

**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 June 29, 2025

OR

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

For the transition period from _____ to _____.

Commission File Number 0-19528

QUALCOMM Incorporated

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

5775 Morehouse Dr., San Diego, California
(Address of Principal Executive Offices)

95-3685934

(I.R.S. Employer
Identification No.)

92121-1714

(Zip Code)

(858) 587-1121

(Registrant's telephone number, including area code)

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

Title of each class
Common Stock, \$0.0001 par value

Trading Symbol(s)
QCOM

Name of each exchange on which registered
The Nasdaq Stock Market LLC

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

The number of shares outstanding of the registrant's common stock was 1,079 million at July 28, 2025.

QUALCOMM Incorporated
Form 10-Q
For the Quarter Ended June 29, 2025

	<u>Page</u>
PART I. FINANCIAL INFORMATION	
<u>Item 1.</u>	<u>Condensed Consolidated Financial Statements (Unaudited)</u>
	<u>Condensed Consolidated Balance Sheets</u>
	<u>Condensed Consolidated Statements of Operations</u>
	<u>Condensed Consolidated Statements of Comprehensive Income</u>
	<u>Condensed Consolidated Statements of Cash Flows</u>
	<u>Condensed Consolidated Statements of Stockholders' Equity</u>
	<u>Notes to Condensed Consolidated Financial Statements</u>
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>
PART II. OTHER INFORMATION	
<u>Item 1.</u>	<u>Legal Proceedings</u>
<u>Item 1A.</u>	<u>Risk Factors</u>
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>
<u>Item 5.</u>	<u>Other Information</u>
<u>Item 6.</u>	<u>Exhibits</u>
<u>SIGNATURES</u>	
	<u>52</u>

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

QUALCOMM Incorporated
CONDENSED CONSOLIDATED BALANCE SHEETS
 (In millions, except par value amounts)
 (Unaudited)

	June 29, 2025	September 29, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,448	\$ 7,849
Restricted cash	2,323	—
Marketable securities	4,563	5,451
Accounts receivable, net	3,410	3,929
Inventories	6,338	6,423
Other current assets	2,831	1,579
Total current assets	24,913	25,231
Deferred tax assets	6,114	5,162
Property, plant and equipment, net	4,496	4,665
Goodwill	11,366	10,799
Other intangible assets, net	1,202	1,244
Other assets	6,771	8,053
Total assets	\$ 54,862	\$ 55,154
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$ 2,337	\$ 2,584
Payroll and other benefits related liabilities	1,586	1,834
Unearned revenues	285	297
Short-term debt	—	1,364
Other current liabilities	3,592	4,425
Total current liabilities	7,800	10,504
Unearned revenues	93	88
Long-term debt	14,788	13,270
Other liabilities	4,972	5,018
Total liabilities	27,653	28,880
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value; 8 shares authorized; none outstanding	—	—
Common stock and paid-in capital, \$0.0001 par value; 6,000 shares authorized; 1,084 and 1,113 shares issued and outstanding, respectively	—	—
Retained earnings	26,552	25,687
Accumulated other comprehensive income	657	587
Total stockholders' equity	27,209	26,274
Total liabilities and stockholders' equity	\$ 54,862	\$ 55,154

See accompanying notes.

QUALCOMM Incorporated
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	June 29, 2025	June 23, 2024	June 29, 2025	June 23, 2024
Revenues:				
Equipment and services	\$ 8,893	\$ 7,993	\$ 28,193	\$ 24,259
Licensing	1,472	1,400	4,820	4,459
Total revenues	<u>10,365</u>	<u>9,393</u>	<u>33,013</u>	<u>28,718</u>
Costs and expenses:				
Cost of revenues	4,606	4,174	14,704	12,593
Research and development	2,226	2,259	6,672	6,591
Selling, general and administrative	771	664	2,200	1,998
Other	—	75	—	47
Total costs and expenses	<u>7,603</u>	<u>7,172</u>	<u>23,576</u>	<u>21,229</u>
Operating income	2,762	2,221	9,437	7,489
Interest expense	(168)	(168)	(493)	(517)
Investment and other income, net	358	226	748	768
Income from continuing operations before income taxes	2,952	2,279	9,692	7,740
Income tax expense	(286)	(171)	(1,034)	(545)
Income from continuing operations	2,666	2,108	8,658	7,195
Discontinued operations, net of income taxes	—	21	—	27
Net income	<u>\$ 2,666</u>	<u>\$ 2,129</u>	<u>\$ 8,658</u>	<u>\$ 7,222</u>
Basic earnings per share:				
Continuing operations	\$ 2.44	\$ 1.89	\$ 7.85	\$ 6.45
Discontinued operations	—	0.02	—	0.02
Net income	<u>\$ 2.44</u>	<u>\$ 1.91</u>	<u>\$ 7.85</u>	<u>\$ 6.47</u>
Diluted earnings per share:				
Continuing operations	\$ 2.43	\$ 1.86	\$ 7.79	\$ 6.37
Discontinued operations	—	0.02	—	0.02
Net income	<u>\$ 2.43</u>	<u>\$ 1.88</u>	<u>\$ 7.79</u>	<u>\$ 6.39</u>
Shares used in per share calculations:				
Basic	<u>1,092</u>	<u>1,116</u>	<u>1,102</u>	<u>1,116</u>
Diluted	<u>1,099</u>	<u>1,134</u>	<u>1,112</u>	<u>1,130</u>

See accompanying notes.

QUALCOMM Incorporated
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	June 29, 2025	June 23, 2024	June 29, 2025	June 23, 2024
Net income	\$ 2,666	\$ 2,129	\$ 8,658	\$ 7,222
Other comprehensive income, net of income taxes:				
Foreign currency translation gains (losses)	231	(34)	97	(13)
Net unrealized gains (losses) on available-for-sale debt securities	1	2	(21)	40
Net unrealized gains (losses) on derivative instruments	52	(4)	16	—
Other gains	1	1	—	1
Other reclassifications included in net income	(23)	(6)	(22)	11
Total other comprehensive income (loss)	<u>262</u>	<u>(41)</u>	<u>70</u>	<u>39</u>
Comprehensive income	<u><u>\$ 2,928</u></u>	<u><u>\$ 2,088</u></u>	<u><u>\$ 8,728</u></u>	<u><u>\$ 7,261</u></u>

See accompanying notes.

QUALCOMM Incorporated
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

	Nine Months Ended	
	June 29, 2025	June 23, 2024
Operating Activities:		
Net income from continuing operations	\$ 8,658	\$ 7,195
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	1,231	1,267
Income tax provision less than income tax payments	(1,535)	(2,538)
Share-based compensation expense	2,120	1,951
Net gains on marketable securities and other investments	(297)	(314)
Impairment losses on other investments	93	66
Other items	(23)	(63)
Changes in assets and liabilities:		
Accounts receivable, net	535	221
Inventories	33	397
Other assets	361	120
Trade accounts payable	(220)	691
Payroll, benefits and other liabilities	(943)	654
Unearned revenues	3	(1)
Net cash used by operating activities from discontinued operations	—	(91)
Net cash provided by operating activities	10,016	9,555
Investing Activities:		
Capital expenditures	(785)	(785)
Purchases of debt and equity marketable securities	(3,785)	(4,156)
Proceeds from sales and maturities of debt and equity marketable securities	4,892	1,895
Acquisitions and other investments, net of cash acquired	(711)	(234)
Proceeds from other investments	53	70
Other items	7	(28)
Net cash used by investing activities	(329)	(3,238)
Financing Activities:		
Proceeds from short-term debt	998	799
Repayment of short-term debt	(998)	(799)
Proceeds from long-term debt	1,487	—
Repayment of long-term debt	(1,365)	(914)
Proceeds from issuance of common stock	201	196
Repurchases and retirements of common stock	(6,347)	(2,818)
Dividends paid	(2,848)	(2,739)
Payments of tax withholdings related to vesting of share-based awards	(878)	(797)
Other items	(10)	2
Net cash used by financing activities	(9,760)	(7,070)
Effect of exchange rate changes on cash and cash equivalents	(5)	(4)
Net decrease in total cash, cash equivalents and restricted cash	(78)	(757)
Total cash and cash equivalents at beginning of period (including \$77 classified as held for sale at September 24, 2023)	7,849	8,527
Total cash and cash equivalents at end of period (including \$2,323 classified as restricted cash at June 29, 2025)	\$ 7,771	\$ 7,770

See accompanying notes.

QUALCOMM Incorporated
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions, except per share data)
(Uunaudited)

	Three Months Ended		Nine Months Ended	
	June 29, 2025	June 23, 2024	June 29, 2025	June 23, 2024
Total stockholders' equity, beginning balance	\$ 27,728	\$ 24,469	\$ 26,274	\$ 21,581
Common stock and paid-in capital:				
Balance at beginning of period	\$ —	\$ 66	\$ —	\$ 490
Common stock issued under employee benefit plans	—	1	201	196
Repurchases and retirements of common stock	(418)	(455)	(1,526)	(1,959)
Share-based compensation	687	670	2,203	2,047
Tax withholdings related to vesting of share-based payments	(269)	(282)	(878)	(797)
Common stock issued in acquisition	—	—	—	23
Balance at end of period	—	—	—	—
Retained earnings:				
Balance at beginning of period	27,333	23,965	25,687	20,733
Net income	2,666	2,129	8,658	7,222
Repurchases and retirements of common stock	(2,454)	(848)	(4,860)	(859)
Dividends	(993)	(973)	(2,933)	(2,823)
Balance at end of period	26,552	24,273	26,552	24,273
Accumulated other comprehensive income:				
Balance at beginning of period	395	438	587	358
Other comprehensive income (loss)	262	(41)	70	39
Balance at end of period	657	397	657	397
Total stockholders' equity, ending balance	\$ 27,209	\$ 24,670	\$ 27,209	\$ 24,670
Dividends per share announced	\$ 0.89	\$ 0.85	\$ 2.59	\$ 2.45

See accompanying notes.

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Basis of Presentation and Significant Accounting Policies Update

Financial Statement Preparation. These condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information and the instructions to Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, the interim financial information includes all normal recurring adjustments necessary for a fair statement of the results for the interim periods. These condensed consolidated financial statements are unaudited and should be read in conjunction with our Annual Report on Form 10-K for our fiscal year ended September 29, 2024. Operating results for interim periods are not necessarily indicative of operating results for an entire fiscal year.

We operate and report using a 52-53 week fiscal year ending on the last Sunday in September. Each of the three and nine months ended June 29, 2025 and June 23, 2024 included 13 weeks and 39 weeks, respectively. Our fiscal year for 2025 will include 52 weeks.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in our condensed consolidated financial statements and the accompanying notes. Actual results could differ from those estimates. Certain prior year amounts have been reclassified to conform to the current year presentation.

Recent Accounting Pronouncements.

Segment Reporting Disclosures: In November 2023, the Financial Accounting Standards Board (FASB) issued new requirements to disclose certain incremental segment information on an annual and interim basis, including (among other items) additional disclosure about significant segment expenses. We will adopt the new requirements for our annual periods starting in fiscal 2025 (and interim periods thereafter) on a retrospective basis.

Income Tax Disclosures: In December 2023, the FASB issued new requirements to disclose annually certain additional detailed income tax information related to the effective tax rate reconciliation and income taxes paid, among other items. We will adopt the new requirements starting in fiscal 2026 on a retrospective basis.

Income Statement - Expense Disaggregation Disclosures: In November 2024, the FASB issued new requirements to disclose certain additional expense information on an annual and interim basis, including (among other items) the amounts of purchases of inventory, employee compensation, depreciation and intangible asset amortization included within each income statement expense caption, as applicable. We will adopt the new requirements for our annual periods starting in fiscal 2028 (and interim periods thereafter) on a prospective basis.

Note 2. Composition of Certain Financial Statement Items

Inventories (in millions)

	June 29, 2025	September 29, 2024
Raw materials	\$ 301	\$ 340
Work-in-process	3,944	3,497
Finished goods	2,093	2,586
	<hr/> <u>\$ 6,338</u>	<hr/> <u>\$ 6,423</u>

We have multi-year capacity purchase commitments with certain suppliers of our integrated circuit products. Total advance payments related to multi-year capacity purchase commitments recorded on our condensed consolidated balance sheets at June 29, 2025 and September 29, 2024 were \$2.4 billion and \$3.0 billion, respectively, of which \$1.9 billion and \$765 million were recorded in other current assets, respectively, and \$557 million and \$2.2 billion were recorded in other assets, respectively.

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Other Current Liabilities (in millions)

	June 29, 2025	September 29, 2024
Customer incentives and other customer-related liabilities	\$ 1,823	\$ 2,480
Income taxes payable	938	1,080
Other	831	865
	<hr/> <hr/> \$ 3,592	<hr/> <hr/> \$ 4,425

Long-term Debt. During the third quarter of fiscal 2025, we repaid \$1.4 billion of unsecured fixed-rate notes that matured in May 2025. In May 2025, we also issued \$1.5 billion of unsecured fixed-rate notes, consisting of \$500 million of 4.50% notes, \$400 million of 4.75% notes and \$600 million of 5.00% notes (collectively, May 2025 Notes) that mature on May 20, 2030, May 20, 2032 and May 20, 2035, respectively. The net proceeds from the May 2025 Notes will be used for general corporate purposes.

At June 29, 2025, the aggregate fair value of our outstanding fixed-rate notes, based on Level 2 inputs, was approximately \$13.9 billion.

Interest Rate Swaps. During the third quarter of fiscal 2025, in connection with the issuance of the May 2025 Notes, we entered into interest rate swaps with an aggregate notional amount of \$1.5 billion, which are designated as fair value hedges and allow us to effectively convert all of our fixed-rate payments due under the May 2025 Notes into floating-rate payments. We entered into these agreements, in part, to manage interest rate risk associated with our cash equivalents and marketable securities, in addition to changes in the fair value of our outstanding debt.

Revenues. We disaggregate our revenues by segment (Note 6), by products and services (as presented on our condensed consolidated statements of operations), and for our QCT (Qualcomm CDMA Technologies) segment, by revenue stream, which is based on the industry and application in which our products are sold (as presented below). In certain cases, the determination of QCT revenues by industry and application requires the use of certain assumptions. Substantially all of QCT's revenues consist of equipment revenues that are recognized at a point in time, and substantially all of QTL's (Qualcomm Technology Licensing) revenues represent licensing revenues that are recognized over time and are principally from royalties generated through our licensees' sales of mobile handsets.

QCT revenue streams were as follows (in millions):

	Three Months Ended		Nine Months Ended	
	June 29, 2025	June 23, 2024	June 29, 2025	June 23, 2024
Handsets (1)	\$ 6,328	\$ 5,899	\$ 20,831	\$ 18,766
Automotive (2)	984	811	2,904	2,012
IoT (internet of things) (3)	1,681	1,359	4,811	3,740
Total QCT revenues	<hr/> <hr/> \$ 8,993	<hr/> <hr/> \$ 8,069	<hr/> <hr/> \$ 28,546	<hr/> <hr/> \$ 24,518

(1) Includes revenues from products sold for use in mobile handsets.

(2) Includes revenues from products sold for use in automobiles, including connectivity, digital cockpit and advanced driver assistance systems (ADAS) and automated driving (AD).

