



Second Quarter Fiscal 2023 Earnings

May 3, 2023



Note Regarding Forward-Looking Statements

In addition to historical information, this document and the conference call that it accompanies contain forward-looking statements that are inherently subject to risks and uncertainties, including but not limited to: statements regarding our growth opportunities, including those in Automotive, IoT and the artificial intelligence space; our business, product and technology strategies, including our diversification strategy; our technologies, technology leadership and technology roadmap; our products, product performance, product leadership, product pipeline, product mix and product roadmap; new product releases, announcements and design wins; the benefits of our technologies, products, business model and research and development efforts; our business and share trends, as well as market and industry trends and their potential impact on our business and our positioning to take advantage thereof; acquisitions, collaborations or other strategic transactions, including the anticipated benefits thereof; elevated channel inventory levels, including our expectations regarding the resolution of this condition and the timing thereof; our cost reduction initiatives and targets, and the anticipated benefits thereof; anticipated demand for our products and technologies; the timing of purchases by certain customers; our capital return program and dividend growth; our business outlook; our expectations regarding macroeconomic conditions, our ability to navigate current challenges and our being well positioned to benefit from an economic recovery; and our estimates and guidance related to revenues, earnings per share (EPS), non-GAAP combined R&D and SG&A expenses (non-GAAP operating expenses), interest and investment and other expense (income) net, weighted average diluted share count, earnings before tax (EBT) margins and growth, effective tax rates and global handset shipments. Forward-looking statements are generally identified by words such as “estimates,” “guidance,” “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks” and similar expressions. Actual results may differ materially from those referred to in the forward-looking statements due to a number of important factors, including but not limited to: our dependence on a small number of customers and licensees, and particularly from their sale of premium-tier devices; our customers vertically integrating; a significant portion of our business being concentrated in China, which is exacerbated by U.S./China trade and national security tensions; our ability to extend our technologies and products into new and expanded product areas, and industries and applications beyond mobile handsets; our strategic acquisitions, transactions and investments, and our ability to consummate strategic acquisitions; our dependence on a limited number of third-party suppliers; risks associated with the operation and control of our manufacturing facilities; security breaches of our information technology systems, or other misappropriation of our technology, intellectual property or other proprietary or confidential information; our ability to attract and retain qualified employees, and recent changes to our hybrid work model; the continued and future success of our licensing programs, which requires us to continue to evolve our patent portfolio and to renew or renegotiate license agreements that are expiring; efforts by some OEMs to avoid paying fair and reasonable royalties for the use of our intellectual property, and other attacks on our licensing business model; potential changes in our patent licensing practices, whether due to governmental investigations, legal challenges or otherwise; adverse rulings in governmental investigations or proceedings or other legal proceedings; our customers’ and licensees’ sales of products and services based on CDMA, OFDMA and other communications technologies, including 5G, and our customers’ demand for our products based on these technologies; competition in an environment of rapid technological change, and our ability to adapt to such change and compete effectively; failures in our products or in the products of our customers or licensees, including those resulting from security vulnerabilities, defects or errors; difficulties in enforcing and protecting our intellectual property rights; claims by third parties that we infringe their intellectual property; our use of open source software; impacts of the COVID-19 pandemic, or any similar health crisis that may arise in the future, and government policies and other measures adopted in response thereto; the cyclical nature of the semiconductor industry, declines in global, regional or local economic conditions, or our stock price and earnings volatility; our ability to comply with laws, regulations, policies and standards; our indebtedness; and potential tax liabilities. These and other risks are set forth in our Quarterly Report on Form 10-Q for the fiscal quarter ended March 26, 2023 filed with the Securities and Exchange Commission (SEC). Our reports filed with the SEC are available on our website at www.qualcomm.com. We undertake no obligation to update, or continue to provide information with respect to, any forward-looking statement or risk factor, whether as a result of new information, future events or otherwise.

