when the customer contract permits termination for convenience. Additionally, as a practical expedient, we have not included contracts that have an original duration of one year or less, nor have we included contracts with sales-based or usage-based royalties promised in exchange for a license of intellectual property ("IP").

Certain multi-year customer contracts in our semiconductor solutions segment and infrastructure software segment, including contracts where customers do not have termination rights, contain firmly committed amounts and the remaining performance obligations under these contracts as of August 3, 2025 were approximately \$27.5 billion. We expect approximately 34% of this amount to be recognized as revenue over the next 12 months. For contracts with termination for convenience rights, our customers generally do not exercise those rights. Accordingly, our remaining performance obligations disclosed above are not indicative of revenue for future periods.

### **3. Acquisitions**

#### **Acquisition of VMware, Inc.**

On November 22, 2023, we completed the acquisition of VMware, Inc. ("VMware") in a cash-and-stock transaction. The VMware stockholders received approximately \$30,788 million in cash and 544 million shares of Broadcom common stock with a fair value of \$53,398 million. VMware was a leading provider of multi-cloud services for all applications, enabling digital innovation with enterprise control. We acquired VMware to enhance our infrastructure software capabilities.

#### **Unaudited Pro Forma Information**

The following unaudited pro forma financial information presents combined results of operations for the periods presented, as if VMware had been acquired on October 31, 2022, the beginning of fiscal year 2023. The unaudited pro forma information includes adjustments to amortization for intangible assets acquired, stock-based compensation expense, interest expense for acquisition financing, and depreciation for property and equipment acquired. The unaudited pro forma information presented below is for informational purposes only and is not necessarily indicative of our consolidated results of operations of the combined business had the acquisition actually occurred on October 31, 2022 or of the results of our future operations of the combined business.

	Fiscal Quarter Ended	Three Fiscal Quarters Ended	
	August 4, 2024	August 4, 2024	(In millions)
Pro forma net revenue	\$ 13,088	\$ 38,118	
Pro forma net income (loss)	\$ (1,819)	\$ 2,057	

#### **4. Supplemental Financial Information**

##### **Cash Equivalents**

Cash equivalents included \$1,564 million and \$1,716 million of time deposits and \$1,454 million and \$1,171 million of money-market funds as of August 3, 2025 and November 3, 2024, respectively. For time deposits, carrying value approximates fair value due to the short-term nature of the instruments. The fair value of money-market funds, which was consistent with their carrying value, was determined using unadjusted prices in active, accessible markets for identical assets, and as such, they were classified as Level 1 assets in the fair value hierarchy.

##### **Accounts Receivable Factoring**

We sell certain of our trade accounts receivable on a non-recourse basis to third-party financial institutions pursuant to factoring arrangements. We account for these transactions as sales of receivables and present cash proceeds as cash provided by operating activities in the condensed consolidated statements of cash flows. Total trade accounts receivable sold under the factoring arrangements were \$1,700 million and \$5,651 million during the fiscal quarter and three fiscal quarters ended August 3, 2025, respectively, and \$1,450 million and \$3,950 million during the fiscal quarter and three fiscal quarters ended August 4, 2024, respectively.

##### **Inventory**

	August 3, 2025	November 3, 2024
	(In millions)	
Finished goods	\$ 477	\$ 504
Work-in-process	1,349	970
Raw materials	354	286
Total inventory	<u>\$ 2,180</u>	<u>\$ 1,760</u>

##### **Other Current Assets**

	August 3, 2025	November 3, 2024
	(In millions)	
Current portion of contract assets	\$ 4,157	\$ 1,916
Prepaid expenses	793	1,391
Other	656	764
Total other current assets	<u>\$ 5,606</u>	<u>\$ 4,071</u>

##### **Other Current Liabilities**

	August 3, 2025	November 3, 2024
	(In millions)	
Contract liabilities	\$ 10,305	\$ 9,395
Interest payable	644	535
Tax liabilities	410	720
Other	795	1,143
Total other current liabilities	<u>\$ 12,154</u>	<u>\$ 11,793</u>

##### **Other Long-Term Liabilities**

	August 3, 2025	November 3, 2024
	(In millions)	
Contract liabilities	\$ 4,031	\$ 5,100
Unrecognized tax benefits	3,817	3,669
Deferred tax liabilities	3,552	4,703
Other	1,410	1,503
Total other long-term liabilities	<u>\$ 12,810</u>	<u>\$ 14,975</u>

### Discontinued Operations

On July 1, 2024, we sold VMware's end-user computing business for \$3.5 billion, after working capital adjustments. In connection with the sale, we agreed to provide transitional services to the buyer on a short-term basis. We had no material continuing involvement with this business and presented its operating results in discontinued operations as follows:

	Fiscal Quarter Ended	Three Fiscal Quarters Ended	
	August 4, 2024	August 4, 2024	
Net revenue	\$ 178	\$ 858	(In millions)
Loss from discontinued operations before income taxes	\$ (100)	\$ (31)	
Provision for income taxes	\$ (343)	\$ (361)	
Loss from discontinued operations, net of income taxes	\$ (443)	\$ (392)	

### Supplemental Cash Flow Information

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	August 3, 2025	August 4, 2024	August 3, 2025	August 4, 2024
Cash paid for interest	\$ 602	\$ 816	\$ 1,973	\$ 2,512
Cash paid for income taxes	\$ 822	\$ 585	\$ 1,834	\$ 2,323

### 5. Intangible Assets

	Gross Carrying Amount	Accumulated Amortization	Net Book Value
	(In millions)	(In millions)	
<b>As of August 3, 2025:</b>			
Purchased technology	\$ 36,957	\$ (17,034)	\$ 19,923
Customer contracts and related relationships	16,043	(3,757)	12,286
Trade names	1,685	(446)	1,239
Other	191	(115)	76
Intangible assets subject to amortization	54,876	(21,352)	33,524
In-process research and development	820	—	820
<b>Total</b>	<b>\$ 55,696</b>	<b>\$ (21,352)</b>	<b>\$ 34,344</b>

### As of November 3, 2024:

Purchased technology	\$ 35,467	\$ (12,551)	\$ 22,916
Customer contracts and related relationships	16,186	(2,271)	13,915
Trade names	1,720	(369)	1,351
Other	166	(105)	61
Intangible assets subject to amortization	53,539	(15,296)	38,243
In-process research and development	2,340	—	2,340
<b>Total</b>	<b>\$ 55,879</b>	<b>\$ (15,296)</b>	<b>\$ 40,583</b>

Based on the amount of intangible assets subject to amortization as of August 3, 2025, the expected amortization expense was as follows:

**Fiscal Year:**

	Expected Amortization Expense
	(In millions)
2025 (remainder)	\$ 2,072
2026	7,880
2027	6,805
2028	5,673
2029	4,547
Thereafter	6,547
<b>Total</b>	<b>\$ 33,524</b>

The weighted-average remaining amortization periods by intangible asset category were as follows:

**Amortizable intangible assets:**

	August 3, 2025
	(In years)
Purchased technology	6
Customer contracts and related relationships	6
Trade names	11
Other	11

**6. Net Income (Loss) Per Share**

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted-average number of shares of common stock outstanding during the period. Diluted net income (loss) per share is computed by dividing net income (loss) by the weighted-average number of shares of common stock and potentially dilutive shares of common stock outstanding during the period.

Potentially dilutive shares outstanding include the dilutive effect of unvested restricted stock units ("RSUs") and employee stock purchase plan ("ESPP") rights (collectively referred to as "equity awards"). Potentially dilutive shares whose effect would have been antidilutive are excluded from the computation of diluted net income (loss) per share.

The dilutive effect of equity awards is calculated based on the average stock price for each fiscal period, using the treasury stock method. Under the treasury stock method, the amount the employee must pay for purchasing shares under the ESPP and the amount of stock-based compensation expense for future service that we have not yet recognized are collectively assumed to be used to repurchase shares.

For the fiscal quarter ended August 4, 2024, diluted net income (loss) per share excluded the potentially dilutive effect of 159 million shares of weighted-average equity awards outstanding as their effect was antidilutive.

The following is a reconciliation of the numerators and denominators of the basic and diluted net income (loss) per share computations for the periods presented:

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	August 3, 2025	August 4, 2024	August 3, 2025	August 4, 2024
	(In millions, except per share data)			
<b>Numerator:</b>				
Income (loss) from continuing operations	\$ 4,140	\$ (1,432)	\$ 14,608	\$ 1,963
Loss from discontinued operations, net of income taxes	—	(443)	—	(392)
Net income (loss)	<u>\$ 4,140</u>	<u>\$ (1,875)</u>	<u>\$ 14,608</u>	<u>\$ 1,571</u>
<b>Denominator:</b>				
Weighted-average shares outstanding - basic	4,714	4,663	4,705	4,606
Dilutive effect of equity awards	146	—	136	156
Weighted-average shares outstanding - diluted	<u>4,860</u>	<u>4,663</u>	<u>4,841</u>	<u>4,762</u>
<b>Basic income (loss) per share:</b>				
Income (loss) per share from continuing operations	\$ 0.88	\$ (0.31)	\$ 3.10	\$ 0.43
Loss per share from discontinued operations	—	(0.09)	—	(0.09)
Net income (loss) per share	<u>\$ 0.88</u>	<u>\$ (0.40)</u>	<u>\$ 3.10</u>	<u>\$ 0.34</u>
<b>Diluted income (loss) per share:</b>				
Income (loss) per share from continuing operations	\$ 0.85	\$ (0.31)	\$ 3.02	\$ 0.41
Loss per share from discontinued operations	—	(0.09)	—	(0.08)
Net income (loss) per share	<u>\$ 0.85</u>	<u>\$ (0.40)</u>	<u>\$ 3.02</u>	<u>\$ 0.33</u>

## 7. Borrowings

	Effective Interest Rate	August 3, 2025	November 3, 2024
		(In millions)	
<b><u>July 2025 Senior Notes - fixed rate</u></b>			
4.600% notes due July 2030	4.49 % <sup>(a)</sup>	\$ 1,750	\$ —
4.900% notes due July 2032	5.04 %	1,750	—
5.200% notes due July 2035	4.77 % <sup>(a)</sup>	2,500	—
		<u>6,000</u>	<u>—</u>
4.540% term loan due May 2028	4.59 %	1,000	—
4.489% term loan due May 2028	4.55 %	750	—
<b><u>January 2025 Senior Notes - fixed rate</u></b>			
4.800% notes due April 2028	5.03 %	1,100	—
5.050% notes due April 2030	5.20 %	800	—
5.200% notes due April 2032	5.34 %	1,100	—
		<u>3,000</u>	<u>—</u>
<b><u>October 2024 Senior Notes - fixed rate</u></b>			
4.150% notes due February 2028	4.36 %	875	875
4.350% notes due February 2030	4.51 %	1,500	1,500
4.550% notes due February 2032	4.70 %	875	875
4.800% notes due October 2034	4.38 % <sup>(a)</sup>	1,750	1,750
		<u>5,000</u>	<u>5,000</u>
<b><u>July 2024 Senior Notes - fixed rate</u></b>			
5.050% notes due July 2027	5.27 %	1,250	1,250
5.050% notes due July 2029	5.23 %	2,250	2,250
5.150% notes due November 2031	5.30 %	1,500	1,500
		<u>5,000</u>	<u>5,000</u>
<b><u>2023 Term Loans - floating rate</u></b>			
SOFR plus 1.125% term loan due November 2026	6.23 %	—	5,595
SOFR plus 1.125% term loan due November 2028	5.63 %	—	8,000
		<u>—</u>	<u>13,595</u>
<b><u>April 2022 Senior Notes - fixed rate</u></b>			
4.000% notes due April 2029	4.17 %	750	750
4.150% notes due April 2032	4.30 %	1,200	1,200
4.926% notes due May 2037	5.33 %	2,500	2,500
		<u>4,450</u>	<u>4,450</u>
<b><u>September 2021 Senior Notes - fixed rate</u></b>			
3.137% notes due November 2035	4.23 %	3,250	3,250
3.187% notes due November 2036	4.79 %	2,750	2,750
		<u>6,000</u>	<u>6,000</u>

	Effective Interest Rate	August 3, 2025	November 3, 2024
		(In millions)	
<u>March 2021 Senior Notes - fixed rate</u>			
3.419% notes due April 2033	4.66 %	2,250	2,250
3.469% notes due April 2034	4.63 %	3,250	3,250
		<u>5,500</u>	<u>5,500</u>
<u>January 2021 Senior Notes - fixed rate</u>			
1.950% notes due February 2028	2.10 %	750	750
2.450% notes due February 2031	2.56 %	2,750	2,750
2.600% notes due February 2033	2.70 %	1,750	1,750
3.500% notes due February 2041	3.60 %	3,000	3,000
3.750% notes due February 2051	3.84 %	1,750	1,750
		<u>10,000</u>	<u>10,000</u>
<u>June 2020 Senior Notes - fixed rate</u>			
3.459% notes due September 2026	4.19 %	752	752
4.110% notes due September 2028	5.02 %	1,118	1,118
		<u>1,870</u>	<u>1,870</u>
<u>May 2020 Senior Notes - fixed rate</u>			
3.150% notes due November 2025	3.29 %	900	900
4.150% notes due November 2030	4.27 %	1,856	1,856
4.300% notes due November 2032	4.39 %	2,000	2,000
		<u>4,756</u>	<u>4,756</u>
<u>April 2020 Senior Notes - fixed rate</u>			
5.000% notes due April 2030	5.18 %	606	606
<u>April 2019 Senior Notes - fixed rate</u>			
4.750% notes due April 2029	4.95 %	1,655	1,655
<u>2017 Senior Notes - fixed rate</u>			
3.125% notes due January 2025	3.23 %	—	495
3.875% notes due January 2027	4.02 %	2,922	2,922
3.500% notes due January 2028	3.60 %	777	777
		<u>3,699</u>	<u>4,194</u>
<u>Assumed VMware Senior Notes - fixed rate</u>			
4.500% notes due May 2025	5.81 %	—	750
1.400% notes due August 2026	5.60 %	1,500	1,500
4.650% notes due May 2027	5.60 %	500	500
3.900% notes due August 2027	5.50 %	1,250	1,250
1.800% notes due August 2028	5.44 %	750	750
4.700% notes due May 2030	5.75 %	750	750
2.200% notes due August 2031	5.74 %	1,500	1,500
		<u>6,250</u>	<u>7,000</u>
<u>Assumed CA Senior Notes - fixed rate</u>			
4.700% notes due March 2027	5.15 %	215	215

	Effective Interest Rate	August 3, 2025	November 3, 2024
		(In millions)	
<b>Other senior notes - fixed rate</b>			
4.500% notes due August 2034	4.55 %	6	6
Total senior notes and term loans outstanding		65,757	69,847
Commercial paper	4.71 % <sup>(b)</sup>	500	—
<b>Total debt principal outstanding</b>		<b>\$ 66,257</b>	<b>\$ 69,847</b>
<b>Short-Term Debt:</b>			
Current portion of senior notes outstanding	\$ 900	\$ 1,245	
Commercial paper, net	496	—	
Short-term finance lease liabilities	3	26	
<b>Total short-term debt</b>	<b>\$ 1,399</b>	<b>\$ 1,271</b>	
<b>Long-Term Debt:</b>			
Non-current portion of senior notes and term loans outstanding	\$ 64,857	\$ 68,602	
Long-term finance lease liabilities	7	13	
Unamortized discount and issuance costs	(2,034)	(2,320)	
<b>Total long-term debt</b>	<b>\$ 62,830</b>	<b>\$ 66,295</b>	

(a) In addition to contractual interest, discount and issuance costs, the effective interest rate also includes reclassification of the cumulative gain from derivatives.

(b) Represents the weighted average interest rate on commercial paper outstanding as of August 3, 2025.

#### **Fixed-Rate Term Loans**

We entered into a \$750 million three-year term loan at a 4.489% fixed rate and a \$1.0 billion three-year term loan at a 4.540% fixed rate on May 2, 2025 and May 9, 2025, respectively. Using the proceeds and cash on hand, we repaid the \$750 million of senior notes that matured on May 15, 2025 and \$3.4 billion of commercial paper during the fiscal quarter ended August 3, 2025.

Interest on the term loans is due quarterly. We are permitted to prepay the term loans at any time, subject to a specified make-whole premium determined in accordance with the credit agreements governing the respective term loans, plus accrued and unpaid interest.

#### **Senior Notes**

In July 2025, we issued senior unsecured notes for an aggregate principal amount of \$6,000 million. Using the net proceeds from these senior notes, we repaid the remaining \$6,000 million of our unsecured term facility due November 2028. Upon repayment, we terminated the credit agreement entered into on August 15, 2023.

In January 2025, we issued senior unsecured notes for an aggregate principal amount of \$3,000 million. Using the net proceeds from these senior notes and commercial paper issued in January 2025 and cash on hand, we repaid the remaining \$5,595 million of our unsecured term facility due November 2026 and \$2,000 million of our unsecured term facility due November 2028.

As a result of these repayments, we wrote off unamortized discount and issuance costs of \$53 million during the fiscal quarter ended August 3, 2025, and \$65 million during the fiscal quarter ended February 2, 2025, which were included in

interest expense in the condensed consolidated statements of operations.

We may redeem or purchase, in whole or in part, any of our senior notes prior to their respective maturities, subject to a specified make-whole premium determined in accordance with the indentures governing the respective notes, plus accrued and unpaid interest. In the event of a change in control, note holders will have the right to require us to repurchase their notes at a price equal to 101% of the principal amount of such notes, plus accrued and unpaid interest. Each series of the senior notes pays interest semi-annually.