(3) Primarily includes products sold for use in the following industries and applications: consumer (including personal computers (PCs), tablets, voice and music and extended reality (XR)), edge networking (including mobile broadband and wireless access points) and industrial (including handhelds, retail, tracking and logistics and utilities).

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Revenues recognized from performance obligations satisfied (or partially satisfied) in previous periods generally include certain sales-based royalty revenues related to system software, certain amounts related to customer incentives and licensing revenues recognized related to devices sold in prior periods (including revenues resulting from certain settlements and adjustments to prior period royalty estimates, which include the impact of the reporting by our licensees of actual royalties due) and were as follows (in millions):

	Three Months Ended		Nine Months Ended	
	June 29, 2025	June 23, 2024	June 29, 2025	June 23, 2024
Revenues recognized from previously satisfied performance obligations	\$ 189	\$ 163	\$ 691	\$ 364

Remaining performance obligations, which are primarily included in unearned revenues (as presented on our condensed consolidated balance sheets), represent the aggregate amount of the transaction price of certain customer contracts yet to be recognized as revenues as of the end of the reporting period and exclude revenues related to (a) contracts that have an original expected duration of one year or less and (b) sales-based royalties (i.e., future royalty revenues) pursuant to our license agreements. Our patent license agreements with key OEMs are generally long-term, with remaining terms expiring between fiscal 2027 and 2031.

Concentrations. A significant portion of our revenues are concentrated with a small number of customers/licensees of our QCT and QTL segments. The comparability of customer/licensee concentrations for the periods presented are impacted by the timing of customer/licensee device launches and/or innovation cycles and other seasonal trends, among other fluctuations in demand. Revenues from each customer/licensee that were 10% or greater of total revenues were as follows:

	Three Months Ended		Nine Months Ended	
	June 29, 2025	June 23, 2024	June 29, 2025	June 23, 2024
Customer/licensee (x)	21%	18%	21%	20%
Customer/licensee (y)	18	17	20	20
Customer/licensee (z)	13	11	13	13

Investment and Other Income, Net (in millions)

	Three Months Ended		Nine Months Ended	
	June 29, 2025	June 23, 2024	June 29, 2025	June 23, 2024
Interest and dividend income	\$ 160	\$ 182	\$ 495	\$ 490
Net gains on marketable securities	204	8	241	16
Net gains on other investments	5	10	30	170
Net gains on deferred compensation plan assets	84	26	65	153
Impairment losses on other investments	(52)	(5)	(93)	(66)
Other	(43)	5	10	5
	\$ 358	\$ 226	\$ 748	\$ 768

Discontinued Operations. On June 1, 2023, SSW Partners completed the sale of Veoneer's Active Safety business to Magna International Inc. for net cash proceeds of \$1.5 billion. On March 1, 2024, SSW Partners completed the sale of Veoneer's Restraint Control Systems business (collectively with the Active Safety business, the Non-Arriver businesses) to American Industrial Partners Capital Fund VII. Through the date of disposition by SSW Partners, the results of operations and cash flows of Veoneer's Non-Arriver businesses are presented as discontinued operations. Cash flows from investing and financing activities from discontinued operations reported for the periods presented were not material.

Note 3. Income Taxes

For the third quarter of fiscal 2025, we estimate our annual effective income tax rate to be 11% for fiscal 2025, which is lower than the U.S. federal statutory rate, primarily due to a significant portion of our income qualifying for preferential

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

treatment as foreign-derived intangible income (FDII) at a 13% effective tax rate, which includes certain additional benefits from the requirement to capitalize research and development expenditures for federal income tax purposes and a benefit from our federal research and development tax credit. Our effective tax rate of 10% for the third quarter of fiscal 2025 was lower than our estimated annual effective tax rate, primarily due to net discrete tax benefits realized in the third quarter of fiscal 2025.

On July 4, 2025, tax reform legislation included in the One Big Beautiful Bill Act (OBBB) was enacted in the United States. The impact of the OBBB is excluded from our estimated annual effective tax rate and provision for income taxes for the third quarter of fiscal 2025 as it is a nonrecognized subsequent event. The OBBB includes significant corporate tax reforms, including the permanent reinstatement of deducting domestic research and development expenditures as incurred beginning in fiscal 2026 (under prior law such expenditures were capitalized and amortized over five years). We expect this change will have a favorable effect on our cash flows from operations due to significantly lower cash tax payments. However, we expect it will adversely affect our total provision for income taxes and results of operations, as these expenditures will no longer result in a deferred tax asset that is established at the statutory rate of 21% rather than the current effective tax rate of 13% after considering the FDII deduction. The legislation also modifies international tax provisions, including changes to the FDII regime. Specifically, it renames FDII as Foreign-Derived Deduction Eligible Income (FDDEI), maintains the current FDDEI effective tax rate of 13% through fiscal 2026 and adjusts the FDDEI effective tax rate to a permanent 14% rate in fiscal 2027 (compared to 16% under prior law).

While we continue to evaluate the impact of these tax law changes, we may be subject to the corporate alternative minimum tax of 15% beginning in fiscal 2026, and we are assessing our ability to realize our existing deferred tax assets. As such, our future provision for income taxes and results of operations may be adversely affected (potentially materially).

Note 4. Capital Stock

Stock Repurchase Program. During the first quarter of fiscal 2025, we utilized the remaining repurchase authority under the \$10.0 billion stock repurchase program announced on October 12, 2021 and we began repurchases under the \$15.0 billion stock repurchase program announced on November 6, 2024, which has no expiration date. At June 29, 2025, \$9.7 billion remained authorized for repurchase under our stock repurchase program.

Shares Outstanding. Shares of common stock outstanding at June 29, 2025 were as follows (in millions):

Balance at September 29, 2024		1,113
Issued		12
Repurchased		(41)
Balance at June 29, 2025		1,084

Earnings Per Common Share. Basic earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding during the reporting period. Diluted earnings per share is computed by dividing net income by the combination of the weighted-average number of common shares outstanding and the weighted-average number of dilutive common share equivalents, comprised of shares issuable under our share-based compensation plans, during the reporting period, using the treasury stock method. The following table provides information about the diluted earnings per share calculation (in millions):

	Three Months Ended		Nine Months Ended	
	June 29, 2025	June 23, 2024	June 29, 2025	June 23, 2024
Dilutive common share equivalents included in diluted shares	7	18	10	14
Shares of common stock equivalents not included because the effect would be anti-dilutive or certain performance conditions were not satisfied at the end of the period	2	—	1	5

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 5. Commitments and Contingencies

Legal and Regulatory Proceedings.

ParkerVision, Inc. v. QUALCOMM Incorporated: On May 1, 2014, ParkerVision filed a complaint against us in the United States District Court for the Middle District of Florida alleging that certain of our products infringed seven ParkerVision patents. On August 21, 2014, ParkerVision amended the complaint, alleging that we infringed 11 ParkerVision patents and sought damages and injunctive and other relief. ParkerVision subsequently reduced the number of patents asserted to three. The asserted patents are now expired, and injunctive relief is no longer available. ParkerVision continues to seek damages related to the sale of many of our radio frequency (RF) products sold between 2008 and 2018. On March 23, 2022, the district court entered judgment in our favor on all claims and closed the case. On April 20, 2022, ParkerVision filed a notice of appeal to the United States Court of Appeals for the Federal Circuit (Federal Circuit). On September 6, 2024, the Federal Circuit reversed the judgment of the district court, citing certain substantive and procedural issues, and remanded the case to the district court for further proceedings. We intend to continue to vigorously defend ourselves in this matter.

Arm Ltd. v. QUALCOMM Incorporated: On August 31, 2022, Arm Ltd. (Arm) filed a complaint against us in the United States District Court for the District of Delaware. Our subsidiaries Qualcomm Technologies, Inc. and Nuvia, Inc. (Nuvia) are also named in the complaint. The complaint alleges that following our acquisition of Nuvia, we and Nuvia breached Nuvia's Architecture License Agreement with Arm (the Nuvia ALA) by failing to comply with the termination obligations under the Nuvia ALA. Arm is seeking specific performance, including that we cease all use of and destroy any technology that was developed under the Nuvia ALA, including processor core technology (which Arm alleges includes our custom Qualcomm Oryon CPU cores). Arm's complaint also contended that we violated the Lanham Act through trademark infringement and false designation of origin through unauthorized use of Arm's trademarks and sought associated injunctive and declaratory relief; however, Arm dismissed these claims prior to trial. On September 30, 2022, we filed our Answer and Counterclaim in response to Arm's complaint denying Arm's claims. Our counterclaim seeks a declaratory judgment that we did not breach the Nuvia ALA or the Technology License Agreement between Nuvia and Arm, and that, following the acquisition of Nuvia, our architected cores (including all further developments, iterations or instantiations of the technology we acquired from Nuvia) and System-on-Chip (SoC) products incorporating such cores are fully licensed under our existing Architecture License Agreement with Arm (the Qualcomm ALA) and Technology License Agreement with Arm (the Qualcomm TLA). A trial was held beginning on December 16, 2024, and on December 20, 2024, the jury found that (i) Qualcomm did not breach the Nuvia ALA and (ii) Qualcomm CPUs that include designs acquired in the Nuvia acquisition are licensed under the Qualcomm ALA. The jury was unable to reach a verdict with respect to Arm's claim as to whether Nuvia breached the Nuvia ALA. The parties have filed various post-trial motions in this matter, including motions for judgment as a matter of law. We intend to continue to vigorously defend ourselves against Arm's claims in this matter.

On April 18, 2024, we filed a separate complaint (captioned *QUALCOMM Incorporated v. Arm Ltd.*) against Arm in the United States District Court for the District of Delaware. The complaint alleges that Arm has breached the Qualcomm ALA by failing to provide certain deliverables that Arm is obligated to provide. The complaint seeks an order that Arm comply with its contractual obligations, damages, and additional relief. Arm moved to dismiss this complaint, and on October 30, 2024, the court denied Arm's motion to dismiss. On December 16, 2024, we filed a First Amended Complaint alleging additional causes of action based on Arm improperly seeking to terminate the Qualcomm ALA and improperly publicizing that it was seeking to terminate the Qualcomm ALA. On June 3, 2025, we filed a Second Amended Complaint to add a claim that Arm has breached the Qualcomm TLA by failing to provide license offers at commercially reasonable prices and terms. Arm has moved to dismiss our amended complaint. Trial is scheduled to begin on March 9, 2026.

On October 22, 2024, Arm provided us with a notice alleging that we have breached the Qualcomm ALA by marketing products that contain CPUs that Arm alleges use designs, technology and code created by Nuvia employees prior to our acquisition of Nuvia; by seeking support and verification from Arm for additional products that use such alleged designs, technology and code; and by suing Arm for breach of the Qualcomm ALA. Arm's notice asserts that it will have the right to terminate the Qualcomm ALA if such alleged breaches are not cured within 60 days of such notice. We disagree with Arm's allegations, including that we are, or have been, in breach of the Qualcomm ALA. On January 8, 2025, Arm notified us that it was withdrawing its October 22, 2024 notice of breach and indicated that it has no current plan to terminate the Qualcomm ALA, while reserving its rights pending the outcome of the ongoing litigation.

Contingent Losses and Other Considerations: Litigation and investigations are inherently uncertain, and we face difficulties in evaluating or estimating likely outcomes or ranges of possible loss, particularly in antitrust and trade regulation investigations. We have not recorded any accrual at June 29, 2025 for contingent losses associated with the matters described

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

above based on our belief that losses, while reasonably possible, are not probable. Further, any possible amount or range of loss cannot be reasonably estimated at this time. The unfavorable resolution of one or more of these matters could have a material adverse effect on our business, results of operations, financial condition or cash flows. We are engaged in numerous other legal actions not described above (for example, certain consumer class action lawsuits in jurisdictions outside the United States, and other matters arising in the ordinary course of our business, including those relating to employment matters or the initiation or defense of proceedings relating to intellectual property rights) and, while there can be no assurance, we believe that the ultimate outcome of these other legal actions will not have a material adverse effect on our business, results of operations, financial condition or cash flows.

Note 6. Segment Information

We are organized on the basis of products and services and have three reportable segments. We conduct business primarily through our QCT semiconductor business and our QTL licensing business. QCT develops and supplies integrated circuits and system software with advanced connectivity and high-performance, low-power computing technologies for use in mobile devices; automotive systems for connectivity, digital cockpit and ADAS/AD; and IoT including consumer electronic devices, industrial devices and edge networking products. QTL grants licenses or otherwise provides rights to use portions of our intellectual property portfolio, which includes certain patent rights essential to and/or useful in the manufacture and sale of certain wireless products. Our QSI (Qualcomm Strategic Initiatives) reportable segment makes strategic investments. We also have nonreportable segments, including QGOV (Qualcomm Government Technologies) and our Data Center business (formerly referred to as our cloud computing processing initiative).

The table below presents revenues and earnings (loss) before income taxes (EBT) for reportable segments (in millions):

	Three Months Ended		Nine Months Ended	
	June 29, 2025	June 23, 2024	June 29, 2025	June 23, 2024
Revenues				
QCT	\$ 8,993	\$ 8,069	\$ 28,546	\$ 24,518
QTL	1,318	1,273	4,172	4,051
QSI	—	2	—	18
Reconciling items	54	49	295	131
Total	<u>\$ 10,365</u>	<u>\$ 9,393</u>	<u>\$ 33,013</u>	<u>\$ 28,718</u>
EBT				
QCT	\$ 2,671	\$ 2,181	\$ 8,774	\$ 7,062
QTL	942	894	3,028	2,907
QSI	149	14	179	121
Reconciling items	(810)	(810)	(2,289)	(2,350)
Total	<u>\$ 2,952</u>	<u>\$ 2,279</u>	<u>\$ 9,692</u>	<u>\$ 7,740</u>

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Reconciling items for revenues and EBT in the previous table were as follows (in millions):

	Three Months Ended		Nine Months Ended	
	June 29, 2025	June 23, 2024	June 29, 2025	June 23, 2024
Revenues				
Nonreportable segments	\$ 54	\$ 49	\$ 152	\$ 131
Unallocated revenues	—	—	143	—
	<u><u>\$ 54</u></u>	<u><u>\$ 49</u></u>	<u><u>\$ 295</u></u>	<u><u>\$ 131</u></u>
EBT				
Unallocated revenues	\$ —	\$ —	\$ 143	\$ —
Unallocated cost of revenues	(65)	(54)	(185)	(168)
Unallocated research and development expenses	(595)	(549)	(1,752)	(1,664)
Unallocated selling, general and administrative expenses	(182)	(175)	(554)	(588)
Unallocated other income	—	(75)	—	(47)
Unallocated interest expense	(168)	(168)	(493)	(518)
Unallocated investment and other income, net	210	213	567	648
Nonreportable segments	(10)	(2)	(15)	(13)
	<u><u>\$ (810)</u></u>	<u><u>\$ (810)</u></u>	<u><u>\$ (2,289)</u></u>	<u><u>\$ (2,350)</u></u>

Certain revenues were not allocated to our segments in our management reports because they were not considered in evaluating segment results. Unallocated revenues in the first nine months of fiscal 2025 were comprised of licensing revenues resulting from a settlement of a licensing dispute in the second quarter of fiscal 2025.

