
**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 February 2, 2025

OR

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

For the transition period from _____ to _____

Broadcom Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

001-38449

(Commission File Number)

35-2617337

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

3421 Hillview Ave

Palo Alto, CA 94304

(650) 427-6000

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

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

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

Trading Symbol(s)
AVGO

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

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

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

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

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

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

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

As of February 28, 2025, there were 4,701,948,717 shares of our common stock outstanding.

BROADCOM INC.
Quarterly Report on Form 10-Q
For the Quarterly Period Ended February 2, 2025

TABLE OF CONTENTS

	Page
<u>PART I — FINANCIAL INFORMATION</u>	<u>1</u>
<u>Item 1. Condensed Consolidated Financial Statements — Unaudited</u>	<u>1</u>
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>21</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>28</u>
<u>Item 4. Controls and Procedures</u>	<u>28</u>
<u>PART II — OTHER INFORMATION</u>	<u>28</u>
<u>Item 1. Legal Proceedings</u>	<u>28</u>
<u>Item 1A. Risk Factors</u>	<u>28</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>45</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>45</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>45</u>
<u>Item 5. Other Information</u>	<u>45</u>
<u>Item 6. Exhibits</u>	<u>46</u>
<u>SIGNATURES</u>	<u>47</u>

PART I — FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements — Unaudited

BROADCOM INC.

INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — UNAUDITED

	Page
Condensed Consolidated Balance Sheets — Unaudited	2
Condensed Consolidated Statements of Operations — Unaudited	3
Condensed Consolidated Statements of Comprehensive Income — Unaudited	4
Condensed Consolidated Statements of Cash Flows — Unaudited	5
Condensed Consolidated Statements of Stockholders' Equity — Unaudited	6
Notes to Unaudited Condensed Consolidated Financial Statements	8

BROADCOM INC.
CONDENSED CONSOLIDATED BALANCE SHEETS — UNAUDITED

	February 2, 2025	November 3, 2024
	(In millions, except par value)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,307	\$ 9,348
Trade accounts receivable, net	4,955	4,416
Inventory	1,908	1,760
Other current assets	4,820	4,071
Total current assets	20,990	19,595
Long-term assets:		
Property, plant and equipment, net	2,465	2,521
Goodwill	97,871	97,873
Intangible assets, net	38,583	40,583
Other long-term assets	5,449	5,073
Total assets	<u>\$ 165,358</u>	<u>\$ 165,645</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,905	\$ 1,662
Employee compensation and benefits	922	1,971
Short-term debt	5,653	1,271
Other current liabilities	12,430	11,793
Total current liabilities	20,910	16,697
Long-term liabilities:		
Long-term debt	60,926	66,295
Other long-term liabilities	13,733	14,975
Total liabilities	95,569	97,967
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 100 shares authorized; none issued and outstanding	—	—
Common stock, \$0.001 par value; 29,000 shares authorized; 4,702 and 4,686 shares issued and outstanding as of February 2, 2025 and November 3, 2024, respectively	5	5
Additional paid-in capital	66,848	67,466
Retained earnings	2,729	—
Accumulated other comprehensive income	207	207
Total stockholders' equity	69,789	67,678
Total liabilities and equity	<u>\$ 165,358</u>	<u>\$ 165,645</u>

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

BROADCOM INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS — UNAUDITED

	Fiscal Quarter Ended	
	February 2, 2025	February 4, 2024
	(In millions, except per share data)	
Net revenue:		
Products	\$ 8,171	\$ 7,412
Subscriptions and services	6,745	4,549
Total net revenue	14,916	11,961
Cost of revenue:		
Cost of products sold	2,693	2,160
Cost of subscriptions and services	580	954
Amortization of acquisition-related intangible assets	1,484	1,380
Restructuring charges	14	92
Total cost of revenue	4,771	4,586
Gross margin	10,145	7,375
Research and development	2,253	2,308
Selling, general and administrative	949	1,572
Amortization of acquisition-related intangible assets	511	792
Restructuring and other charges	172	620
Total operating expenses	3,885	5,292
Operating income	6,260	2,083
Interest expense	(873)	(926)
Other income, net	103	185
Income from continuing operations before income taxes	5,490	1,342
Provision for (benefit from) income taxes	(13)	68
Income from continuing operations	5,503	1,274
Income from discontinued operations, net of income taxes	—	51
Net income	\$ 5,503	\$ 1,325
Basic income per share:		
Income per share from continuing operations	\$ 1.17	\$ 0.28
Income per share from discontinued operations	—	0.01
Net income per share	\$ 1.17	\$ 0.29
Diluted income per share:		
Income per share from continuing operations	\$ 1.14	\$ 0.27
Income per share from discontinued operations	—	0.01
Net income per share	\$ 1.14	\$ 0.28
Weighted-average shares used in per share calculations:		
Basic	4,695	4,517
Diluted	4,836	4,666

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

BROADCOM INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME — UNAUDITED

	Fiscal Quarter Ended	
	February 2, 2025	February 4, 2024
	(In millions)	
Net income	\$ 5,503	\$ 1,325
Other comprehensive income, net of tax:		
Change in unrealized gain on derivative instruments	(1)	—
Change in actuarial loss and prior service costs associated with defined benefit plans	1	—
Other comprehensive income, net of tax	—	—
Comprehensive income	<u>\$ 5,503</u>	<u>\$ 1,325</u>

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

BROADCOM INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS — UNAUDITED

	Fiscal Quarter Ended	
	February 2, 2025	February 4, 2024
	(In millions)	
Cash flows from operating activities:		
Net income	\$ 5,503	\$ 1,325
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible and right-of-use assets	2,032	2,206
Depreciation	142	139
Stock-based compensation	1,280	1,582
Deferred taxes and other non-cash taxes	(696)	(294)
Loss on debt extinguishment	65	—
Non-cash interest expense	97	102
Other	41	38
Changes in assets and liabilities, net of acquisitions and disposals:		
Trade accounts receivable, net	(539)	1,756
Inventory	(148)	(14)
Accounts payable	241	(74)
Employee compensation and benefits	(908)	(660)
Other current assets and current liabilities	26	(2,182)
Other long-term assets and long-term liabilities	(1,023)	891
Net cash provided by operating activities	6,113	4,815
Cash flows from investing activities:		
Acquisition of business, net of cash acquired	—	(25,416)
Purchases of property, plant and equipment	(100)	(122)
Purchases of investments	(105)	(13)
Sales of investments	18	89
Other	13	(15)
Net cash used in investing activities	(174)	(25,477)
Cash flows from financing activities:		
Proceeds from long-term borrowings	2,986	30,010
Payments on debt obligations	(8,090)	(934)
Proceeds from commercial paper, net	3,980	—
Payments of dividends	(2,774)	(2,435)
Repurchases of common stock - repurchase program	—	(7,176)
Shares repurchased for tax withholdings on vesting of equity awards	(2,036)	(1,114)
Other	(46)	(14)
Net cash provided by (used in) financing activities	(5,980)	18,337
Net change in cash and cash equivalents	(41)	(2,325)
Cash and cash equivalents at beginning of period	9,348	14,189
Cash and cash equivalents at end of period	\$ 9,307	\$ 11,864

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

BROADCOM INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY — UNAUDITED
Fiscal Quarter Ended February 2, 2025

	Common Stock		Additional	Retained	Accumulated	Total
	Shares	Par Value	Paid-in	Earnings	Other	Stockholders'
			Capital		Comprehensive	Equity
					Income	
	(In millions)					
Balance as of November 3, 2024	4,686	\$ 5	\$ 67,466	\$ —	\$ 207	\$ 67,678
Net income	—	—	—	5,503	—	5,503
Dividends to common stockholders	—	—	—	(2,774)	—	(2,774)
Common stock issued	24	—	—	—	—	—
Stock-based compensation	—	—	1,280	—	—	1,280
Shares repurchased for tax withholdings on vesting of equity awards	(8)	—	(1,898)	—	—	(1,898)
Balance as of February 2, 2025	<u>4,702</u>	<u>\$ 5</u>	<u>\$ 66,848</u>	<u>\$ 2,729</u>	<u>\$ 207</u>	<u>\$ 69,789</u>

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

BROADCOM INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY — UNAUDITED
Fiscal Quarter Ended February 4, 2024

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Par Value				
	(In millions)					
Balance as of October 29, 2023	4,139	\$ 4	\$ 21,095	\$ 2,682	\$ 207	\$ 23,988
Net income	—	—	—	1,325	—	1,325
Issuance of common stock upon the acquisition of VMware, Inc.	544	1	53,420	—	—	53,421
Fair value of partially vested equity awards assumed in connection with the acquisition of VMware, Inc.	—	—	749	—	—	749
Dividends to common stockholders	—	—	—	(2,435)	—	(2,435)
Common stock issued	27	—	—	—	—	—
Stock-based compensation	—	—	1,582	—	—	1,582
Repurchases of common stock	(67)	—	(5,655)	(1,572)	—	(7,227)
Shares repurchased for tax withholdings on vesting of equity awards	(10)	—	(1,119)	—	—	(1,119)
Balance as of February 4, 2024	4,633	\$ 5	\$ 70,072	\$ —	\$ 207	\$ 70,284

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

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

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

Basis of Presentation

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

The accompanying condensed consolidated financial statements include the accounts of Broadcom and its subsidiaries, and have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for interim financial information. The financial information included herein is unaudited, and reflects all adjustments which are, in the opinion of our management, of a normal recurring nature and necessary for a fair statement of the results for the periods presented. The November 3, 2024 condensed consolidated balance sheet data were derived from Broadcom's audited consolidated financial statements included in its Annual Report on Form 10-K for fiscal year 2024 as filed with the Securities and Exchange Commission. All intercompany balances and transactions have been eliminated in consolidation. The operating results for the fiscal quarter ended February 2, 2025 are not necessarily indicative of the results that may be expected for fiscal year 2025, or for any other future period.