#### **2025 Credit Agreement**

In January 2025, we entered into a credit agreement (the “2025 Credit Agreement”), which provides for a five-year \$7.5 billion unsecured revolving credit facility, of which \$500 million is available for the issuance of multi-currency letters of credit. The issuance of letters of credit under the revolving credit facility would reduce the aggregate amount otherwise available under such facility for revolving loans. Subject to the terms of the 2025 Credit Agreement, we are permitted to borrow, repay and reborrow revolving loans at any time prior to the earlier of (a) January 13, 2030 or (b) the date that the commitments are terminated either at our request or, if an event of default occurs, by the lenders. In connection with the 2025 Credit Agreement, we terminated the credit agreement entered into in January 2021, which provided for a five-year \$7.5 billion unsecured revolving credit facility. We had no borrowings outstanding under our revolving credit facility at either August 3, 2025 or November 3, 2024.

#### **Commercial Paper**

In January 2025, we increased the maximum amount of our commercial paper program, pursuant to which we may issue unsecured commercial paper notes in an aggregate principal amount of up to \$4.0 billion outstanding at any time with maturities of up to 397 days from the date of issue. Commercial paper is sold under customary terms in the commercial paper market and may be issued at a discount from par or, alternatively, may be sold at par and bear interest at rates dictated by market conditions at the time of issuance. The discount associated with the commercial paper is amortized to interest expense over its term. As of August 3, 2025, we had \$500 million of commercial paper outstanding with maturities ranging from 40 days to 187 days.

#### **Fair Value of Debt**

As of August 3, 2025, the estimated aggregate fair value of our fixed-rate borrowings was \$62,489 million, which was determined using quoted prices from less active markets or other observable inputs. The carrying value of commercial paper approximates its fair value due to the short-term nature of the instruments. All of our debt obligations are categorized as Level 2 instruments.

#### **Future Principal Payments of Debt**

The future scheduled principal payments of senior notes and term loans as of August 3, 2025 were as follows:

Fiscal Year:	Future Scheduled Principal Payments (In millions)
2025 (remainder)	\$ —
2026	3,152
2027	6,137
2028	7,120
2029	4,655
Thereafter	44,693
Total	<u>\$ 65,757</u>

As of August 3, 2025 and November 3, 2024, we were in compliance with all debt covenants.

## 8. Stockholders' Equity

### Cash Dividends Declared and Paid

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	August 3, 2025	August 4, 2024	August 3, 2025	August 4, 2024
(In millions, except per share data)				
Dividends per share to common stockholders	\$ 0.590	\$ 0.525	\$ 1.770	\$ 1.575
Dividends to common stockholders	\$ 2,786	\$ 2,452	\$ 8,345	\$ 7,330

### Stock Repurchase Programs

In April 2025, our Board of Directors authorized a stock repurchase program to repurchase up to \$10 billion of our common stock from time to time through December 31, 2025. During the fiscal quarter ended May 4, 2025, we repurchased and retired 16 million shares of our common stock for \$2,450 million under this stock repurchase program. Repurchases under this stock repurchase program may be effected through a variety of methods, including open market or privately negotiated purchases. The timing and amount of shares repurchased will depend on the stock price, business and market conditions, corporate and regulatory requirements, alternative investment opportunities, acquisition opportunities and other factors. We are not obligated to repurchase any specific amount of shares of common stock, and the stock repurchase program may be suspended or terminated at any time.

In December 2021 and May 2022, our Board of Directors authorized stock repurchase programs to repurchase up to an aggregate of \$20 billion of our common stock from time to time prior to December 31, 2023. During the fiscal quarter ended February 4, 2024, we repurchased and retired 67 million shares of our common stock for \$7,176 million, and all \$20 billion of the aggregate authorized amount was utilized prior to expiration on December 31, 2023.

### Stock-Based Compensation Expense

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	August 3, 2025	August 4, 2024	August 3, 2025	August 4, 2024
(In millions)				
Cost of products sold	\$ 69	\$ 31	\$ 152	\$ 87
Cost of subscriptions and services	182	143	455	418
Research and development	1,573	877	3,564	2,621
Selling, general and administrative	498	330	1,202	1,230
Total stock-based compensation expense <sup>(a)</sup>	\$ 2,322	\$ 1,381	\$ 5,373	\$ 4,356

(a) Does not include stock-based compensation expense related to discontinued operations recognized during the fiscal quarter and three fiscal quarters ended August 4, 2024, which was included in loss from discontinued operations, net of income taxes in our condensed consolidated statements of operations.

During the fiscal quarter ended May 4, 2025, we granted two-year time- and market-based RSU awards (the "Two-Year Equity Awards"), in lieu of our annual employee equity awards historically granted in the second quarter of each fiscal year. Each Two-Year Equity Award vests on the same basis as two annual grants with staggered vesting start dates of March 15, 2025 and March 15, 2026 and successive four-year vesting periods. We recognize stock-based compensation expense related to these awards from the grant date through their respective vesting date, ranging from four to five years.

As of August 3, 2025, the total unrecognized compensation cost related to unvested stock-based awards was \$25,057 million, which is expected to be recognized over the remaining weighted-average service period of 3.6 years.

## **Equity Incentive Award Plans**

A summary of time- and market-based RSU activity is as follows:

	Number of RSUs Outstanding	Weighted-Average Grant Date Fair Value Per Share
(In millions, except per share data)		
Balance as of November 3, 2024	213	\$ 66.44
Granted	117	\$ 187.96
Vested	(69)	\$ 66.46
Forfeited	(14)	\$ 101.17
Balance as of August 3, 2025	<u>247</u>	<u>\$ 122.05</u>

The aggregate fair value of time- and market-based RSUs that vested during the three fiscal quarters ended August 3, 2025 was \$15,075 million, which represented the market value of our common stock on the date that the RSUs vested. The number of RSUs vested included shares of common stock that we withheld for settlement of employees' tax obligations due upon the vesting of RSUs.

## **9. Income Taxes**

On July 4, 2025, the United States enacted the One Big Beautiful Bill Act, which allows for the immediate expensing of domestic research and development costs, certain capital expenditures, and changes to the United States taxation of profits derived from foreign operations. As a result, it is no longer more-likely-than-not that we are able to utilize our federal corporate alternative minimum tax ("CAMT") credits, and we established a \$1,058 million valuation allowance against our CAMT credit carryforwards and CAMT credits generated in the current fiscal year. Our policy is to not consider the impact of future years' CAMT in our valuation allowance assessment for regular deferred tax assets. Most of the provisions are effective beginning in our fiscal years ending November 1, 2026 or October 31, 2027, with immediate expensing of qualifying property being effective in fiscal year 2025. We will continue to evaluate the full impact of these legislative changes as more guidance becomes available.

The provision for income taxes was \$1,145 million and \$1,252 million for the fiscal quarter and three fiscal quarters ended August 3, 2025, respectively, and was primarily due to the impact from a valuation allowance against our CAMT credits, income before income taxes, and the jurisdictional mix of income, partially offset by excess tax benefits from stock-based awards.

The provision for income taxes was \$4,238 million and \$4,190 million for the fiscal quarter and three fiscal quarters ended August 4, 2024, respectively, and was primarily due to an intra-group transfer of certain IP rights during the fiscal quarter ended August 4, 2024 to the United States as a result of supply chain realignment and the resulting shift in the jurisdictional mix of income, partially offset by excess tax benefits from stock-based awards.

As of August 3, 2025, we had \$6,930 million of gross unrecognized tax benefits and accrued interest and penalties. Subsequent to the fiscal quarter ended August 3, 2025, certain statutes of limitations have lapsed. This is expected to reduce unrecognized tax benefits by approximately \$3.1 billion in the fiscal quarter ending November 2, 2025, and by up to \$3.5 billion within the next 12 months. As a result of these lapses of statutes of limitations, we estimate that we will recognize a discrete tax benefit of up to \$2.1 billion during the fiscal quarter ending November 2, 2025. We are continuing to evaluate the impact of these lapses of statutes of limitations on our estimated annual effective tax rate and income tax provision.

## **10. Segment Information**

### **Reportable Segments**

We have two reportable segments: semiconductor solutions and infrastructure software. Each segment has separate financial information that is utilized on a regular basis by the CODM in determining how to allocate resources and evaluate performance. The reportable segments are determined based on several factors including, but not limited to, customer base, homogeneity of products, technology, delivery channels and similar economic characteristics.

**Semiconductor solutions.** Our semiconductor solutions are used in a wide array of environments, end products and applications such as AI and enterprise data centers, servers, networking and connectivity equipment, storage systems, home connectivity devices, set-top boxes, broadband access, telecommunication equipment, smartphones and base stations, factory automation, power generation and alternative energy systems, and electronic displays. Our semiconductor solutions segment also includes our IP licensing.

**Infrastructure software.** We provide a portfolio of software solutions that help enterprises simplify their IT environments so they can increase business velocity and flexibility, and enable customers to plan, develop, deliver, automate, manage and secure applications across mainframe, distributed, edge, mobile, and private and hybrid cloud platforms. Our portfolio of infrastructure and security software is designed to modernize, optimize, and secure the most complex private and hybrid cloud environments, enabling scalability, agility, automation, insights, resiliency and security making it easy for customers to run their mission-critical workloads. We also offer mission-critical FC SAN products and related software.

Our CODM assesses the performance of each segment and allocates resources to each segment based on net revenue and operating results and does not evaluate each segment using discrete asset information. Operating results by segment include items that are directly attributable to each segment and also include shared expenses such as marketing, general and administrative activities, facilities and IT expenses. Shared expenses are primarily allocated based on revenue and headcount.

#### **Unallocated Expenses**

Unallocated expenses include amortization of acquisition-related intangible assets, stock-based compensation expense, restructuring and other charges, acquisition-related costs, and other costs, which are not used in evaluating the results of, or in allocating resources to, our segments. Acquisition-related costs include transaction costs and any costs directly related to the acquisition and integration of acquired businesses.

Depreciation expense directly attributable to each reportable segment is included in the operating results of each segment. However, the CODM does not evaluate depreciation expense by operating segment and, therefore, it is not separately presented. There was no inter-segment revenue for any of the periods presented. The accounting policies of the segments are the same as those described in the “Summary of Significant Accounting Policies” included in the Annual Report on Form 10-K for fiscal year 2024.

	Fiscal Quarter Ended		Three Fiscal Quarters Ended	
	August 3, 2025	August 4, 2024	August 3, 2025	August 4, 2024
(In millions)				
<b>Net revenue:</b>				
Semiconductor solutions	\$ 9,166	\$ 7,274	\$ 25,786	\$ 21,866
Infrastructure software	6,786	5,798	20,086	15,654
Total net revenue	<u>\$ 15,952</u>	<u>\$ 13,072</u>	<u>\$ 45,872</u>	<u>\$ 37,520</u>
<b>Operating income:</b>				
Semiconductor solutions	\$ 5,217	\$ 4,042	\$ 14,729	\$ 12,136
Infrastructure software	5,238	3,906	15,347	9,789
Unallocated expenses	(4,568)	(4,160)	(12,100)	(13,089)
Total operating income	<u>\$ 5,887</u>	<u>\$ 3,788</u>	<u>\$ 17,976</u>	<u>\$ 8,836</u>

## 11. Commitments and Contingencies

### **Commitments**

The following table summarizes contractual obligations and commitments as of August 3, 2025:

Fiscal Year:	Purchase Commitments (In millions)	Other Contractual Commitments	
		\$	\$
2025 (remainder)	\$ 106	\$ 264	
2026	103		634
2027	12		604
2028	10		530
2029	4		718
Thereafter	—		1,027
<b>Total</b>	<b>\$ 235</b>	<b>\$</b>	<b>3,777</b>

**Purchase Commitments.** Represent unconditional purchase obligations to purchase goods or services, primarily inventory, that are enforceable and legally binding on us and specify all significant terms, including fixed or minimum quantities to be purchased, price provisions, and the approximate timing of the transaction. Purchase obligations exclude agreements that are cancelable without penalty and unconditional purchase obligations with a remaining term of one year or less.

**Other Contractual Commitments.** Represent amounts payable pursuant to agreements related to IT and other service agreements.

Due to the inherent uncertainty with respect to the timing of future cash outflows associated with our unrecognized tax benefits as of August 3, 2025, we are unable to reliably estimate the timing of cash settlement with the respective taxing authorities. Therefore, \$3,817 million of unrecognized tax benefits and accrued interest and penalties as of August 3, 2025 have been excluded from the table above.

### **Contingencies**

From time to time, we are involved in litigation that we believe is of the type common to companies engaged in our lines of business, including commercial disputes, employment issues, tax disputes and disputes involving claims by third parties that our activities infringe their patent, copyright, trademark or other IP rights, as well as regulatory investigations or inquiries. Legal proceedings and regulatory investigations or inquiries are often complex, may require the expenditure of significant funds and other resources, and the outcomes of such proceedings are inherently uncertain, with material adverse outcomes possible. IP property claims generally involve the demand by a third-party that we cease the manufacture, use or sale of the allegedly infringing products, processes or technologies and/or pay substantial damages or royalties for past, present and future use of the allegedly infringing IP. Claims that our products or processes infringe or misappropriate any third-party IP rights (including claims arising through our contractual indemnification of our customers) often involve highly complex, technical issues, the outcome of which is inherently uncertain. Moreover, from time to time, we pursue litigation to assert our IP rights. Regardless of the merit or resolution of any such litigation, complex IP litigation is generally costly and diverts the efforts and attention of our management and technical personnel.

#### **Lawsuits Relating to VMware Backlog**

On March 31, 2020, a securities class action lawsuit was filed against VMware and certain former officers of VMware in the United States District Court for the Northern District of California (the "California Court"). On September 18, 2020, the plaintiffs filed a consolidated amended complaint alleging that VMware's statements about backlog and the related internal controls during the period from August 2018 through February 2020 were materially misleading. The defendants filed a motion to dismiss, which was granted with leave to amend on September 10, 2021. On October 8, 2021, the plaintiffs filed their Second Amended Consolidated Complaint based on the same alleged disclosure deficiencies. The defendants' motion to dismiss the Second Amended Consolidated Complaint was filed on November 5, 2021. On April 2, 2023, the California Court denied the defendants' motion to dismiss finding that the plaintiffs had adequately stated claims under Sections 10 and 20A of the Securities Exchange Act of 1934. The parties have agreed to settlement terms and in March 2025 the California Court approved the settlement.

#### **Other Matters**

We are currently engaged in a number of legal actions in the ordinary course of our business.

### **Contingency Assessment**

We do not believe, based on currently available facts and circumstances, that the final outcome of any pending legal proceedings, ongoing regulatory investigations or tax disputes, taken individually or as a whole, will have a material adverse effect on our condensed consolidated financial statements. However, lawsuits may involve complex questions of fact and law and may require the expenditure of significant funds and other resources to defend. The results of litigation, regulatory investigations or tax disputes are inherently uncertain, and material adverse outcomes are possible. From time to time, we may enter into confidential discussions regarding the potential settlement of such lawsuits. Any settlement of pending litigation could require us to incur substantial costs and other ongoing expenses, such as future royalty payments in the case of an IP dispute.

During the periods presented, no material amounts have been accrued or disclosed in the accompanying condensed consolidated financial statements with respect to loss contingencies associated with any other legal proceedings, regulatory investigations or tax disputes, as potential losses for such matters are not considered probable and ranges of losses are not reasonably estimable. These matters are subject to many uncertainties and the ultimate outcomes are not predictable. There can be no assurances that the actual amounts required to satisfy any liabilities arising from the matters described above will not have a material adverse effect on our condensed consolidated financial statements.

### **Other Indemnifications**

As is customary in our industry and as provided for in local law in the U.S. and other jurisdictions, many of our standard contracts provide remedies to our customers and others with whom we enter into contracts, such as defense, settlement, or payment of judgment for IP claims related to the use of our products. From time to time, we indemnify customers, as well as our suppliers, contractors, lessors, lessees, companies that purchase our businesses or assets and others with whom we enter into contracts, against combinations of loss, expense, or liability arising from various triggering events related to the sale and the use of our products, the use of their goods and services, the use of facilities and state of our owned facilities, the state of the assets and businesses that we sell and other matters covered by such contracts, usually up to a specified maximum amount. In addition, from time to time we also provide protection to these parties against claims related to undiscovered liabilities, additional product liabilities or environmental obligations. In our experience, claims made under such indemnifications are rare and the associated estimated fair value of the liability is not material.

## **12. Restructuring and Other Charges**

### **Restructuring Charges**

The following table summarizes the significant activities within, and components of, the restructuring liabilities during the three fiscal quarters ended August 3, 2025:

	Employee Termination Costs	Lease and Impairment Costs	Total (In millions)
	\$	\$	
Balance as of November 3, 2024	\$ 119	\$ —	\$ 119
Restructuring charges	302	141	443
Utilization	(389)	(141)	(530)
Balance as of August 3, 2025	<u>\$ 32</u>	<u>\$ —</u>	<u>\$ 32</u>

In connection with the acquisition of VMware, we initiated restructuring activities to integrate the acquired business, align our workforce and improve efficiencies in our operations. We recognized restructuring charges related to employee termination costs of \$108 million and \$302 million during the fiscal quarter and three fiscal quarters ended August 3, 2025, respectively, and \$294 million and \$1,270 million during the fiscal quarter and three fiscal quarters ended August 4, 2024, respectively.