Note 7. Fair Value Measurements and Marketable Securities

The following table presents our fair value hierarchy for assets and liabilities measured at fair value on a recurring basis at June 29, 2025 (in millions):

	Level 1	Level 2	Level 3	Total
	\$ 2,932	\$ 257	\$ —	\$ 3,189
Assets				
Cash equivalents	\$ 2,932	\$ 257	\$ —	\$ 3,189
Marketable securities:				
Corporate bonds and notes	—	2,990	—	2,990
Mortgage- and asset-backed securities	—	813	—	813
U.S. Treasury securities and government-related securities	238	183	—	421
Equity securities	339	—	—	339
Total marketable securities	577	3,986	—	4,563
Derivative instruments	—	91	—	91
Other investments (1)	1,052	—	34	1,086
Total assets measured at fair value	<u><u>\$ 4,561</u></u>	<u><u>\$ 4,334</u></u>	<u><u>\$ 34</u></u>	<u><u>\$ 8,929</u></u>
Liabilities				
Derivative instruments	\$ —	\$ 139	\$ —	\$ 139
Other liabilities (1)	1,049	—	—	1,049
Total liabilities measured at fair value	<u><u>\$ 1,049</u></u>	<u><u>\$ 139</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 1,188</u></u>

(1) Other investments and other liabilities included in Level 1 are comprised of our deferred compensation plan assets and liabilities.

QUALCOMM Incorporated
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Marketable Securities. At June 29, 2025 and September 29, 2024, our marketable securities were all classified as current and were primarily comprised of available-for-sale debt securities (the vast majority of which were corporate bonds and notes).

The contractual maturities of available-for-sale debt securities were as follows (in millions):

Years to Maturity	June 29, 2025
Less than one year	\$ 1,066
One to five years	2,342
Five to ten years	3
No single maturity date	813
Total	\$ 4,224

Debt securities with no single maturity date included mortgage- and asset-backed securities.

Note 8. Acquisitions

Pending. On June 9, 2025, we announced that we reached an agreement with Alphawave IP Group plc (Alphawave) regarding the terms and conditions of a recommended acquisition by Aqua Acquisition Sub LLC, an indirect wholly-owned subsidiary of Qualcomm Incorporated, for the entire issued and to be issued ordinary share capital of Alphawave at an implied enterprise value of approximately \$2.4 billion (as of the announcement date). The purchase price will be paid in cash or, if validly elected by eligible shareholders of Alphawave, in shares of our common stock or securities exchangeable for shares of our common stock. Alphawave is a developer of high-speed wired connectivity and compute technologies delivering IP, custom silicon, connectivity products and chiplets. The acquisition aims to further accelerate, and provide key assets for, our expansion into data centers. This acquisition is expected to complete during the first calendar quarter of 2026, subject to certain conditions, including receipt of regulatory approvals and approval from the requisite majority of Alphawave's shareholders. In connection with the pending acquisition, we agreed to restrict the use of \$2.3 billion in cash, which is presented as restricted cash on our condensed consolidated balance sheets, for the purpose of satisfying payment of the consideration to effect the acquisition.

Completed. During the first nine months of fiscal 2025, we acquired seven businesses for a total accounting purchase price of \$668 million. These acquisitions were primarily for the purpose of executing on certain products and technology that support our diversification strategy in QCT industrial IoT and automotive. The acquired assets primarily consisted of \$120 million of intangible assets and \$532 million of goodwill, which was allocated to our QCT segment and which is primarily attributable to assembled workforce and certain synergies expected to arise after the acquisition.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This information should be read in conjunction with the condensed consolidated financial statements and the notes thereto included in "Part I, Item 1" of this Quarterly Report and with "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the fiscal year ended September 29, 2024 contained in our 2024 Annual Report on Form 10-K.

This Quarterly Report (including but not limited to this section titled Management's Discussion and Analysis of Financial Condition and Results of Operations) contains forward-looking statements. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "may," "will," "would" and similar expressions or variations of such words are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements in this Quarterly Report. Additionally, statements concerning future matters such as our future business, prospects, results of operations or financial condition; research and development or technology investments; new or enhanced products, services or technologies; emerging industries or business models; design wins or product launches; industry, market or technology trends, dynamics or transitions; our expectations regarding future demand or supply conditions; strategic investments or acquisitions, and the anticipated timing or benefits thereof; legal or regulatory matters, including the expected impacts of recently enacted or pending tax or other regulatory changes; U.S./China trade or national security tensions; vertical integration by our customers; competition; annual effective tax rates; and other statements regarding matters that are not historical are also forward-looking statements.

Although forward-looking statements in this Quarterly Report reflect our good faith judgment, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include without limitation those discussed under the heading "Risk Factors" below, as well as those discussed elsewhere in this Quarterly Report. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report. We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Quarterly Report. Readers are urged to carefully review and consider the various disclosures made in this Quarterly Report, which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

Third Quarter Fiscal 2025 Overview

Revenues for the third quarter of fiscal 2025 were \$10.4 billion, an increase of 10% compared to the year ago quarter, with net income of \$2.7 billion, an increase of 25% compared to the year ago quarter. Key items from the third quarter of fiscal 2025 included:

- QCT revenues increased by 11% in the third quarter of fiscal 2025 compared to the year ago quarter due to higher handsets, IoT and automotive revenues.
- QTL revenues increased by 4% in the third quarter of fiscal 2025 compared to the year ago quarter, primarily due to an increase in estimated sales of 3G/4G/5G-based multimode products.

Our Business and Operating Segments

We develop and commercialize foundational technologies and products used in mobile devices and other wireless products. We derive revenues principally from sales of integrated circuit products and licensing our intellectual property, including patents and other rights.

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

Our reportable segments are operated by QUALCOMM Incorporated and its direct and indirect subsidiaries. Substantially all of our products and services businesses, including QCT, and substantially all of our engineering and research and development functions are operated by Qualcomm Technologies, Inc. (QTI), a wholly-owned subsidiary of QUALCOMM Incorporated, and QTI's subsidiaries. QTL is operated by QUALCOMM Incorporated, which owns the vast majority of our patent portfolio. Neither QTI nor any of its subsidiaries has any right, power or authority to grant any licenses or other rights under or to any patents owned by QUALCOMM Incorporated.

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

Results of Operations

Revenues (in millions)

	Three Months Ended			Nine Months Ended		
	June 29, 2025	June 23, 2024	Change	June 29, 2025	June 23, 2024	Change
Equipment and services	\$ 8,893	\$ 7,993	\$ 900	\$ 28,193	\$ 24,259	\$ 3,934
Licensing	1,472	1,400	72	4,820	4,459	361
	<u>\$ 10,365</u>	<u>\$ 9,393</u>	<u>\$ 972</u>	<u>\$ 33,013</u>	<u>\$ 28,718</u>	<u>\$ 4,295</u>

Third quarter 2025 vs. 2024

The increase in revenues in the third quarter of fiscal 2025 was primarily due to:

- + \$898 million in higher equipment and services revenues from our QCT segment

First nine months 2025 vs. 2024

The increase in revenues in the first nine months of fiscal 2025 was primarily due to:

- + \$3.9 billion in higher equipment and services revenues from our QCT segment
- + \$143 million in licensing revenues resulting from a settlement of a licensing dispute in the second quarter of fiscal 2025, which was not allocated to our segment results
- + \$121 million in higher licensing revenues from our QTL segment

Costs and Expenses (in millions, except percentages)

	Three Months Ended			Nine Months Ended		
	June 29, 2025	June 23, 2024	Change	June 29, 2025	June 23, 2024	Change
Cost of revenues	\$ 4,606	\$ 4,174	\$ 432	\$ 14,704	\$ 12,593	\$ 2,111
Gross margin	56%	56%		55%	56%	

Third quarter 2025 vs. 2024

Gross margin percentage remained approximately flat in the third quarter of fiscal 2025.

First nine months 2025 vs. 2024

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

	Three Months Ended			Nine Months Ended		
	June 29, 2025	June 23, 2024	Change	June 29, 2025	June 23, 2024	Change
Research and development	\$ 2,226	\$ 2,259	\$ (33)	\$ 6,672	\$ 6,591	\$ 81
% of revenues	21%	24%		20%	23%	

Third quarter 2025 vs. 2024

The decrease in research and development expenses in the third quarter of fiscal 2025 was primarily due to:

- \$83 million decrease driven by lower costs related to the development of wireless and integrated circuit technologies (including investments in key growth and diversification opportunities), primarily driven by \$189 million in higher non-recurring engineering cost reimbursements for product-related development work, partially offset by higher employee-related costs
- + \$35 million increase in expenses driven by the revaluation of our deferred compensation obligation (which resulted in a corresponding increase in net gains on deferred compensation plan assets within investment and other income, net due to the revaluation of the related assets)

First nine months 2025 vs. 2024

The increase in research and development expenses in the first nine months of fiscal 2025 was primarily due to a \$132 million increase in share-based compensation expense. Our costs related to the development of wireless and integrated circuit technologies (including investments in key growth and diversification opportunities) remained approximately flat, primarily driven by \$288 million in higher non-recurring engineering cost reimbursements for product-related development work, partially offset by an increase in employee-related costs.

	Three Months Ended			Nine Months Ended		
	June 29, 2025	June 23, 2024	Change	June 29, 2025	June 23, 2024	Change
Selling, general and administrative	\$ 771	\$ 664	\$ 107	\$ 2,200	\$ 1,998	\$ 202
% of revenues	7%	7%		7%	7%	

Third quarter and first nine months 2025 vs. 2024

The increase in selling, general and administrative expenses in the third quarter and first nine months of fiscal 2025 was primarily due to an increase in sales and marketing expenses.

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

	Three Months Ended			Nine Months Ended		
	June 29, 2025	June 23, 2024	Change	June 29, 2025	June 23, 2024	Change
	\$ 168	\$ 168	\$ —	\$ 493	\$ 517	\$ (24)
Interest expense	\$ 168	\$ 168	\$ —	\$ 493	\$ 517	\$ (24)
Investment and other income, net						
Interest and dividend income	\$ 160	\$ 182	\$ (22)	\$ 495	\$ 490	\$ 5
Net gains on marketable securities	204	8	196	241	16	225
Net gains on other investments	5	10	(5)	30	170	(140)
Net gains on deferred compensation plan assets	84	26	58	65	153	(88)
Impairment losses on other investments	(52)	(5)	(47)	(93)	(66)	(27)
Other	(43)	5	(48)	10	5	5
	\$ 358	\$ 226	\$ 132	\$ 748	\$ 768	\$ (20)

Net gains on marketable securities in the third quarter and first nine months of fiscal 2025 was primarily driven by the initial public offerings of certain QSI equity investments.

Net gains on other investments in the first nine months of fiscal 2024 was primarily driven by certain of our QSI non-marketable equity investments.

Income Tax Expense (in millions, except percentages)

The following table summarizes the primary factors that caused our income tax provision to differ from the expected income tax provision at the U.S. federal statutory rate:

	Three Months Ended		Nine Months Ended	
	June 29, 2025	June 23, 2024	June 29, 2025	June 23, 2024
	\$ 620	\$ 479	\$ 2,035	\$ 1,625
Expected income tax provision at federal statutory tax rate	\$ 620	\$ 479	\$ 2,035	\$ 1,625
Benefit from foreign-derived intangible income (FDII) deduction, excluding the impact of capitalizing research and development expenditures	(150)	(130)	(547)	(439)
Benefit from FDII deduction related to capitalizing research and development expenditures	(119)	(94)	(382)	(417)
Benefit related to the federal research and development tax credit	(67)	(61)	(186)	(195)
Excess tax benefit associated with share-based awards	(21)	(89)	(98)	(141)
Foreign currency (gain) loss related to foreign withholding tax receivable	(123)	55	42	57
Other	146	11	170	55
Income tax expense	\$ 286	\$ 171	\$ 1,034	\$ 545
Effective tax rate	10%	8%	11%	7%

For the third quarter of fiscal 2025, we estimate our annual effective income tax rate to be 11% for fiscal 2025, which is lower than the U.S. federal statutory rate. Additional information regarding our annual effective income tax rate and income tax expense is provided in this Quarterly Report in “Notes to Condensed Consolidated Statements, Note 3. Income Taxes.”

On July 4, 2025, tax reform legislation included in the One Big Beautiful Bill Act (OBBA) was enacted in the United States. The impact of the OBBA is excluded from our estimated annual effective tax rate and provision for income taxes for the third quarter of fiscal 2025 as it is a nonrecognized subsequent event. The OBBA includes significant corporate tax reforms, including the permanent reinstatement of deducting domestic research and development expenditures as incurred beginning in fiscal 2026 (under prior law such expenditures were capitalized and amortized over five years). We expect this change will have a favorable effect on our cash flows from operations due to significantly lower cash tax payments.

However, we expect it will adversely affect our total provision for income taxes and results of operations, as these expenditures will no longer result in a deferred tax asset that is established at the statutory rate of 21% rather than the current effective tax rate of 13% after considering the FDII deduction. The legislation also modifies international tax provisions, including changes to the FDII regime. Specifically, it renames FDII as Foreign-Derived Deduction Eligible Income (FDDEI), maintains the current FDDEI effective tax rate of 13% through fiscal 2026 and adjusts the FDDEI effective tax rate to a permanent 14% rate in fiscal 2027 (compared to 16% under prior law).

While we continue to evaluate the impact of these tax law changes, we may be subject to the corporate alternative minimum tax of 15% beginning in fiscal 2026, and we are assessing our ability to realize our existing deferred tax assets. As such, our future provision for income taxes and results of operations may be adversely affected (potentially materially).

Discontinued Operations (in millions)

	Three Months Ended			Nine Months Ended		
	June 29, 2025	June 23, 2024	Change	June 29, 2025	June 23, 2024	Change
Discontinued operations, net of income taxes	\$ —	\$ 21	\$ (21)	\$ —	\$ 27	\$ (27)

Discontinued operations in the third quarter and first nine months of fiscal 2024 are related to the Non-Arriver businesses. Information regarding the Non-Arriver businesses is provided in this Quarterly Report in “Notes to Condensed Consolidated Financial Statements, Note 2. Composition of Certain Financial Statement Items - Discontinued Operations.”

Segment Results

The following should be read in conjunction with our financial results for the third quarter of fiscal 2025 for each reportable segment included in this Quarterly Report in “Notes to Condensed Consolidated Financial Statements, Note 6. Segment Information.”

QCT Segment (in millions, except percentages)

	Three Months Ended			Nine Months Ended		
	June 29, 2025	June 23, 2024	Change	June 29, 2025	June 23, 2024	Change
Revenues						
Handsets	\$ 6,328	\$ 5,899	\$ 429	\$ 20,831	\$ 18,766	\$ 2,065
Automotive	984	811	173	2,904	2,012	892
IoT (internet of things)	1,681	1,359	322	4,811	3,740	1,071
Total revenues (1)	\$ 8,993	\$ 8,069	\$ 924	\$ 28,546	\$ 24,518	\$ 4,028
EBT (2)	\$ 2,671	\$ 2,181	\$ 490	\$ 8,774	\$ 7,062	\$ 1,712
EBT as a % of revenues	30%	27%	3 points	31%	29%	2 points

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

(2) Earnings (loss) before income taxes.