On July 12, 2024, we completed a ten-for-one forward stock split of our common stock through the filing of an amendment ("Amendment") to our Amended and Restated Certificate of Incorporation. The Amendment proportionately increased the number of shares of our authorized common stock without changing the par value of \$0.001 per share. All share, equity award and per share amounts and related stockholders' equity balances presented in the accompanying condensed consolidated financial statements and notes thereto have been retroactively adjusted, where applicable, to reflect the stock split.

Significant Accounting Policies

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

2. Revenue from Contracts with Customers

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

Disaggregation

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

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

Fiscal Quarter Ended February 2, 2025				
	Americas	Asia Pacific	Europe, the Middle East and Africa	Total
(In millions)				
Products	\$ 490	\$ 7,269	\$ 412	\$ 8,171
Subscriptions and services	4,142	763	1,840	6,745
Total	\$ 4,632	\$ 8,032	\$ 2,252	\$ 14,916

Fiscal Quarter Ended February 4, 2024				
	Americas	Asia Pacific	Europe, the Middle East and Africa	Total
(In millions)				
Products	\$ 708	\$ 6,191	\$ 513	\$ 7,412
Subscriptions and services	2,377	506	1,666	4,549
Total	\$ 3,085	\$ 6,697	\$ 2,179	\$ 11,961

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

Contract Balances

Contract assets and contract liabilities balances were as follows:

	February 2, 2025	November 3, 2024
(In millions)		
Contract Assets	\$ 5,548	\$ 4,402
Contract Liabilities	\$ 14,536	\$ 14,495

Changes in our contract assets and contract liabilities primarily result from the timing difference between our performance and the customer’s payment. We fulfill our obligations under a contract with a customer by transferring products and services in exchange for consideration from the customer. We recognize a contract asset when we transfer products or services to a customer and the right to consideration is conditional on something other than the passage of time. Accounts receivable are recorded when the customer has been billed or the right to consideration is unconditional. We recognize contract liabilities when we have received consideration or an amount of consideration is due from the customer and we have a future obligation to transfer products or services. As of February 2, 2025, approximately 59% of contract liabilities related to contracts subject to termination for convenience provisions. The amount of revenue recognized during the fiscal quarter ended February 2, 2025 that was included in the contract liabilities balance as of November 3, 2024 was \$3,583 million. The amount of revenue recognized during the fiscal quarter ended February 4, 2024 that was included in the contract liabilities balance as of October 29, 2023 was \$1,313 million.

Remaining Performance Obligations

Revenue allocated to remaining performance obligations represents the transaction price allocated to unsatisfied or partially unsatisfied performance obligations. Remaining performance obligations include unearned revenue and amounts that will be invoiced and recognized as revenue in future periods, but do not include contracts for software, subscriptions or services where the customer is not committed. The customer is not considered committed when the customer contract

permits termination for convenience. Additionally, as a practical expedient, we have not included contracts that have an original duration of one year or less, nor have we included contracts with sales-based or usage-based royalties promised in exchange for a license of intellectual property ("IP").

Certain multi-year customer contracts in our semiconductor solutions segment and infrastructure software segment, including contracts where customers do not have termination rights, contain firmly committed amounts and the remaining performance obligations under these contracts as of February 2, 2025 were approximately \$22.4 billion. We expect approximately 40% of this amount to be recognized as revenue over the next 12 months. For contracts with termination for convenience rights, our customers generally do not exercise those rights. Accordingly, our remaining performance obligations disclosed above are not indicative of revenue for future periods.

3. Acquisitions

Acquisition of VMware, Inc.

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

On July 1, 2024, we sold VMware's end-user computing business for \$3.5 billion, after working capital adjustments. In connection with the sale, we agreed to provide transitional services to the buyer on a short-term basis. We do not have any material continuing involvement with this business and have presented its results in discontinued operations. Net revenue and income from discontinued operations, net of income taxes were \$350 million and \$51 million, respectively, for the fiscal quarter ended February 4, 2024.

Unaudited Pro Forma Information

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

	Fiscal Quarter Ended	
	February 4, 2024	
	(In millions)	
Pro forma net revenue	\$	12,523
Pro forma net income	\$	1,615

4. Supplemental Financial Information

Cash Equivalents

Cash equivalents included \$2,213 million and \$1,716 million of time deposits and \$711 million and \$1,171 million of money-market funds as of February 2, 2025 and November 3, 2024, respectively. For time deposits, carrying value approximates fair value due to the short-term nature of the instruments. The fair value of money-market funds, which was consistent with their carrying value, was determined using unadjusted prices in active, accessible markets for identical assets, and as such, they were classified as Level 1 assets in the fair value hierarchy.

Accounts Receivable Factoring

We sell certain of our trade accounts receivable on a non-recourse basis to third-party financial institutions pursuant to factoring arrangements. We account for these transactions as sales of receivables and present cash proceeds as cash provided by operating activities in the condensed consolidated statements of cash flows. Total trade accounts receivable sold under the factoring arrangements were \$2,201 million and \$1,250 million during the fiscal quarters ended February 2, 2025 and February 4, 2024, respectively.

Inventory

	February 2, 2025	November 3, 2024
	(In millions)	
Finished goods	\$ 565	\$ 504
Work-in-process	950	970
Raw materials	393	286
Total inventory	<u>\$ 1,908</u>	<u>\$ 1,760</u>

Other Current Assets

	February 2, 2025	November 3, 2024
	(In millions)	
Current portion of contract assets	\$ 2,722	\$ 1,916
Prepaid expenses	1,285	1,391
Other	813	764
Total other current assets	<u>\$ 4,820</u>	<u>\$ 4,071</u>

Other Current Liabilities

	February 2, 2025	November 3, 2024
	(In millions)	
Contract liabilities	\$ 9,908	\$ 9,395
Tax liabilities	823	720
Interest payable	575	535
Other	1,124	1,143
Total other current liabilities	<u>\$ 12,430</u>	<u>\$ 11,793</u>

Other Long-Term Liabilities

	February 2, 2025	November 3, 2024
	(In millions)	
Contract liabilities	\$ 4,628	\$ 5,100
Deferred tax liabilities	4,017	4,703
Unrecognized tax benefits	3,621	3,669
Other	1,467	1,503
Total other long-term liabilities	<u>\$ 13,733</u>	<u>\$ 14,975</u>

Supplemental Cash Flow Information

	Fiscal Quarter Ended	
	February 2, 2025	February 4, 2024
	(In millions)	
Cash paid for interest	\$ 671	\$ 750
Cash paid for income taxes	\$ 404	\$ 904

5. Intangible Assets

	Gross Carrying Amount	Accumulated Amortization	Net Book Value
	(In millions)		
As of February 2, 2025:			
Purchased technology	\$ 35,467	\$ (14,035)	\$ 21,432
Customer contracts and related relationships	16,186	(2,782)	13,404
Trade names	1,720	(396)	1,324
Other	191	(108)	83
Intangible assets subject to amortization	53,564	(17,321)	36,243
In-process research and development	2,340	—	2,340
Total	\$ 55,904	\$ (17,321)	\$ 38,583

As of November 3, 2024:

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

Based on the amount of intangible assets subject to amortization as of February 2, 2025, the expected amortization expense was as follows:

Fiscal Year:	Expected Amortization Expense
	(In millions)
2025 (remainder)	\$ 6,032
2026	7,572
2027	6,535
2028	5,444
2029	4,357
Thereafter	6,303
Total	\$ 36,243

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

Amortizable intangible assets:	February 2, 2025
	(In years)
Purchased technology	6
Customer contracts and related relationships	7
Trade names	12
Other	11

6. Net Income Per Share

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

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

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

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

	Fiscal Quarter Ended	
	February 2, 2025	February 4, 2024
	(In millions, except per share data)	
Numerator:		
Income from continuing operations	\$ 5,503	\$ 1,274
Income from discontinued operations, net of income taxes	—	51
Net income	<u>\$ 5,503</u>	<u>\$ 1,325</u>
Denominator:		
Weighted-average shares outstanding - basic	4,695	4,517
Dilutive effect of equity awards	141	149
Weighted-average shares outstanding - diluted	<u>4,836</u>	<u>4,666</u>
Basic income per share:		
Income per share from continuing operations	\$ 1.17	\$ 0.28
Income per share from discontinued operations	—	0.01
Net income per share	<u>\$ 1.17</u>	<u>\$ 0.29</u>
Diluted income per share:		
Income per share from continuing operations	\$ 1.14	\$ 0.27
Income per share from discontinued operations	—	0.01
Net income per share	<u>\$ 1.14</u>	<u>\$ 0.28</u>

7. Borrowings

	Effective Interest Rate	February 2, 2025	November 3, 2024
(In millions)			
<u>January 2025 Senior Notes - fixed rate</u>			
4.800% notes due April 2028	5.03 %	\$ 1,100	\$ —
5.050% notes due April 2030	5.20 %	800	—
5.200% notes due April 2032	5.34 %	1,100	—
		3,000	—
<u>October 2024 Senior Notes - fixed rate</u>			
4.150% notes due February 2028	4.36 %	875	875
4.350% notes due February 2030	4.51 %	1,500	1,500
4.550% notes due February 2032	4.70 %	875	875
4.800% notes due October 2034	4.38 % ^(a)	1,750	1,750
		5,000	5,000
<u>July 2024 Senior Notes - fixed rate</u>			
5.050% notes due July 2027	5.27 %	1,250	1,250
5.050% notes due July 2029	5.23 %	2,250	2,250
5.150% notes due November 2031	5.30 %	1,500	1,500
		5,000	5,000
<u>2023 Term Loans - floating rate</u>			
SOFR plus 1.125% term loan due November 2026	6.23 %	—	5,595
SOFR plus 1.125% term loan due November 2028	5.70 %	6,000	8,000
		6,000	13,595
<u>April 2022 Senior Notes - fixed rate</u>			
4.000% notes due April 2029	4.17 %	750	750
4.150% notes due April 2032	4.30 %	1,200	1,200
4.926% notes due May 2037	5.33 %	2,500	2,500
		4,450	4,450
<u>September 2021 Senior Notes - fixed rate</u>			
3.137% notes due November 2035	4.23 %	3,250	3,250
3.187% notes due November 2036	4.79 %	2,750	2,750
		6,000	6,000
<u>March 2021 Senior Notes - fixed rate</u>			
3.419% notes due April 2033	4.66 %	2,250	2,250
3.469% notes due April 2034	4.63 %	3,250	3,250
		5,500	5,500
<u>January 2021 Senior Notes - fixed rate</u>			
1.950% notes due February 2028	2.10 %	750	750
2.450% notes due February 2031	2.56 %	2,750	2,750
2.600% notes due February 2033	2.70 %	1,750	1,750
3.500% notes due February 2041	3.60 %	3,000	3,000
3.750% notes due February 2051	3.84 %	1,750	1,750
		10,000	10,000