We also recognized impairment charges primarily related to lease assets and property, plant and equipment of \$35 million and \$141 million during the fiscal quarter and three fiscal quarters ended August 3, 2025, respectively, and \$67 million and \$148 million during the fiscal quarter and three fiscal quarters ended August 4, 2024, respectively. We expect these restructuring activities to be substantially completed by the end of fiscal year 2025. These charges were recognized primarily in operating expenses.

### **Other Charges**

Restructuring and other charges for the fiscal quarter ended August 3, 2025 included a \$70 million non-recurring impairment charge related to an asset held-for-sale.

### **13. Subsequent Events**

#### ***Cash Dividends Declared***

On September 3, 2025, our Board of Directors declared a quarterly cash dividend of \$0.59 per share on our common stock, payable on September 30, 2025 to stockholders of record on September 22, 2025.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q ("Form 10-Q") and the audited consolidated financial statements and notes thereto and management's discussion and analysis of financial condition and results of operations for the fiscal year ended November 3, 2024 ("fiscal year 2024") included in our Annual Report on Form 10-K for fiscal year 2024 ("2024 Annual Report on Form 10-K"). This Form 10-Q contains forward-looking statements within the meaning of federal securities laws. These statements are indicated by words or phrases such as "anticipate," "expect," "estimate," "seek," "plan," "believe," "could," "intend," "will," and similar words or phrases. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. These forward-looking statements may include our projected financial results or expectations regarding acquisitions, developments in technology, products and seasonality of our business. Such statements are based on current expectations, estimates, forecasts and projections of our industry performance and macroeconomic conditions, based on management's judgment, beliefs, current trends and market conditions, and involve risks and uncertainties that may cause actual results to differ materially from those contained in the forward-looking statements. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Accordingly, we caution you not to place undue reliance on these statements. Material factors that could cause actual results to differ materially from our expectations include, but are not limited to, those disclosed under "Risk Factors" in Part II, Item 1A of this Form 10-Q, and in other documents we file from time to time with the Securities and Exchange Commission (the "SEC"). We undertake no intent or obligation to publicly update or revise any forward-looking statements for any reason, except as required by law.

Unless stated otherwise or the context otherwise requires, references to "Broadcom," "we," "our," and "us" mean Broadcom Inc. and its consolidated subsidiaries.

### Overview

We are a global technology leader that designs, develops and supplies a broad range of semiconductor and infrastructure software solutions. Our semiconductor solutions include a broad portfolio of complex digital and mixed signal complementary metal oxide semiconductor based devices, analog III-V based products, network interface cards and other modules, switches, subsystems and, in some cases, racks that are used in a wide array of environments, end products and applications such as artificial intelligence ("AI") and enterprise data centers, servers, networking and connectivity equipment, storage systems, home connectivity devices, set-top boxes, broadband access, telecommunication equipment, smartphones and base stations, factory automation, power generation and alternative energy systems, and electronic displays. Our infrastructure software solutions help enterprises simplify their information technology environments so they can increase business velocity and flexibility, and enable customers to plan, develop, deliver, automate, manage and secure applications across mainframe, distributed, edge, mobile, and private and hybrid cloud platforms. Our portfolio of infrastructure and security software is designed to modernize, optimize, and secure the most complex private and hybrid cloud environments, enabling scalability, agility, automation, insights, resiliency and security making it easy for customers to run their mission-critical workloads. We also offer mission-critical fibre channel storage area networking ("FC SAN") products and related software in the form of modules, switches and subsystems incorporating multiple semiconductor products.

We have two reportable segments: semiconductor solutions and infrastructure software. Our semiconductor solutions segment includes all of our semiconductor-based product lines and intellectual property ("IP") licensing. Our infrastructure software segment includes our private and hybrid cloud, application development and delivery, software-defined edge, application networking and security, mainframe, distributed and cybersecurity solutions, and our FC SAN business.

### Quarterly Highlights

Highlights during the fiscal quarter ended August 3, 2025 include the following:

- We generated \$7,166 million of cash from operations.
- We paid \$2,786 million in cash dividends.
- We issued \$6,000 million of senior unsecured notes and used the net proceeds to repay the outstanding balance of our floating rate unsecured term loan.

## Critical Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. We base our estimates and assumptions on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. Our actual financial results may differ materially and adversely from our estimates. Our critical accounting policies are those that affect our historical financial statements materially and involve difficult, subjective or complex judgments by management. Those policies include revenue recognition, business combinations, valuation of goodwill and long-lived assets, and income taxes.

There were no significant changes in our critical accounting estimates during the three fiscal quarters ended August 3, 2025 compared to those previously disclosed in "Critical Accounting Estimates" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the 2024 Annual Report on Form 10-K.

## Macroeconomic Factors

We are subject to risks and exposures from the evolving macroeconomic environment, including uncertainty and volatility in financial markets, efforts of governments to stimulate or stabilize the economy and other unfavorable changes in economic conditions, as well as an increase in trade tensions and related tariffs with U.S. trading partners. While difficult to isolate and quantify, these risks and exposures may cause our net revenue to fluctuate significantly and disrupt supply chain operations, and we continuously monitor the broader impacts of these circumstances on our business, our supply chain and our results of operations.

**Results of Operations**

**Fiscal Quarter and Three Fiscal Quarters Ended August 3, 2025 Compared to Fiscal Quarter and Three Fiscal Quarters Ended August 4, 2024**

The following tables set forth our results of operations for the periods presented:

	Fiscal Quarter Ended			
	August 3, 2025	August 4, 2024	August 3, 2025	August 4, 2024
	(In millions)		(As a percentage of net revenue)	
<b>Statements of Operations Data:</b>				
Net revenue:				
Products	\$ 9,257	\$ 7,439	58 %	57 %
Subscriptions and services	6,695	5,633	42	43
Total net revenue	15,952	13,072	100	100
Cost of revenue:				
Cost of products sold	3,096	2,434	19	19
Cost of subscriptions and services	608	699	4	5
Amortization of acquisition-related intangible assets	1,519	1,525	10	12
Restructuring charges	26	58	—	—
Total cost of revenue	5,249	4,716	33	36
Gross margin	10,703	8,356	67	64
Research and development	3,050	2,353	19	18
Selling, general and administrative	1,072	1,100	7	9
Amortization of acquisition-related intangible assets	507	812	3	6
Restructuring and other charges	187	303	1	2
Total operating expenses	4,816	4,568	30	35
Operating income	\$ 5,887	\$ 3,788	37 %	29 %

	Three Fiscal Quarters Ended			
	August 3, 2025	August 4, 2024	August 3, 2025	August 4, 2024
	(In millions)		(As a percentage of net revenue)	
<b>Statements of Operations Data:</b>				
Net revenue:				
Products	\$ 25,934	\$ 22,043	57 %	59 %
Subscriptions and services	19,938	15,477	43	41
Total net revenue	45,872	37,520	100	100
Cost of revenue:				
Cost of products sold	8,509	7,023	18	19
Cost of subscriptions and services	1,764	2,366	4	6
Amortization of acquisition-related intangible assets	4,486	4,421	10	12
Restructuring charges	68	203	—	—
Total cost of revenue	14,827	14,013	32	37
Gross margin	31,045	23,507	68	63
Research and development	7,996	7,076	18	19
Selling, general and administrative	3,104	3,949	7	11
Amortization of acquisition-related intangible assets	1,524	2,431	3	6
Restructuring and other charges	445	1,215	1	3
Total operating expenses	13,069	14,671	29	39
Operating income	\$ 17,976	\$ 8,836	39 %	24 %

#### **Net Revenue**

A relatively small number of customers account for a significant portion of our net revenue. Direct sales to one semiconductor solutions customer, which is a distributor, accounted for 32% and 30% of our net revenue for the fiscal quarter and three fiscal quarters ended August 3, 2025, respectively, and 26% and 27% of our net revenue for the fiscal quarter and three fiscal quarters ended August 4, 2024, respectively.

We believe aggregate sales to our top five end customers, through all channels, accounted for approximately 40% of our net revenue for each of the fiscal quarter and three fiscal quarters ended August 3, 2025, and 35% and 40% of our net revenue for the fiscal quarter and three fiscal quarters ended August 4, 2024, respectively. We expect to continue to experience significant customer concentration in future periods. The loss of, or significant decrease in demand from, any of our top five end customers could have a material adverse effect on our business, results of operations and financial condition.

From time to time, some of our key semiconductor customers place large orders or delay orders, causing our quarterly net revenue to fluctuate significantly. This is particularly true of our products used in AI and wireless applications as fluctuations may be magnified by the timing of customer deployments, as well as product launches and seasonal variations for wireless applications. For infrastructure software, the transition to subscription licenses, as well as whether or not a customer has the right to terminate, causes variations in revenue recognized in each period.

The following tables set forth net revenue by segment for the periods presented:

Net Revenue by Segment	Fiscal Quarter Ended			% Change (Dollars in millions)	Three Fiscal Quarters Ended			% Change
	August 3, 2025	August 4, 2024	\$ Change		August 3, 2025	August 4, 2024	\$ Change	
Semiconductor solutions	\$ 9,166	\$ 7,274	\$ 1,892	26 % (Dollars in millions)	\$ 25,786	\$ 21,866	\$ 3,920	18 %
Infrastructure software	6,786	5,798	988	17 %	20,086	15,654	4,432	28 %
Total net revenue	<u>\$ 15,952</u>	<u>\$ 13,072</u>	<u>\$ 2,880</u>	22 %	<u>\$ 45,872</u>	<u>\$ 37,520</u>	<u>\$ 8,352</u>	22 %

  

Net Revenue by Segment	Fiscal Quarter Ended		Three Fiscal Quarters Ended		(As a percentage of net revenue)
	August 3, 2025	August 4, 2024	August 3, 2025	August 4, 2024	
Semiconductor solutions			57 %	56 %	56 %
Infrastructure software			43	44	44
Total net revenue			<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

Net revenue from our semiconductor solutions segment increased in the fiscal quarter and three fiscal quarters ended August 3, 2025 compared to the prior year fiscal periods due to strong demand for our networking products, primarily custom AI accelerators and AI networking solutions.

Net revenue from our infrastructure software segment increased in the fiscal quarter and three fiscal quarters ended August 3, 2025 compared to the prior year fiscal periods primarily due to strong demand for our VMware Cloud Foundation (“VCF”) product, including additional license revenue recognized on contracts where customers do not have the right to terminate and the transition to a subscription license model.

#### Gross Margin

Gross margin was \$10,703 million for the fiscal quarter ended August 3, 2025 compared to \$8,356 million for the fiscal quarter ended August 4, 2024, and \$31,045 million for the three fiscal quarters ended August 3, 2025 compared to \$23,507 million for the three fiscal quarters ended August 4, 2024. The increases were primarily due to higher software revenue and strong product demand for our AI-related semiconductor solutions.

As a percentage of net revenue, gross margin was 67% and 68% of net revenue for the fiscal quarter and three fiscal quarters ended August 3, 2025, respectively, and 64% and 63% for the fiscal quarter and three fiscal quarters ended August 4, 2024, respectively. The increases were primarily due to higher software revenue mix and lower amortization of acquisition-related intangible assets as a percentage of revenue.

#### Research and Development Expense

Research and development expense increased \$697 million, or 30%, and \$920 million, or 13%, for the fiscal quarter and three fiscal quarters ended August 3, 2025, respectively, compared to the prior year fiscal periods. The increases were primarily due to higher stock-based compensation.

#### Selling, General and Administrative Expense

Selling, general and administrative expense decreased \$28 million, or 3%, and \$845 million, or 21%, for the fiscal quarter and three fiscal quarters ended August 3, 2025, respectively, compared to the prior year fiscal periods. The decreases were primarily due to lower compensation resulting from a decrease in headcount and lower VMware acquisition-related costs. The decrease in the fiscal quarter ended August 3, 2025 compared to the prior year fiscal period was partially offset by higher stock-based compensation.

### **Amortization of Acquisition-Related Intangible Assets**

Amortization of acquisition-related intangible assets recognized in operating expenses decreased \$305 million, or 38%, and \$907 million, or 37%, for the fiscal quarter and three fiscal quarters ended August 3, 2025, respectively, compared to the prior year fiscal periods primarily due to full amortization of customer-related intangible assets from previous software acquisitions other than VMware.

### **Restructuring and Other Charges**

Restructuring and other charges recognized in operating expenses decreased \$116 million, or 38%, and \$770 million, or 63%, for the fiscal quarter and three fiscal quarters ended August 3, 2025, respectively, compared to the prior year fiscal periods primarily due to lower employee termination costs associated with the integration of the VMware business.

### **Stock-Based Compensation Expense**

During the fiscal quarter ended May 4, 2025, we granted two-year time- and market-based restricted stock unit awards (the “Two-Year Equity Awards”), in lieu of our annual employee equity awards historically granted in the second quarter of each fiscal year. Each Two-Year Equity Award vests on the same basis as two annual grants with staggered vesting start dates of March 15, 2025 and March 15, 2026 and successive four-year vesting periods. We recognize stock-based compensation expense related to these awards from the grant date through their respective vesting date, ranging from four to five years.

Total stock-based compensation expense was \$2,322 million and \$1,381 million for the fiscal quarters ended August 3, 2025 and August 4, 2024, respectively, and \$5,373 million and \$4,356 million for the three fiscal quarters ended August 3, 2025 and August 4, 2024, respectively. The increases were due to the Two-Year Equity Awards granted at higher grant-date fair values, partially offset by the full vesting and forfeitures of certain equity awards assumed in the VMware acquisition.

The following table sets forth the total unrecognized compensation cost related to unvested stock-based awards outstanding and expected to vest as of August 3, 2025. The remaining weighted-average service period was 3.6 years.

Fiscal Year:	Unrecognized Compensation Cost, Net of Expected Forfeitures	
	(In millions)	
2025 (remainder)	\$	2,172
2026		8,104
2027		6,925
2028		4,772
2029		2,487
Thereafter		597
<b>Total</b>	<b>\$</b>	<b>25,057</b>

### **Segment Operating Results**

Operating Income by Segment	Fiscal Quarter Ended				Three Fiscal Quarters Ended				
	August 3, 2025		August 4, 2024		\$ Change		% Change		
	(Dollars in millions)								
Semiconductor solutions	\$ 5,217	\$ 4,042	\$ 1,175		29 %	\$ 14,729	\$ 12,136	\$ 2,593	21 %
Infrastructure software	5,238	3,906	1,332		34 %	15,347	9,789	5,558	57 %
Unallocated expenses	(4,568)	(4,160)	(408)		10 %	(12,100)	(13,089)	989	(8)%
<b>Total operating income</b>	<b>\$ 5,887</b>	<b>\$ 3,788</b>	<b>\$ 2,099</b>		<b>55 %</b>	<b>\$ 17,976</b>	<b>\$ 8,836</b>	<b>\$ 9,140</b>	<b>103 %</b>

Operating income from our semiconductor solutions segment increased for the fiscal quarter and three fiscal quarters ended August 3, 2025 compared to the prior year fiscal periods due to strong demand for our networking products, primarily custom AI accelerators and AI networking solutions.

Higher operating income from our infrastructure software segment in the fiscal quarter and three fiscal quarters ended August 3, 2025 compared to the prior year fiscal periods was primarily due to strong demand for our VCF product, including additional license revenue recognized on contracts where customers do not have the right to terminate and the transition to a subscription license model.

Unallocated expenses include amortization of acquisition-related intangible assets, stock-based compensation expense, restructuring and other charges, acquisition-related costs, and other costs, which are not used in evaluating the results of, or in allocating resources to, our segments. Unallocated expenses increased 10% for the fiscal quarter ended August 3, 2025 compared to the prior year fiscal period primarily due to higher stock-based compensation expense, partially offset by lower amortization of acquisition-related intangible assets, and decreased 8% for the three fiscal quarters ended August 3, 2025 compared to the prior year fiscal period primarily due to lower restructuring and other charges and lower amortization of acquisition-related intangible assets, partially offset by higher stock-based compensation expense.

#### **Non-Operating Income and Expenses**

*Interest expense.* Interest expense was \$807 million and \$2,449 million for the fiscal quarter and three fiscal quarters ended August 3, 2025, respectively, and \$1,064 million and \$3,037 million for the fiscal quarter and three fiscal quarters ended August 4, 2024, respectively. The decreases were primarily from an overall reduction in outstanding debt balances and debt refinancing activities that drove lower effective interest rates compared to the prior year fiscal periods.

*Other income, net.* Other income, net includes interest income, gains and losses on investments, foreign currency remeasurement and other miscellaneous items. Other income, net, was \$205 million and \$82 million for the fiscal quarters ended August 3, 2025 and August 4, 2024, respectively. The increase was primarily due to a gain on the sale of a business. Other income, net was \$333 million and \$354 million for the three fiscal quarters ended August 3, 2025 and August 4, 2024, respectively. The decrease was primarily due to lower interest income as a result of lower interest rates on lower invested balances, partially offset by a gain on the sale of a business.

*Provision for income taxes.* On July 4, 2025, the United States enacted the One Big Beautiful Bill Act, which allows for the immediate expensing of domestic research and development costs, certain capital expenditures, and changes to the United States taxation of profits derived from foreign operations. As a result, it is no longer more-likely-than-not that we are able to utilize our federal corporate alternative minimum tax ("CAMT") credits, and we established a \$1,058 million valuation allowance against our CAMT credit carryforwards and CAMT credits generated in the current fiscal year. Our policy is to not consider the impact of future years' CAMT in our valuation allowance assessment for regular deferred tax assets. Most of the provisions are effective beginning in our fiscal years ending November 1, 2026 or October 31, 2027, with immediate expensing of qualifying property being effective in fiscal year 2025. We will continue to evaluate the full impact of these legislative changes as more guidance becomes available.