This presentation includes “Non-GAAP financial measures” as that term is defined in Regulation G. Further discussion regarding our use of Non-GAAP financial measures, as well as the most directly comparable GAAP (accounting principles generally accepted in the United States) financial measures and information reconciling these Non-GAAP financial measures to our financial results prepared in accordance with GAAP, are included in this presentation.

References to “Qualcomm” refer to Qualcomm Incorporated and/or its subsidiaries, as applicable. Qualcomm Incorporated includes QTL and the vast majority of our patent portfolio. Qualcomm Technologies, Inc., a subsidiary of Qualcomm Incorporated, operates, along with its subsidiaries, substantially all of our engineering and research and development functions and substantially all of our products and services businesses, including QCT.

Q2FY23 Highlights

Second Quarter Fiscal 2023 Results

Revenues Exceeded Midpoint of Guidance Range⁽¹⁾

Revenues

\$9.3B

GAAP EPS⁽²⁾

\$1.52

Non-GAAP⁽³⁾ EPS

\$2.15

QCT

Revenues of
\$7.9B

at high end of
guidance range⁽¹⁾

\$1.8B

Combined Automotive
& IoT revenues

EBT⁽⁴⁾ of
\$2.1B

with EBT
margin of

27%

at high end of
guidance range⁽¹⁾

QTL

Revenues of
\$1.3B

within guidance
range⁽¹⁾

EBT margin of

68%

at midpoint of
guidance range⁽¹⁾

Other

Returned
\$1.7B
to stockholders
including

\$0.9B

of share
repurchases &

\$0.8B

in dividends

Increased
annualized dividend
payout to

\$3.20 **↑7%**
vs. prior

per share of
common stock

1.) Prior guidance as of February 2, 2023; 2.) EPS = Diluted earnings per share; 3.) Non-GAAP information excludes our QSI (Qualcomm Strategic Initiatives) segment and certain share-based compensation, acquisition-related items, tax items and other items. Further discussion regarding our use of Non-GAAP financial measures and reconciliations between GAAP and Non-GAAP results are included in this presentation; 4.) EBT = Earnings before taxes.

Q2FY23 QCT Highlights

YoY Growth in Auto

Revenues

Handsets

\$6.1B



- Snapdragon® 8 Gen 2 Mobile Platform is the [standard for Android flagship devices globally](#), with launches across leading OEMs, including Samsung, Xiaomi, Vivo, Oppo, OnePlus, Honor, Motorola, ASUS and ZTE.

Automotive

\$447M



- [Partnering with Mercedes-Benz](#) on our next generation Snapdragon Digital Cockpit Platforms that will be featured in Mercedes vehicles starting in 2023.
- [Won twelve new Snapdragon Cockpit and Snapdragon Connectivity 5G Platform designs](#) with automakers across the globe.
- Our OEM partners recently launched vehicles with our [3rd Generation Snapdragon Cockpit Platform](#), including the Xpeng P7i and Lotus' new Eletre SUV.

Internet of Things (IoT)

\$1.4B



- In Consumer IoT, we continue to be encouraged by the [positive momentum](#) with Windows on Snapdragon. Dell recently launched the Inspiron 14-inch laptop, powered by the [Snapdragon 8cx Gen 2 Compute Platform](#). We are also launching the [Windows on Snapdragon Developer portal](#) to enable consumer and enterprise ISVs to test, port, and optimize their applications directly on Qualcomm silicon.
- In Edge Networking IoT, we [announced the Qualcomm® 5G Fixed Wireless Access Platform Gen 3](#), offering operators the ability to expand their service coverage to new areas while [lowering cost and enabling faster deployment](#).
- In Industrial IoT, we led the Bluetooth® SIG working group to help [establish a new standard for electronic shelf labels](#) that are [scalable, ultra-low power and highly secure](#). This will help enable large retailers to accelerate the digital transformation of the store with electronic labels that can interact with both store and consumer devices.

Note: Beginning in the first quarter of fiscal 2023, QCT RFFE (radio frequency front-end) revenues, which were previously presented as a separate revenue stream, are now included within our Handsets, Automotive and Internet of Things revenue streams as applicable. Prior period information has been recast to reflect this change.