	Effective Interest Rate	February 2, 2025	November 3, 2024
(In millions)			
<u>June 2020 Senior Notes - fixed rate</u>			
3.459% notes due September 2026	4.19 %	752	752
4.110% notes due September 2028	5.02 %	1,118	1,118
		1,870	1,870
<u>May 2020 Senior Notes - fixed rate</u>			
3.150% notes due November 2025	3.29 %	900	900
4.150% notes due November 2030	4.27 %	1,856	1,856
4.300% notes due November 2032	4.39 %	2,000	2,000
		4,756	4,756
<u>April 2020 Senior Notes - fixed rate</u>			
5.000% notes due April 2030	5.18 %	606	606
<u>April 2019 Senior Notes - fixed rate</u>			
4.750% notes due April 2029	4.95 %	1,655	1,655
<u>2017 Senior Notes - fixed rate</u>			
3.125% notes due January 2025	3.23 %	—	495
3.875% notes due January 2027	4.02 %	2,922	2,922
3.500% notes due January 2028	3.60 %	777	777
		3,699	4,194
<u>Assumed VMware Senior Notes - fixed rate</u>			
4.500% notes due May 2025	5.81 %	750	750
1.400% notes due August 2026	5.60 %	1,500	1,500
4.650% notes due May 2027	5.60 %	500	500
3.900% notes due August 2027	5.50 %	1,250	1,250
1.800% notes due August 2028	5.44 %	750	750
4.700% notes due May 2030	5.75 %	750	750
2.200% notes due August 2031	5.74 %	1,500	1,500
		7,000	7,000
<u>Assumed CA Senior Notes - fixed rate</u>			
4.700% notes due March 2027	5.15 %	215	215
<u>Other senior notes - fixed rate</u>			
4.500% notes due August 2034	4.55 %	6	6
Total senior notes and term loans outstanding		64,757	69,847
Commercial paper	4.62 % ^(b)	4,000	—
Total debt principal outstanding		\$ 68,757	\$ 69,847

	February 2, 2025	November 3, 2024
	(In millions)	
Short-Term Debt:		
Current portion of senior notes and term loans outstanding	\$ 1,650	\$ 1,245
Commercial paper, net	3,992	—
Short-term finance lease liabilities	11	26
Total short-term debt	\$ 5,653	\$ 1,271
Long-Term Debt:		
Non-current portion of senior notes and term loans outstanding	\$ 63,107	\$ 68,602
Long-term finance lease liabilities	11	13
Unamortized discount and issuance costs	(2,192)	(2,320)
Total long-term debt	\$ 60,926	\$ 66,295

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

(b) Represents the weighted average interest rate on commercial paper outstanding as of February 2, 2025.

Senior Notes

In January 2025, we issued senior unsecured notes for an aggregate principal amount of \$3,000 million. Using the net proceeds from the senior notes and commercial paper issued in January 2025, as well as cash on hand, we repaid the remaining \$5,595 million of our unsecured term A-3 facility and \$2,000 million of our unsecured term A-5 facility. As a result of these repayments, we wrote off unamortized discount and issuance costs of \$65 million, which were included in interest expense in the condensed consolidated statement of operations.

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

2025 Credit Agreement

In January 2025, we entered into a credit agreement (the “2025 Credit Agreement”), which provides for a five-year \$7.5 billion unsecured revolving credit facility, of which \$500 million is available for the issuance of multi-currency letters of credit. The issuance of letters of credit under the revolving credit facility would reduce the aggregate amount otherwise available under such facility for revolving loans. Subject to the terms of the 2025 Credit Agreement, we are permitted to borrow, repay and reborrow revolving loans at any time prior to the earlier of (a) January 13, 2030 or (b) the date that the commitments are terminated either at our request or, if an event of default occurs, by the lenders. In connection with the 2025 Credit Agreement, we terminated the credit agreement entered into in January 2021, which provided for a five-year \$7.5 billion unsecured revolving credit facility. We had no borrowings outstanding under our revolving credit facility at either February 2, 2025 or November 3, 2024.

Commercial Paper

In January 2025, we increased the maximum amount of our commercial paper program, pursuant to which we may issue unsecured commercial paper notes in an aggregate principal amount of up to \$4.0 billion outstanding at any time with maturities of up to 397 days from the date of issue. Commercial paper is sold under customary terms in the commercial paper market and may be issued at a discount from par or, alternatively, may be sold at par and bear interest at rates dictated by market conditions at the time of their issuance. The discount associated with the commercial paper is amortized to interest expense over its term. As of February 2, 2025, we had \$4.0 billion of commercial paper outstanding with maturities generally less than sixty days.

Fair Value of Debt

As of February 2, 2025, the estimated aggregate fair value of our senior notes was \$53,926 million, which was determined using quoted prices from less active markets. The carrying value of the unsecured term loans approximates their fair value as the unsecured term loans are carried at a market observable interest rate tied to the Secured Overnight Financing Rate ("SOFR") that resets periodically. The carrying value of commercial paper approximates its fair value due to the short-term nature of the instruments. All of our debt obligations are categorized as Level 2 instruments.

Future Principal Payments of Debt

The future scheduled principal payments of senior notes and term loans as of February 2, 2025 were as follows:

Fiscal Year:	Future Scheduled Principal Payments	
	(In millions)	
2025 (remainder)	\$	750
2026		3,152
2027		6,137
2028		5,370
2029		10,655
Thereafter		38,693
Total	\$	64,757

As of February 2, 2025 and November 3, 2024, we were in compliance with all debt covenants.

8. Stockholders' Equity

Cash Dividends Declared and Paid

	Fiscal Quarter Ended	
	February 2, 2025	February 4, 2024
	(In millions, except per share data)	
Dividends per share to common stockholders	\$ 0.590	\$ 0.525
Dividends to common stockholders	\$ 2,774	\$ 2,435

Stock-Based Compensation Expense

	Fiscal Quarter Ended	
	February 2, 2025	February 4, 2024
	(In millions)	
Cost of products sold	\$ 33	\$ 28
Cost of subscriptions and services	120	133
Research and development	822	863
Selling, general and administrative	305	548
Total stock-based compensation expense ^(a)	\$ 1,280	\$ 1,572

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

As of February 2, 2025, the total unrecognized compensation cost related to unvested stock-based awards was \$10,745 million, which is expected to be recognized over the remaining weighted-average service period of 2.9 years.

Equity Incentive Award Plans

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

	Number of RSUs Outstanding	Weighted-Average Grant Date Fair Value Per Share
	(In millions, except per share data)	
Balance as of November 3, 2024	213	\$ 66.44
Granted	4	\$ 218.97
Vested	(24)	\$ 60.42
Forfeited	(4)	\$ 83.31
Balance as of February 2, 2025	189	\$ 70.73

The aggregate fair value of time- and market-based RSUs that vested during the fiscal quarter ended February 2, 2025 was \$5,276 million, which represented the market value of our common stock on the date that the RSUs vested. The number of RSUs vested included shares of common stock that we withheld for settlement of employees' tax obligations due upon the vesting of RSUs.

9. Income Taxes

The benefit from income taxes was \$13 million for the fiscal quarter ended February 2, 2025 and was primarily due to excess tax benefits from stock-based awards partially offset by income before income taxes and a shift in the jurisdictional mix of revenue and expenses.

The provision for income taxes was \$68 million for the fiscal quarter ended February 4, 2024 and was primarily due to income before income taxes partially offset by excess tax benefits from stock-based awards and a valuation allowance release.

As of February 2, 2025, we had \$6,589 million of gross unrecognized tax benefits and accrued interest and penalties. It is possible that our existing unrecognized tax benefits may change up to \$3,474 million within the next 12 months as a result of lapses of statutes of limitations for certain audit periods, anticipated closures of audit examinations, and changes in balances related to tax positions to be taken during the current fiscal year.

10. Segment Information

Reportable Segments

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

Semiconductor solutions. We provide semiconductor solutions for managing the movement of data in data center, service provider, and enterprise networking applications, including AI networking and connectivity. We provide a broad variety of radio frequency semiconductor devices, wireless connectivity solutions, custom touch controllers, and inductive charging solutions for mobile applications. We also provide semiconductor solutions for enabling the set-top box and broadband access markets and for enabling secure movement of digital data to and from host machines, such as servers, personal computers and storage systems, to the underlying storage devices, such as hard disk drives and solid state drives. We also provide a broad variety of products for the general industrial and automotive markets. Our semiconductor solutions segment also includes our IP licensing.

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

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

Unallocated Expenses

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

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

	Fiscal Quarter Ended	
	February 2, 2025	February 4, 2024
	(In millions)	
Net revenue:		
Semiconductor solutions	\$ 8,212	\$ 7,390
Infrastructure software	6,704	4,571
Total net revenue	<u>\$ 14,916</u>	<u>\$ 11,961</u>
Operating income:		
Semiconductor solutions	\$ 4,706	\$ 4,116
Infrastructure software	5,122	2,715
Unallocated expenses	(3,568)	(4,748)
Total operating income	<u>\$ 6,260</u>	<u>\$ 2,083</u>

11. Commitments and Contingencies

Commitments

The following table summarizes contractual obligations and commitments as of February 2, 2025:

Fiscal Year:	Purchase Commitments	Other Contractual Commitments
	(In millions)	
2025 (remainder)	\$ 89	\$ 498
2026	223	587
2027	10	566
2028	10	501
2029	3	689
Thereafter	—	1,003
Total	<u>\$ 335</u>	<u>\$ 3,844</u>

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

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

Due to the inherent uncertainty with respect to the timing of future cash outflows associated with our unrecognized tax benefits as of February 2, 2025, we are unable to reliably estimate the timing of cash settlement with the respective taxing authorities. Therefore, \$3,621 million of unrecognized tax benefits and accrued interest and penalties as of February 2, 2025 have been excluded from the table above.