The provision for income taxes was \$1,145 million and \$1,252 million for the fiscal quarter and three fiscal quarters ended August 3, 2025, respectively, and was primarily due to the impact from a valuation allowance against our CAMT credits, income before income taxes, and the jurisdictional mix of income, partially offset by excess tax benefits from stock-based awards.

The provision for income taxes was \$4,238 million and \$4,190 million for the fiscal quarter and three fiscal quarters ended August 4, 2024, respectively, and was primarily due to an intra-group transfer of certain IP rights during the fiscal quarter ended August 4, 2024 to the United States as a result of supply chain realignment and the resulting shift in the jurisdictional mix of income, partially offset by excess tax benefits from stock-based awards.

#### **Liquidity and Capital Resources**

The following section discusses our principal liquidity and capital resources as well as our principal liquidity requirements and uses of cash. Our cash and cash equivalents are maintained in highly liquid investments with remaining maturities of 90 days or less at the time of purchase. We believe our cash equivalents are liquid and accessible.

Our primary sources of liquidity as of August 3, 2025 consisted of: (i) \$10,718 million in cash and cash equivalents, (ii) cash we expect to generate from operations and (iii) available capacity under our \$7.5 billion unsecured revolving credit facility. In addition, we may also generate cash from the sale of assets and debt or equity financings from time to time.

Our short-term and long-term liquidity requirements primarily arise from: (i) business acquisitions and investments we may make from time to time, (ii) working capital requirements, (iii) research and development and capital expenditure needs, (iv) cash dividend payments (if and when declared by our Board of Directors), (v) interest and principal payments related to our \$66,257 million of outstanding indebtedness with \$1,400 million principal amounts payable within 12 months, (vi) discretionary share repurchases, and (vii) payment of income taxes. Our ability to fund these requirements will depend, in part, on our future cash flows, which are determined by our future operating performance and, therefore, subject to prevailing global macroeconomic conditions and financial, business and other factors, some of which are beyond our control.

We believe that our cash and cash equivalents on hand, cash flows from operations and our revolving credit facility will provide sufficient liquidity to operate our business and fund our current obligations for at least the next 12 months. For additional information regarding our cash requirement from contractual obligations and indebtedness, see Note 11. "Commitments and Contingencies" and Note 7. "Borrowings" in Part I, Item 1 of this Form 10-Q.

From time to time, we engage in discussions with third parties regarding potential acquisitions of, or investments in, businesses, technologies and product lines. Any such transaction, or evaluation of potential transactions, could require significant use of our cash and cash equivalents, or require us to increase our borrowings to fund such transactions. If we do not have sufficient cash to fund our operations or finance growth opportunities, including acquisitions, or unanticipated capital expenditures, our business and financial condition could suffer. In such circumstances, we may seek to obtain new debt or equity financing. However, we cannot assure you that such additional financing will be available on terms acceptable to us or at all. Our ability to service our outstanding indebtedness and any other indebtedness we may incur will depend on our ability to generate cash in the future. We may also elect to sell additional debt or equity securities for reasons other than those specified above.

In addition, we may, at any time and from time to time, seek to retire or purchase our outstanding debt through cash tenders and/or exchanges for equity or debt, in open-market purchases, privately negotiated transactions or otherwise. Such tenders, exchanges or purchases, if any, will be upon such terms and at such prices as we may determine, and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. We may also make additional prepayments of our outstanding term loans. The amounts involved may be material.

### **Working Capital**

Working capital increased to \$8,294 million at August 3, 2025 from \$2,898 million at November 3, 2024. The increase was primarily attributable to the following:

- Cash and cash equivalents increased to \$10,718 million at August 3, 2025 from \$9,348 million at November 3, 2024, primarily due to \$19,834 million in net cash provided by operating activities, partially offset by \$8,345 million of dividend payments, \$3,860 million of employee withholding tax payments related to net settled equity awards, \$3,657 million of net repayments of borrowings, and \$2,450 million of common stock repurchases.
- Trade accounts receivable, net increased to \$6,494 million at August 3, 2025 from \$4,416 million at November 3, 2024 primarily due to higher billings and the timing of collections.
- Other current assets increased to \$5,606 million at August 3, 2025 from \$4,071 million at November 3, 2024 primarily from higher software contract assets, offset in part by lower prepaid taxes.

### **Capital Returns**

Cash Dividends Declared and Paid	Three Fiscal Quarters Ended	
	August 3, 2025	August 4, 2024
(In millions, except per share data)		
Dividends per share to common stockholders	\$ 1.770	\$ 1.575
Dividends to common stockholders	\$ 8,345	\$ 7,330

In April 2025, our Board of Directors authorized a stock repurchase program to repurchase up to \$10 billion of our common stock from time to time through December 31, 2025. During the fiscal quarter ended May 4, 2025, we repurchased and retired 16 million shares of our common stock for \$2,450 million under this stock repurchase program. As of August 3, 2025, \$7,550 million of the authorized amount remained available for repurchases.

Repurchases under this stock repurchase program may be effected through a variety of methods, including open market or privately negotiated purchases. The timing and amount of shares repurchased will depend on the stock price, business and market conditions, corporate and regulatory requirements, alternative investment opportunities, acquisition opportunities, and other factors. We are not obligated to repurchase any specific amount of shares of common stock, and the stock repurchase program may be suspended or terminated at any time.

In December 2021 and May 2022, our Board of Directors authorized stock repurchase programs to repurchase up to an aggregate of \$20 billion of our common stock from time to time prior to December 31, 2023. During the fiscal quarter ended February 4, 2024, we repurchased and retired 67 million shares of our common stock for \$7,176 million, and all \$20 billion of the aggregate authorized amount was utilized prior to expiration on December 31, 2023.

During the three fiscal quarters ended August 3, 2025 and August 4, 2024, we paid \$3,860 million and \$4,012 million, respectively, in employee withholding taxes due upon the vesting of net settled equity awards. We withheld 17 million and 30 million shares of common stock from employees in connection with such net share settlements during the three fiscal quarters ended August 3, 2025 and August 4, 2024, respectively. Beginning in the fiscal quarter ended August 3, 2025, we settle withholding taxes upon the vesting of employee equity awards using proceeds from the sale of a portion of the vested shares, thereby eliminating our cash outflow for employee withholding taxes on equity award vesting.

**Cash Flows**

	Three Fiscal Quarters Ended	
	August 3, 2025	August 4, 2024
(In millions)		
Net cash provided by operating activities	\$ 19,834	\$ 14,358
Net cash used in investing activities	(213)	(22,938)
Net cash provided by (used in) financing activities	(18,251)	4,343
Net change in cash and cash equivalents	\$ 1,370	\$ (4,237)

**Operating Activities**

Cash flows from operating activities consist of net income adjusted for certain non-cash and other items and changes in assets and liabilities. The \$5,476 million increase in cash provided by operations during the three fiscal quarters ended August 3, 2025 compared to the prior year fiscal period was primarily due to \$13,037 million higher net income, offset in part by \$3,816 million lower non-cash adjustments for deferred taxes and other non-cash taxes, as well as \$3,576 million from changes in operating assets and liabilities.

**Investing Activities**

Cash flows from investing activities primarily consist of cash related to acquisitions and divestitures, capital expenditures and proceeds and payments related to investments. The \$22,725 million decrease in cash used in investing activities during the three fiscal quarters ended August 3, 2025 compared to the prior year fiscal period was primarily due to \$25,416 million cash paid in connection with the acquisition of VMware, net of cash acquired, in the prior year fiscal period, offset in part by \$3,185 million lower proceeds from sales of businesses during the three fiscal quarters ended August 3, 2025 compared to the prior year fiscal period.

**Financing Activities**

Cash flows from financing activities primarily consist of proceeds and payments related to our borrowings, dividend payments, employee withholding tax payments related to net settled equity awards and authorized stock repurchases. Cash flows from financing activities during the three fiscal quarters ended August 3, 2025 compared to the prior year fiscal period decreased \$22,594 million. The decrease was primarily from the net proceeds from term loans issued in connection with the acquisition of VMware in the prior year fiscal period, debt repayments and higher dividend payments in the current year fiscal period, offset in part by a decrease in stock repurchases.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes in market risks from the information presented in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," in the 2024 Annual Report on Form 10-K, except as disclosed below.

**Interest Rate Risk**

Changes in interest rates affect the fair value of our outstanding fixed-rate borrowings. As of August 3, 2025 and November 3, 2024, we had \$65.8 billion and \$56.3 billion in principal amount of fixed-rate borrowings outstanding, and the estimated aggregate fair value of these borrowings was \$62.5 billion and \$51.4 billion, respectively. As of August 3, 2025 and November 3, 2024, a hypothetical 50 basis point change in market interest rates would change the fair value of our fixed-rate borrowings by approximately \$1.8 billion and \$1.7 billion, respectively. However, this hypothetical change in interest rates would not impact the interest expense on our fixed-rate borrowings outstanding.

As of November 3, 2024, we had \$13.6 billion of outstanding term loans, which are subject to floating interest rates. As of November 3, 2024, a hypothetical 100 basis point change in the interest rate would change the interest expense on our floating-rate term loans for the next 12 months by approximately \$137 million. The carrying value of the floating-rate term loans approximates their fair value as the underlying interest rates are tied to the Secured Overnight Financing Rate. We had no floating-rate term loans outstanding as of August 3, 2025.

#### Item 4. Controls and Procedures

(a) *Evaluation of Disclosure Controls and Procedures.* Our management, with the participation of our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), evaluated the effectiveness of our disclosure controls and procedures as of August 3, 2025. We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our filings under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is properly and timely recorded, processed, summarized and reported. These disclosure controls and procedures are also intended to ensure that information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosures. Based on this evaluation, our CEO and CFO concluded that, as of August 3, 2025, our disclosure controls and procedures were effective at the reasonable assurance level.

In designing and evaluating our disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

(b) *Changes in Internal Control over Financial Reporting.* There was no change in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II — OTHER INFORMATION

#### Item 1. Legal Proceedings

The information set forth under Note 11. “Commitments and Contingencies” included in Part I, Item 1 of this Form 10-Q, is incorporated herein by reference. For additional discussion of certain risks associated with legal proceedings, see “Risk Factors” immediately below.

#### Item 1A. Risk Factors

Our business, operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common stock. The following material factors, among others, could cause our actual results to differ materially from historical results and those expressed in forward-looking statements made by us or on our behalf in filings with the SEC, press releases, communications with investors and oral statements. Additional risks, trends and uncertainties not presently known to us or that we currently believe are immaterial may also harm our business, financial condition, results of operations, cash flows, our reputation or the trading price of our common stock.

#### Risk Factors Summary

The following is a summary of the material risks that could adversely affect our business, operations and financial results.

##### Risks Related to Our Business

- Adverse global economic conditions could have a negative effect on us.
- Our business is subject to various governmental regulations and trade restrictions.
- Global political and economic conditions and other factors related to our international operations could adversely affect us.
- A significant reduction in demand or loss of one or more of our significant customers may adversely affect us.
- A slow or the unsuccessful return of our investments, expansion of our business strategy or adoption of new business models could adversely affect us.
- Winning business in the semiconductor solutions industry is a lengthy and unpredictable process that often requires us to incur significant expenses, evolve our business strategy or adopt a new business model, which may negatively impact our results of operations.
- We operate in the highly cyclical semiconductor industry.
- Failure to realize the benefits expected from the VMware acquisition could adversely affect our business.
- We have pursued, and may in the future pursue, mergers, acquisitions, investments, joint ventures and dispositions, which could adversely affect our results of operations.
- We are subject to risks associated with our distributors and other channel partners.

- We are dependent on senior management and if we are unable to attract and retain qualified personnel, we may not be able to execute our business strategy effectively.
- Cybersecurity threats or other security breaches, or any other impairment of the confidentiality, integrity or availability of our information technology (“IT”) systems, or those of one or more of our corporate infrastructure vendors, could have a material adverse effect on our business.
- Dependence on contract manufacturing and suppliers of critical components within our supply chain may adversely affect our ability to bring products to market.
- Failure to adjust our manufacturing and supply chain to meet customer demand could adversely affect our results of operations.
- We purchase a significant amount of the materials used in our products from a limited number of suppliers.
- A prolonged disruption of our or our suppliers’ manufacturing facilities, research and development facilities, warehouses or other significant operations could have a material adverse effect on us.
- We may be unable to maintain appropriate manufacturing capacity or product yields at our own manufacturing facilities.
- We may be involved in legal proceedings that could materially adversely affect our business.
- Failure of our software products to manage and secure IT infrastructures and environments could have a material adverse effect on our business.
- The growth of our software business depends on demand for our data center virtualization products, as well as customer acceptance of our products, services and business strategy.
- Incompatibility of our software products with operating environments, platforms, or third-party products may adversely affect demand for our products and services.
- Failure to enter into software license agreements on a satisfactory basis could adversely affect us.
- Our use of open source software in certain products and services could materially adversely affect our business, financial condition and results of operations.
- Our sales to government customers subject us to uncertainties and additional governmental regulations.
- Failure to effectively manage our products and services lifecycles could harm our business.
- Our operating results are subject to substantial quarterly and annual fluctuations.
- Competition in our industries could prevent us from growing our revenue.
- Our ability to maintain or improve gross margin.
- Failure to protect the IP utilized in our business could adversely affect our business.
- We are subject to warranty claims, product recalls and product liability.
- The complexity of our products could result in unforeseen delays or expense or undetected defects or bugs.
- We are subject to privacy and data security laws and contractual commitments, and our actual or perceived failure to comply with such laws and commitments could harm our business.
- Corporate responsibility matters may adversely affect our relationships with customers and investors.
- We must comply with a variety of technical standards, domestic and international laws and regulations in the manufacture and distribution of our semiconductors.

#### **Risks Relating to Our Taxes**

- Our income taxes and overall cash tax costs are affected by a number of factors that could have a material, adverse effect on our financial results.
- If our tax incentives or tax holiday arrangements change or cease to be in effect or applicable, our corporate income taxes could significantly increase.
- We have potential tax liabilities as a result of VMware’s former controlling ownership by Dell, which could have an adverse effect on our financial condition and operating results.

#### **Risks Relating to Our Indebtedness**

- Our substantial indebtedness could adversely affect our financial health and our ability to execute our business strategy.

#### **Risks Relating to Owning Our Common Stock**

- Our stock price may be volatile and your investment could lose value.

- The amount and frequency of our stock repurchases may fluctuate.
- There can be no assurance that we will continue to declare cash dividends.

For a more complete discussion of the material risks facing our business, see below.

### Risks Related to Our Business

#### ***Adverse global economic conditions could have a negative effect on our business, results of operations and financial condition and liquidity.***

A general slowdown in the global economy or in a particular region or industry, uncertainty and volatility in financial markets, efforts of governments to stimulate or stabilize the economy or to achieve specific policy objectives such as onshoring of semiconductor manufacturing and other unfavorable changes in economic conditions, such as inflation, higher interest rates, tightening of the credit markets, recession or slowing growth, as well as an increase in trade tensions and related tariffs with U.S. trading partners, could negatively impact our business, financial condition, cash flows and liquidity. Adverse global economic conditions have from time to time caused or exacerbated significant slowdowns in the industries and markets in which we operate, which have adversely affected our business and results of operations. Macroeconomic weakness and uncertainty may also make it more difficult to accurately forecast operating results and market volatility stemming from current macroeconomic events may materially impact our cash flow and our ability to raise or refinance debt at favorable rates. An escalation of trade tensions between the U.S. and its trading partners has resulted in trade restrictions and increased protectionism that harm our ability to participate in some markets or compete effectively.

Sustained uncertainty about, or worsening of, current global economic conditions, further tariffs and escalations of trade tensions between the U.S. and its trading partners, especially China, increased geopolitical volatility, and the decoupling of the global economies could result in a global economic slowdown and long-term changes to global trade. Such events may also (i) cause our customers and end-users to reduce, delay or forgo technology spending, (ii) result in customers sourcing products from other suppliers not subject to such restrictions or tariffs or to develop these products themselves, (iii) lead to the insolvency or consolidation of key suppliers and customers, and (iv) intensify pricing pressures. Any or all of these factors could negatively affect demand for our products and our business, financial condition and results of operations.

#### ***Our business is subject to various governmental regulations. Compliance with these regulations may cause us to incur significant expense and failure to maintain compliance with applicable regulations could adversely affect our business.***

Our business is subject to various domestic and international laws and other legal requirements, including anti-competition and import/export regulations, such as the U.S. Export Administration Regulations, and applicable executive orders. These laws, regulations, orders, tariffs, federal policies and other governmental actions are complex, continue to evolve and change frequently with limited notice and generally become more stringent over time. We may be required to incur significant expenses to comply with these legal requirements or respond to any governmental actions. In addition, if our suppliers or customers fail or choose not to comply with these legal requirements or governmental actions, we may be required to suspend purchasing from such suppliers or selling to such customers, which could damage our reputation and negatively impact our results of operations. The U.S. government continues to add companies to its restricted entity list and/or technologies to its list of prohibited exports to specific countries and impose other restrictions or requirements, which have had and may in the future have an adverse effect on our revenue, supply chain and our ability to manufacture or sell our products. These restrictive governmental actions and any similar measures that may be imposed on U.S. companies by other governments, especially in light of ongoing trade tensions with U.S. trading partners, will likely limit or prevent us from doing business with certain of our customers or suppliers and harm our ability to compete effectively or otherwise negatively affect our ability to sell our products. Furthermore, foreign government authorities have proposed, and may take, retaliatory actions, impose conditions for the supply of products or require the license or other transfer of IP, which could have a material adverse effect on our business. Uncertainty due to the evolving trade policies also may disrupt our supply chain and if we are unable to effectively mitigate any adverse impacts from such measures, this could adversely affect our business, financial condition and results of operations.