Snapdragon and Qualcomm branded products are products of Qualcomm Technologies, Inc. and/or its subsidiaries.

Financial Results and Guidance

As of May 3, 2023

Quarterly Results and Guidance	Q2FY23 Guidance ⁽¹⁾	Q2FY23 Results	Q3FY23 Guidance ⁽²⁾
Revenues	\$8.7B - \$9.5B	\$9.3B	\$8.1B - \$8.9B
Non-GAAP diluted EPS	\$2.05 - \$2.25	\$2.15	\$1.70 - \$1.90
Non-GAAP operating expenses ⁽³⁾	-\$2.25B	\$2.17B	-Flat
GAAP interest and investment and other expense, net	-\$125M	\$195M	-\$125M
Non-GAAP effective tax rate	~15%	15%	~15%
Weighted average diluted share count	~1.12B	1.12B	~1.13B
Segment Results and Guidance			
QCT revenues	\$7.4B - \$8.0B	\$7.9B	\$6.9B - \$7.5B
QCT EBT margin %	25% - 27%	27%	23% - 25%
QTL revenues	\$1.25B - \$1.45B	\$1.29B	\$1.15B - \$1.35B
QTL EBT margin %	66% - 70%	68%	64% - 68%
Annual Guidance		FY23 Prior Guidance⁽¹⁾	FY23 Guidance⁽²⁾
Non-GAAP effective tax rate		~15%	~15%

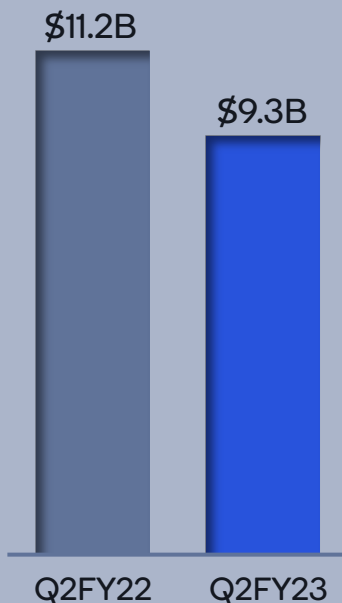
1) Prior guidance as of February 2, 2023; 2.) Our outlook does not include provisions for proposed tax law changes, future asset impairments or for pending legal matters, other than future legal amounts that are probable and estimable. Further, due to their nature, certain income and expense items, such as certain investments, derivative and foreign currency transaction gains or losses, cannot be accurately forecast (including the impact of the anticipated sale of the Non-Arriver businesses). Accordingly, we only include such items in our financial outlook to the extent they are reasonably certain. Our outlook includes the impact of any pending business combinations to the extent they are expected to close in the upcoming quarter. Actual results may differ materially from outlook; 3.) Non-GAAP operating expenses = Non-GAAP combined R&D and SG&A expenses.

Q2FY23 Non-GAAP Results

In-line with prior
expectations⁽¹⁾

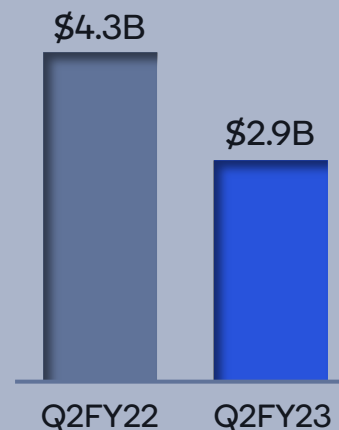
Revenues

-17%



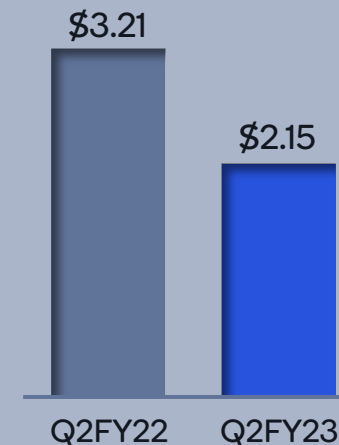
EBT

-33%



EPS

-33%



1.) As of February 2, 2023.