Contingencies

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

Lawsuits Relating to VMware Backlog

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

Other Matters

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

Contingency Assessment

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

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

Other Indemnifications

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

12. Restructuring and Other Charges

The following table summarizes the significant activities within, and components of, the restructuring liabilities during the fiscal quarter ended February 2, 2025:

	Employee Termination Costs	Lease and Impairment Costs	Total
	(In millions)		
Balance as of November 3, 2024	\$ 119	\$ —	\$ 119
Restructuring charges	105	81	186
Utilization	(163)	(81)	(244)
Balance as of February 2, 2025	\$ 61	\$ —	\$ 61

In connection with the acquisition of VMware, we initiated restructuring activities to integrate the acquired business, align our workforce and improve efficiencies in our operations. We recognized \$105 million and \$673 million of restructuring charges related to employee termination costs and \$81 million and \$39 million of impairment charges primarily related to lease assets and property, plant and equipment for the fiscal quarters ended February 2, 2025 and February 4, 2024, respectively. We expect these restructuring activities to be substantially completed by the end of fiscal year 2025. These charges were recognized primarily in operating expenses.

13. Subsequent Events

Cash Dividends Declared

On March 5, 2025, our Board of Directors declared a quarterly cash dividend of \$0.59 per share on our common stock, payable on March 31, 2025 to stockholders of record on March 20, 2025.

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

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

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

Overview

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

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

Our fiscal year ending November 2, 2025 (“fiscal year 2025”), is a 52-week fiscal year, with our first fiscal quarter ended February 2, 2025 containing 13 weeks compared to 14 weeks in the prior year fiscal period. The additional week resulted in higher net revenue, gross margin dollars, research and development expense, and selling, general and administrative expense in the first fiscal quarter of fiscal year 2024, compared to the corresponding current year fiscal period.

We acquired VMware, Inc. (“VMware”) on November 22, 2023, resulting in a partial quarter of operations from activities related to VMware in the first quarter of fiscal year 2024 compared to a full quarter of operations in the first quarter of fiscal year 2025.

Quarterly Highlights

Highlights during the fiscal quarter ended February 2, 2025 include the following:

- We generated \$6,113 million of cash from operations.
- We paid \$2,774 million in cash dividends.
- We issued \$4.0 billion of commercial paper and \$3.0 billion of senior unsecured notes and used the net proceeds, as well as cash on hand, to repay \$7,595 million of our unsecured term loans.

Critical Accounting Estimates

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

There were no significant changes in our critical accounting estimates during the fiscal quarter ended February 2, 2025 compared to those previously disclosed in “Critical Accounting Estimates” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the 2024 Annual Report on Form 10-K.

Macroeconomic Factors

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

Results of Operations

Fiscal Quarter Ended February 2, 2025 Compared to Fiscal Quarter Ended February 4, 2024

The following table sets forth our results of operations for the periods presented:

	Fiscal Quarter Ended			
	February 2, 2025	February 4, 2024	February 2, 2025	February 4, 2024
	(In millions)		(As a percentage of net revenue)	
Statements of Operations Data:				
Net revenue:				
Products	\$ 8,171	\$ 7,412	55 %	62 %
Subscriptions and services	6,745	4,549	45	38
Total net revenue	14,916	11,961	100	100
Cost of revenue:				
Cost of products sold	2,693	2,160	18	18
Cost of subscriptions and services	580	954	4	8
Amortization of acquisition-related intangible assets	1,484	1,380	10	11
Restructuring charges	14	92	—	1
Total cost of revenue	4,771	4,586	32	38
Gross margin	10,145	7,375	68	62
Research and development	2,253	2,308	15	19
Selling, general and administrative	949	1,572	7	13
Amortization of acquisition-related intangible assets	511	792	3	7
Restructuring and other charges	172	620	1	5
Total operating expenses	3,885	5,292	26	44
Operating income	\$ 6,260	\$ 2,083	42 %	18 %

Net Revenue

A relatively small number of customers account for a significant portion of our net revenue. Direct sales to one customer, which is a distributor, accounted for 29% and 27% of our net revenue for the fiscal quarters ended February 2, 2025, and February 4, 2024, respectively.

We believe aggregate sales to our top five end customers, through all channels, accounted for approximately 40% of our net revenue for each of the fiscal quarters ended February 2, 2025 and February 4, 2024. We expect to continue to experience significant customer concentration in future periods. The loss of, or significant decrease in demand from, any of our top five end customers could have a material adverse effect on our business, results of operations and financial condition.

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

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

Net Revenue by Segment	Fiscal Quarter Ended			
	February 2, 2025	February 4, 2024	\$ Change	% Change
	(Dollars in millions)			
Semiconductor solutions	\$ 8,212	\$ 7,390	\$ 822	11 %
Infrastructure software	6,704	4,571	2,133	47 %
Total net revenue	\$ 14,916	\$ 11,961	\$ 2,955	25 %

Net Revenue by Segment	Fiscal Quarter Ended	
	February 2, 2025	February 4, 2024
	(As a percentage of net revenue)	
Semiconductor solutions	55 %	62 %
Infrastructure software	45	38
Total net revenue	<u>100 %</u>	<u>100 %</u>

Net revenue from our semiconductor solutions segment increased in the fiscal quarter ended February 2, 2025 compared to the prior year fiscal period due to strong demand for our networking products, primarily AI networking solutions, partially offset by lower demand for our non-AI solutions, primarily broadband products. Net revenue from our infrastructure software segment increased in the fiscal quarter ended February 2, 2025 compared to the prior year fiscal period primarily due to strong demand for our VMware Cloud Foundation (“VCF”) product, additional license revenue recognized on contracts where customers do not have the right to terminate, and the transition to a subscription license model.

Gross Margin

Gross margin was \$10,145 million for the fiscal quarter ended February 2, 2025 compared to \$7,375 million for the fiscal quarter ended February 4, 2024. The increase was primarily due to higher software revenue and strong product demand for our AI semiconductor solutions.

As a percentage of net revenue, gross margin was 68% and 62% of net revenue for the fiscal quarters ended February 2, 2025 and February 4, 2024, respectively. The increase was primarily due to higher software revenue and lower amortization of acquisition-related intangible assets as a percentage of revenue.

Research and Development Expense

Research and development expense decreased \$55 million, or 2% for the fiscal quarter ended February 2, 2025 compared to the prior year fiscal period. The decrease was primarily due to lower compensation resulting from a decrease in headcount and lower stock-based compensation.

Selling, General and Administrative Expense

Selling, general and administrative expense decreased \$623 million, or 40% for the fiscal quarter ended February 2, 2025 compared to the prior year fiscal period. The decrease was primarily due to lower compensation resulting from a decrease in headcount and lower stock-based compensation. In addition, in the prior year fiscal period, we incurred higher VMware acquisition-related costs.

Amortization of Acquisition-Related Intangible Assets

Amortization of acquisition-related intangible assets recognized in operating expenses decreased \$281 million, or 35% for the fiscal quarter ended February 2, 2025 compared to the prior year fiscal period primarily due to full amortization of customer-related intangible assets from previous software acquisitions other than VMware.

Restructuring and Other Charges

Restructuring and other charges recognized in operating expenses decreased \$448 million, or 72% for the fiscal quarter ended February 2, 2025 compared to the prior year fiscal period primarily due to lower employee termination costs associated with the integration of the VMware business.

Stock-Based Compensation Expense

Total stock-based compensation expense was \$1,280 million and \$1,572 million for the fiscal quarters ended February 2, 2025, and February 4, 2024, respectively. The decrease was primarily due to the full vesting and forfeitures of certain equity awards assumed in the VMware acquisition, partially offset by December 2023 VMware inducement grants and March 2024 annual employee equity grants at higher grant-date fair values.

The following table sets forth the total unrecognized compensation cost related to unvested stock-based awards outstanding and expected to vest as of February 2, 2025. The remaining weighted-average service period was 2.9 years.

Fiscal Year:	Unrecognized Compensation Cost, Net of Expected Forfeitures	
	(In millions)	
2025 (remainder)	\$	3,324
2026		3,778
2027		2,826
2028		796
2029		21
Total	\$	10,745

Segment Operating Results

Operating Income by Segment	Fiscal Quarter Ended		\$ Change	% Change
	February 2, 2025	February 4, 2024		
	(Dollars in millions)			
Semiconductor solutions	\$ 4,706	\$ 4,116	\$ 590	14 %
Infrastructure software	5,122	2,715	2,407	89 %
Unallocated expenses	(3,568)	(4,748)	1,180	(25) %
Total operating income	\$ 6,260	\$ 2,083	\$ 4,177	201 %

Operating income from our semiconductor solutions segment increased for the fiscal quarter ended February 2, 2025 compared to the prior year fiscal period due to strong demand for our networking products, primarily AI networking solutions, partially offset by lower demand for our non-AI solutions, primarily broadband products. Higher operating income from our infrastructure software segment in the fiscal quarter ended February 2, 2025 compared to the prior year fiscal period was primarily due to strong demand for our VCF product, additional license revenue recognized on contracts where customers do not have the right to terminate, and the transition to a subscription license model.

Unallocated expenses include amortization of acquisition-related intangible assets; stock-based compensation expense; restructuring and other charges; acquisition-related costs; and other costs that are not used in evaluating the results of, or in allocating resources to, our segments. Unallocated expenses decreased 25% for the fiscal quarter ended February 2, 2025 compared to the prior year fiscal period due to lower restructuring and other charges, stock-based compensation expense, acquisition-related costs, and amortization of acquisition-related intangible assets.

Non-Operating Income and Expenses

Interest expense. Interest expense was \$873 million and \$926 million for the fiscal quarters ended February 2, 2025, and February 4, 2024, respectively. The decrease was primarily from an overall reduction in outstanding debt balances and debt refinancing activities that drove lower effective interest rates since the fiscal quarter ended February 4, 2024.