Our products and operations are also subject to regulation by U.S. and non-U.S. regulatory agencies, such as the U.S. Federal Trade Commission. We have previously been, and may in the future be, involved or required to participate in regulatory investigations or inquiries from regulatory authorities in Korea, Japan and the European Union into certain of our contracting and business practices, which have previously and may in the future evolve into legal or other administrative proceedings. Growing public concern over concentration of economic power in corporations is leading to increased anti-competition legislation, regulation, administrative rule making and enforcement activity. Involvement in regulatory investigations or inquiries can be costly, lengthy, complex and time-consuming, diverting the attention and energies of our management and technical personnel. If any pending or future governmental investigations result in an unfavorable resolution, we could be required to cease the manufacture and sale of the subject products or technology, pay fines or disgorge profits or other payments, and/or cease certain conduct and/or modify our contracting or business practices, which could have a material adverse effect on our business, financial condition and results of operations.

***Global political and economic conditions and other factors related to our international operations could adversely affect our business, financial condition and results of operations.***

A majority of our products are produced, sourced and sold internationally and our international revenue represents a significant percentage of our overall revenue. Multiple factors relating to our international operations and to particular countries in which we operate could have a material adverse effect on our business, financial condition and results of operations. These factors include:

- changes in political, regulatory, legal or economic conditions, geopolitical turmoil (including China-Taiwan relations), including terrorism, war or political or military coups, state-sponsored or politically motivated cyber-attacks, civil disturbances, or political instability (foreign and domestic);
- restrictive or retaliatory governmental actions, such as restrictions on the transfer or repatriation of funds and foreign investments, data privacy regulations, climate change regulations, trade protection measures, including increasing protectionism and economic nationalism, import/export restrictions (including with regards to advanced technologies), import/export duties and quotas, trade sanctions, and customs duties and tariffs, all of which have increased and may further increase;
- changes in global tax regulations;
- difficulty in obtaining product distribution and support, and transportation delays;
- potential inability to localize software products;
- difficulty in enforcing contracts, collecting accounts receivables and maintaining appropriate financial controls;
- difficulty in conducting due diligence with respect to business partners;
- public health or safety concerns, medical epidemics or pandemics, and other natural- or man-made disasters; and
- nationalization of businesses and expropriation of assets.

The proposed and enacted U.S. tariffs and counter-tariffs, including semiconductor-related tariffs, could also lead to increased costs and supply chain disruptions. The ultimate impact remains uncertain and will depend on several factors outside of our control. If we are unable to effectively navigate these changes, it could have a material adverse effect on our business, operating results and stock price.

A significant legal risk associated with conducting business internationally is compliance with the various and differing laws and regulations of the many countries in which we do business. Although our policies and procedures prohibit us, our employees and our agents from engaging in unethical business practices and are designed to satisfy regulatory requirements, there can be no assurance that all of these measures will be effective in preventing violations or claims of violations. Any such violation or perceived violation could have a material adverse effect on our business.

***The majority of our sales have historically come from a small number of customers and a significant reduction in demand or loss of one or more of our significant customers may adversely affect our business.***

We have historically depended on a small number of end customers, original equipment manufacturers ("OEMs"), their respective contract manufacturers ("CMs") and certain distributors for a majority of our business and revenue. For the three fiscal quarters ended August 3, 2025, sales to distributors accounted for 47% of our net revenue. We believe aggregate sales, through all channels, to our top five end customers accounted for approximately 40% of our net revenue for the three fiscal quarters ended August 3, 2025. This customer concentration increases the risk of quarterly fluctuations in our operating results and our sensitivity to any material adverse developments experienced by these customers, including their ability to invest in, access, operate or pay for their AI infrastructure. In addition, some customers may reduce the amount of products

or decline to purchase from us due to reduced capital expenditure spending, lack of access to sufficient capital, downturn in their business or their internal development of the products.

Our semiconductor customers are not generally required to purchase specific quantities of products. Even when customers agree to source an agreed portion of their product needs from us, such arrangements often include pricing schedules or methodologies that apply regardless of the volume of products purchased, and those customers may not purchase the amount of product we expect or may have insufficient capital to ultimately pay for those products. As a result, we may not generate the amount of revenue or achieve the level of profitability we expect under such arrangements, or such arrangements may increase our exposure to credit risks. Moreover, our top customers' purchasing power has, in some cases, given them the ability to make greater demands on us with regards to pricing and contractual terms in general. The loss of, or any substantial reduction in sales to, any of our top customers, including our customers for our custom AI accelerators, XPU or AI racks based on our XPU, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

***We compete in industries that are subject to rapid technological change and developments that may require us to make investments in research and development, expand our business strategy or adopt new business models, and the slow or unsuccessful return of our investments, expansion of our business strategy or adoption of new business models could materially adversely affect our business, financial condition, cash flows and margins.***

The industries in which we compete are characterized by rapid technological change, new technological developments such as AI and cloud computing, changes in customer requirements, frequent new product introductions and enhancements, short product cycles, evolving industry standards and new delivery methods. In addition, to compete successfully in the semiconductor industry, we must continue to develop and respond to technological advancements and requirements, such as low-power consumption, higher bandwidth and large compute clusters, and evolve our business strategy or adopt new business models to address the needs and challenges of our customers. Failure to successfully develop increasingly advanced technologies, including custom AI accelerators, XPU, network switches and other AI-related products, or to execute on new strategies or models such as the sale or leasing of AI racks based on our XPU could impair our competitive position. In order to remain competitive, we have made, and expect to continue to make, significant investments in research and development, expand our business strategy or adopt new business models. If we fail to timely develop new and enhanced products and technologies, if we focus on technologies that do not become widely adopted, if new competitive technologies that we do not support become widely accepted, or we are unable to successfully execute on new business strategies or models such as the sale or leasing of AI racks based on our XPU, demand for our products such as our custom AI accelerators, XPU, network switches and other AI-related products may be reduced. Slow or unsuccessful investments in our research and development efforts or the expansion or modification of our business strategies and models and incurring significant expenses for these actions, would have a negative impact on our business, financial condition and margins.

***Winning business in the semiconductor solutions industry is a lengthy and unpredictable process that often requires us to incur significant expenses, evolve our business strategy or adopt a new business model, which may negatively impact our results of operations.***

Our semiconductor business is dependent on us winning competitive bid selection processes, known as "design wins." These selection processes are typically lengthy and can require us to dedicate significant development expenditures and scarce engineering resources in pursuit of a single customer opportunity. Failure to obtain a particular design win may prevent us from obtaining design wins in subsequent generations of a particular product. This can result in lost revenue and can weaken our position in future selection processes.

Winning a product design does not guarantee sales to a customer. Customers could accelerate, delay or cancel plans, use their own products, fail to qualify our products, reduce or discontinue use of our products, or fail to successfully market and sell their products, which could reduce demand for our products and cause us to hold excess inventory, materially adversely affecting our business, financial condition and results of operations.

The timing of design wins is unpredictable and implementing production for a major design win or multiple design wins at the same time, such as our design wins for our custom AI accelerators or XPU and other AI-related products, may strain our resources and those of our CMs. Some of our customers who have selected us may also have constrained resources or capital but require immediate availability of our custom AI accelerators or XPU. In such event, we may dedicate significant additional resources such as product engineering, or execute on new strategies or models such as the sale or leasing of AI racks based on our XPU to our customers, which could result in additional costs, expenses and credit risk to us, and reduced margins and cash flows. These risks are exacerbated by the fact that many of our products, such as our AI-related products, are dependent on our continued success in the development and quality of our products and product engineering.

**We operate in the highly cyclical semiconductor industry.**

The semiconductor industry is highly cyclical and is characterized by rapid price erosion, wide fluctuations in product supply and demand, constant and rapid technological change, evolving technical standards, evolving markets such as AI, frequent new product introductions, and short product life cycles. From time to time, these factors, together with changes in general economic conditions, cause significant upturns and downturns in the industry and in our business. The market for AI-related products has resulted in a significant upturn in certain segments of the industry resulting in record revenue, which may not be sustainable.

Previously the industry experienced a significant upturn due to a supply imbalance that resulted in record profitability and increases in average selling prices, which was followed by a down-cycle resulting in diminished demand for end-user products, high inventory levels and periods of inventory adjustment, and elimination of expedite fees. Historically, such down-cycles have also been characterized by under-utilization of manufacturing capacity, changes in revenue mix and accelerated erosion of average selling prices, which can lead to reduced profitability and a decline in our stock price. The Creating Helpful Incentives to Produce Semiconductors for America Act could also result in an increase in supply leading to excess inventory and a decrease in average selling prices. We expect our business to continue to be subject to cyclical downturns or market corrections even when overall economic conditions are relatively stable. If we cannot offset industry or market downturns, our net revenue may decline and our financial condition and results of operations may suffer.

***Failure to realize the benefits expected from the acquisition of VMware could adversely affect our business and the value of our common stock.***

As part of our integration of the VMware business, we have focused on VMware's core business of creating private cloud environments on-premises among large enterprises globally and divesting non-core assets. If VMware customers do not accept our business strategy, including our transition from a perpetual to a subscription licensing model and our simplified product portfolio, the investments we have made or may make to implement our strategy may be of no or limited value, we may lose significant customers, our financial results may be adversely affected and our stock price may suffer.

Although we expect significant benefits to result from the acquisition of VMware, if we do not successfully manage the challenges inherent in integrating an acquired business, we may not realize these benefits, and our revenue, expenses, operating results, financial condition and stock price could be materially adversely affected. Achieving these benefits will depend, in part, on our ability to integrate VMware's business successfully and efficiently and VMware customers accepting our business strategy, including our transition from a perpetual to a subscription licensing model and our simplified product portfolio. The successful integration of the VMware business has required, and will continue to require, significant management attention, and may divert the attention of management from other business and operational issues.

***We have pursued, and may in the future pursue, mergers, acquisitions, investments, joint ventures and dispositions, which could adversely affect our results of operations.***

Our growth strategy includes acquiring or investing in businesses that offer complementary products, services and technologies, or enhancing our market coverage, business strategy or technological capabilities. Any acquisitions we may undertake, including the acquisition of VMware, and their integration involve risks and uncertainties, which could impede the execution of our business strategy, such as:

- U.S. and non-U.S. regulatory approval may take longer than anticipated, not be forthcoming or contain burdensome conditions, including due to U.S.-international relationships and other geopolitical events;
- market volatility impacting our ability or the cost to fund acquisitions or investments;
- unexpected delays, challenges and related expenses, and disruption of our business;
- diversion of management's attention from daily operations and the pursuit of other opportunities;
- incurring significant restructuring charges and amortization expense, assuming liabilities and ongoing or new lawsuits, potential impairment of acquired goodwill and other intangible assets, and increasing our expenses and working capital requirements;
- the potential for deficiencies in internal controls of the acquired business, as well as implementing our own management information systems, operating systems and internal controls for the acquired business;
- our due diligence process may fail to identify significant issues with the acquired business's products, financial disclosures, accounting practices, legal, tax and other contingencies, compliance with local laws and regulations (and interpretations thereof) in the U.S. and multiple international jurisdictions;
- difficulties integrating the acquired business or company and managing and retaining acquired employees, vendors and customers; and

- inaccuracies in our original estimates and assumptions used to assess a transaction, which may result in us not realizing the expected financial or strategic benefits of any such transaction.

From time to time, we seek to divest or wind down portions of our business or exit minority investments, any of which could materially affect our cash flows and results of operations. Such dispositions involve risks and uncertainties, including disruption to other parts of our business, potential loss of employees or customers, or exposure to unanticipated liabilities or ongoing obligations following any such dispositions. In addition, dispositions may include the transfer of technology and/or the licensing of certain IP rights to third-party purchasers that limits our ability to utilize such IP rights or assert these rights against third parties. Such events could have a material adverse impact on our business and operations.

***We are subject to risks associated with our distributors and other channel partners, including product inventory levels and product sell-through.***

We sell our products through a direct sales force and a select network of distributors and other channel partners globally. Sales to distributors accounted for 47% of our net revenue in the three fiscal quarters ended August 3, 2025 and are subject to a number of risks, including:

- fluctuations in demand based on our distributors' product inventory levels, and the timing of delivery to and demand of end customers;
- our distributors and other channel partners are generally not subject to minimum sales requirements or any obligation to market our products to their customers and may market and distribute competing products; and
- our distributors' and other channel partners' agreements are generally nonexclusive and may be terminated at any time without cause.

Our dependence on channel partners has increased following the acquisition of VMware. Failure to maintain good relationships with our distributors and channel partners could adversely impact our business. In addition, we sell our semiconductor products through an increasingly limited number of distributors, which exposes us to additional customer concentration and related credit risks.

From time to time, we enlist our distributors and channel partners to lead go-to-market and customer relationships for certain products, such as our Accelerate Program and Catalyst Initiative for certain infrastructure software products, with certain sole distribution relationships by region. To the extent these distributors and channel partners fail to maintain good relationships with our customers or we are unable to continue enlisting our distributors and channel partners to lead go-to-market and customer relationships, our business, operating results and cash flow may be adversely impacted.

We do not always have a direct relationship with the end customers of our products. As a result, our semiconductor products may be used in applications for which they were not necessarily designed or tested, and the misuse or failure of our semiconductor products could result in significant liabilities to us, damage our reputation and harm our business, operating results and cash flow.

***Our business would be adversely affected by the departure of existing members of our senior management team.***

Our success depends, in large part, on the continued contributions of our senior management team, in particular the services of Hock E. Tan, our President and Chief Executive Officer. Effective succession planning is also important for our long-term success. Failure to ensure effective transfers of knowledge and smooth transitions involving senior management could hinder our strategic planning and execution. None of our senior management is bound by written employment contracts. In addition, we do not currently maintain key person life insurance covering our senior management. The loss of any of our senior management could harm our ability to implement our business strategy and respond to the rapidly changing market conditions in which we operate.

***If we are unable to attract and retain qualified personnel, especially our engineering and technical personnel, we may not be able to execute our business strategy effectively.***

Our future success depends on our ability to attract, retain and motivate qualified personnel. As the source of our technological and product innovations, our engineering and technical personnel, such as our AI-related product engineers and cybersecurity experts, are a significant asset. Competition for these employees is significant in many areas of the world in which we operate, particularly in Silicon Valley and Southeast Asia where qualified engineers are in high demand. In addition, current or future immigration laws may make it more difficult to hire or retain qualified engineers, further limiting the pool of available talent. We believe equity awards provide a powerful long-term retention incentive and have historically granted these awards to the substantial majority of our employees. If we are unable to continue our current equity granting philosophy or our stock underperforms, this could impair our efforts to attract and retain necessary personnel. Any inability to retain, attract or motivate such personnel and provide competitive employment benefits could have a material adverse effect on our business, financial condition and results of operations.

**Cybersecurity threats or other security breaches, or any other impairment of the confidentiality, integrity or availability of our IT systems, or those of one or more of our corporate infrastructure vendors, could have a material adverse effect on our business.**

Our business depends on a wide variety of complex IT systems and services, including cloud-based and other critical corporate services relating to, among other things, product research and development, financial reporting, product orders and fulfillment, HR, benefit plan administration, IT network management, and electronic communication and collaboration services. These systems and services are both internally managed and outsourced, and in many cases we rely upon third-party data centers. Any failure of these internal or third-party systems and services to operate effectively could disrupt our operations and could have a material adverse effect on our business, financial condition and results of operations. Our operations are dependent upon our ability to protect our IT infrastructure against damage from business continuity events that could have a significant disruptive effect. Although these systems are designed to protect and secure our customers', suppliers' and employees' confidential information, as well as our own proprietary information, we are, out of necessity, dependent on our vendors and third-party data centers to adequately address cybersecurity threats to their own systems and infrastructure. In addition, software products we use and technologies produced by us have occasionally had in the past and may have in the future, vulnerabilities that, if left unmitigated, could reduce the overall level of security of the systems on which the software is installed.

Cyber-attacks are increasing in number and sophistication, are well-financed, in some cases supported by state actors, and are designed to not only attack, but also to evade detection. Since the techniques used to obtain unauthorized access to systems, or to otherwise sabotage them, change frequently and are often not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. The emergence and maturation of AI capabilities may also lead to new and/or more sophisticated methods of attack, including fraud that relies upon "deep fake" impersonation technology or other forms of generative automation that may scale up the efficiency or effectiveness of cyber threat activity.

As a critical vendor in the digital supply chain for both governmental entities and critical infrastructure operators, we and our products may be targeted by those seeking to threaten the confidentiality, integrity and availability of systems supporting essential public services. Geopolitical instability may increase the likelihood that we will experience direct or collateral consequences from cyber conflicts between nation-states or other politically motivated actors targeting critical technology infrastructure.