Substantially all of QCT’s revenues consist of equipment and services revenues, which were \$8.8 billion and \$7.9 billion in the third quarter of fiscal 2025 and 2024, respectively, and \$28.0 billion and \$24.1 billion in the first nine months of fiscal 2025 and 2024, respectively. QCT revenues mostly relate to sales of our Snapdragon platforms (which include processors and modems), stand-alone Mobile Data Modems, radio frequency transceiver, power management and wireless connectivity integrated chipsets as well as sales of RFFE products.

Third quarter 2025 vs. 2024

The increase in QCT revenues in the third quarter of fiscal 2025 was primarily due to:

- + higher handsets revenues, primarily due to \$387 million in higher revenues per chipset primarily driven by higher average selling prices and favorable mix toward premium-tier Snapdragon platforms
- + higher IoT revenues, primarily due to higher shipments primarily across edge networking, industrial and consumer products
- + higher automotive revenues, primarily driven by an increase in shipments from new vehicle launches with our Snapdragon digital cockpit products

QCT EBT as a percentage of revenues increased in the third quarter of fiscal 2025 primarily due to higher revenues.

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

First nine months 2025 vs. 2024

The increase in QCT revenues in the first nine months of fiscal 2025 was primarily due to:

- + higher handsets revenues, primarily due to \$1.3 billion in higher revenues per chipset (primarily driven by higher average selling prices) and \$810 million in higher chipset shipments by certain major OEMs, both of which benefited from an increase in demand in premium-tier Snapdragon platforms
- + higher IoT revenues, primarily due to higher shipments across edge networking, consumer and industrial products
- + higher automotive revenues, primarily driven by an increase in shipments from new vehicle launches with our Snapdragon digital cockpit products

QCT EBT as a percentage of revenues increased in the first nine months of fiscal 2025 primarily due to higher revenues.

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

QTL Segment (in millions, except percentages)

	Three Months Ended			Nine Months Ended		
	June 29, 2025	June 23, 2024	Change	June 29, 2025	June 23, 2024	Change
Licensing revenues	\$ 1,318	\$ 1,273	\$ 45	\$ 4,172	\$ 4,051	\$ 121
EBT	942	894	48	3,028	2,907	121
EBT as a % of revenues	71%	70%	1 point	73%	72%	1 point

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

Third quarter and first nine months 2025 vs. 2024

The increase in QTL licensing revenues in the third quarter and first nine months of fiscal 2025 was primarily due to an increase in estimated sales of 3G/4G/5G-based multimode products.

QTL EBT as a percentage of revenues increased in the third quarter and first nine months of fiscal 2025 primarily due to higher revenues.

QSI Segment (in millions)

	Three Months Ended			Nine Months Ended		
	June 29, 2025	June 23, 2024	Change	June 29, 2025	June 23, 2024	Change
Equipment and services revenues	\$ —	\$ 2	\$ (2)	\$ —	\$ 18	\$ (18)
EBT	149	14	135	179	121	58

Third quarter and first nine months 2025 vs. 2024

QSI EBT increased in the third quarter of fiscal 2025 primarily due to higher net gains on marketable securities resulting from the initial public offerings of certain of our equity investments.

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

Looking Forward

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

As we look forward to the next several quarters:

- We continue to monitor the recent changes in global trade policy, including tariffs and related trade actions announced by the U.S., China and other countries. The degree to which such tariffs and other related actions impact our business, financial condition and results of operations will depend on future developments, which are uncertain. Changes to global trade policies may negatively impact demand, pricing and cost for our products and technologies, and contribute to the inherent uncertainties in estimating future customer demand, which may result in increased excess or obsolete inventory or reserve charges, negatively impacting our results of operations and cash flows. See “Risk Factors” in this Quarterly Report, including the Risk Factor titled *“We operate in the highly cyclical semiconductor industry, which is subject to significant downturns. We are also susceptible to declines in global, regional and local economic conditions generally. Our stock price and financial results are subject to substantial quarterly and annual fluctuations due to these dynamics, among others.”*
- We expect transitions to new generations of leading process technology nodes to continue to drive product cost increases from certain of our key semiconductor wafer suppliers.
- We expect continued intense competition, including from vertical integration by certain of our customers. In particular, Apple began utilizing its own modem (rather than our products) in its recently released smartphone and we expect that Apple will increasingly use its own modem products, rather than our products, in its future devices, which will have a significant negative impact on our QCT revenues, results of operations and cash flows.
- Current U.S./China trade relations and/or national security protection policies may negatively impact our business, growth prospects and results of operations. See “Risk Factors” in this Quarterly Report, including the Risk Factor titled *“A significant portion of our business is concentrated in China, and the risks of such concentration are exacerbated by U.S./China trade and national security tensions.”*

We are also involved in certain legal proceedings, including those described in this Quarterly Report in “Notes to Condensed Consolidated Financial Statements, Note 5. Commitments and Contingencies.” Litigation is inherently uncertain, and, while we intend to continue to vigorously defend ourselves in such matters, the unfavorable resolution of one or more of these matters could have a material adverse effect on our business, results of operations, financial condition or cash flows.

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

Further discussion of risks related to our business is provided in the section titled “Risk Factors” included in this Quarterly Report.

Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash, cash equivalents and marketable securities (including restricted cash), cash generated from operations and cash provided by our debt programs. The following tables present selected financial information related to our liquidity at June 29, 2025 and September 29, 2024 and for the first nine months of fiscal 2025 and 2024 (in millions):

	June 29, 2025	September 29, 2024	Change
Cash, cash equivalents and marketable securities (including restricted cash)			
Cash and cash equivalents	\$ 5,448	\$ 7,849	\$ (2,401)
Restricted cash (1)	2,323	—	2,323
Marketable securities	4,563	5,451	(888)
	<hr/> <u>\$ 12,334</u>	<hr/> <u>\$ 13,300</u>	<hr/> <u>\$ (966)</u>
Debt (2)	<hr/> <u>\$ 14,788</u>	<hr/> <u>\$ 14,634</u>	<hr/> <u>\$ 154</u>

- (1) In connection with the pending acquisition of Alphawave, we agreed to restrict the use of approximately \$2.3 billion of cash to be held for purposes of satisfying payment of the consideration to effect the acquisition. Additional information regarding our pending acquisition of Alphawave is provided in this Quarterly Report in "Notes to Condensed Consolidated Financial Statements, Note 8. Acquisitions."
- (2) Includes our issued debt reported as long-term and short-term debt. As of June 29, 2025 and September 29, 2024, our credit facility was undrawn, and we had no commercial paper outstanding.

	Nine Months Ended		
	June 29, 2025	June 23, 2024	Change
Net cash provided by operating activities	\$ 10,016	\$ 9,555	\$ 461
Net cash used by investing activities	(329)	(3,238)	2,909
Net cash used by financing activities	(9,760)	(7,070)	(2,690)

Cash, cash equivalents and marketable securities (including restricted cash). The net decrease in cash, cash equivalents and marketable securities (including restricted cash) for the first nine months of fiscal 2025 was primarily due to \$6.3 billion in payments to repurchase 41 million shares of our common stock, \$2.8 billion in cash dividends paid, \$1.4 billion repayment of unsecured fixed-rate notes that matured in May 2025, \$878 million in payments of tax withholdings related to the vesting of share-based awards, \$785 million in capital expenditures and \$711 million in cash paid for acquisitions and other investments, partially offset by net cash provided by operating activities and the issuance of \$1.5 billion of unsecured fixed-rate notes.

During the first nine months of fiscal 2025, income taxes paid were in excess of our provision, negatively impacting net cash provided by operating activities. This was driven primarily by our installment payment for a one-time U.S. repatriation tax accrued in fiscal 2018 of \$530 million and the adverse impact of the requirement to capitalize and amortize research and development expenditures for federal income tax purposes. The OBBB includes significant corporate tax reforms, including the permanent reinstatement of deducting domestic research and development expenditures as incurred beginning in fiscal 2026 (under prior law such expenditures were capitalized and amortized over five years). We expect this change will have a favorable effect on our cash flows from operations due to significantly lower cash tax payments beginning in fiscal 2026.

Net changes in our operating assets and liabilities for the first nine months of fiscal 2025 negatively impacted our operating cash flows primarily from a decrease in payroll, benefit and other liabilities, partially offset by a decrease in accounts receivable and other assets. The decrease in payroll, benefits and other liabilities and accounts receivable was primarily due to an increase in the portion of customer incentive amounts recorded as a reduction to accounts receivable. The decrease in other assets was primarily driven by utilization of prior advanced supply agreement payments.

Debt. During the third quarter of fiscal 2025, we repaid \$1.4 billion of unsecured fixed-rate notes that matured in May 2025. In May 2025, we also issued \$1.5 billion of unsecured fixed-rate notes, consisting of \$500 million of 4.50% notes, \$400 million of 4.75% notes and \$600 million of 5.00% notes (collectively, May 2025 Notes) that mature on May 20, 2030, May 20, 2032 and May 20, 2035, respectively. The net proceeds from the May 2025 Notes will be used for general corporate purposes. We also entered into interest rate swaps which are designated as fair value hedges and allow us to effectively convert all of our fixed-rate payments due under the May 2025 Notes into floating-rate payments. Additional information regarding our debt is provided in this Quarterly Report in "Notes to Condensed Consolidated Financial Statements, Note 2. Composition of Certain Financial Statement Items."

Capital Return Program. Our stock repurchase program is subject to periodic evaluations to determine when and if repurchases are in the best interests of our stockholders, and we may accelerate, suspend, delay or discontinue repurchases at any time. Our stock repurchases in the first nine months of fiscal 2025 have increased compared to the prior year, and we expect our stock repurchases to remain at an increased level compared to the prior year through the remainder of fiscal 2025. We currently intend to continue to use cash dividends as a means of returning capital to stockholders, subject to capital availability and our view that cash dividends are in the best interests of our stockholders, among other factors. Additional information regarding our capital returns is provided in this Quarterly Report in “Notes to Condensed Consolidated Financial Statements, Note 4. Capital Stock.”

Additional Capital Requirements. Expected working and other capital requirements are described in our 2024 Annual Report on Form 10-K in “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.” At June 29, 2025, other than for the changes disclosed in the “Notes to Condensed Consolidated Financial Statements”, “Looking Forward” and “Liquidity and Capital Resources” in this Quarterly Report, there have been no other material changes to our expected working and other capital requirements described in our 2024 Annual Report on Form 10-K.

Further, regulatory authorities in certain jurisdictions have investigated our business practices and instituted proceedings against us and they or other regulatory authorities may do so in the future. Additionally, certain of our direct and indirect customers and licensees have pursued, and they or others may in the future pursue, litigation, arbitration or other strategies against us related to our business. Unfavorable resolutions of one or more of these matters have had and could in the future have a material adverse effect on our business, revenues, results of operations, financial condition and cash flows. See “Risk Factors” in this Quarterly Report.

We believe, based on our current business plan and the facts and factors known by us, our cash, cash equivalents and marketable securities, our expected cash flow generated from operations and our expected financing activities will satisfy our working and other capital requirements for at least the next 12 months and thereafter for the foreseeable future. See “Risk Factors” in this Quarterly Report.

Recent Accounting Guidance

Information regarding recent accounting guidance and the impact of such guidance on our condensed consolidated financial statements is provided in this Quarterly Report in the “Notes to Condensed Consolidated Financial Statements, Note 1. Basis of Presentation and Significant Accounting Policies Update.”

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial market risks related to interest rates, foreign currency exchange rates and equity prices are described in our 2024 Annual Report on Form 10-K, along with certain updates described below. At June 29, 2025, there have been no material changes to the financial market risks described at September 29, 2024. While we are seeing and continue to monitor increased volatility in capital markets and economic uncertainty resulting from recent changes in global trade policy, including tariffs and related trade actions announced by the U.S., China and other countries, such developments to date have not had a significant impact to our financial market risks.

Interest Rate Risk. During the third quarter of fiscal 2025, in connection with the issuance of the May 2025 Notes, we entered into interest rate swaps with an aggregate notional amount of \$1.5 billion, which are designated as fair value hedges and allow us to effectively convert all of our fixed-rate payments due under the May 2025 Notes into floating-rate payments. We entered into these agreements, in part, to manage interest rate risk associated with our cash equivalents and marketable securities, in addition to changes in the fair value of our outstanding debt. At June 29, 2025, a hypothetical increase in interest rates of 100 basis points would not cause a loss, as an increase in interest expense related to our interest rate swaps agreements would be offset by an increase in interest income from our cash equivalents and marketable securities portfolio.

ITEM 4. CONTROLS AND PROCEDURES

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

Changes in Internal Control over Financial Reporting. There were no changes in our internal control over financial reporting, as defined under Rule 13a-15(f) promulgated under the Exchange Act, in the third quarter of fiscal 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information regarding certain legal proceedings is provided in this Quarterly Report in “Notes to Condensed Consolidated Financial Statements, Note 5. Commitments and Contingencies.”

ITEM 1A. RISK FACTORS

You should consider each of the following factors in evaluating our business and our prospects, any of which could negatively impact our business, results of operations, cash flows and financial condition, and require significant management time and attention. Further, the risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also negatively impact our business, results of operations, cash flows and financial condition, and require significant management time and attention. In such cases, the trading price of our common stock could decline. You should also consider the other information set forth in this Quarterly Report in evaluating our business and our prospects, including but not limited to our financial statements and the related notes, and “Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.” References to “and,” “or” and “and/or” should be read to include the others, as appropriate.