Other income, net. Other income, net includes interest income, gains and losses on investments, foreign currency remeasurement and other miscellaneous items. Other income, net, was \$103 million and \$185 million for the fiscal quarters ended February 2, 2025 and February 4, 2024, respectively. The decrease was primarily due to lower interest income as a result of a lower invested balance.

Provision for (benefit from) income taxes. The benefit from income taxes was \$13 million for the fiscal quarter ended February 2, 2025 and was primarily due to excess tax benefits from stock-based awards partially offset by income before income taxes and a shift in the jurisdictional mix of revenue and expenses. The provision for income taxes was \$68 million for the fiscal quarter ended February 4, 2024 and was primarily due to income before income taxes partially offset by excess tax benefits from stock-based awards and a valuation allowance release.

Liquidity and Capital Resources

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

Our primary sources of liquidity as of February 2, 2025 consisted of: (i) \$9,307 million in cash and cash equivalents, (ii) cash we expect to generate from operations and (iii) available capacity under our \$7.5 billion unsecured revolving credit facility. In addition, we may also generate cash from the sale of assets and debt or equity financings from time to time.

Our short-term and long-term liquidity requirements primarily arise from: (i) business acquisitions and investments we may make from time to time, (ii) working capital requirements, (iii) research and development and capital expenditure needs, (iv) cash dividend payments (if and when declared by our Board of Directors), (v) interest and principal payments related to our \$68,757 million of outstanding indebtedness with \$5,650 million principal amounts payable within 12 months and (vi) payment of income taxes. Our ability to fund these requirements will depend, in part, on our future cash flows, which are determined by our future operating performance and, therefore, subject to prevailing global macroeconomic conditions and financial, business and other factors, some of which are beyond our control.

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

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

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

Working Capital

Working capital decreased to \$80 million at February 2, 2025 from \$2,898 million at November 3, 2024. The decrease was primarily attributable to the following:

- Short-term debt increased to \$5,653 million at February 2, 2025 from \$1,271 million at November 3, 2024 primarily due to the issuance of \$4,000 million of commercial paper and \$900 million of senior notes becoming due within the next twelve months, offset in part by a \$495 million repayment.
- Other current liabilities increased to \$12,430 million at February 2, 2025 from \$11,793 million at November 3, 2024 primarily from higher contract liabilities.
- Accounts payable increased to \$1,905 million at February 2, 2025 from \$1,662 million at November 3, 2024 primarily due to the timing of payments.

These decreases in working capital were offset in part by the following:

- Employee compensation and benefits decreased to \$922 million at February 2, 2025 from \$1,971 million at November 3, 2024 primarily due to annual employee bonus plan payments.

- Other current assets increased to \$4,820 million at February 2, 2025 from \$4,071 million at November 3, 2024 primarily from higher software contract assets, offset in part by lower prepaid taxes.
- Trade accounts receivable, net increased to \$4,955 million at February 2, 2025 from \$4,416 million at November 3, 2024 primarily due to higher software billings.
- Inventory increased to \$1,908 million at February 2, 2025 from \$1,760 million at November 3, 2024 primarily to support higher expected shipments.

Capital Returns

Cash Dividends Declared and Paid	Fiscal Quarter Ended	
	February 2, 2025	February 4, 2024
	(In millions, except per share data)	
Dividends per share to common stockholders	\$ 0.590	\$ 0.525
Dividends to common stockholders	\$ 2,774	\$ 2,435

During the fiscal quarters ended February 2, 2025 and February 4, 2024, we paid approximately \$2,036 million and \$1,114 million, respectively, in employee withholding taxes due upon the vesting of net settled equity awards. We withheld approximately 8 million and 10 million shares of common stock from employees in connection with such net share settlements during the fiscal quarters ended February 2, 2025 and February 4, 2024, respectively.

Cash Flows

	Fiscal Quarter Ended	
	February 2, 2025	February 4, 2024
	(In millions)	
Net cash provided by operating activities	\$ 6,113	\$ 4,815
Net cash used in investing activities	(174)	(25,477)
Net cash provided by (used in) financing activities	(5,980)	18,337
Net change in cash and cash equivalents	\$ (41)	\$ (2,325)

Operating Activities

Cash flows from operating activities consist of net income adjusted for certain non-cash and other items and changes in assets and liabilities. The \$1,298 million increase in cash provided by operations during the fiscal quarter ended February 2, 2025 compared to the prior year fiscal period was primarily due to \$4,178 million higher net income, offset in part by \$2,068 million from changes in operating assets and liabilities. The lower net income in the prior year fiscal period was partially driven by higher non-cash adjustments including deferred taxes and other non-cash taxes, stock-based compensation, and amortization of intangible assets.

Investing Activities

Cash flows from investing activities primarily consist of cash related to acquisitions and divestitures, capital expenditures and proceeds and payments related to investments. The \$25,303 million decrease in cash used in investing activities during the fiscal quarter ended February 2, 2025 compared to the prior year fiscal period was primarily due to \$25,416 million cash paid in connection with the acquisition of VMware, net of cash acquired, in the prior year fiscal period.

Financing Activities

Cash flows from financing activities primarily consist of proceeds and payments related to our borrowings, dividend payments, employee withholding tax payments related to net settled equity awards and authorized stock repurchases. The \$24,317 million decrease in cash flows from financing activities during the fiscal quarter ended February 2, 2025 compared to the prior year fiscal period was primarily due to a \$23,044 million decrease in net proceeds from borrowings, a \$7,156 million increase in payments on debt obligations, a \$922 million increase in employee withholding tax payments related to net settled equity awards, and a \$339 million increase in dividend payments, offset in part by \$7,176 million in stock repurchases in the prior year fiscal period.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Interest Rate Risk

Changes in interest rates affect the fair value of our outstanding fixed rate senior notes. As of February 2, 2025 and November 3, 2024, we had \$58.8 billion and \$56.3 billion in principal amount of fixed rate senior notes outstanding, and the estimated aggregate fair value of these senior notes was \$53.9 billion and \$51.4 billion, respectively. As of each of February 2, 2025 and November 3, 2024, a hypothetical 50 basis point change in market interest rates would change the fair value of our fixed rate senior notes by approximately \$1.7 billion. However, this hypothetical change in interest rates would not impact the interest expense on our fixed rate senior notes outstanding.

As of February 2, 2025 and November 3, 2024, we had \$6.0 billion and \$13.6 billion of outstanding term loans, respectively, which are subject to floating interest rates. As of February 2, 2025 and November 3, 2024, a hypothetical 100 basis point change in the interest rate would increase or decrease the interest expense on our term loans for the next 12 months by approximately \$61 million and \$137 million, respectively. The carrying value of the term loans approximates their fair value as the underlying interest rates are tied to the Secured Overnight Financing Rate.

Item 4. Controls and Procedures

(a) *Evaluation of Disclosure Controls and Procedures.* Our management, with the participation of our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), evaluated the effectiveness of our disclosure controls and procedures as of February 2, 2025. We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our filings under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is properly and timely recorded, processed, summarized and reported. These disclosure controls and procedures are also intended to ensure that information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosures. Based on this evaluation, our CEO and CFO concluded that, as of February 2, 2025, our disclosure controls and procedures were effective at the reasonable assurance level.

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

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

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

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

Risk Factors Summary

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

Risks Related to Our Business

- Adverse global economic conditions could have a negative effect on us.
- Our business is subject to various governmental regulations and trade restrictions.
- Global political and economic conditions and other factors related to our international operations could adversely affect us.
- Failure to realize the benefits expected from the acquisition of VMware could adversely affect our business and the value of our common stock.
- We have pursued, and may in the future pursue, mergers, acquisitions, investments, joint ventures and dispositions, which could adversely affect our results of operations.
- We are subject to risks associated with our distributors and other channel partners.
- We are dependent on senior management and if we are unable to attract and retain qualified personnel, we may not be able to execute our business strategy effectively.
- Cyber security threats or other security breaches, or any other impairment of the confidentiality, integrity or availability of our information technology ("IT") systems, or those of one or more of our corporate infrastructure vendors, could have a material adverse effect on our business.
- A significant reduction in demand or loss of one or more of our significant customers may adversely affect our business.
- We operate in the highly cyclical semiconductor industry.
- We make investments in research and development and the slow or unsuccessful return of our investments in research and development could adversely affect us.
- Winning business in the semiconductor solutions industry is subject to a lengthy process that often requires us to incur significant expense, from which we may ultimately generate no revenue.
- Dependence on contract manufacturing and suppliers of critical components within our supply chain may adversely affect our ability to bring products to market.
- We purchase a significant amount of the materials used in our products from a limited number of suppliers.
- A prolonged disruption of our or our suppliers' manufacturing facilities, research and development facilities, warehouses or other significant operations could have a material adverse effect on us.
- Failure to adjust our manufacturing and supply chain to accurately meet customer demand could adversely affect our results of operations.
- We may be unable to maintain appropriate manufacturing capacity or product yields at our own manufacturing facilities.
- We may be involved in legal proceedings that could materially adversely affect our business.
- Failure of our software products to manage and secure IT infrastructures and environments could have a material adverse effect on our business.
- The growth of our software business depends on demand for our data center virtualization products, as well as customer acceptance of our products, services and business strategy.
- Incompatibility of our software products with operating environments, platforms, or third-party products may adversely affect demand for our products and services.
- Failure to enter into software license agreements on a satisfactory basis could adversely affect us.
- Our use of open source software in certain products and services could materially adversely affect our business, financial condition and results of operations.
- Our sales to government customers subject us to uncertainties and additional governmental regulations.
- Failure to effectively manage our products and services lifecycles could harm our business.
- Our operating results are subject to substantial quarterly and annual fluctuations.
- Competition in our industries could prevent us from growing our revenue.
- Our ability to maintain or improve gross margin.
- If we are unable to protect the significant amount of IP we utilize in our business, our business could be adversely affected.
- We are subject to warranty claims, product recalls and product liability.
- The complexity of our products could result in unforeseen delays or expense or undetected defects or bugs.