Accidental or willful security breaches or other unauthorized access to our information systems or the systems of our service providers and business partners, or the existence of computer viruses or malware (such as ransomware) in our or their data or software have in the past exposed, and could in the future expose, us to a risk of information loss, business disruption, and misappropriation of proprietary and confidential information, including information relating to our products or customers and the personal information of our employees or third parties. Such an event could disrupt our business and result in, among other things, unfavorable publicity, damage to our reputation, loss of our trade secrets and other competitive information, litigation by affected parties and possible financial obligations for liabilities and damages related to the theft or misuse of such information, significant remediation costs, disruption of key business operations and significant diversion of our resources, as well as fines and other sanctions resulting from any regulatory non-compliance, any of which could have a material adverse effect on our business, profitability and financial condition. While we may be entitled to damages if our vendors fail to perform under their agreements with us, any award may be insufficient to cover the actual costs incurred by us and, as a result of a vendor's failure to perform, we may be unable to collect any damages.

Despite our internal controls and investment in security measures, we have, from time to time, been subject to disruptive cyber-attacks and unauthorized network intrusions and malware on our own IT networks or those of our service providers or business partners. Although no such cybersecurity incidents have been material to us, we continue to devote resources to protect our systems and data from unauthorized access or misuse, and we may be required to expend greater resources in the future. Businesses we acquire have previously increased, and may continue to increase, the scope and complexity of our IT networks, and this has, from time to time, increased our risk exposure to cyber-attacks when there are difficulties integrating diverse legacy systems that support operations for the acquired businesses.

In addition, certain aspects of effective cybersecurity are dependent upon our employees, contractors and other trusted partners reliably safeguarding secrets (e.g., application credentials) and adhering to our security policies and access control mechanisms. We have in the past experienced, and expect in the future to experience, security incidents arising from a failure to properly handle such secrets or adhere to such policies and, although no such events have had a material adverse effect on our business, there can be no assurance that an insider threat will not result in a material cyber incident. Our logging, alerting and cyber incident detection mechanisms may not cover every system potentially targeted by threat actors, may not have the capability to detect certain types of unauthorized activities, and may not capture and surface information sufficient to enable us to timely detect and take responsive action to insider or external threats.

U.S. and non-U.S. regulators, as well as customers and service providers, have also increased their focus on cybersecurity vulnerabilities and risks. Compliance with laws, regulations, and contractual provisions concerning privacy, cybersecurity, secure technology development, data governance, data protection, confidentiality and IP could result in significant expense, and any failure to comply could result in proceedings against us by regulatory authorities or other third parties and may also increase our overall compliance burden. See also “Failure of our software products to manage and security IT infrastructures and environments could have a material adverse effect on our business.”

***Dependence on contract manufacturing and suppliers of critical components within our supply chain may adversely affect our ability to bring products to market, damage our reputation and adversely affect our results of operations.***

We operate a primarily outsourced manufacturing business model that principally utilizes CMs, such as third-party wafer foundries. Our semiconductor products require wafer manufacturers with state-of-the-art fabrication equipment and techniques, and most of our products are designed to be manufactured in a specific process, typically at one particular fab or foundry, either our own or with a particular CM. Qualifying and establishing reliable production at acceptable yields with a new CM, if at all, is a lengthy and often expensive process.

We depend on our CMs to allocate sufficient manufacturing capacity to meet our needs, to produce products of acceptable quality at acceptable yields, and to deliver those products to us on a timely basis. We do not generally have long-term capacity commitments with our CMs and substantially all of our manufacturing services are on a purchase order basis with no minimum quantities. Further, our CMs may fail to timely develop or successfully implement new, advanced manufacturing processes, including transitions to smaller geometry process technologies. From time to time, our CMs may also cease to, or become unable to, manufacture a component for us.

Taiwan Semiconductor Manufacturing Company Limited (“TSMC”), one of our CMs, manufactured approximately 95% of the wafers manufactured by our CMs during the three fiscal quarters ended August 3, 2025. We believe our wafer requirements represent a meaningful portion of TSMC’s total production capacity. However, TSMC also fabricates wafers for other companies, including some of our competitors, and could choose or be required to prioritize capacity for other customers or reduce or eliminate deliveries to us on short notice. In addition, TSMC has, and may in the future, raise their prices to us.

If any of the foregoing circumstances occur, we may be unable to meet our customer demand, or to the same extent as our competitors, fail to meet our contractual obligations or forgo revenue opportunities. This could damage our relationships with our customers, result in litigation for alleged failure to meet our obligations, or result in payment of significant damages, and our net revenue could decline, adversely affecting our business, financial condition, results of operations and gross margin.

***Failure to adjust our manufacturing and supply chain to meet customer demand could adversely affect our results of operations.***

We make significant decisions, including determining the levels of business that we will seek and accept, evolving our business strategy or adopting new business models such as the sale or leasing of AI racks based on our XPU, production schedules, levels of reliance on contract manufacturing and outsourcing, internal fabrication utilization and other resource requirements, based on customer requirements or estimates thereof, which may not be accurate and could result in reallocation of resources. Many factors could impact our estimates of customers’ demands, including changes in product development cycles, competing technologies and product releases, new or unexpected end-user products, such as demand for AI-related products, and changes in business and economic conditions. If we are unable to timely respond to changes in customer demand or execute on new business strategies or models, this could damage our customer relationships, harm our reputation, prevent us from taking advantage of opportunities and adversely impact our business, financial condition and results of operations.

***We purchase a significant amount of the materials, including components, used in our products from a limited number of suppliers.***

Our manufacturing processes and those of our CMs rely on many materials, including silicon, gallium arsenide and indium phosphide wafers, copper lead frames, precious and rare earth metals, mold compound, ceramic packages and various chemicals and gases. During the three fiscal quarters ended August 3, 2025, we purchased approximately three-quarters of our manufacturing materials from five materials suppliers, some of which are single source suppliers. The lead time needed to identify and qualify a new supplier is typically lengthy and there is often no readily available alternative source. We do not generally have long-term contracts with our materials suppliers and substantially all of our purchases are on a purchase order basis. Suppliers may extend lead times, limit supplies, place products on allocation or increase prices, any of which could disrupt supply or increase demand in the industry. Additionally, the supply of these materials may be negatively impacted by increased trade tensions between the U.S. and its trading partners, particularly China, and the uncertainty due to evolving

trade restrictions. Any such supply constraints could result in loss of revenue opportunities and adversely impact our business, financial condition and results of operations.

***A prolonged disruption of our or our suppliers' manufacturing facilities, research and development facilities, warehouses or other significant operations could have a material adverse effect on our business, financial condition and results of operations.***

Although we operate a primarily outsourced manufacturing business model, we also rely on our own manufacturing facilities, in particular in Fort Collins, Colorado, Singapore, and Breinigsville, Pennsylvania. Our Fort Collins and Breinigsville facilities are the sole sources for the FBAR filters used in many of our wireless devices and for the indium phosphide-based wafers used in our fibre optics products, respectively. Many of our facilities, and those of our CMs and suppliers, are concentrated in the same geographic regions of California and the Pacific Rim, which have above average seismic activity and severe weather activity, and increases the risk of natural disasters impacting multiple suppliers. In addition, a significant majority of our research and development personnel are located in the U.S. and India, and our primary warehouse is in Malaysia.

A prolonged disruption at or shut-down of one or more of our manufacturing or other facilities or those of our CMs or suppliers, due to natural- or man-made disasters or other events outside of our control, such as climate change, water shortages, political unrest, military conflicts, geopolitical turmoil, trade tensions, government orders, labor shortages, medical epidemics, economic instability, equipment failure or for any other reason, would limit our capacity to meet customer demands and delay new product development until a replacement facility and equipment, if necessary, were found, and could destroy our hardware products, inventory or equipment. To date, such events have not had a material adverse effect on our business. However, such an event could disrupt our operations, forgo revenue opportunities, potentially lose market share, result in us being unable to timely satisfy customer demand, expose us to claims by our customers, result in significant expense to repair or replace our affected facilities, products or equipment, and, in some instances, could significantly curtail our research and development efforts in a particular product area or target market, any of which could materially and adversely affect our business. This disruption could also prevent our customers from resuming their own manufacturing following such an event, they may cancel or scale back their orders from us and this may in turn adversely affect our results of operations. We may not have any or sufficient insurance coverage to recoup the losses and such events could also result in increased fixed costs relative to the revenue we generate and adversely affect our results of operations.

***We may be unable to maintain appropriate manufacturing capacity or product yields at our own manufacturing facilities, which could adversely affect our relationships with our customers, and our business, financial condition and results of operations.***

We must maintain appropriate capacity and product yields at our own manufacturing facilities to meet anticipated customer demand. From time to time, this requires us to invest in expansion or improvements of those facilities, which may not be sufficient or in time, to meet customer demand and we may have to put customers on product allocation, forgo sales or lose customers as a result. Conversely, if we overestimate customer demand, we would experience excess capacity and fixed costs at these facilities will not be fully absorbed, which could adversely affect our results of operations. Similarly, reduced product yields, due to design or manufacturing issues or otherwise, may involve significant time and cost to remedy and cause delays in our ability to supply product to our customers, all of which could cause us to forgo sales, incur liabilities or lose customers, and harm our results of operations.

***We may be involved in legal proceedings, including IP, securities litigation, and employee-related claims, which could, among other things, divert efforts of management and result in significant expense and loss of our IP rights.***

We are often involved in legal proceedings, including cases involving our IP rights and those of others, commercial matters, acquisition-related lawsuits, securities class action lawsuits, employee-related claims and other actions. Litigation or settlement of such actions, regardless of their merit, have been, and can continue to be, costly, lengthy, complex and time consuming, diverting the attention and energies of our management and technical personnel.

The industries in which we operate are characterized by companies holding large numbers of patents, copyrights, trademarks and trade secrets and vigorously pursuing, protecting and enforcing IP rights, including actions by patent-holding companies that do not make or sell products. From time to time, third parties assert against us and our customers and distributors their IP rights to technologies that are important to our business. We may be required to indemnify our customers or purchasers for third-party IP infringement claims, including costs to defend those claims, and payment of damages in the case of adverse rulings. However, our CMs and suppliers may or may not be required to indemnify us should we or our customers be subject to such third-party claims. Claims of this sort could also harm our relationships with our customers and might deter future customers from doing business with us. If any pending or future proceedings result in an adverse outcome, we could be required to:

- cease the manufacture, use or sale of the infringing products, processes or technology and/or make changes to our processes or products;
- pay substantial damages for past, present and future use of the infringing technology, including up to treble damages if willful infringement is found;
- expend significant resources to develop non-infringing technology;
- license technology from the third-party claiming infringement, which license may not be available on commercially reasonable terms, or at all;
- enter into cross-licenses with our competitors, which could weaken our overall IP portfolio and our ability to compete in particular product categories;
- pay substantial damages to our direct or end customers to discontinue use or replace infringing technology with non-infringing technology; or
- relinquish IP rights associated with one or more of our patent claims.

Any of the foregoing results could have a material adverse effect on our business, financial condition and results of operations.

***Failure of our software products to manage and secure IT infrastructures and environments could have a material adverse effect on our business.***

Certain aspects of our software products are intended to manage and secure IT infrastructures and environments, and as a result, we expect these products to be ongoing targets of cyber-attacks. Open source code or other third-party software used in these products could also be targeted and may make our products vulnerable to additional security risks not posed by purely proprietary products. Our products are complex and, when deployed, have contained in the past and may contain in the future errors, defects or security vulnerabilities, some of which were undiscovered before the product was released, installed and used by customers. The complexity and breadth of our technical and production environments, which involve globally dispersed development and engineering teams, increases the risk that errors, defects or vulnerabilities will be introduced and may delay our ability to detect, mitigate or remediate such incidents.

In the past, elements of our proprietary source code have been exposed in an unauthorized manner. It is possible that such exposure of source code could reveal unknown security vulnerabilities in our products that could be exploited by malicious actors. Our products are also subject to known and unknown security vulnerabilities, including those resulting from integration with third-party products or services.

Although we continually seek to improve our countermeasures to prevent such incidents, we may be unable to anticipate every scenario and, as a result, certain cyber threats or vulnerabilities have in the past been and may in the future be undetected or unmitigated in time to prevent an attack or an accidental incident on us and our customers. Additionally, efforts by malicious cyber actors or others could cause interruptions, delays or cessation of our product licensing, or modification of our software, which could cause us to lose existing or potential customers.

A successful cyber-attack or false reports thereof involving our products could cause customers and potential customers to believe our services are ineffective or unreliable and result in, among other things, the loss of customers, unfavorable publicity, damage to our reputation, difficulty in marketing our products, and allegations by our customers that we have not performed our contractual obligations, and give rise to significant costs, including costs related to developing solutions or indemnification obligations under our agreements. Any such event could adversely impact our revenue and results of operations. See also “*Cybersecurity threats or other security breaches, or any other impairment of the confidentiality, integrity or availability of our IT systems, or those of one or more of our corporate infrastructure vendors, could have a material adverse effect on our business.*”

***The growth of our software business depends on demand for our data center virtualization products, as well as customer acceptance of our products, services and business strategy.***

Many of our software products and services are based on data center virtualization and related hybrid-cloud technologies used to manage distributed computing architectures, which form the foundation for private and hybrid cloud computing. Enabling businesses to modernize applications and efficiently implement their private and hybrid cloud services presents new and difficult technological, operational and compliance challenges. If businesses build new or shift existing compute workloads off-premises to public cloud providers, this could limit the market for on-premises deployments of our data center virtualization products. Current and future customers may not perceive benefits associated with adopting our enterprise-grade private and hybrid cloud platform or our simplified product portfolios, including new version releases. If demand,

adoption and continued usage of our products are significantly less than anticipated or we fail to realize the expected returns on our business strategy, our business, financial condition, results of operations and cash flows may be adversely affected.

***If our software products do not remain compatible with ever-changing operating environments, platforms, or third-party products, demand for our products and services could decrease, which could materially adversely affect our business.***

We may be required to make substantial modifications to our products to maintain compatibility with operating systems, systems software and computer hardware used by our customers or to provide our customers with desired features or capabilities. We must also continually address the challenges of dynamic and accelerating market trends and competitive developments, such as the emergence of advanced persistent threats in the security space, to compete effectively. There can be no assurance that we will be able to adapt our products in response to these developments.

Further, our software solutions interact with a variety of software and hardware developed by third parties, as well as cloud providers. If we lose access to third-party code and specifications for the development of code or cloud providers fail to support our products or otherwise limit the functionality, compatibility or certification of our products or otherwise impose unfavorable terms and conditions, this could negatively impact our ability to develop compatible software. This could result in higher research and development costs for the enhancement and modification of our existing products or development of new products. Any additional restrictions could materially adversely affect our business, financial condition and operating results and cash flow.

***Failure to enter into software license agreements on a satisfactory basis could materially adversely affect our business.***

Many of our existing software customers have multi-year enterprise software license agreements, some of which involve substantial aggregate fee amounts. These customers often do not have a contractual obligation to purchase additional solutions and may have the right to terminate. The failure or inability to renew customer agreements of similar scope, on terms that are commercially attractive to us, could materially adversely affect our business, financial condition, operating results and cash flow. In addition, software license agreements under which customers do not have the right to terminate could cause variations in revenue recognized in each period and our operating results may fluctuate.

***Our use of open source software in certain products and services could materially adversely affect our business, financial condition, operating results and cash flow.***

Many of our products and services incorporate open source software, the use of which may subject us to certain conditions, including the obligation to offer such products for no cost or to make the proprietary source code of those products publicly available. Open source licenses are generally "as-is" and do not provide warranties, support or assurance of title or controls on origin, which may expose us to potential liability if the software fails to work or has security vulnerabilities.

Although we monitor our use of open source software to avoid subjecting our products to unintended conditions and security vulnerabilities, we may receive third-party claims regarding our compliance with the conditions of such open source licenses and we may be required to take steps to remedy an alleged infringement or noncompliance, including modifying or releasing our product code or paying damages.

***Our sales to government customers subject us to uncertainties and governmental regulations, which could have a material adverse effect on our business.***

Our contracts signed with the U.S. federal, state and local government and non-U.S. government agencies are generally subject to annual fiscal funding approval and may be renegotiated or terminated at the discretion of the government. Termination, renegotiation or the lack of funding approval for a contract could adversely affect our sales, revenue and reputation. Additionally, our government contracts and our arrangements with channel partners who may sell directly to government customers are generally subject to requirements that may generally not be present in commercial contracts and/or may be complex, as well as audits and investigations. Failure to meet contractual requirements could result in various civil and criminal actions and penalties, and administrative sanctions, including termination of contracts, refund of a portion of fees received, forfeiture of profits, suspension of payments, fines and suspensions or debarment from doing business with the government, which could materially adversely affect our business, financial condition, operating results and cash flow.

***Failure to effectively manage our products and services lifecycles could harm our business.***

As part of the natural lifecycle of our products and services, customers are informed when products or services will be reaching their end of life or end of availability and will no longer be supported or receive updates and security patches. If these products or services remain subject to a service contract, the customer may transition to alternative products or services. Failure to effectively manage our products and services lifecycles and communications thereof have previously led to, and may in the future lead to, customer dissatisfaction and potential contractual liabilities, which could adversely affect our business and operating results.