Risk Factors Summary:

RISKS RELATED TO OUR OPERATING BUSINESSES

- *We derive a significant portion of our revenues from a small number of customers and licensees, and particularly from their sale of premium-tier handset devices. If revenues derived from these customers or licensees decrease or the timing of such revenues fluctuates, our business and results of operations could be negatively affected.*
- *Our business, particularly our semiconductor business, may suffer as a result of our customers vertically integrating (i.e., developing their own integrated circuit products).*
- *A significant portion of our business is concentrated in China, and the risks of such concentration are exacerbated by U.S./China trade and national security tensions.*

RISKS RELATED TO NEW INITIATIVES

- *Our growth depends in part on our ability to extend our technologies and products into new and expanded product areas, and industries and applications beyond mobile handsets. Our research, development and other investments in these new and expanded product areas, industries and applications, and related technologies and products, as well as in our existing technologies and products, and new technologies, may not generate operating income or contribute to future results of operations that meet our expectations.*
- *We may engage in acquisitions and other strategic transactions or make investments, or be unable to consummate planned strategic acquisitions, which could adversely affect our results of operations or fail to enhance stockholder value.*

RISKS RELATED TO SUPPLY AND MANUFACTURING

- *We depend on a limited number of third-party suppliers for the procurement, manufacture, assembly and testing of our products manufactured in a fabless production model. If we fail to execute supply strategies that provide supply assurance, technology leadership and reasonable margins, our business and results of operations may be harmed. We are also subject to order and shipment uncertainties that could negatively impact our results of operations.*
- *There are numerous risks associated with the operation and control of our manufacturing facilities, including a higher portion of fixed costs relative to a fabless model; environmental compliance and liability; impacts related to climate change; exposure to natural disasters, health crises, geopolitical conflicts and cyber-attacks; timely supply of equipment and materials; and various manufacturing issues.*

RISKS RELATED TO CYBERSECURITY OR MISAPPROPRIATION OF OUR CRITICAL INFORMATION

- *Our business and operations could suffer in the event of security breaches of our IT systems, or other misappropriation of our technology, intellectual property or other proprietary or confidential information.*

RISKS RELATED TO HUMAN CAPITAL MANAGEMENT

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

RISKS SPECIFIC TO OUR LICENSING BUSINESS

- *The continued and future success of our licensing programs requires us to continue to evolve our patent portfolio and to renew or renegotiate license agreements that are expiring.*
- *Efforts by some OEMs to avoid paying fair and reasonable royalties for the use of our intellectual property may require the investment of substantial management time and financial resources and may result in legal decisions or actions by governments, courts, regulators or agencies, Standards Development Organizations (SDOs) or other industry organizations that harm our business.*
- *Changes in our patent licensing practices, whether due to governmental investigations, legal challenges or otherwise, could adversely impact our business and results of operations.*

RISKS RELATED TO REGULATORY AND LEGAL CHALLENGES

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

RISKS RELATED TO INDUSTRY DYNAMICS AND COMPETITION

- *Our revenues depend on our customers' and licensees' sales of products and services based on CDMA, OFDMA and other communications technologies, including 5G, and customer demand for our products based on these technologies.*
- *Our industry is subject to intense competition in an environment of rapid technological change. Our success depends in part on our ability to adapt to such change and compete effectively; and such change and competition could result in decreased demand for our products and technologies or declining average selling prices for our products or those of our customers or licensees.*

RISKS RELATED TO PRODUCT DEFECTS OR SECURITY VULNERABILITIES

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

RISKS RELATED TO INTELLECTUAL PROPERTY

- *The enforcement and protection of our intellectual property may be expensive, could fail to prevent misappropriation or unauthorized use of our intellectual property, could result in the loss of our ability to enforce one or more patents, and could be adversely affected by changes in patent laws, by laws in certain foreign jurisdictions that may not effectively protect our intellectual property and by ineffective enforcement of laws in such jurisdictions.*
- *Claims by other companies that we infringe their intellectual property could adversely affect our business.*
- *Our use of open source software may harm our business.*

GENERAL RISK FACTORS

- *We operate in the highly cyclical semiconductor industry, which is subject to significant downturns. We are also susceptible to declines in global, regional and local economic conditions generally. Our stock price and financial results are subject to substantial quarterly and annual fluctuations due to these dynamics, among others.*
- *Geopolitical conflicts, natural disasters, pandemics and other health crises, and other factors outside of our control, could significantly disrupt our business.*
- *Our business may suffer due to the impact of, or our failure to comply with, the various existing, new or amended laws, regulations, policies or standards to which we are subject.*
- *There are risks associated with our debt.*
- *Tax liabilities could adversely affect our results of operations.*

Risk Factors:**RISKS RELATED TO OUR OPERATING BUSINESSES**

We derive a significant portion of our revenues from a small number of customers and licensees, and particularly from their sale of premium-tier handset devices. If revenues derived from these customers or licensees decrease or the timing of such revenues fluctuates, our business and results of operations could be negatively affected.

We derive a significant portion of our revenues from a small number of customers and licensees, and particularly from their sale of premium-tier handset devices, and we expect this trend to continue in the foreseeable future. The mobile industry is experiencing and may continue to experience concentration of device share among a few companies, particularly at the premium tier, contributing to this trend. Certain Chinese original equipment manufacturers (OEMs) have increased and may continue to increase their device share in China and in certain regions outside of China, and we derive a significant portion of our revenues from a small number of these OEMs as well. See also “Notes to Condensed Consolidated Financial Statements, Note 2. Composition of Certain Financial Statement Items - Concentrations.”

In addition, a number of our largest customers have developed, are developing or may develop their own integrated circuit products, or may choose our competitors’ integrated circuit products, which they have in the past utilized, currently utilize and may in the future utilize in some or all of their devices, rather than our products, which could significantly reduce the revenues we derive from these customers. See also the Risk Factor titled “*Our business, particularly our semiconductor business, may suffer as a result of our customers vertically integrating (i.e., developing their own integrated circuit products).*

Further, political actions, including trade and/or national security protection policies (for example, tariffs and other controls on imports or exports), or other actions by governments, particularly the U.S. and Chinese governments, have in the past, currently are and could in the future limit or prevent us from transacting business with certain of our customers, limit, prevent or discourage those customers from transacting business with us, or make it more expensive to do so, any of which could also significantly reduce the revenues we derive from these customers. See also the Risk Factor titled “*A significant portion of our business is concentrated in China, and the risks of such concentration are exacerbated by U.S./China trade and national security tensions.*

In addition, we spend a significant amount of engineering and development time, funds and resources in understanding our key customers’ feedback and/or specifications and attempt to incorporate such input into our product launches and technologies. These efforts may not require or result in purchase commitments from such customers or we may have lower purchases from such customers than expected, and consequently, we may not achieve the anticipated revenues from these efforts, or these efforts may result in non-recoverable costs.

The loss of any one of our significant customers, a reduction in the purchases of our products by any of these customers or the cancellation of significant purchases by any of these customers, whether due to the use of their own integrated circuit products or our competitors’ integrated circuit products, government restrictions, a decline in global, regional or local economic conditions, a decline in consumer demand (or a shift in consumer demand away from new devices in favor of refurbished or secondhand devices), elevated inventory levels at our customers or otherwise, would reduce our revenues and could harm our ability to achieve or sustain expected results of operations. A delay of significant purchases, even if only temporary, would reduce our revenues in the period of the delay. Any such reduction in revenues would also impact our cash resources available for other purposes, such as research and development.

Further, the concentration of device share among a few companies, and the corresponding purchasing power of these companies, may result in lower prices for our products, which could have an adverse effect on our revenues and margins. In addition, the timing and size of purchases by our significant customers may be impacted by the timing of such customers’ new or next generation product introductions, over which we have no control, and the timing and success of such introductions may cause our revenues and results of operations to fluctuate.

Apple purchases our MDM (or thin modem) products, which do not include our integrated application processor technology, and which have lower revenue and margin contributions than our combined modem and application processor products. Consequently, to the extent Apple devices using our MDM products take share from our customers who purchase our integrated modem and application processor products, our revenues and margins may be negatively impacted. Additionally, we expect that Apple will increasingly use its own modem products, rather than our products, in its future devices, which will have a significant negative impact on our QCT revenues, results of operations and cash flows.

The mobile industry has also experienced slowing growth in the premium-tier device segment due to, among other factors, a maturing premium-tier smartphone industry in which demand is increasingly driven by new product launches and innovation cycles. A reduction in sales of premium-tier devices, a reduction in sales of our premium-tier integrated circuit

products (which have a higher revenue and margin contribution than our lower-tier integrated circuit products), a shift in share away from OEMs that utilize our premium-tier products, or a shift in consumer demand in favor of refurbished or secondhand devices, would reduce our revenues and margins and may harm our ability to achieve or sustain expected financial results. Any such reduction in revenues would also impact our cash resources available for other purposes, such as research and development.

Further, while we derive a portion of our revenues from areas outside of mobile handsets, e.g., from industries such as automotive and IoT, certain product categories within those industries may in themselves be subject to high levels of customer concentration.

Although we have more than 300 licensees, we derive a significant portion of our licensing revenues from a limited number of licensees, which includes a number of Chinese OEMs. In the event that one or more of our significant licensees fail to meet their reporting and payment obligations, or we are unable to renew or modify one or more of their license agreements under similar terms as their existing agreements, our revenues, results of operations and cash flows would be adversely impacted. Moreover, the success of our core licensing business depends in part on the ability of our licensees to continue to develop, introduce and deliver high-volume products that achieve and sustain customer acceptance. We do not have control over the product development, sales efforts or pricing of products by our licensees, and our licensees might not be successful in these efforts. Reductions in sales of our licensees' products, or reductions in the average selling prices of such products without a sufficient increase in the volumes sold, would generally have an adverse effect on our licensing revenues.

Our business, particularly our semiconductor business, may suffer as a result of our customers vertically integrating (i.e., developing their own integrated circuit products).

Certain of our largest customers (for example, Samsung) develop their own integrated circuit products, which they have in the past utilized, and currently utilize, in certain of their devices and we expect will in the future utilize in some or all of their devices, rather than our products (and they have and may continue to sell their integrated circuit products to third parties, discretely or together with certain of their other products, in competition with us).

Apple has in the past utilized modem products of one of our competitors, rather than our products, for certain device launches. Additionally, in December 2019, Apple acquired Intel's modem assets, and in February 2025, Apple launched a device that uses its own internally developed modem products, rather than our products. We expect that Apple will increasingly use its own modem products, rather than our products, in its future devices, which will have a significant negative impact on our QCT revenues, results of operations and cash flows.

Similarly, we derive a significant portion of our revenues from Chinese OEMs. Certain of our customers in China have developed, and others may in the future develop, their own integrated circuit products and use such integrated circuit products in their devices rather than our integrated circuit products, including due to pressure from or policies of the Chinese government (whose *Made in China 2025* campaign, announced in 2015, targeted 70% semiconductor self-sufficiency by 2025), concerns over losing access to our integrated circuit products as a result of actual, threatened or potential U.S. or Chinese government actions or policies, including trade protection or national security policies, or other reasons. See also the Risk Factor titled "*A significant portion of our business is concentrated in China, and the risks of such concentration are exacerbated by U.S./China trade and national security tensions.*"

In addition, periodic supply/capacity constraints within the semiconductor industry may further incentivize our customers to vertically integrate in an effort to secure additional control over their supply chains.

If our customers begin using their own integrated circuit products rather than our products in some or all of their devices, or increase their use of their own integrated circuit products from current levels, our business, revenues, results of operations, cash flows and financial position could be materially adversely impacted. See also the Risk Factor titled "*We derive a significant portion of our revenues from a small number of customers and licensees, and particularly from their sale of premium-tier handset devices. If revenues derived from these customers or licensees decrease or the timing of such revenues fluctuates, our business and results of operations could be negatively affected.*"

A significant portion of our business is concentrated in China, and the risks of such concentration are exacerbated by U.S./China trade and national security tensions.

We derive a significant portion of our revenues from Chinese OEMs, and from non-Chinese OEMs that utilize our integrated circuit products in devices they sell into China, which has the largest number of smartphone users in the world. We also source certain critical integrated circuit products from suppliers in China.

Due to various factors, including pressure, encouragement or incentives from, or policies of, the Chinese government (such as its *Made in China 2025* campaign), concerns over losing access to our integrated circuit products as a result of actual, threatened or potential U.S. or Chinese government actions or policies, including trade protection or national security policies, or other reasons, some of our customers in China have developed, and others may in the future develop, their own integrated circuit products and use such integrated circuit products in their devices, or use our competitors' integrated circuit products in their devices, rather than our products, which could materially harm our business, revenues, results of operations, cash flows and financial position. See also the Risk Factor titled "*Our business, particularly our semiconductor business, may suffer as a result of our customers vertically integrating (i.e., developing their own integrated circuit products).*"

Political actions, including trade protection and national security policies of the U.S. and Chinese governments, such as tariffs, bans or placing companies on restricted entity lists, have in the past, currently are and could in the future limit or prevent us from transacting business with certain of our Chinese customers or suppliers, limit, prevent or discourage certain of our Chinese customers or suppliers from transacting business with us, or make it more expensive to do so. Given our revenue concentration in China, if, due to actual, threatened or potential U.S. or Chinese government actions or policies: we were further limited in, or prohibited from, selling our integrated circuit products to Chinese customers; our non-Chinese OEM customers were limited in, or prohibited from, selling devices that incorporate our integrated circuit products into China; Chinese OEMs develop and use their own integrated circuit products or use our competitors' integrated circuit products in some or all of their devices rather than our integrated circuit products; Chinese tariffs on our integrated circuit products or on devices which incorporate our integrated circuit products made purchasing such products or devices more expensive to our Chinese customers or Chinese consumers; or our Chinese licensees delay or cease making payments of license fees they owe us, our business, revenues, results of operations, cash flows and financial position could be materially harmed. Similarly, if, due to U.S. or Chinese government actions or policies, we were limited in or prohibited from obtaining critical integrated circuit products from our suppliers in China, or we or our customers were limited in or prohibited from selling in the United States products containing technologies with Chinese-origin content, our business, revenues, results of operations, cash flows and financial position could be materially harmed. See also the Risk Factors titled "*We derive a significant portion of our revenues from a small number of customers and licensees, and particularly from their sale of premium-tier handset devices. If revenues derived from these customers or licensees decrease or the timing of such revenues fluctuates, our business and results of operations could be negatively affected*" and "*Our business, particularly our semiconductor business, may suffer as a result of our customers vertically integrating (i.e., developing their own integrated circuit products).*"

For example, we previously sold 4G and other integrated circuit products, including Wi-Fi products, but excluding 5G products, to Huawei under export licenses from the U.S. Department of Commerce. On May 7, 2024, the U.S. Department of Commerce informed us that it was revoking our license to export 4G and certain other integrated circuit products to Huawei, effective immediately, and we implemented procedures to immediately comply. Accordingly, we do not expect to receive any further product revenues from Huawei. Additionally, to the extent that Huawei's devices take share from Chinese OEMs that utilize our products or from non-Chinese OEMs that utilize our products in devices they sell into China, our revenues, results of operations and cash flows could be further impacted.

Finally, government policies in China that regulate the amount and timing of funds that may flow out of the country have impacted and may continue to impact the timing of our receipt of, and/or ability to receive, payments from our customers and licensees in China, which may negatively impact our cash flows.

RISKS RELATED TO NEW INITIATIVES

Our growth depends in part on our ability to extend our technologies and products into new and expanded product areas, and industries and applications beyond mobile handsets. Our research, development and other investments in these new and expanded product areas, industries and applications, and related technologies and products, as well as in our existing technologies and products, and new technologies, may not generate operating income or contribute to future results of operations that meet our expectations.

While we continue to invest significant resources toward advancements of foundational technologies, including wireless connectivity, high-performance and low-power computing and on-device artificial intelligence (AI), we also invest in new and expanded product areas, and industries and applications beyond mobile handsets, by utilizing our existing technical and business expertise and through acquisitions or other strategic transactions.

In particular, our future growth depends in part on new and expanded product areas, and industries and applications beyond mobile handsets, such as automotive and IoT; our ability to develop leading and cost-effective technologies and products for these new and expanded product areas, industries and applications; and third parties incorporating our technologies and products into devices used in these product areas, industries and applications. Accordingly, we intend to

continue to make substantial investments in these new and expanded product areas, industries and applications, and in developing related products and technologies. Our growth also depends significantly on our ability to develop and patent 5G and next-generation wireless technologies, and to develop and commercialize products using these technologies.