Q2FY23 Segment Results

Results impacted by broader macroeconomic environment and elevated channel inventory

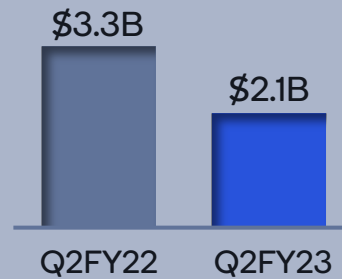
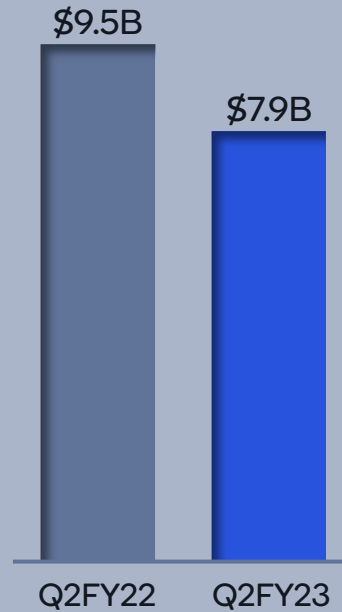
QCT

Revenues

-17%

EBT

-37%



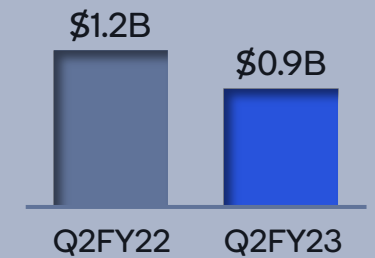
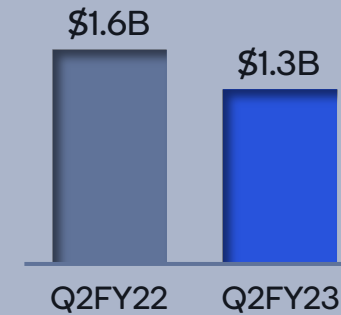
QTL