***Our operating results are subject to substantial quarterly and annual fluctuations.***

Our operating results have fluctuated in the past and are likely to fluctuate in the future. These fluctuations may occur on a quarterly and annual basis and are due to a number of factors, many of which are beyond our control. In addition to many of the risks described elsewhere in this "Risk Factors" section, these factors include, among others:

- the timing of launches by our customers of new products in which our products are included and changes in end-user demand for our customers' products;
- fluctuations in the levels of component or product inventories held by our customers, which may lead to increased requests to delay shipment of our semiconductor products;
- the shift to cloud-based IT solutions and services, such as hyperscale computing, which may adversely affect the timing and volume of sales of our semiconductor products for use in enterprise data centers;
- the timing and extent of our software license and subscription revenue, and other non-product revenue;
- the timing of new software contracts and renewals, including the timing of software contracts that do not have termination for convenience clauses;
- the timing of any terminations of software contracts that require us to refund to customers any pre-paid amounts under the contract;
- the timing of contracts with distributors and channel partners to lead go-to-market and customer relationships for certain products;
- fluctuations in expenditures to execute our current or expanded business strategies or models;
- the timing and extent of delivery of and payment for our semiconductor products, including AI racks based on our Xpus;
- our ability to timely develop, introduce and market new products and technologies;
- new product announcements and introductions by us or our competitors;
- seasonality or other fluctuations in demand in our markets;
- timing and amount of research and development and related new product expenditures, and the timing of receipt of any research and development grant monies; and
- timing of any regulatory changes, particularly with respect to trade sanctions and customs duties and tariffs, and tax reform, or changes in the interpretation or enforcement of existing requirements.

The foregoing factors are often difficult to predict, and these, as well as other factors, could materially adversely affect our quarterly or annual operating results. In addition, a significant amount of our operating expenses are relatively fixed in nature. Any failure to adjust spending quickly enough to compensate for a revenue shortfall could magnify the adverse impact of such revenue shortfall on our results of operations. As a result, we believe that quarter-to-quarter comparisons of our revenue and operating results may not be meaningful or reliable indicators of our future performance. If our operating results in one or more future quarters fail to meet the expectations of securities analysts or investors, a significant decline in the trading price of our common stock may occur, which may happen immediately or over time.

***Competition in our industries could prevent us from growing our revenue.***

The industries in which we operate are highly competitive and characterized by rapid technological changes, evolving industry standards, changes in customer requirements, often aggressive pricing practices and, in some cases, new delivery methods. We expect competition in these industries to continue to increase as existing competitors improve or expand their product offerings or as new competitors, including our customers, enter our markets. To remain competitive, we seek to evolve our business strategy or adopt new business models from time to time, such as the sale or leasing of AI racks based on our Xpus, that require significant financial resources, which could have a material adverse effect on our results of operations.

Some of our competitors have longer operating histories, greater name recognition or presence in key markets, a larger installed customer base, larger technical staff, a more comprehensive IP portfolio or better patent protection, more established relationships with vendors or suppliers, or greater manufacturing, distribution, financial, research and development, technical and marketing resources than us. We face competition from companies that receive financial and other support from their home country government, customers who develop competing products, public cloud providers, numerous smaller companies that specialize in specific aspects of the highly fragmented software industry, open source authors who provide software and IP for free, and competitors who offer their products through try-and-buy or freemium

models. In addition, the trend toward consolidation is also changing the competitive landscape. We expect this trend to continue, which may result in combined competitors having greater resources than we do.

The actions of our competitors, in the areas of pricing and product bundling in particular, could have a substantial adverse impact on us. Further, competitors may leverage their superior market position, as well as IP or other proprietary information, including interface, interoperability or technical information, in new and emerging technologies and platforms that may inhibit our ability to compete effectively. If we are unable to compete successfully, we may lose market share for our products or incur significant reduction in our gross margins, either of which could have a material adverse effect on our business and results of operations.

***Our gross margin is dependent on a number of factors, including our product mix, price erosion, acquisitions we may make, level of capacity utilization and commodity prices.***

Our gross margin is highly dependent on product mix, which is susceptible to seasonal and other fluctuations in our markets. A shift in sales mix away from our higher margin products, including an increase in the sale or leasing of AI racks based on our XPU, as well as the timing and amount of our software licensing and non-product revenue, could adversely affect our future gross margin percentages. In addition, increased competition and the existence of product alternatives, more complex engineering requirements, lower demand, shifts in capital expenditure priorities, unfavorable changes in economic conditions, industry oversupply or reductions in our technological lead compared to our competitors, and other factors have in the past and may in the future lead to further price erosion, lower revenue and lower margin. Conversely, periods of robust demand that create a supply imbalance can lead to higher gross margins that may not be sustainable over the longer term.

***We utilize a significant amount of IP in our business. Failure to protect the IP utilized in our business could adversely affect our business.***

Our success depends in part upon protecting our IP. To accomplish this, we rely on a combination of IP rights, including patents, copyrights, trademarks and trade secrets, as well as customary contractual protections with our customers, suppliers, employees and consultants. We spend significant resources to monitor and protect our IP rights, including the unauthorized use of our products and usage rates of the software seat licenses and subscriptions that we sell. Even with significant expenditures, we may not be able to protect the IP rights that are valuable to our business or have sufficient IP rights to protect our products or our business. Further, effective IP protection may be unavailable or more limited in other jurisdictions, relative to those protections available in the U.S., and may not be applied for or may be abandoned in one or more relevant jurisdictions. In addition, when patents expire, we lose the protection and competitive advantages they provided to us.

We also generate revenue from licensing royalty payments and from technology claim settlements relating to certain of our IP. Licensing of our IP rights, particularly exclusive licenses, may limit our ability to assert those IP rights against third parties, including the licensee of those rights. In addition, from time to time, we acquire companies with IP that is subject to licensing obligations to other third parties. These licensing obligations have extended, and may in the future extend, to our own IP, limiting our ability to assert our IP rights.

From time to time, we pursue litigation to assert our IP rights, including, in some cases, against our customers and suppliers. Claims of this sort could also harm our relationships with our customers and might deter future customers from doing business with us. Conversely, third parties have and may in the future pursue IP litigation against us, including as a result of our IP licensing business. Any inability to adequately protect our IP could limit the value of our technology, result in the loss of opportunities to sell or license our technology to others or limit our collection of royalty payments, any of which could negatively impact our business, financial condition and results of operations.

In addition, from time to time, we obtain or renew IP licenses. Our inability to obtain or renew these licenses on acceptable terms, or at all, could have a material adverse effect on our business and results of operations.

***We are subject to warranty claims, product recalls and product liability.***

From time to time, we may be subject to warranty or product liability claims that may lead to significant expense. Our customer contracts typically contain warranty and indemnification provisions, and in certain cases may also contain liquidated damages provisions. The potential liabilities associated with such provisions are significant, and in some cases, including in agreements with some of our largest customers, are potentially unlimited. Any such liabilities may greatly exceed any revenue we receive from the relevant products. Costs, payments or damages incurred or paid by us in connection with warranty and product liability claims and product recalls could materially adversely affect our financial condition and results of operations. We may also be exposed to such claims as a result of any acquisition we may undertake in the future. Product liability insurance is subject to significant deductibles and there is no guarantee that such insurance will be available or adequate to protect against all such claims, or we may elect to self-insure with respect to certain matters. Although we maintain reserves

for reasonably estimable liabilities and purchase product liability insurance, our reserves may be inadequate to cover the uninsured portion of such claims.

***The complexity of our products could result in unforeseen delays or expense or undetected defects or bugs, which could adversely affect the market acceptance of new products, damage our reputation with current or prospective customers, and materially and adversely affect our operating costs.***

Highly complex products, such as those we offer, have in the past contained, and may in the future contain, defects and bugs when they are first introduced or as new versions, software documentation or enhancements are released, or their release may be delayed due to unforeseen difficulties during product development. If any of our products or third-party components used in our products, contain defects or bugs, or have reliability, quality or compatibility problems, we may not be able to successfully design workarounds. Furthermore, if any of these problems are not discovered until after we have commenced commercial production or deployment, we may be required to incur additional development costs and product recall, repair or replacement costs. Significant technical challenges also arise with our software products because our customers license and deploy our products across a variety of computer platforms and integrate them with a number of third-party software applications and databases. As a result, if there is system-wide failure or an actual or perceived breach of information integrity, security or availability occurs in one of our end-user customer's system, it can be difficult to determine which product is at fault and we could ultimately be harmed by the failure of another supplier's product. Consequently, our reputation may be damaged and customers may be reluctant to buy our products and we may have to invest significant capital and other resources, which could materially and adversely affect our ability to retain existing customers and attract new customers. As a result, our financial results could be materially adversely affected.

***We collect, use, store, or otherwise process personal information, which subjects us to privacy and data security laws and contractual commitments, and our actual or perceived failure to comply with such laws and commitments could harm our business.***

We collect, use and store (collectively referred to as "process" in this paragraph) certain personal information in connection with the operation of our business. This creates various levels of privacy risks across different parts of our business, depending on the type of personal information, the jurisdiction in question and the purpose of their processing. The personal information we process is subject to an increasing number of federal, state, local, and foreign laws and regulations regarding privacy and data security, as well as contractual commitments. Privacy legislation and other data protection regulations, enforcement and policy activity in this area are expanding rapidly in many jurisdictions and creating a complex regulatory compliance environment. Sectoral legislation, certification requirements and technical standards applying to certain categories of our customers, such as those in the financial services or public sector, have exacerbated this trend. The cost of complying with and implementing these privacy-related and data governance measures could increase depending on any additional burdensome security, business processes, or business record or data localization requirements. Concerns about government interference, sovereignty and expanding privacy, cybersecurity and data governance legislation could adversely affect our customers and our products and services, particularly in cloud computing, AI and our own data management practices. The theft, loss or misuse of personal data collected, used, stored or transferred by us to run our business could result in significantly increased business and security costs or costs related to defending legal claims. Any inadvertent failure or perceived failure by us to comply with privacy, data governance or cybersecurity obligations may result in governmental enforcement actions, litigation, substantial fines and damages, and could cause our customers to lose trust in us, which could have an adverse effect on our reputation and business.

***Corporate responsibility matters may adversely affect our relationships with customers and investors and increase compliance costs.***

There is an increasing focus from lawmakers, regulators, investors, customers, employees and other stakeholders concerning corporate responsibility matters. A number of our customers have adopted, or may adopt, procurement policies that include corporate responsibility provisions or requirements that their suppliers should comply with, or they may seek to include such provisions or requirements in their procurement terms and conditions. A number of investors are also requiring companies to disclose corporate responsibility-related policies, practices and metrics. In addition, various jurisdictions have adopted, or are developing, complex and lengthy corporate responsibility-related laws or regulations that may be difficult to comply with and will increase our direct compliance costs, as well as indirect costs passed on to us from our customers and suppliers. Further, there is an increasing number of state-level and federal legislation, executive orders and other backlash against corporate responsibility matters in the United States that may conflict with other regulatory requirements or our various stakeholders' expectations. If we fail to materially comply with or meet the evolving legal and regulatory requirements or expectations of our various stakeholders, we may be subject to enforcement actions, required to pay fines, face decreased customer demand or lose investors, which could harm our reputation, revenue and results of operations. Our actual or perceived failure to achieve our publicly disclosed corporate responsibility initiatives could negatively impact our reputation, subject us to litigation or enforcement actions, or otherwise harm our business.

In addition, an increasing number of OEMs are seeking to source products that do not contain conflict minerals. This could adversely affect the sourcing, availability and pricing of minerals used in the manufacture of semiconductor devices, including our products. As a result, we may face difficulties in satisfying our customers' demands, which may harm our sales and operating results.

***We must comply with technical standards and a variety of domestic and international laws and regulations in the manufacture and distribution of our semiconductors, the costs of which could have a material adverse effect on our business, financial condition and results of operations.***

The manufacture and distribution of our semiconductors must comply with technical standards and a variety of domestic and international laws and regulations, including those related to the materials composition of our semiconductor products, and the use, disposal, clean-up of and human exposure to hazardous materials. This could increase the complexity and costs of our product design and procurement operations, require us to stop distributing our products commercially until they comply with such new standards, lead our customers to suspend imports of their products into that country, require us to re-engineer our products and disrupt cross-border manufacturing relationships. In addition, we may be required to modify our manufacturing process or equipment, or be restricted in our ability to expand our facilities. Any failure by us to comply with such requirements could result in litigation against us and the payment of significant fines and damages by us in the event of a significant adverse judgment. Any such event could have a material adverse effect on our business, financial condition and results of operations. Complying with any cleanup or remediation obligations for which we are or become responsible could also be costly and have a material adverse effect on our business, financial condition and results of operations.

#### **Risks Related to Our Taxes**

***Our income taxes and overall cash tax costs are affected by a number of factors that could have a material, adverse effect on our financial results.***

Our income taxes are subject to volatility and could be adversely affected by numerous factors, including reorganization or restructuring of our business, tax structure, business combinations, jurisdictional mix of our income and assets, and changes in tax legislation or accounting policies or related interpretations.

Our global income is subject to tax in the U.S. In addition, many countries are implementing anti-base-erosion legislation and guidance aimed at standardizing and modernizing global corporate tax policy, including changes to cross-border tax, transfer pricing documentation rules, and nexus-based tax incentive practices. Many countries have implemented or are in the process of implementing a global minimum tax, which may materially increase our effective tax rate and cash tax costs. For example, Singapore recently adopted the global minimum tax, which will be effective for our fiscal year 2026. Substantial changes in domestic or international corporate tax policies, regulations or guidance, including the recently enacted One Big Beautiful Bill Act, as well as enforcement activities or legislative investigations and inquiries may materially adversely affect our business and impact our provision for income taxes, net income, cash flow and our results of operations generally.

Significant judgment is required in determining our worldwide income taxes, and our calculations of income taxes payable currently and on a deferred basis are based on our interpretations of applicable tax laws. Although we believe our tax estimates are reasonable, there is no assurance that the final determination of our income tax liability will not be materially different than what is reflected in our income tax provisions and accruals. In addition, we are subject to, and are under, tax audits in various jurisdictions. Although we believe our tax positions are reasonable, the final determination of tax audits could be materially different from our income tax provisions and accruals, which could have a material adverse effect on our results of operations and cash flows in the period or periods for which that determination is made.

As a result of the acquisition of VMware, we are subject to tax audits in various jurisdictions for the Dell Technologies, Inc. ("Dell") consolidated group, of which VMware was a member beginning in Dell's fiscal year 2017 until November 2021. While VMware is no longer a member of the Dell consolidated group, it is still subject to audit for the periods in which it was a member of the Dell consolidated group. While we believe VMware's positions are reasonable, the final determination of tax audits could be materially different from our income tax provisions and accruals. Further, pursuant to a tax agreement between VMware and Dell, in the event VMware becomes subject to audits as a member of Dell's consolidated group, Dell has authority to control the audit and represent Dell and our interests, which could limit our ability to affect the outcome of such audits.

***If our tax incentives or tax holiday arrangements change or cease to be in effect or applicable, our corporate income taxes could significantly increase.***

Our operations benefit from the various tax incentives extended to us in various jurisdictions to encourage investment or employment. Each tax incentive and tax holiday is subject to our compliance with various conditions and may, in some instances, be amended or terminated prior to their scheduled termination date by the relevant governmental authority. If we cannot, or elect not to, comply with the conditions related to our tax incentive or tax holiday, we could be required to refund

previously realized material tax benefits. If such tax incentive or tax holiday is modified or terminated prior to its expiration absent a new incentive applying, we could suffer material adverse tax and other financial consequences, which would increase our expenses, reduce our profitability and adversely affect our cash flows. In addition, we may be required, or elect, to modify our operational structure and tax strategy in order to keep an incentive, which could result in a decrease in the benefits of the incentive. Adoption of global minimum tax provisions in a country in which we have an existing tax incentive could have a material adverse impact on the tax benefits of the incentive. Our tax incentives and tax holiday, before taking into consideration U.S. foreign tax credits, decreased the provision for income taxes by approximately \$2,261 million in the aggregate and increased diluted net income per share by \$0.47 for fiscal year 2024.

Our interpretations and conclusions regarding the tax incentives are not binding on any taxing authority, and if our assumptions and interpretations are incorrect, the benefits of the tax incentives may be adversely affected.

***We have potential tax liabilities as a result of VMware's former controlling ownership by Dell, which could have an adverse effect on our financial condition and operating results.***

If the VMware spin-off from Dell in November 2021 is determined to not be tax-free for any reason, we could be liable for all or a portion of the tax liability, which could have a material adverse effect on our financial condition and operating results. Further, if the acquisition of VMware results in the spin-off failing to qualify as a tax-free transaction under Section 355 of the Internal Revenue Code, Dell, its affiliates and, potentially, its stockholders would incur significant tax liabilities and we may be required to indemnify Dell and its affiliates for any such tax liabilities, which could be material.

**Risks Related to Our Indebtedness**

***Our substantial indebtedness could adversely affect our financial health and our ability to execute our business strategy.***

From time to time, we require significant capital expenditures to support our growth and respond to business challenges. As of August 3, 2025, the aggregate indebtedness was \$66,257 million. Our substantial indebtedness and the instruments governing our indebtedness could have important consequences including:

- increasing our vulnerability to adverse general economic and industry conditions;
- limiting our flexibility in planning for, or reacting to, changes in the economy and the industries in which we operate;
- placing us at a competitive disadvantage compared to our competitors with less indebtedness;
- making it more difficult to borrow additional funds in the future to fund growth, acquisitions, working capital, capital expenditures and other purposes; and
- potentially requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund our other business needs.