However, our research, development and other investments in these new and expanded product areas, industries and applications, and corresponding technologies and products, as well as in our existing technologies and products and new technologies in mobile handsets, may not succeed because, among other reasons: we may not be issued patents on the technologies we develop; the technologies we develop may not be incorporated into relevant standards; new and expanded product areas, industries and applications beyond mobile handsets, and consumer demand therein, may not develop or grow as anticipated; we may be unable to attract or retain employees with the necessary skills in such new and expanded product areas, industries and applications; our strategies or the strategies of our customers, licensees or partners may not be successful; alternate technologies or products may be better or may reduce the advantages we anticipate from our investments; competitors' technologies or products may be more cost effective, have more capabilities or fewer limitations or be brought to market faster than our new technologies or products; we may not be able to develop, or our competitors may have more established and/or stronger, customer, vendor, distributor or other channel relationships; and competitors may have longer operating histories in industries and applications that are new to us. We may also underestimate the costs of, or overestimate the future revenues or margins that could result from, these investments, and these investments may not, or may take many years to, generate material returns.

For example, the automotive industry is subject to long design-in time frames, long product life cycles and a high degree of regulatory and safety requirements, necessitating suppliers to the industry to comply with stringent qualification processes, very low defect rates and high reliability standards, all of which results in significant barriers to entry and increased costs. Additionally, certain customers have adopted, and other customers may adopt, policies that require us to achieve certain sustainability, climate or other environmental, social and governance (ESG)-related targets, such as our 2040 net-zero global GHG emissions commitment and our interim GHG emissions reduction goals. If we fail to achieve ESG-related targets that meet our customers' requirements or expectations, these customers may not purchase products or services from us.

If our products fail to perform to specifications, compete with the product quality of our competitors or meet quality or regulatory standards (including product safety and information security standards, which may differ by region, geography and industry, and which are particularly stringent in the automotive industry) or other standards (including sustainability or other ESG-related standards) of a particular industry or application, we may be unable to successfully expand our business in that industry or application, and our growth could be limited.

In addition, in order to successfully extend our technologies and products into new and expanded product areas, and industries and applications beyond mobile handsets, we may need to transition to new business models or transform aspects of our organization, and we may not be successful in doing so.

If we are not successful in extending our technologies and products into new and expanded product areas, and industries and applications beyond mobile handsets, if our new technologies and products are not successful, or if we are not successful in the time frames we anticipate, we may incur significant costs and asset impairments, our business and revenues may not grow or grow as anticipated, our revenues and margins may be negatively impacted, our stock price may decline and our reputation may be harmed.

We may engage in acquisitions and other strategic transactions or make investments, or be unable to consummate planned strategic acquisitions, which could adversely affect our results of operations or fail to enhance stockholder value.

We engage in acquisitions and other strategic transactions, including joint ventures, and make investments, which we believe are important to the future of our business. We routinely acquire businesses and other assets, including patents, technology and other intangible assets, enter into joint ventures or other strategic transactions, and purchase minority equity interests in or make loans to companies, including those that may be private and early-stage. Our strategic activities are generally focused on opening or expanding opportunities for our products and technologies, supporting the design and introduction of new products (or enhancing existing products) for mobile handsets, and furthering our growth and diversification strategy in industries and applications beyond mobile handsets. Many of our strategic activities entail a high degree of risk and require the use of significant amounts of capital, and investments may not become liquid for several years after the date of the investment, if at all. Our strategic activities may not be successful, generate financial returns or result in increased adoption or continued use of our technologies or products. We may underestimate the costs or overestimate the benefits, including product, revenue, cost and other synergies and growth opportunities that we expect to realize, and we may not achieve those benefits. In some cases, we may be required to consolidate or record our share of the earnings or losses of companies in which we have acquired ownership or variable interests. In addition, we have in the past recorded, and may in the future record, impairment or other charges related to our strategic activities. Any losses or impairment charges that we

incur related to strategic activities will have a negative impact on our results of operations and financial condition, and we may continue to incur new or additional losses related to strategic assets or investments that we have not fully impaired or exited.

Achieving the anticipated benefits of business acquisitions depends in part upon our ability to integrate the businesses in an efficient and effective manner and achieve anticipated synergies, and we may not be successful in these efforts. Such integration is complex and time consuming and involves significant challenges, including, among others: retaining key employees; successfully integrating new employees, facilities, technology, products, processes, operations (including supply and manufacturing operations), sales and distribution channels, business models and business systems; retaining customers and suppliers of the businesses; consolidating research and development operations; minimizing the diversion of management's attention from ongoing business matters; consolidating corporate and administrative infrastructures; and managing the increased scale, complexity and globalization of our business, operations and employee base. We may not derive any commercial value from acquired technologies or products or from future technologies or products based on these technologies, and we may become subject to liabilities, including liabilities arising as a result of litigation, that are not covered by any indemnification protection that we may obtain. Additionally, we may not be successful in entering or expanding into new sales or distribution channels, business or operational models, geographic regions, industries and applications served by or adjacent to the associated businesses or in addressing potential new opportunities that may arise out of our strategic acquisitions.

Many of our acquisitions and other strategic investments require approval by the United States and/or foreign government agencies. Certain agencies in the past have, and may in the future, deny the transaction or fail to approve in a timely manner, resulting in us not realizing the anticipated benefits of the proposed transaction. Future acquisitions or other strategic investments may be more difficult, complex or expensive to the extent that our reputation for our ability to consummate acquisitions has been or is in the future harmed. Further, if U.S./China relations remain strained, our ability to consummate any transaction that would require approval from the relevant regulatory agency(ies) in China may be severely impacted. In addition, acquisitions that we have completed could subsequently be reviewed and/or challenged by government agencies, which could result in fines, penalties or other liability, or requirements to divest all or a portion of an acquired business.

If we do not achieve the anticipated benefits of business acquisitions or other strategic activities, or if we are unable to consummate acquisitions or strategic investments that we consider important to the future of our business, our business and results of operations may be adversely affected, our growth and diversification strategy may not be successful, our stock price may decline and our reputation may be harmed.

RISKS RELATED TO SUPPLY AND MANUFACTURING

We depend on a limited number of third-party suppliers for the procurement, manufacture, assembly and testing of our products manufactured in a fabless production model. If we fail to execute supply strategies that provide supply assurance, technology leadership and reasonable margins, our business and results of operations may be harmed. We are also subject to order and shipment uncertainties that could negatively impact our results of operations.

We primarily utilize a fabless production model, which means that we do not own or operate foundries for the production of silicon wafers from which our integrated circuits are made. Other than the facilities we own that manufacture certain of our RFFE modules and RF (radio frequency) filter products, we rely on third-party suppliers to perform the manufacturing and assembly, and most of the testing, of our integrated circuits. Our suppliers are also responsible for the procurement of most of the raw materials used in the production of our integrated circuits. There are a limited number of such third-party suppliers, and even fewer who are capable of manufacturing at the leading process technology nodes, or who are willing to operate at older process technology nodes necessary for certain of our integrated circuit products. The semiconductor manufacturing foundries that supply our products are primarily located in Asia, as are the primary warehouses where we store finished goods for fulfillment of customer orders.

The following issues related to our third-party suppliers could have an adverse effect on our ability to meet customer demand and negatively impact our revenues, business operations, profitability and cash flows:

- our suppliers' failure or inability to react to shifts in product demand, including situations where demand for integrated circuits exceeds suppliers' capacity to meet that demand;
- a failure or inability by our suppliers to procure raw materials or allocate adequate raw materials for our products, or an increase in prices for raw materials or components;

- an inability to procure or utilize raw materials, components or products from our suppliers due to government prohibitions or restrictions on transactions with certain countries and/or companies, and alternative suppliers, raw material sources or raw materials are not available or not available in acceptable time frames or upon acceptable terms;
- a failure by our suppliers to allocate adequate manufacturing, assembly or test capacity for our products;
- our suppliers' failure or inability to develop or maintain, or a delay in developing or building out, manufacturing capacity for leading process technologies, including transitions to smaller geometry process technologies;
- the loss of a supplier or the failure or inability of a supplier to meet performance, quality or yield specifications or delivery schedules;
- additional expense or production delays as a result of qualifying a new supplier and commencing volume production or testing in the event of a loss of, or a decision to add or change, a supplier;
- natural disasters, the effects of climate change, acts of war or other geopolitical conflicts impacting the regions in which our suppliers and their manufacturing foundries or assembly, test or other facilities are located;
- health crises, including epidemics or pandemics, and government and business responses thereto, which impact our suppliers, including as a result of quarantines or closures;
- cyber-attacks on our suppliers' information technology (IT) systems, including those related to their manufacturing foundries or assembly, test or other facilities;
- trade or national security protection policies, particularly U.S. or Chinese government policies, that limit or prevent us from transacting business with suppliers of critical integrated circuit products, or that limit or prevent such suppliers from transacting business with us or from procuring materials, machinery or technology necessary to manufacture goods for us; and
- any other reduction, interruption, delay or limitation in our product supply sources.

We rely on sole- or limited-source suppliers for certain products, which may exacerbate the risks identified above, and subject us to other significant risks, including poor product performance and reduced control over delivery schedules, manufacturing capability and yields, quality assurance, quantity and costs. While we have established and may in the future establish alternate suppliers for certain products, these suppliers may require significant amounts of time and levels of support to bring such products to production, both of which may increase for complex or leading process technologies. As a result, we may invest a significant amount of effort and resources and incur higher costs to support and maintain such alternate suppliers. Further, the elimination or limitation of a foundry supplier's ability to manufacture components or products for us due to trade or national security protection policies could increase our vulnerability to sole- or limited-source arrangements and limit or prevent us from procuring critical components or products from those suppliers. Future consolidation of foundry suppliers could also increase our vulnerability to sole- or limited-source arrangements and reduce our suppliers' willingness to negotiate pricing, which could negatively impact our ability to achieve cost reductions, increase our manufacturing costs and limit the amount of capacity available to us. Our arrangements with our suppliers may obligate us to incur costs to manufacture, assemble and test our products that do not decrease at the same rate as decreases in pricing to our customers. Our ability, and that of our suppliers, to develop or maintain leading process technologies, including transitions to smaller geometry process technologies (which adds risk to manufacturing yields and reliability), and to effectively compete with the manufacturing processes and performance of our competitors, could impact our ability to introduce new products and meet customer demand, could increase our costs (possibly decreasing our margins) and could subject us to the risk of excess inventories. Any of the above could negatively impact our business, results of operations and cash flows.

Although we have long-term contracts with our suppliers, some of these contracts do not provide for long-term capacity commitments. To the extent we do not have firm commitments from our suppliers over a specific time period or for any specific quantity, our suppliers may allocate, and in the past have allocated, capacity to the manufacture, assembly and testing of products for their other customers (including our competitors) while reducing or limiting capacity to manufacture, assemble or test our products, and such capacity may be limited based on our suppliers' ability and willingness to invest in the capital required to manufacture in the leading process technologies. Our suppliers or potential alternate suppliers may also manufacture their own integrated circuits that compete with our products. Such suppliers have in the past allocated and may again allocate raw materials and manufacturing capacity to their own products and reduce or limit the production of our products. To the extent we do obtain long-term capacity commitments, we may incur additional costs related to those commitments or make non-refundable payments for capacity commitments that are not used. Further, certain of our suppliers have in the past attempted, and may in the future attempt, to unilaterally reduce their capacity commitments to us.

Accordingly, capacity for our products may not be available when we need it. Finally, we may not receive reasonable pricing, manufacturing or delivery terms from our suppliers, and our ability to obtain favorable terms may be diminished during times of high demand and/or limited manufacturing capacity for integrated circuit products.

We cannot guarantee that the actions of our suppliers will not cause disruptions in our operations that could harm our ability to meet our delivery obligations to our customers or increase our cost of sales. To the extent we are unable to obtain adequate supply to meet our delivery obligations, we may be obligated to make payments to our customers for such shortfalls. From time to time, the global semiconductor industry experiences demand for integrated circuits that exceeds the industry's capacity to meet that demand. Our ability to meet increased demand for our products has been in the past and may in the future be limited due to the inability to obtain the additional manufacturing, assembly and test capacity necessary to fully meet such demand. If we are unable to fully meet customer demand, this could result in lost sales opportunities, reduced revenue growth and harm to our customer relationships. These issues may be exacerbated if customers overstate their expected demand requirements in order to procure additional supply, which could negatively impact our ability to forecast and to allocate supply appropriately among our customers. The above issues may also be exacerbated with respect to our platform solutions, which already entail a great deal of complexity due to differing lead-times, technologies and suppliers for each integrated circuit product included in such solutions. Additionally, our suppliers have in the past and may in the future increase their prices during periods of capacity constraints, or for other reasons, thus increasing our costs. We expect transitions to new generations of leading process technology nodes to continue to drive product cost increases from certain of our key semiconductor wafer suppliers, which may negatively impact our margins.

We place orders with our suppliers using our and our customers' forecasts of demand for our products, which are based on a number of assumptions and estimates. As we move to smaller geometry process technologies, the manufacturing lead-time increases. As a result, the orders we place with our suppliers are generally only partially covered by commitments from our customers. If we, or our customers, overestimate demand, or if demand is impacted by factors outside of our or our customers' control, and such demand is not covered by a binding commitment from our customers, we may experience increased excess or obsolete inventory or reserve charges, which would negatively impact our results of operations. Further, to the extent our customers procure supply of our integrated circuit products beyond their current needs (i.e., build up inventory of our integrated circuit products), whether due to concerns over supply, overestimating demand and/or a decline in macroeconomic conditions, or otherwise, they may not purchase expected quantities of our products in subsequent quarters, which may negatively impact our revenues, results of operations and cash flows in such quarters.

See also the Risk Factor below titled "*There are numerous risks associated with the operation and control of our manufacturing facilities, including a higher portion of fixed costs relative to a fabless model; environmental compliance and liability; impacts related to climate change; exposure to natural disasters, health crises, geopolitical conflicts and cyber-attacks; timely supply of equipment and materials; and various manufacturing issues*" as similar risks, may be applicable to our third-party suppliers' manufacturing facilities, which could result in disruptions to our business or additional costs to us, and negatively impact our results of operations.

There are numerous risks associated with the operation and control of our manufacturing facilities, including a higher portion of fixed costs relative to a fabless model; environmental compliance and liability; impacts related to climate change; exposure to natural disasters, health crises, geopolitical conflicts and cyber-attacks; timely supply of equipment and materials; and various manufacturing issues.

We operate various facilities that manufacture certain of our RFFE modules and RF filter products. Our manufacturing facilities are characterized by a higher portion of fixed costs relative to a fabless model. We may be faced with a decline in the utilization rates of our manufacturing facilities due to decreases in demand for our products, including in less favorable industry or macroeconomic environments, or due to our failure to win and/or retain designs with OEMs. As a result, from time to time our manufacturing facilities operate at lower capacity levels, while the fixed costs associated with such facilities continue to be incurred, resulting in lower gross profit.