- We are subject to privacy and data security laws and contractual commitments, and our actual or perceived failure to comply with such laws and commitments could harm our business.
- Corporate responsibility matters may adversely affect our relationships with customers and investors.
- We must comply with a variety of technical standards, domestic and international laws and regulations in the manufacture and distribution of our semiconductors.

Risks Relating to Our Taxes

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

Risks Relating to Our Indebtedness

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

Risks Relating to Owning Our Common Stock

- Our stock price may be volatile and your investment could lose value.
- There can be no assurance that we will continue to declare cash dividends.

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

Risks Related to Our Business

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

A general slowdown in the global economy or in a particular region or industry, uncertainty and volatility in financial markets, efforts of governments to stimulate or stabilize the economy and other unfavorable changes in economic conditions, such as inflation, higher interest rates, tightening of the credit markets, recession or slowing growth, as well as an increase in trade tensions and related tariffs with U.S. trading partners, could negatively impact our business, financial condition and liquidity. Adverse global economic conditions have from time to time caused or exacerbated significant slowdowns in the industries and markets in which we operate, which have adversely affected our business and results of operations. Macroeconomic weakness and uncertainty may also make it more difficult to accurately forecast operating results and raise or refinance debt. An escalation of trade tensions between the U.S. and its trading partners has resulted in trade restrictions and increased protectionism that harm our ability to participate in some markets or compete effectively. Sustained uncertainty about, or worsening of, current global economic conditions and further tariffs and escalations of trade tensions between the U.S. and its trading partners, especially China, and the decoupling of the global economies could result in a global economic slowdown and long-term changes to global trade. Such events may also (i) cause our customers and end-users to reduce, delay or forgo technology spending, (ii) result in customers sourcing products from other suppliers not subject to such restrictions or tariffs, (iii) lead to the insolvency or consolidation of key suppliers and customers, and (iv) intensify pricing pressures. Any or all of these factors could negatively affect demand for our products and our business, financial condition and results of operations.

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

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

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

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

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

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

A significant legal risk associated with conducting business internationally is compliance with the various and differing laws and regulations of the many countries in which we do business. Although our policies and procedures prohibit us, our employees and our agents from engaging in unethical business practices and are designed to satisfy regulatory requirements,

there can be no assurance that all of these measures will be effective in preventing violations or claims of violations. Any such violation or perceived violation could have a material adverse effect on our business.

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

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

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

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

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

- U.S. and non-U.S. regulatory approval may take longer than anticipated, not be forthcoming or contain burdensome conditions;
- unexpected delays, challenges and related expenses, and disruption of our business;
- diversion of management's attention from daily operations and the pursuit of other opportunities;
- incurring significant restructuring charges and amortization expense, assuming liabilities and ongoing or new lawsuits, potential impairment of acquired goodwill and other intangible assets, and increasing our expenses and working capital requirements;
- the potential for deficiencies in internal controls of the acquired business, as well as implementing our own management information systems, operating systems and internal controls for the acquired operations;
- our due diligence process may fail to identify significant issues with the acquired business' products, financial disclosures, accounting practices, legal, tax and other contingencies, compliance with local laws and regulations (and interpretations thereof) in the U.S. and multiple international jurisdictions;
- difficulties integrating the acquired business or company and in managing and retaining acquired employees, vendors and customers; and
- inaccuracies in our original estimates and assumptions used to assess a transaction, which may result in us not realizing the expected financial or strategic benefits of any such transaction.

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

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

We sell our products through a direct sales force and a select network of distributors and other channel partners globally. Sales to distributors accounted for 47% of our net revenue in the fiscal quarter ended February 2, 2025 and are subject to a number of risks, including:

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

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

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

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

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

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

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

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

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

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

we use and technologies produced by us have occasionally had in the past and may have in the future, vulnerabilities that, if left unmitigated, could reduce the overall level of security of the systems on which the software is installed.

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

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

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

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

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

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

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

We have historically depended on a small number of end customers, original equipment manufacturers (“OEMs”), their respective contract manufacturers (“CMs”) and certain distributors for a majority of our business and revenue. For the fiscal quarter ended February 2, 2025, sales to distributors accounted for 47% of our net revenue. We believe aggregate sales, through all channels, to our top five end customers accounted for approximately 40% of our net revenue for the fiscal quarter

ended February 2, 2025. This customer concentration increases the risk of quarterly fluctuations in our operating results and our sensitivity to any material adverse developments experienced by these customers.

Our semiconductor customers are not generally required to purchase specific quantities of products. Even when customers agree to source an agreed portion of their product needs from us, such arrangements often include pricing schedules or methodologies that apply regardless of the volume of products purchased, and those customers may not purchase the amount of product we expect. As a result, we may not generate the amount of revenue or achieve the level of profitability we expect under such arrangements. Moreover, our top customers' purchasing power has, in some cases, given them the ability to make greater demands on us with regard to pricing and contractual terms in general. Some customers may even reduce the amount of products or decline to purchase due to their internal development of the products. The loss of, or any substantial reduction in sales to, any of our top customers, including our hyperscale customers, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We operate in the highly cyclical semiconductor industry.

The semiconductor industry is highly cyclical and is characterized by rapid price erosion, wide fluctuations in product supply and demand, constant and rapid technological change, evolving technical standards, evolving markets such as AI, frequent new product introductions, and short product life cycles. From time to time, these factors, together with changes in general economic conditions, cause significant upturns and downturns in the industry and in our business. The market for AI-related products has resulted in a significant upturn in certain segments of the industry resulting in record revenue, which may not be sustainable. Previously the industry experienced a significant upturn due to a supply imbalance that resulted in record profitability and increases in average selling prices, which was followed by a down-cycle resulting in diminished demand for end-user products, high inventory levels and periods of inventory adjustment, and elimination of expedite fees. Historically, such down-cycles have also been characterized by under-utilization of manufacturing capacity, changes in revenue mix and accelerated erosion of average selling prices, which can lead to reduced profitability and a decline in our stock price. The Creating Helpful Incentives to Produce Semiconductors for America Act could also result in an increase in supply leading to excess inventory and a decrease in average selling prices. We expect our business to continue to be subject to cyclical downturns even when overall economic conditions are relatively stable. If we cannot offset industry or market downturns, our net revenue may decline and our financial condition and results of operations may suffer.

We make investments in research and development and the slow or unsuccessful return of our investments could materially adversely affect our business, financial condition and results of operations.

The industries in which we compete are characterized by rapid technological change, new technological trends such as AI and cloud computing, changes in customer requirements, frequent new product introductions and enhancements, short product cycles, evolving industry standards and new delivery methods. In addition, to compete successfully in the semiconductor industry, we must continue to develop and respond to technological advancements and requirements, such as low-power consumption, higher bandwidth and increase in the number of clusters. Failure to successfully develop increasingly advanced technologies, including ASICs such as custom AI accelerators or XPU's and other AI-related products, could impair our competitive position. In order to remain competitive, we have made, and expect to continue to make, significant investments in research and development. If we fail to timely develop new and enhanced products and technologies, if we focus on technologies that do not become widely adopted, or if new competitive technologies that we do not support become widely accepted, demand for our products such as our custom AI accelerators or XPU's and other AI-related products may be reduced. Increased investments in research and development, or slow or unsuccessful research and development efforts, would have a negative impact on our financial results.

Winning business in the semiconductor solutions industry is subject to a lengthy process that often requires us to incur significant expense, from which we may ultimately generate no revenue.

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

Winning a product design does not guarantee sales to a customer. Customers could delay or cancel plans, fail to qualify our products, reduce or discontinue use of our products or fail to successfully market and sell their products, which could reduce demand for our products and cause us to hold excess inventory, materially adversely affecting our business, financial condition and results of operations. In addition, the timing of design wins is unpredictable and implementing production for a major design win or multiple design wins at the same time, such as our design wins for our custom AI accelerators or XPU's and other AI-related products, may strain our resources and those of our CMs. In such event, we may be forced to dedicate significant additional resources such as product engineering and incur additional costs and expenses, which we expect to

continue for our AI-related products. These risks are exacerbated by the fact that many of our products, such as our AI-related products, are dependent on our continued success in the development and quality of our products and product engineering.

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

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

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

Taiwan Semiconductor Manufacturing Company Limited ("TSMC"), one of our CMs, manufactured approximately 95% of the wafers manufactured by our CMs during the fiscal quarter ended February 2, 2025. We believe our wafer requirements represent a meaningful portion of TSMC's total production capacity. However, TSMC also fabricates wafers for other companies, including some of our competitors, and could choose or be required to prioritize capacity for other customers or reduce or eliminate deliveries to us on short notice. In addition, TSMC has, and may in the future, raise their prices to us.

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

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

Our manufacturing processes and those of our CMs rely on many materials, including silicon, gallium arsenide and indium phosphide wafers, copper lead frames, precious and rare earth metals, mold compound, ceramic packages and various chemicals and gases. During the fiscal quarter ended February 2, 2025, we purchased approximately three-quarters of our manufacturing materials from five materials suppliers, some of which are single source suppliers. The lead time needed to identify and qualify a new supplier is typically lengthy and there is often no readily available alternative source. We do not generally have long-term contracts with our materials suppliers and substantially all of our purchases are on a purchase order basis. Suppliers may extend lead times, limit supplies, place products on allocation or increase prices, any of which could disrupt supply or increase demand in the industry. Additionally, the supply of these materials may be negatively impacted by increased trade tensions between the U.S. and its trading partners, particularly China. Any such supply constraints could result in loss of revenue opportunities and adversely impact our business, financial condition and results of operations.

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

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

A prolonged disruption at or shut-down of one or more of our manufacturing facilities or warehouses or those of our CMs or suppliers, due to natural- or man-made disasters or other events outside of our control, such as climate change, water shortages, political unrest, military conflicts, geopolitical turmoil, trade tensions, government orders, labor shortages, medical epidemics, economic instability, equipment failure or for any other reason, would limit our capacity to meet customer demands and delay new product development until a replacement facility and equipment, if necessary, were found. To date,

such events have not had a material adverse effect on our business. However, such an event could disrupt our operations, forgo revenue opportunities, potentially lose market share, result in us being unable to timely satisfy customer demand, expose us to claims by our customers, result in significant expense to repair or replace our affected facilities, and, in some instances, could significantly curtail our research and development efforts in a particular product area or target market, any of which could materially and adversely affect our business. This disruption could also prevent our customers from resuming their own manufacturing following such an event, they may cancel or scale back their orders from us and this may in turn adversely affect our results of operations. Such events could also result in increased fixed costs relative to the revenue we generate and adversely affect our results of operations.