We receive debt ratings from the major credit rating agencies in the U.S., and any downgrade in our credit rating or the ratings of our indebtedness, or adverse conditions in the debt capital markets, could materially adversely affect our business, financial condition and results of operations. In addition, the current market volatility may adversely impact our ability to manage our debt, including through borrowing at favorable interest rates or due to reduced cash flows.

**Risks Related to Owning Our Common Stock**

***Our stock price has been, and may in the future be, volatile and your investment could lose value.***

The trading price of our common stock has, at times, fluctuated significantly and could be subject to wide fluctuations in response to any of the risk factors listed in this "Risk Factors" section, and others, including:

- issuance of new or updated research or other reports by securities analysts;
- anticipated or actual demand for AI-related products, including ASICs such as custom AI accelerators or XPPUs;
- broad market, industry and competitor-related fluctuations;
- unsubstantiated news reports or other inaccurate publicity regarding us or our business;
- fluctuations in the valuation and results of operations of our significant customers as well as companies perceived by investors to be comparable to us;
- announcements of proposed acquisitions by us or our competitors;
- announcements of, or expectations of, additional debt or equity financing transactions;
- hedging or arbitrage trading activity involving our common stock; and
- significant sales of our common stock by one or more of our largest investors.

These fluctuations are often unrelated or disproportionate to our operating performance. Broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or currency fluctuations, may negatively impact the market price of our common stock. You may not realize any return on your investment in us and may lose some or all of your investment. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. In addition, we have been, and in the future we may be, subject to lawsuits stemming from our acquisitions. Securities litigation against us, including the lawsuits related to such acquisitions, could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

***The amount and frequency of our stock repurchases may fluctuate.***

The amount, timing and execution of our stock repurchase program may fluctuate based on our priorities for the use of cash for other purposes. These purposes include operational spending, capital spending, acquisitions, repayment of debt and returning cash to our stockholders as dividend payments. Changes in cash flows, tax laws and our stock price could also impact our stock repurchase program. We are not obligated to repurchase any specific amount of shares of common stock, and the stock repurchase program may be suspended or terminated at any time.

***There can be no assurance that we will continue to declare cash dividends.***

Our Board of Directors has adopted a dividend policy pursuant to which we currently pay a cash dividend on our common stock on a quarterly basis. The declaration and payment of any dividend is subject to the approval of our Board of Directors and our dividend may be discontinued or reduced at any time. Because we are a holding company, our ability to pay cash dividends is also limited by restrictions or limitations on our ability to obtain sufficient funds through dividends from subsidiaries. There can be no assurance that we will declare cash dividends in the future in any particular amounts, or at all. A reduction in our cash dividend payments could have a negative effect on our stock price.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Mine Safety Disclosures**

None.

**Item 5. Other Information**

None.

**Item 6. Exhibits****EXHIBIT INDEX**

Exhibit Number	Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
2.1	<a href="#"><u>Agreement and Plan of Merger, dated as of May 26, 2022, by and among Broadcom Inc., VMware, Inc., Verona Holdco, Inc., Verona Merger Sub, Inc., Barcelona Merger Sub 2, Inc. and Barcelona Merger Sub 3, LLC.</u></a>	8-K	001-38449	2.1	05-26-2022	
3.1	<a href="#"><u>Amended and Restated Certificate of Incorporation (including all amendments thereto).</u></a>	10-Q	001-38449	3.1	09-11-2024	
3.2	<a href="#"><u>Amended and Restated Bylaws.</u></a>	8-K12B	001-38449	3.2	04-04-2018	
4.1	<a href="#"><u>Form of Common Stock Certificate.</u></a>	10-Q	001-38449	4.1	06-14-2018	
4.2	<a href="#"><u>Description of Common Stock.</u></a>	10-K	001-38449	4.2	12-20-2024	
4.3	<a href="#"><u>Indenture, dated as of January 19, 2017, by and among the Broadcom Corporation and Broadcom Cayman Finance Limited (the "Co-Issuers"), the guarantors and Wilmington Trust, National Association, as trustee.</u></a>	8-K	001-37690	4.1	01-20-2017	
4.4	<a href="#"><u>First Supplemental Indenture to the January 2017 Indenture, dated as of April 9, 2018.</u></a>	8-K	001-38449	4.1	04-09-2018	
4.5	<a href="#"><u>Second Supplemental Indenture to the January 2017 Indenture, dated as of January 25, 2019.</u></a>	8-K	001-38449	4.1	01-25-2019	
4.6	<a href="#"><u>Form of 3.875% Senior Notes due 2027 (included in Exhibit 4.3).</u></a>	8-K	001-37690	4.1	01-20-2017	
4.7	<a href="#"><u>Indenture, dated as of October 17, 2017, by and among the Co-Issuers, the guarantors and Wilmington Trust, National Association, as trustee.</u></a>	8-K	001-37690	4.1	10-17-2017	
4.8	<a href="#"><u>Supplemental Indenture to the October 2017 Indenture, dated as of April 9, 2018.</u></a>	8-K	001-38449	4.2	04-09-2018	
4.9	<a href="#"><u>Second Supplemental Indenture to the October 2017 Indenture, dated as of January 25, 2019.</u></a>	8-K	001-38449	4.2	01-25-2019	
4.10	<a href="#"><u>Form of 3.125% Senior Notes due 2025 (included in Exhibit 4.7).</u></a>	8-K	001-37690	4.1	10-17-2017	
4.11	<a href="#"><u>Form of 3.500% Senior Notes due 2028 (included in Exhibit 4.7).</u></a>	8-K	001-37690	4.1	10-17-2017	
4.12	<a href="#"><u>Indenture, dated as of April 5, 2019, by and among the Company, as Issuer, Broadcom Technologies Inc., Broadcom Corporation and Broadcom Cayman Finance Limited, and Wilmington Trust, National Association, as trustee.</u></a>	8-K	001-38449	4.1	04-05-2019	
4.13	<a href="#"><u>Form of 4.750% Senior Notes due 2029 (included in Exhibit 4.12).</u></a>	8-K	001-38449	4.1	04-05-2019	
4.14	<a href="#"><u>Indenture, dated as of April 9, 2020, by and among the Company, as Issuer, Broadcom Technologies Inc. and Broadcom Corporation (the "2020 Guarantors"), and Wilmington Trust, National Association, as trustee.</u></a>	8-K	001-38449	4.1	04-09-2020	
4.15	<a href="#"><u>Form of 5.000% Senior Notes due 2030 (included in Exhibit 4.14).</u></a>	8-K	001-38449	4.1	04-09-2020	
4.16	<a href="#"><u>Indenture, dated as of May 8, 2020, by and among the Company, as Issuer, the 2020 Guarantors, and Wilmington Trust, National Association, as trustee.</u></a>	8-K	001-38449	4.1	05-08-2020	
4.17	<a href="#"><u>Form of 3.150% Senior Notes due 2025 (included in Exhibit 4.16).</u></a>	8-K	001-38449	4.1	05-08-2020	
4.18	<a href="#"><u>Form of 4.150% Senior Notes due 2030 (included in Exhibit 4.16).</u></a>	8-K	001-38449	4.1	05-08-2020	
4.19	<a href="#"><u>Form of 4.300% Senior Notes due 2032 (included in Exhibit 4.16).</u></a>	8-K	001-38449	4.1	05-08-2020	
4.20	<a href="#"><u>Indenture, dated as of May 21, 2020, by and among the Company, the 2020 Guarantors and Wilmington Trust, National Association, as trustee.</u></a>	8-K	001-38449	4.1	05-21-2020	
4.21	<a href="#"><u>Form of 3.459% Senior Notes due 2026 (included in Exhibit 4.20).</u></a>	8-K	001-38449	4.1	05-21-2020	
4.22	<a href="#"><u>Form of 4.110% Senior Notes due 2028 (included in Exhibit 4.20).</u></a>	8-K	001-38449	4.1	05-21-2020	
4.23	<a href="#"><u>Indenture, dated as of January 19, 2021, by and among the Company, the 2020 Guarantors and Wilmington Trust, National Association, as Trustee.</u></a>	8-K	001-38449	4.1	01-19-2021	
4.24	<a href="#"><u>Form of 1.950% Senior Notes due 2028 (included in Exhibit 4.23).</u></a>	8-K	001-38449	4.1	01-19-2021	
4.25	<a href="#"><u>Form of 2.450% Senior Notes due 2031 (included in Exhibit 4.23).</u></a>	8-K	001-38449	4.1	01-19-2021	
4.26	<a href="#"><u>Form of 2.600% Senior Notes due 2033 (included in Exhibit 4.23).</u></a>	8-K	001-38449	4.1	01-19-2021	
4.27	<a href="#"><u>Form of 3.500% Senior Notes due 2041 (included in Exhibit 4.23).</u></a>	8-K	001-38449	4.1	01-19-2021	
4.28	<a href="#"><u>Form of 3.750% Senior Notes due 2051 (included in Exhibit 4.23).</u></a>	8-K	001-38449	4.1	01-19-2021	
4.29	<a href="#"><u>Registration Rights Agreement, dated as of January 19, 2021, by and among the Company, the 2020 Guarantors and Morgan Stanley &amp; Co. LLC, BNP Paribas Securities Corp., RBC Capital Markets, LLC, SMBC Nikko Securities America, Inc., and Truist</u></a>	8-K	001-38449	4.7	01-19-2021	

	<u><a href="#">Securities, Inc., as representatives of the several initial purchasers of the January 2021 Senior Notes.</a></u>					
4.30	<u><a href="#">Indenture, dated as of March 31, 2021, by and between the Company and Wilmington Trust, National Association, as Trustee.</a></u>	8-K	001-38449	4.1	03-31-2021	
4.31	<u><a href="#">Form of 3.419% Senior Notes due 2033 (included in Exhibit 4.30).</a></u>	8-K	001-38449	4.1	03-31-2021	
4.32	<u><a href="#">Form of 3.469% Senior Notes due 2034 (included in Exhibit 4.30).</a></u>	8-K	001-38449	4.1	03-31-2021	
4.33	<u><a href="#">Registration Rights Agreement, dated as of March 31, 2021, by and among the Company and BofA Securities, Inc. and HSBC Securities (USA) Inc., as dealer-managers in connection with the March 2021 Exchange Offer.</a></u>	8-K	001-38449	4.4	03-31-2021	
4.34	<u><a href="#">Indenture, dated as of September 30, 2021, by and between the Company and Wilmington Trust, National Association, as Trustee.</a></u>	8-K	001-38449	4.1	09-30-2021	
4.35	<u><a href="#">Form of 3.137% Senior Notes due 2035 (included in Exhibit 4.34).</a></u>	8-K	001-38449	4.1	09-30-2021	
4.36	<u><a href="#">Form of 3.187% Senior Notes due 2036 (included in Exhibit 4.34).</a></u>	8-K	001-38449	4.1	09-30-2021	
4.37	<u><a href="#">Registration Rights Agreement, dated as of September 30, 2021, by and among the Company and BNP Paribas Securities Corp., J.P. Morgan Securities LLC and TD Securities (USA) LLC, as dealer-mangers in connection with the September 2021 exchange offer.</a></u>	8-K	001-38449	4.4	09-30-2021	
4.38	<u><a href="#">Indenture, dated April 14, 2022, between the Company and Wilmington Trust, National Association, as trustee.</a></u>	8-K	001-38449	4.1	04-15-2022	
4.39	<u><a href="#">Form of 4.00% Senior Notes due 2029 (included in Exhibit 4.38).</a></u>	8-K	001-38449	4.1	04-15-2022	
4.40	<u><a href="#">Form of 4.15% Senior Notes due 2032 (included in Exhibit 4.38).</a></u>	8-K	001-38449	4.1	04-15-2022	
4.41	<u><a href="#">Registration Rights Agreement, dated as of April 14, 2022, between the Company and BofA Securities, Inc., HSBC Securities (USA) Inc., and RBC Capital Markets, LLC, as representatives of the several initial purchasers of the April 2022 Senior Notes.</a></u>	8-K	001-38449	4.4	04-15-2022	
4.42	<u><a href="#">Indenture, dated April 18, 2022, between the Company and Wilmington Trust, National Association, as trustee.</a></u>	8-K	001-38449	4.1	04-18-2022	
4.43	<u><a href="#">Form of 4.926% Senior Notes due 2037 (included in Exhibit 4.42).</a></u>	8-K	001-38449	4.1	04-18-2022	
4.44	<u><a href="#">Registration Rights Agreement, dated April 18, 2022, between the Company and Barclays Capital Inc., BBVA Securities Inc., BNP Paribas Securities Corp. and J.P. Morgan Securities LLC, as dealer-managers in connection with the April 2022 Exchange Offer.</a></u>	8-K	001-38449	4.3	04-18-2022	
4.45	<u><a href="#">Indenture, dated July 12, 2024, between the Company and Wilmington Trust, National Association, as trustee.</a></u>	8-K	001-38449	4.1	07-12-2024	
4.46	<u><a href="#">Supplemental Indenture No. 1, dated July 12, 2024, between the Company and Wilmington Trust, National Association, as trustee.</a></u>	8-K	001-38449	4.2	07-12-2024	
4.47	<u><a href="#">Form of 5.050% Senior Notes due 2027 (included in Exhibit 4.46).</a></u>	8-K	001-38449	4.2	07-12-2024	
4.48	<u><a href="#">Form of 5.050% Senior Notes due 2029 (included in Exhibit 4.46).</a></u>	8-K	001-38449	4.2	07-12-2024	
4.49	<u><a href="#">Form of 5.150% Senior Notes due 2031 (included in Exhibit 4.46).</a></u>	8-K	001-38449	4.2	07-12-2024	
4.50	<u><a href="#">Supplemental Indenture No. 2, dated October 2, 2024, between the Company and Wilmington Trust, National Association, as trustee.</a></u>	8-K	001-38449	4.2	10-02-2024	
4.51	<u><a href="#">Form of 4.150% Senior Notes due 2028 (included in Exhibit 4.50).</a></u>	8-K	001-38449	4.2	10-02-2024	
4.52	<u><a href="#">Form of 4.350% Senior Notes due 2030 (included in Exhibit 4.50).</a></u>	8-K	001-38449	4.2	10-02-2024	
4.53	<u><a href="#">Form of 4.550% Senior Notes due 2032 (included in Exhibit 4.50).</a></u>	8-K	001-38449	4.2	10-02-2024	
4.54	<u><a href="#">Form of 4.800% Senior Notes due 2034 (included in Exhibit 4.50).</a></u>	8-K	001-38449	4.2	10-02-2024	
4.55	<u><a href="#">Supplemental Indenture No. 3, dated January 10, 2025, between Broadcom Inc. and Wilmington Trust, National Association, as trustee.</a></u>	8-K	001-38449	4.2	01-10-2025	
4.56	<u><a href="#">Form of 4.800% Senior Notes due 2028 (included in Exhibit 4.55).</a></u>	8-K	001-38449	4.2	01-10-2025	
4.57	<u><a href="#">Form of 5.050% Senior Notes due 2030 (included in Exhibit 4.55).</a></u>	8-K	001-38449	4.2	01-10-2025	
4.58	<u><a href="#">Form of 5.200% Senior Notes due 2032 (included in Exhibit 4.55).</a></u>	8-K	001-38449	4.2	01-10-2025	
4.59	<u><a href="#">Supplemental Indenture No. 4, dated July 11, 2025, between Broadcom Inc. and Wilmington Trust, National Association, as trustee.</a></u>	8-K	001-38449	4.2	07-11-2025	
4.60	<u><a href="#">Form of 4.600% Note due 2030 (included in Exhibit 4.59).</a></u>	8-K	001-38449	4.2	07-11-2025	
4.61	<u><a href="#">Form of 4.900% Note due 2032 (included in Exhibit 4.59).</a></u>	8-K	001-38449	4.2	07-11-2025	
4.62	<u><a href="#">Form of 5.200% Note due 2035 (included in Exhibit 4.59).</a></u>	8-K	001-38449	4.2	07-11-2025	
31.1	<u><a href="#">Certification of Principal Executive Officer of Broadcom Inc. Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act</a></u>					X

	<u>or ZUUZ.</u>	
31.2	<a href="#">Certification of Principal Financial Officer of Broadcom Inc. Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>	X
32.1	<a href="#">Certification of Principal Executive Officer of Broadcom Inc. Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>	X
32.2	<a href="#">Certification of Principal Financial Officer of Broadcom Inc. Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>	X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	X
101.SCH	Inline XBRL Schema Document	X
101.CAL	Inline XBRL Calculation Linkbase Document	X
101.DEF	Inline XBRL Definition Linkbase Document	X
101.LAB	Inline XBRL Labels Linkbase Document	X
101.PRE	Inline XBRL Presentation Linkbase Document	X
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	X

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**BROADCOM INC.**

By: /s/ Kirsten M. Spears  
Kirsten M. Spears  
Chief Financial Officer

Date: September 10, 2025

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Hock E. Tan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Broadcom Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 10, 2025

/s/ Hock E. Tan

Hock E. Tan

Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Kirsten M. Spears, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Broadcom Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: September 10, 2025

/s/ Kirsten M. Spears

Kirsten M. Spears

Chief Financial Officer

(Principal Financial Officer)

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Broadcom Inc. (the "Company") for the fiscal quarter ended August 3, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Hock E. Tan, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 10, 2025

/s/ Hock E. Tan

Hock E. Tan  
Chief Executive Officer  
(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED  
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Broadcom Inc. (the "Company") for the fiscal quarter ended August 3, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Kirsten M. Spears, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 10, 2025

/s/ Kirsten M. Spears

Kirsten M. Spears  
Chief Financial Officer  
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.