We are subject to many complex environmental, health and safety laws, regulations and rules in each jurisdiction in which we operate our manufacturing and other facilities. The regulatory landscape in these areas continues to evolve, and we anticipate additional laws, regulations and rules in the future. In particular, new, or changes in, environmental and climate change laws, regulations or rules, including relating to greenhouse gas emissions, could lead to new or additional investments in production processes and could increase environmental compliance expenditures. In addition, certain environmental laws impose strict, and in certain circumstances joint and several, liability on current or previous owners or operators of real property, or parties who arranged for hazardous substances to be sent to disposal or treatment facilities, for the cost of investigation, removal or remediation of hazardous substances. As a result, we may incur clean-up costs in connection with any such removal or remediation efforts, as well as other third-party claims in connection with contaminated sites. In addition, we could be held liable for consequences arising out of human exposure to hazardous substances or other

environmental damage. If we, or companies or facilities we acquire or have acquired, in the past failed or in the future fail to comply with any such laws and regulations, then we could incur regulatory penalties, fines and legal liabilities; suspension of production; significant compliance requirements; alteration of our manufacturing, assembly or test processes; restriction on our ability to modify or expand our facilities; damage to our reputation; and restrictions on our operations or sales. We are also required to obtain and maintain environmental permits from governmental authorities for certain of our operations. We cannot make assurances that we will at all times be in compliance with such laws, regulations, rules and permits. See also the risk factor titled "*Our business may suffer due to the impact of, or our failure to comply with, the various existing, new or amended laws, regulations, policies or standards to which we are subject.*"

Climate change concerns and the potential resulting environmental impact may result in new environmental, health and safety laws and regulations that may affect us, our suppliers and our customers. Such laws or regulations could cause us to incur additional direct costs for compliance, including costs associated with changes to manufacturing processes or the procurement of raw materials used in manufacturing processes, as well as increased indirect costs resulting from our customers, suppliers or both incurring additional compliance costs that are passed on to us. These costs may adversely impact our results of operations and financial condition. In addition, climate change could cause certain natural disasters, such as drought, wildfires, storms, flooding or rising sea levels, to occur more frequently or with greater intensity, which could pose physical risks to our manufacturing facilities or our suppliers' facilities, could disrupt the availability of water necessary for the operation of such facilities, and could increase or decrease temperatures resulting in increased operating costs and/or business disruption.

We have manufacturing facilities in Asia and Europe, and the primary warehouses where we store finished goods are located in Asia. If tsunamis, flooding, earthquakes, volcanic eruptions, drought or other natural disasters, effects of climate change, acts of war or other geopolitical conflicts were to damage, destroy or disrupt any of these facilities, it could disrupt our operations, cease or delay production and shipments of inventory and result in costly repairs, replacements or other costs and lost business. In addition, natural disasters, effects of climate change, acts of war or other geopolitical conflicts may result in disruptions in transportation, distribution channels and supply chains and significant increases in the prices of raw materials. Further, health crises, including epidemics or pandemics, and government and business responses thereto, could affect our manufacturing facilities, including by resulting in quarantines and/or closures, which could result in disruptions to and potential closures of our manufacturing operations. Our manufacturing operations could also be disrupted by cyber-attacks on our IT systems, as described in the Risk Factor below titled "*Our business and operations could suffer in the event of security breaches of our IT systems, or other misappropriation of our technology, intellectual property or other proprietary or confidential information.*"

Our manufacturing operations depend on securing raw materials, equipment and other supplies in adequate quality and quantity in a timely manner from multiple suppliers, and in some cases, we rely on a limited number of suppliers, including in some cases sole suppliers, particularly in Asia. There may be cases where supplies of raw materials, equipment and other products are interrupted or limited by natural disaster, geopolitical conflict, accident or some other event affecting a supplier or source of raw materials; supply is suspended due to quality or other issues; there is a shortage of supply due to a rapid increase in demand; and/or we or our suppliers are prohibited from utilizing certain raw materials, or products or components that incorporate such raw materials, due to government restrictions related to the countries from which such raw materials originate, and acceptable alternative suppliers, raw materials or raw materials sources are not available or not available in acceptable time frames or upon acceptable terms, among others, which could impact production and prevent us from supplying our products to our customers. If the supply-demand balance is disrupted, it may considerably increase costs of manufacturing due to increased prices we pay for raw materials. From time to time, suppliers may extend lead times, limit amounts supplied to us or increase prices due to capacity constraints or other factors. Additionally, supply and costs of raw materials, equipment and other products may be negatively impacted by trade and/or national security protection policies, such as tariffs, or actions by governments that limit or prevent us from transacting business with certain countries or companies or that limit or prevent certain companies from transacting business with us, or trade tensions, particularly with countries in Asia. Further, it may be difficult or impossible to substitute one piece of equipment for another or replace one type of material with another. A failure by our suppliers to deliver our requirements could result in disruptions to our manufacturing operations.

Our manufacturing processes are highly complex, require advanced and costly equipment and must be continuously modified to improve yields and performance. Difficulties in the production process can reduce yields or interrupt production, and as a result, we may not be able to deliver our products or do so in a timely, cost-effective or competitive manner. Further, to remain competitive and meet customer demand, we may be required to improve our facilities and process technologies and carry out extensive research and development, each of which may require investment of significant amounts of capital and may have a material adverse effect on our results of operations, cash flows and financial condition.

From time to time, we purchase equipment to meet expected customer demand in advance of any purchase orders or long-term purchase commitments. Further, we typically begin manufacturing our products using our or our customers' forecasts of demand for our products, which are based on a number of assumptions and estimates and may not be covered by long-term purchase commitments. As a result, we may incur increased inventory and manufacturing costs and/or record impairment charges to the extent anticipated sales ultimately do not materialize or are lower than expected. If we or our customers overestimate demand, or if demand is impacted by factors outside of our or our customers' control, and such demand is not covered by a binding commitment from our customers, we may experience higher inventory carrying and operating costs and/or increased excess or obsolete inventory or reserve charges, which would negatively impact our results of operations.

RISKS RELATED TO CYBERSECURITY OR MISAPPROPRIATION OF OUR CRITICAL INFORMATION

Our business and operations could suffer in the event of security breaches of our IT systems, or other misappropriation of our technology, intellectual property or other proprietary or confidential information.

The successful operation of various functions within our business, as well as the protection of our intellectual property and other proprietary or confidential information, depend in part on the security and functionality of our IT systems. Third parties regularly attempt to gain unauthorized access to our IT systems, and many such attacks are increasingly more sophisticated. These attacks, which might be related to industrial, corporate or other espionage, criminal hackers or state-sponsored intrusions, include trying to covertly introduce malware to our computers and networks, including those in our manufacturing operations, exploiting vulnerabilities in hardware, software or other IT infrastructure and impersonating authorized users, among others. We are also subject to ransom-style cyber-attacks, which could expose our confidential or proprietary information, demand payment of money and/or impact our IT systems and cause widespread disruption to our business, including our manufacturing operations. Third parties that store and/or process our confidential information, or that provide products, software or services used in our IT infrastructure, are subject to similar attacks, which could also result in malware being introduced into our IT infrastructure, e.g., through the third parties' software and/or software updates. Such attacks could result in the misappropriation, theft, misuse, disclosure, loss or destruction of the technology, intellectual property, or the proprietary, confidential or personal information, of us or our employees, customers, licensees, suppliers or other third parties, as well as damage to or disruptions in our IT systems. Any damage to or disruptions in our IT systems as a result of cyber-attacks or for other reasons, such as issues related to third-party software or services used in our IT infrastructure, could significantly disrupt our business operations.

Although we maintain a cybersecurity program to manage cybersecurity risks, as described in the "Cybersecurity" section of our 2024 Annual Report on Form 10-K, we cannot anticipate, detect, repel or implement fully effective preventative measures against all cybersecurity threats, particularly because the techniques used are increasingly sophisticated and constantly evolving. For example, as AI continues to evolve, cyber-attackers could also use AI to develop malicious code and increasingly sophisticated phishing attempts. As part of our cybersecurity program, we seek to identify and remediate vulnerabilities in our IT systems and software (including third party software used in our IT systems) that could be exploited by hackers or other malicious actors. However, we may not be aware of all such vulnerabilities, and we may fail to identify and/or remediate such vulnerabilities before they are exploited. Attempts to gain unauthorized access to our IT systems or other attacks have in the past, in certain instances and to certain degrees, been successful (but have not caused significant harm), and may in the future be successful, and in some cases, we might be unaware of an incident or its magnitude and effects.

In addition, employees and former employees, in particular former employees who become employees of our competitors, customers, licensees or other third parties, including state actors, have in the past and may in the future misappropriate, wrongfully use, publish or provide to our competitors, customers, licensees or other third parties, including state actors, our technology, intellectual property or other proprietary or confidential information. This risk is exacerbated as competitors for talent, particularly engineering talent, increasingly attempt to hire our employees. See also the Risk Factor titled "*We may not be able to attract or retain qualified employees.*" Similarly, we provide access to certain of our technology, intellectual property and other proprietary or confidential information to our direct and indirect customers and licensees and certain of our consultants, who have in the past and may in the future wrongfully use such technology, intellectual property or information, or wrongfully disclose such technology, intellectual property or information to third parties, including our competitors or state actors. We also provide access to certain of our technology, intellectual property and other proprietary or confidential information to certain of our joint venture partners, including those affiliated with state actors and including in foreign jurisdictions where ownership restrictions may require us to take a minority ownership interest in the joint venture. Such joint venture partners may wrongfully use such technology, intellectual property or information, or wrongfully disclose such technology, intellectual property or information to third parties, including our competitors or state actors. Our technology, intellectual property and other proprietary or confidential information that we have provided to

customers, licensees or other business partners could also be wrongfully obtained by third parties through cyber-attacks on such customers', licensees' or other business partners' IT systems.

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

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

RISKS RELATED TO HUMAN CAPITAL MANAGEMENT

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

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

If we are unable to attract or retain qualified employees or fail to maintain employee productivity due to any of the factors described above or for other reasons, our business could be adversely impacted.

RISKS SPECIFIC TO OUR LICENSING BUSINESS

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

We own a very strong portfolio of issued and pending patents related to 3G, 4G, 5G and other technologies. It is critical that we continue to evolve our patent portfolio, particularly in 5G and next-generation technologies. If we do not maintain a strong portfolio that is applicable to current and future standards, products and services, our future licensing revenues could be negatively impacted.

The patent license agreements that generate a significant portion of our licensing revenues are effective for a specified term. To receive royalties after the expiration date of the specified term, we will need to extend or modify such license agreements or enter into new license agreements with the applicable licensees. We might not be able to extend or modify such license agreements, or enter into new license agreements, without negatively affecting the material terms and conditions of our license agreements with such licensees, and such modifications or new agreements may negatively impact our revenues. In some circumstances, we may extend, modify or enter into new license agreements as a result of arbitration or litigation, and terms imposed by arbitrators or courts may be less favorable to us than existing terms, and may impact the financial or other terms of license agreements not subject to the litigation or arbitration. If there is a delay in extending, modifying or entering into a new license agreement with a licensee, there would be a delay in our ability to recognize revenues related to that licensee's product sales. Further, if we are unable to reach agreement on such modifications or new

agreements, it could result in patent infringement and/or other litigation with such licensees. Finally, certain of our license agreements contain binding renewal provisions which provide that if the parties are unable to agree upon the terms and conditions of a new license agreement by a specified date, either party may initiate binding arbitration proceedings to establish such terms and conditions, which would become effective immediately after the expiration of the prior agreement. Nonetheless, in either event, we may not be able to recognize some or any revenues related to that licensee's product sales until such new license agreement is finalized.

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

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

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

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

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

Further, some third parties have proposed significant changes to existing intellectual property policies for implementation by SDOs and other industry organizations with the goal of significantly devaluing standard-essential patents. For example, some have put forth proposals which would require a maximum aggregate intellectual property royalty rate for the use of all standard-essential patents owned by all of the member companies to be applied to the selling price of any product implementing the relevant standard. They have further proposed that such maximum aggregate royalty rate be apportioned to each member company with standard-essential patents based upon the number of standard-essential patents held by such company. Others have proposed that injunctions should not be an available remedy for infringement of

standard-essential patents and have made proposals that could severely limit damage awards and other remedies by courts for patent infringement (e.g., by limiting the base upon which the royalty rate may be applied). A number of these strategies are purportedly based on interpretations of the policies of certain SDOs concerning the licensing of patents that are or may be essential to industry standards and on our (or other companies') alleged failure to abide by these policies.

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

We expect that such proposals, interpretations and strategies will continue in the future, and if successful, our business model would be harmed, either by limiting or eliminating our ability to collect royalties (or by reducing the royalties we can collect) on all or a portion of our standard-essential patent portfolio, limiting our return on investment with respect to new technologies, limiting our ability to seek injunctions against infringers of our standard-essential patents, constraining our ability to make licensing commitments when submitting our technologies for inclusion in future standards (which could make our technologies less likely to be included in such standards) or forcing us to work outside of SDOs or other industry groups to promote our new technologies, and our revenues, results of operations and cash flows could be negatively impacted. In addition, the legal and other costs associated with asserting or defending our positions have been and may in the future be significant. We expect that such challenges, regardless of their merits, will continue into the foreseeable future and will require the investment of substantial management time and financial resources.

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

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

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

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

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

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

To the extent that we were required to implement any of these licensing and/or business practices, including by modifying or renegotiating our existing license agreements or pursuing other commercial arrangements, we would incur

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

RISKS RELATED TO REGULATORY AND LEGAL CHALLENGES

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

We have been in the past and currently are subject to various governmental investigations and/or legal proceedings. Certain of these matters are described in this Quarterly Report in “Notes to Condensed Consolidated Financial Statements, Note 5. Commitments and Contingencies.” Key allegations or findings in such matters include or have in the past included, among others: that we violate FRAND licensing commitments by refusing to grant licenses to chipset manufacturers; that our royalty rates are too high; that the base on which our royalties are calculated should be something less than the wholesale (i.e., licensee’s) selling price of the applicable device (minus certain permitted deductions); that we unlawfully require customers to execute a patent license before we sell them cellular modem chipsets; that we have entered into exclusive agreements with chipset customers that foreclose competition; that we leverage our position in baseband chipsets in the RFFE space; and that we violate antitrust laws and engage in anticompetitive conduct and unfair methods of competition. We may become subject to other litigation or governmental investigations or proceedings in the future.

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

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

RISKS RELATED TO INDUSTRY DYNAMICS AND COMPETITION

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

We develop, patent and commercialize technology and products based on CDMA, OFDMA and other communications technologies, which are primarily wireless. We depend on our customers and licensees to develop devices and services based on these technologies to drive consumer demand for such devices, and to establish the selling prices for such devices (which

impact the amount of royalties we receive for certain devices). Further, the timing of our shipments of our products is dependent on the timing of our customers' and licensees' deployments of new devices and services based on these technologies. Increasingly, we also depend on operators of wireless networks, our customers and licensees and other third parties to incorporate these technologies into new device types and into industries and applications beyond mobile handsets, such as automotive and IoT, among others.