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

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

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

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

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

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

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

- cease the manufacture, use or sale of the infringing products, processes or technology and/or make changes to our processes or products;
- pay substantial damages for past, present and future use of the infringing technology, including up to treble damages if willful infringement is found;
- expend significant resources to develop non-infringing technology;
- license technology from the third party claiming infringement, which license may not be available on commercially reasonable terms, or at all;

- enter into cross-licenses with our competitors, which could weaken our overall IP portfolio and our ability to compete in particular product categories;
- pay substantial damages to our direct or end customers to discontinue use or replace infringing technology with non-infringing technology; or
- relinquish IP rights associated with one or more of our patent claims.

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

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

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

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

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

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

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

Many of our software products and services are based on data center virtualization and related hybrid-cloud technologies used to manage distributed computing architectures, which form the foundation for hybrid-cloud computing. Enabling businesses to modernize applications and efficiently implement their hybrid-cloud services presents new and difficult technological, operational and compliance challenges. If businesses build new or shift existing compute workloads off-premises to public cloud providers, this could limit the market for on-premises deployments of our data center virtualization products. Current and future customers may not perceive benefits associated with adopting our hybrid-cloud and enterprise-grade private cloud platform or our simplified product portfolios. If demand is significantly less than anticipated or we fail to realize the expected returns on our business strategy, our business, financial condition, results of operations and cash flows may be adversely affected.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- the timing of launches by our customers of new products in which our products are included and changes in end-user demand for our customers’ products;
- fluctuations in the levels of component or product inventories held by our customers, which may lead to increased requests to delay shipment of our semiconductor products;
- the shift to cloud-based IT solutions and services, such as hyperscale computing, which may adversely affect the timing and volume of sales of our semiconductor products for use in traditional enterprise data centers;

- the timing and extent of our software license and subscription revenue, and other non-product revenue;
- the timing of new software contracts and renewals, including the timing of software contracts that do not have termination for convenience clauses;
- the timing of any terminations of software contracts that require us to refund to customers any pre-paid amounts under the contract;
- the timing of contracts with distributors and channel partners to lead go-to-market and customer relationships for certain products;
- our ability to timely develop, introduce and market new products and technologies;
- new product announcements and introductions by us or our competitors;
- seasonality or other fluctuations in demand in our markets;
- timing and amount of research and development and related new product expenditures, and the timing of receipt of any research and development grant monies; and
- timing of any regulatory changes, particularly with respect to trade sanctions and customs duties and tariffs, and tax reform, or changes in the interpretation or enforcement of existing requirements.

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

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

The industries in which we operate are highly competitive and characterized by rapid technological changes, evolving industry standards, changes in customer requirements, often aggressive pricing practices and, in some cases, new delivery methods. We expect competition in these industries to continue to increase as existing competitors improve or expand their product offerings or as new competitors enter our markets. In addition, the trend toward consolidation is changing the competitive landscape. We expect this trend to continue, which may result in combined competitors having greater resources than us.

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

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

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

Our gross margin is highly dependent on product mix, which is susceptible to seasonal and other fluctuations in our markets. A shift in sales mix away from our higher margin products, as well as the timing and amount of our software licensing and non-product revenue, could adversely affect our future gross margin percentages. In addition, increased competition and the existence of product alternatives, more complex engineering requirements, lower demand, shifts in capital expenditure priorities, unfavorable changes in economic conditions, industry oversupply or reductions in our technological lead compared to our competitors, and other factors have in the past and may in the future lead to further price erosion, lower revenue and

lower margin. Conversely, periods of robust demand that create a supply imbalance can lead to higher gross margins that may not be sustainable over the longer term.

We utilize a significant amount of IP in our business. If we are unable or fail to protect our IP, our business could be adversely affected.

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

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

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

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

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

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

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

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

capital and other resources, which could materially and adversely affect our ability to retain existing customers and attract new customers. As a result, our financial results could be materially adversely affected.

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

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

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

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

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

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

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

results of operations. Complying with any cleanup or remediation obligations for which we are or become responsible could also be costly and have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Taxes

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

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

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

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

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

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

Our operations benefit from the various tax incentives extended to us in various jurisdictions to encourage investment or employment. Each tax incentive and tax holiday is subject to our compliance with various conditions and may, in some instances, be amended or terminated prior to their scheduled termination date by the relevant governmental authority. If we cannot, or elect not to, comply with the conditions related to our tax incentive or tax holiday, we could be required to refund previously realized material tax benefits. If such tax incentive or tax holiday is modified or terminated prior to its expiration absent a new incentive applying, we could suffer material adverse tax and other financial consequences, which would increase our expenses, reduce our profitability and adversely affect our cash flows. In addition, we may be required, or elect, to modify our operational structure and tax strategy in order to keep an incentive, which could result in a decrease in the benefits of the incentive. Adoption of global minimum tax provisions in a country in which we have an existing tax incentive could have a material adverse impact on our tax incentives. Our tax incentives and tax holiday, before taking into consideration U.S. foreign tax credits, decreased the provision for income taxes by approximately \$2,261 million in the aggregate and increased diluted net income per share by \$0.47 for fiscal year 2024.

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

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

If the VMware spin-off from Dell in November 2021 is determined to not be tax-free for any reason, we could be liable for all or a portion of the tax liability, which could have a material adverse effect on our financial condition and operating results. Further, if the acquisition of VMware results in the spin-off failing to qualify as a tax-free transaction under Section 355 of the

Internal Revenue Code, Dell, its affiliates and, potentially, its stockholders would incur significant tax liabilities and we may be required to indemnify Dell and its affiliates for any such tax liabilities, which could be material.

Risks Related to Our Indebtedness

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

As of February 2, 2025, the aggregate indebtedness was \$68,757 million. Our substantial indebtedness and the instruments governing our indebtedness could have important consequences including:

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

We receive debt ratings from the major credit rating agencies in the U.S., and any downgrade in our credit rating or the ratings of our indebtedness, or adverse conditions in the debt capital markets, could materially adversely affect our business, financial condition and results of operations.

Risks Related to Owning Our Common Stock

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

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

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

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

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

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

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

Issuer Purchases of Equity Securities

During the fiscal quarter ended February 2, 2025, we paid approximately \$2,036 million in employee withholding taxes due upon the vesting of net settled equity awards. We withheld approximately 8 million shares of common stock from employees in connection with such net share settlement at an average price of \$235.69 per share. These shares may be deemed to be “issuer purchases” of shares.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

Insider Trading Arrangements

Henry Samueli, Ph.D., our Chairman of the Board, has voting and dispositive power over the shares held by D95GT, LLC. Dr. Samueli disclaims beneficial ownership of the shares held by D95GT, LLC and H&S Investments I, L.P., except to the extent of his pecuniary interest. Dr. Samueli does not have a pecuniary interest in the shares held by the Samueli Foundation, but the Samueli Foundation may be deemed an affiliate of Dr. Samueli. On December 18, 2024, D95GT, LLC, H&S Investments I, LP and the Samueli Foundation, adopted a trading plan intended to satisfy Rule 10b5-1(c) under the Exchange Act (the “Samueli Trading Plan”). Pursuant to the Samueli Trading Plan, (i) D95GT, LLC will gift up to \$102,600,000 in shares of Broadcom common stock (the “First Donated Shares”) to the Samueli Foundation between March 26, 2025 and December 30, 2025, (ii) H&S Investments I, LP will gift up to \$25,000,000 in shares of Broadcom common stock (the “Second Donated Shares,” and together with the First Donated Shares, the “Donated Shares”) to the Samueli Foundation between June 25, 2025 and December 30, 2025 and (iii) D95GT, LLC will gift up to \$1,250,000 in shares of Broadcom common stock to a charity between December 8, 2025 and December 30, 2025. The Samueli Foundation will subsequently sell the Donated Shares between March 27, 2025 and December 31, 2025, subject to the volume and price limitations set forth in the Samueli Trading Plan. Pursuant to the Samueli Trading Plan, D95GT LLC will also sell up to \$500,000,000 in shares of Broadcom common stock between March 26, 2025 to December 31, 2025, subject to the volume and price limitations set forth in the Samueli Trading Plan. The Samueli Trading Plan will expire on December 31, 2025, subject to early termination for certain specified events set forth in the Samueli Trading Plan.

On January 9, 2025, Justine Page, a member of our Board of Directors, adopted a trading plan intended to satisfy Rule 10b5-1(c) under the Exchange Act (the “Page Trading Plan”). The Page Trading Plan provides for the sale of a total of 7,200 shares of Broadcom common stock, with an equal number of shares being sold each month over the duration of the Page Trading Plan. The Page Trading Plan will expire on December 31, 2025, subject to early termination for certain specified events set forth in the Page Trading Plan.