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

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

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

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

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

- differentiate our integrated circuit products with innovative technologies across multiple products and features (e.g., modem, RFFE including millimeter wave (mmWave), graphics and other processors, camera, connectivity and on-device AI) and with smaller geometry process technologies that drive both performance and lower power consumption;
- develop and offer integrated circuit products at competitive cost and price points and to effectively cover all geographic regions and all device tiers;
- continue to be a leader in mobile, and drive the adoption of our technologies and integrated circuit products into the most popular device models and across a broad spectrum of devices in mobile, such as smartphones, tablets, PCs and other mobile computing devices;
- increase or accelerate adoption of our technologies and products in industries and applications outside of mobile handsets, including automotive and IoT;
- maintain or accelerate demand for our integrated circuit products at the premium device tier, while also driving the adoption of our products into high, mid- and low-tier devices across all regions;
- remain a leader in 5G technology development, standardization, intellectual property creation and licensing, and develop, commercialize and remain a leading supplier of 5G integrated circuit products, including RFFE products;

- maintain access to sufficient capacity in the supply chain relative to our competitors to meet customer demand;
- create standalone value and contribute to the success of our existing businesses through acquisitions, joint ventures and other strategic transactions, and by developing customer, licensee, vendor, distributor and other channel relationships in new industries and applications;
- identify potential acquisition targets that will grow or sustain our business or address strategic needs, reach agreement on terms acceptable to us, close the transactions and effectively integrate these new businesses, products, technologies and employees;
- provide leading products and technologies to OEMs, high level operating systems (HLOS) providers, operators, cloud providers and other industry participants as competitors, new industry entrants and other factors continue to affect the industry landscape;
- be a preferred partner and sustain preferred relationships providing integrated circuit products that support multiple operating system and infrastructure platforms to industry participants that effectively commercialize new devices using these platforms; and
- continue to develop brand recognition to effectively compete against better known companies in computing and other consumer driven segments and to deepen our presence in significant emerging regions.

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

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

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

Competition in any or all product areas or device tiers may result in the loss of business or customers, which would negatively impact our business, revenues, results of operations, cash flows and financial condition. Such competition may also reduce average selling prices for our chipset products or the products of our customers and licensees. Certain of these dynamics are particularly pronounced in emerging regions and China where competitors may have lower cost structures or

may have a willingness and ability to accept lower prices or lower margins on their products. Reductions in the average selling prices of our chipset products, without a corresponding increase in volumes, would negatively impact our revenues, and without corresponding decreases in average unit costs, would negatively impact our margins. In addition, reductions in the average selling prices of our licensees' products, unless offset by an increase in volumes, would generally decrease total royalties payable to us, negatively impacting our licensing revenues.

RISKS RELATED TO PRODUCT DEFECTS OR SECURITY VULNERABILITIES

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

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

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

Our products may be responsible for critical functions in our customers' products and networks. Failure of our products to perform to specifications, meet certain regulatory or industry standards (including product safety and information security standards, which may differ by region, geography and industry, and which are particularly stringent in the automotive industry), or other product defects, errors or security vulnerabilities, could lead to substantial damage to the products we sell to our customers, the devices into which our products are integrated and the end users of such devices, and potentially to our customers' IT infrastructure. Such defects, errors or security vulnerabilities could give rise to significant costs, including costs related to developing solutions, recalling products or participating in customer recalls (for example, in the automotive industry), repairing or replacing defective products, writing down defective inventory or indemnification obligations under our agreements, and could result in the loss of sales and divert the attention of our engineering personnel from our product development efforts. In addition, defects, errors or security vulnerabilities in our products could result in failure to achieve market acceptance, a loss of design wins, a shifting of business to our competitors, and litigation or regulatory actions against us, and could harm our reputation, our relationships with customers and partners and our ability to attract new customers, as well as the perceptions of our brand. Other potential adverse impacts of product defects, errors or security vulnerabilities include shipment delays, write-offs of property, plant and equipment and intangible assets, and losses on unfavorable purchase commitments. In addition, defects, errors or security vulnerabilities in the products of our customers or licensees could cause a delay or decrease in demand for the products into which our products are integrated, and thus for our products.

In addition, the occurrence of defects, errors or security vulnerabilities may give rise to product liability or other commercial claims, particularly if such defects, errors or security vulnerabilities in our products or the technology we use, or the products into which they are integrated, result in personal injury or death, or customer field actions (for example, in the automotive industry, where such term means automotive product-related service actions or repairs for defects, whether

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

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

RISKS RELATED TO INTELLECTUAL PROPERTY

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

We rely primarily on patent, copyright, trademark and trade secret laws, as well as nondisclosure and confidentiality agreements, international treaties and other methods, to protect our intellectual property, including our patent portfolio. Policing unauthorized use of our products, technologies and intellectual property is difficult and time consuming. The steps we have taken have not always prevented, and we cannot be certain the steps we take in the future will prevent, the misappropriation or unauthorized use of our products, technologies or intellectual property, particularly in foreign countries where the laws may not protect our rights as fully or as readily as U.S. laws or where the enforcement of such laws may be lacking or ineffective. See also the Risk Factor titled "*Our business and operations could suffer in the event of security breaches of our IT systems, or other misappropriation of our technology, intellectual property or other proprietary or confidential information.*"

Some industry participants who have a vested interest in devaluing patents in general, or standard-essential patents in particular, have mounted attacks on certain patent systems, increasing the likelihood of changes to established patent laws. We cannot predict with certainty the long-term effects of any potential changes. In the United States, Europe (including the United Kingdom), India, China and elsewhere, there is continued discussion regarding potential patent law changes, and there is current and potential future litigation regarding patents, the outcomes of which could be detrimental to our licensing business. Some proposed changes would apply to only standard-essential patents, and such changes may substantially alter the incentives to participate in standardization or develop standards-compliant products. See also the Risk Factor titled "*Efforts by some OEMs to avoid paying fair and reasonable royalties for the use of our intellectual property may require the investment of substantial management time and financial resources and may result in legal decisions or actions by governments, courts, regulators or agencies, Standards Development Organizations (SDOs) or other industry organizations that harm our business.*"

Further, the laws in certain foreign countries in which our patents are or may be licensed, or our products are or may be manufactured or sold, including certain countries in Asia, may not protect our intellectual property rights to the same extent as the laws in the United States. In addition, we cannot be certain that the laws and policies of any country or the practices of any standards bodies, foreign or domestic, with respect to intellectual property enforcement or licensing or the adoption of standards, will not be changed in the future in ways that are detrimental to our licensing programs or to the sale or use of our products or technologies.

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

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

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

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

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

Claims by other companies that we infringe their intellectual property could adversely affect our business.

From time to time, companies have asserted, and may again assert, patent, copyright, trademark or other intellectual property claims against us relating to our technologies or products, including those we have acquired from other companies. These claims have resulted and may again result in our involvement in litigation, and we are currently involved in such litigation, including certain matters described in this Quarterly Report in “Notes to Condensed Consolidated Financial Statements, Note 5. Commitments and Contingencies.” We may not prevail in such litigation given, among other factors, the complex technical issues and inherent uncertainties in intellectual property litigation. If any of our products were found to infringe another company’s intellectual property, we could be subject to an injunction or be required to redesign our products, or to license such intellectual property or pay damages or other compensation to such other company (any of which could be costly). If we are unable to redesign our products, license such intellectual property used in our products or otherwise distribute our products (e.g., through a licensed supplier), we could be prohibited from making and selling our products. Similarly, our suppliers could be found to infringe another company’s intellectual property, and such suppliers could then be enjoined from providing products or services to us.

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

We may continue to be involved in litigation and may have to appear in front of administrative bodies (such as the United States International Trade Commission) to defend against patent assertions against our products by companies, some of whom are attempting to gain competitive advantage or leverage in licensing negotiations. We may not be successful in such proceedings, and if we are not, the range of possible outcomes is very broad and may include, for example, monetary damages or fines or other orders to pay money, royalty payments, injunctions on the sale of certain of our integrated circuit products (or on the sale of our customers' devices using such products) or the issuance of orders to cease certain conduct or modify our business practices. Further, a governmental body in a particular country or region may assert, and may be successful in imposing, remedies with effects that extend beyond the borders of that country or region. In addition, a negative outcome in any such proceeding could severely disrupt the business of our customers and their wireless operator customers, which in turn could harm our relationships with them and could result in a decline in our chipset sales or a reduction in our licensees' sales, causing corresponding declines in our chipset or licensing revenues.

Our use of open source software may harm our business.

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

GENERAL RISK FACTORS

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

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

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

A decline in global, regional or local economic conditions, or a slow-down in economic growth, particularly in geographic regions with high concentrations of wireless voice and data users or high concentrations of our customers or licensees, could also have adverse, wide-ranging effects on our business and financial results, including: a decrease in demand for our products and technologies; a decrease in demand for the products and services of our customers or licensees; the inability of our suppliers to deliver on their supply commitments to us, our inability to supply our products to our customers and/or the inability of our customers or licensees to supply their products to end users; the insolvency of key

suppliers, customers or licensees; delays in reporting or payments from our customers or licensees; failures by counterparties; and/or negative effects on wireless device inventories. In addition, our customers' and licensees' ability to purchase or pay for our products and intellectual property and network operators' ability to upgrade their wireless networks could be adversely affected, potentially leading to a reduction, cancellation or delay of orders for our products. Further, inflationary pressure may increase our costs, including employee compensation costs, reduce demand for our products or those of our customers or licensees due to increased prices of those products, or result in employee attrition to the extent our compensation does not keep up with inflation, particularly if our competitors' compensation does.

Our stock price and financial results have fluctuated in the past and are likely to fluctuate in the future. Factors that may have a significant impact on the market price of our stock and our financial results include those identified above and throughout this Risk Factors section, as well as: volatility of the stock market in general and technology and semiconductor companies in particular; announcements concerning us, our suppliers, our competitors or our customers or licensees, including any announcement concerning the initiation of, or any developments in, any lawsuit or governmental investigation or proceeding against us, or any announcement concerning the implementation of tariffs or other trade restrictions affecting our products or those of our significant customers; and variations between our actual financial results or guidance and expectations of securities analysts or investors, among others. In the past, securities class action litigation has been brought against companies following periods of volatility in the market price of their securities, among other reasons. We have been in the past and may in the future be the target of securities litigation, which could result in substantial uninsured costs and divert management's attention and our resources.

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

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

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

Our business and products, and those of our customers and licensees, are subject to various laws, rules and regulations globally, as well as government policies and the specifications of international, national and regional communications standards bodies (collectively, Regulations). These include, among others, Regulations related to: patent licensing practices;

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

Regulations are complex and changing (which may create uncertainty regarding compliance), are subject to varying interpretations, and their application in practice may evolve over time. In addition, and especially in developing regulatory areas (for example, AI, privacy and data protection, and ESG-related reporting), Regulations may differ by country or by state within the United States, and may be conflicting in certain cases. As a result, our efforts to comply with Regulations may fail, particularly if there is ambiguity as to how they should be applied in practice. Failure to comply with any Regulation may adversely affect our business, results of operations and cash flows. New Regulations, or evolving interpretations thereof, may cause us to incur higher costs as we revise current practices, policies or procedures; may divert management time and attention to compliance activities; and may negatively impact our ability to conduct business in certain jurisdictions.

There are risks associated with our debt.

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

Tax liabilities could adversely affect our results of operations.

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

Tax rules may change in a manner that adversely affects our future reported results of operations or the way we conduct our business. Most of our income is taxable in the United States with a significant portion qualifying for preferential

treatment as foreign-derived deduction eligible income (FDDEI), formerly known as foreign-derived intangible income (FDII). On July 4, 2025, tax reform legislation included in the One Big Beautiful Bill Act (OBBB) was enacted in the United States. The OBBB eliminates the requirement to capitalize domestic research and development expenditures, which we expect will adversely affect our total provision for income taxes and results of operations (although we expect it will have a favorable impact on our cash flows from operations due to lower cash tax payments). Further, as a result of the OBBB, we may be subject to the corporate alternative minimum tax and our ability to realize our existing deferred tax assets may be reduced. If we are not able to fully realize these assets, our provision for income taxes and results of operations would be adversely affected (potentially materially). Further, if U.S. tax rates increase and/or the FDDEI deduction is eliminated or reduced in the future, our provision for income taxes, results of operations and cash flows would be adversely affected (potentially materially). Also, if our customers move manufacturing operations to the United States, our FDDEI deduction may be reduced.

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

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

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

	Total Number of Shares Purchased (In thousands)	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (In thousands)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (2)
March 31, 2025 to April 27, 2025	2,416	\$ 139.27	2,416	\$ 12,196
April 28, 2025 to May 25, 2025	10,802	145.16	10,802	10,628
May 26, 2025 to June 29, 2025	6,248	151.28	6,248	9,683
Total	19,466		19,466	

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

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

On June 9, 2025, Cristiano Amon, our President and Chief Executive Officer, acting as trustee on behalf of his family trust, adopted a Rule 10b5-1 trading arrangement (as defined in Item 408 of Regulation S-K) providing for the sale of up to 150,000 shares of our common stock. The plan is scheduled to terminate on August 31, 2026.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description	Form	Date of First Filing	Exhibit Number	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation.	8-K	3/7/2024	3.1	
3.2	Amended and Restated Bylaws.	8-K	3/7/2024	3.2	
4.1	Indenture, dated May 20, 2015, between the Company and U.S. Bank Trust Company, National Association (as successor in interest to U.S. Bank National Association), as trustee.	8-K	5/21/2015	4.1	
4.25	Officers' Certificate, dated May 21, 2025, for the 4.500% Notes due 2030, the 4.750% Notes due 2032 and the 5.000% Notes due 2035.	8-K	5/22/2025	4.2	
4.26	Form of 4.500% Notes due 2030	8-K	5/22/2025	4.3	
4.27	Form of 4.750% Notes due 2032	8-K	5/22/2025	4.4	
4.28	Form of 5.000% Notes due 2035	8-K	5/22/2025	4.5	
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Cristiano R. Amon.				X
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Akash Palkhiwala.				X
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, for Cristiano R. Amon.				X
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, for Akash Palkhiwala.				X
101.INS	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	XBRL Taxonomy Extension Schema.				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.				X
101.LAB	XBRL Taxonomy Extension Labels Linkbase.				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase.				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				

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.

QUALCOMM Incorporated

Dated: July 30, 2025

/s/ Akash Palkhiwala

Akash Palkhiwala

Chief Financial Officer and Chief Operating Officer

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Cristiano R. Amon, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of QUALCOMM Incorporated;
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.

Dated: July 30, 2025

/s/ Cristiano R. Amon

Cristiano R. Amon

President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Akash Palkhiwala, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of QUALCOMM Incorporated;
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.

Dated: July 30, 2025

/s/ Akash Palkhiwala

Akash Palkhiwala

Chief Financial Officer and Chief Operating Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the accompanying Quarterly Report of QUALCOMM Incorporated (the "Company") on Form 10-Q for the fiscal quarter ended June 29, 2025 (the "Report"), I, Cristiano R. Amon, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) 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.

Dated: July 30, 2025

/s/ Cristiano R. Amon

Cristiano R. Amon

President and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the accompanying Quarterly Report of QUALCOMM Incorporated (the "Company") on Form 10-Q for the fiscal quarter ended June 29, 2025 (the "Report"), I, Akash Palkhiwala, Chief Financial Officer and Chief Operating Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) 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.

Dated: July 30, 2025

/s/ Akash Palkhiwala

Akash Palkhiwala

Chief Financial Officer and Chief Operating Officer