Item 6. Exhibits
EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
2.1	Agreement and Plan of Merger, dated as of May 26, 2022, by and among Broadcom Inc., VMware, Inc., Verona Holdco, Inc., Verona Merger Sub, Inc., Barcelona Merger Sub 2, Inc. and Barcelona Merger Sub 3, LLC.	8-K	001-38449	2.1	05-26-2022	
3.1	Amended and Restated Certificate of Incorporation (including all amendments thereto).	10-Q	001-38449	3.1	09-11-2024	
3.2	Amended and Restated Bylaws.	8-K12B	001-38449	3.2	04-04-2018	
4.1	Form of Common Stock Certificate.	10-Q	001-38449	4.1	06-14-2018	
4.2	Description of Common Stock.	10-K	001-38449	4.2	12-20-2024	
4.3	Indenture, dated as of January 19, 2017, by and among the Broadcom Corporation and Broadcom Cayman Finance Limited (the “Co-Issuers”), the guarantors and Wilmington Trust, National Association, as trustee.	8-K	001-37690	4.1	01-20-2017	
4.4	First Supplemental Indenture to the January 2017 Indenture, dated as of April 9, 2018.	8-K	001-38449	4.1	04-09-2018	
4.5	Second Supplemental Indenture to the January 2017 Indenture, dated as of January 25, 2019.	8-K	001-38449	4.1	01-25-2019	
4.6	Form of 3.875% Senior Notes due 2027 (included in Exhibit 4.3).	8-K	001-37690	4.1	01-20-2017	
4.7	Indenture, dated as of October 17, 2017, by and among the Co-Issuers, the guarantors and Wilmington Trust, National Association, as trustee.	8-K	001-37690	4.1	10-17-2017	
4.8	Supplemental Indenture to the October 2017 Indenture, dated as of April 9, 2018.	8-K	001-38449	4.2	04-09-2018	
4.9	Second Supplemental Indenture to the October 2017 Indenture, dated as of January 25, 2019.	8-K	001-38449	4.2	01-25-2019	
4.10	Form of 3.125% Senior Notes due 2025 (included in Exhibit 4.7).	8-K	001-37690	4.1	10-17-2017	
4.11	Form of 3.500% Senior Notes due 2028 (included in Exhibit 4.7).	8-K	001-37690	4.1	10-17-2017	
4.12	Indenture, dated as of April 5, 2019, by and among the Company as Issuer, Broadcom Technologies Inc., Broadcom Corporation and Broadcom Cayman Finance Limited, and Wilmington Trust, National Association, as trustee.	8-K	001-38449	4.1	04-05-2019	
4.13	Form of 4.750% Senior Notes due 2029 (included in Exhibit 4.12).	8-K	001-38449	4.1	04-05-2019	
4.14	Indenture, dated as of April 9, 2020, by and among the Company, as Issuer, Broadcom Technologies Inc. and Broadcom Corporation (the “2020 Guarantors”), and Wilmington Trust, National Association, as trustee.	8-K	001-38449	4.1	04-09-2020	
4.15	Form of 5.000% Senior Notes due 2030 (included in Exhibit 4.14).	8-K	001-38449	4.1	04-09-2020	
4.16	Indenture, dated as of May 8, 2020, by and among the Company as Issuer, the 2020 Guarantors, and Wilmington Trust, National Association, as trustee.	8-K	001-38449	4.1	05-08-2020	
4.17	Form of 3.150% Senior Notes due 2025 (included in Exhibit 4.16).	8-K	001-38449	4.1	05-08-2020	
4.18	Form of 4.150% Senior Notes due 2030 (included in Exhibit 4.16).	8-K	001-38449	4.1	05-08-2020	
4.19	Form of 4.300% Senior Notes due 2032 (included in Exhibit 4.16).	8-K	001-38449	4.1	05-08-2020	
4.20	Indenture, dated as of May 21, 2020, by and among the Company, the 2020 Guarantors and Wilmington Trust, National Association, as trustee.	8-K	001-38449	4.1	05-21-2020	
4.21	Form of 3.459% Senior Notes due 2026 (included in Exhibit 4.20).	8-K	001-38449	4.1	05-21-2020	
4.22	Form of 4.110% Senior Notes due 2028 (included in Exhibit 4.20).	8-K	001-38449	4.1	05-21-2020	
4.23	Indenture, dated as of January 19, 2021, by and among the Company, the 2020 Guarantors and Wilmington Trust, National Association, as Trustee.	8-K	001-38449	4.1	01-19-2021	
4.24	Form of 1.950% Senior Notes due 2028 (included in Exhibit 4.23).	8-K	001-38449	4.1	01-19-2021	
4.25	Form of 2.450% Senior Notes due 2031 (included in Exhibit 4.23).	8-K	001-38449	4.1	01-19-2021	
4.26	Form of 2.600% Senior Notes due 2033 (included in Exhibit 4.23).	8-K	001-38449	4.1	01-19-2021	
4.27	Form of 3.500% Senior Notes due 2041 (included in Exhibit 4.23).	8-K	001-38449	4.1	01-19-2021	
4.28	Form of 3.750% Senior Notes due 2051 (included in Exhibit 4.23).	8-K	001-38449	4.1	01-19-2021	
4.29	Registration Rights Agreement, dated as of January 19, 2021, by and among the Company, the 2020 Guarantors and Morgan Stanley & Co. LLC, BNP Paribas Securities Corp., RBC Capital Markets, LLC, SMBC Nikko Securities America, Inc., and Truist Securities, Inc., as representatives of the several initial purchasers of the January 2021 Senior Notes.	8-K	001-38449	4.7	01-19-2021	
4.30	Indenture, dated as of March 31, 2021, by and between the Company and Wilmington Trust, National Association, as Trustee.	8-K	001-38449	4.1	03-31-2021	
4.31	Form of 3.419% Senior Notes due 2033 (included in Exhibit 4.30).	8-K	001-38449	4.1	03-31-2021	
4.32	Form of 3.469% Senior Notes due 2034 (included in Exhibit 4.30).	8-K	001-38449	4.1	03-31-2021	
4.33	Registration Rights Agreement, dated as of March 31, 2021, by and among the Company and BofA Securities, Inc. and HSBC Securities (USA) Inc., as dealer-managers in connection with the March 2021 Exchange Offer.	8-K	001-38449	4.4	03-31-2021	
4.34	Indenture, dated as of September 30, 2021, by and between the Company and Wilmington Trust, National Association, as Trustee.	8-K	001-38449	4.1	09-30-2021	
4.35	Form of 3.137% Senior Notes due 2035 (included in Exhibit 4.34).	8-K	001-38449	4.1	09-30-2021	
4.36	Form of 3.187% Senior Notes due 2036 (included in Exhibit 4.34).	8-K	001-38449	4.1	09-30-2021	
4.37	Registration Rights Agreement, dated as of September 30, 2021, by and among the Company and BNP Paribas Securities Corp., J.P. Morgan Securities LLC and TD Securities (USA) LLC, as dealer-mangers in connection with the September 2021 exchange offer.	8-K	001-38449	4.4	09-30-2021	

4.38	Indenture, dated April 14, 2022, between the Company and Wilmington Trust, National Association, as trustee.	8-K	001-38449	4.1	04-15-2022	
4.39	Form of 4.00% Senior Notes due 2029 (included in Exhibit 4.38).	8-K	001-38449	4.1	04-15-2022	
4.40	Form of 4.15% Senior Notes due 2032 (included in Exhibit 4.38).	8-K	001-38449	4.1	04-15-2022	
4.41	Registration Rights Agreement, dated as of April 14, 2022, between the Company and BofA Securities, Inc., HSBC Securities (USA) Inc., and RBC Capital Markets, LLC, as representatives of the several initial purchasers of the April 2022 Senior Notes.	8-K	001-38449	4.4	04-15-2022	
4.42	Indenture, dated April 18, 2022, between the Company and Wilmington Trust, National Association, as trustee.	8-K	001-38449	4.1	04-18-2022	
4.43	Form of 4.926% Senior Notes due 2037 (included in Exhibit 4.42).	8-K	001-38449	4.1	04-18-2022	
4.44	Registration Rights Agreement, dated April 18, 2022, between the Company and Barclays Capital Inc., BBVA Securities Inc., BNP Paribas Securities Corp. and J.P. Morgan Securities LLC, as dealer-managers in connection with the April 2022 Exchange Offer.	8-K	001-38449	4.3	04-18-2022	
4.45	Indenture, dated July 12, 2024, between the Company and Wilmington Trust, National Association, as trustee.	8-K	001-38449	4.1	07-12-2024	
4.46	Supplemental Indenture No. 1, dated July 12, 2024, between the Company and Wilmington Trust, National Association, as trustee.	8-K	001-38449	4.2	07-12-2024	
4.47	Form of 5.050% Senior Notes due 2027 (included in Exhibit 4.46).	8-K	001-38449	4.2	07-12-2024	
4.48	Form of 5.050% Senior Notes due 2029 (included in Exhibit 4.46).	8-K	001-38449	4.2	07-12-2024	
4.49	Form of 5.150% Senior Notes due 2031 (included in Exhibit 4.46).	8-K	001-38449	4.2	07-12-2024	
4.50	Supplemental Indenture No. 2, dated October 2, 2024, between the Company and Wilmington Trust, National Association, as trustee.	8-K	001-38449	4.2	10-02-2024	
4.51	Form of 4.150% Senior Notes due 2028 (included in Exhibit 4.50).	8-K	001-38449	4.2	10-02-2024	
4.52	Form of 4.350% Senior Notes due 2030 (included in Exhibit 4.50).	8-K	001-38449	4.2	10-02-2024	
4.53	Form of 4.550% Senior Notes due 2032 (included in Exhibit 4.50).	8-K	001-38449	4.2	10-02-2024	
4.54	Form of 4.800% Senior Notes due 2034 (included in Exhibit 4.50).	8-K	001-38449	4.2	10-02-2024	
4.55	Supplemental Indenture No. 3, dated January 10, 2025, between Broadcom Inc. and Wilmington Trust, National Association, as trustee.	8-K	001-38449	4.2	01-10-2025	
4.56	Form of 4.800% Senior Notes due 2028 (included in Exhibit 4.55).	8-K	001-38449	4.2	01-10-2025	
4.57	Form of 5.050% Senior Notes due 2030 (included in Exhibit 4.55).	8-K	001-38449	4.2	01-10-2025	
4.58	Form of 5.200% Senior Notes due 2032 (included in Exhibit 4.55).	8-K	001-38449	4.2	01-10-2025	
31.1	Certification of Principal Executive Officer of Broadcom Inc. Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer of Broadcom Inc. Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1	Certification of Principal Executive Officer of Broadcom Inc. Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2	Certification of Principal Financial Officer of Broadcom Inc. Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Schema Document					X
101.CAL	Inline XBRL Calculation Linkbase Document					X
101.DEF	Inline XBRL Definition Linkbase Document					X
101.LAB	Inline XBRL Labels Linkbase Document					X
101.PRE	Inline XBRL Presentation Linkbase Document					X
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X

SIGNATURES

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

BROADCOM INC.

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

Date: March 12, 2025