Revenues

-18%

EBT

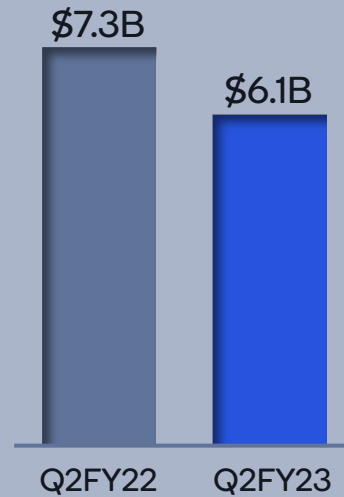
-25%



Q2FY23 QCT Revenue Streams

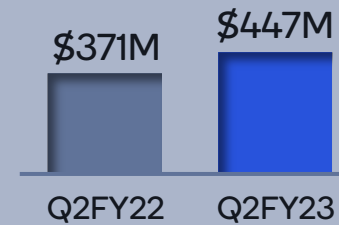
Handsets

-17%



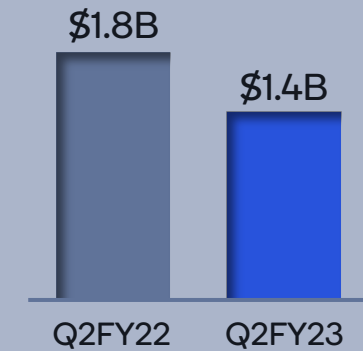
Automotive

+20%



IoT

-24%



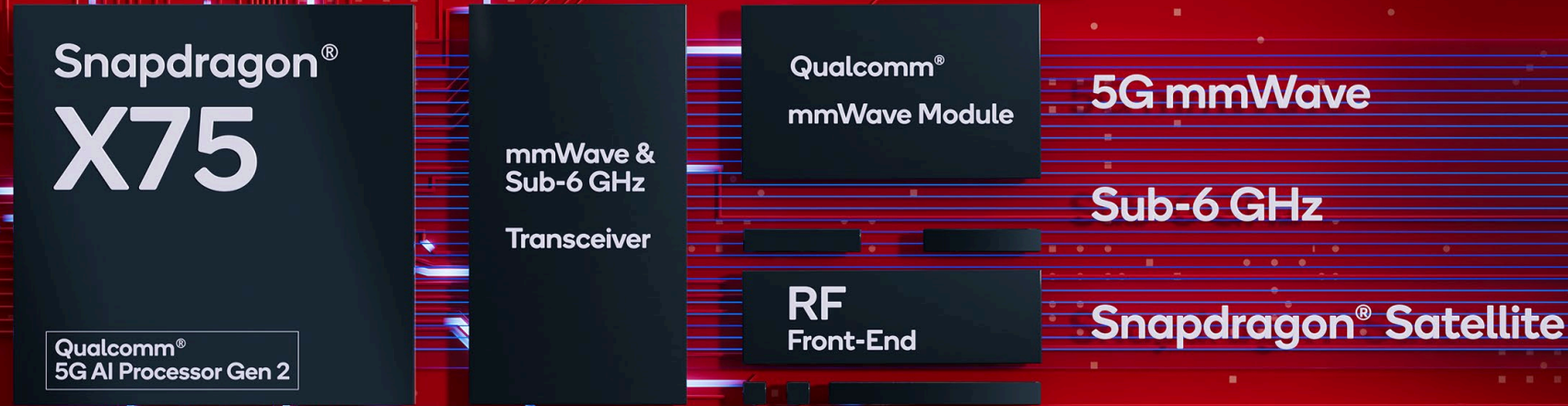
Key Announcements

QCT 5G Modem-RF Product Leadership: World's First 5G Advanced-Ready Modem-RF System

- Qualcomm Sparks the Next Phase of 5G With the World's First 5G Advanced-Ready Modem-RF System – [link](#)



Snapdragon
X75 5G modem-RF



1st 5G Advanced-ready architecture

1st Tensor accelerator for 5G, 2.5X¹ AI processing power

1st Converged mmWave-sub6 architecture

1.) Compared to Snapdragon X70 5G Modem-RF System.

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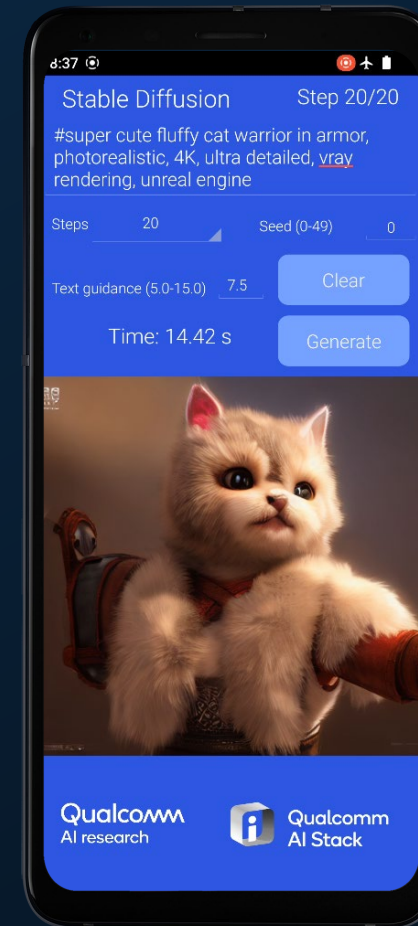
QCT AI Leadership: Industry-leading on-device AI performance

- World's First On-Device Demonstration of Stable Diffusion on an Android Phone – [link](#)

1B+ parameter generative AI model runs efficiently and interactively on the Android smartphone

Enhanced privacy, security, reliability, and cost with on-device processing

Leading Qualcomm AI Engine, Qualcomm AI Stack & tools make it possible

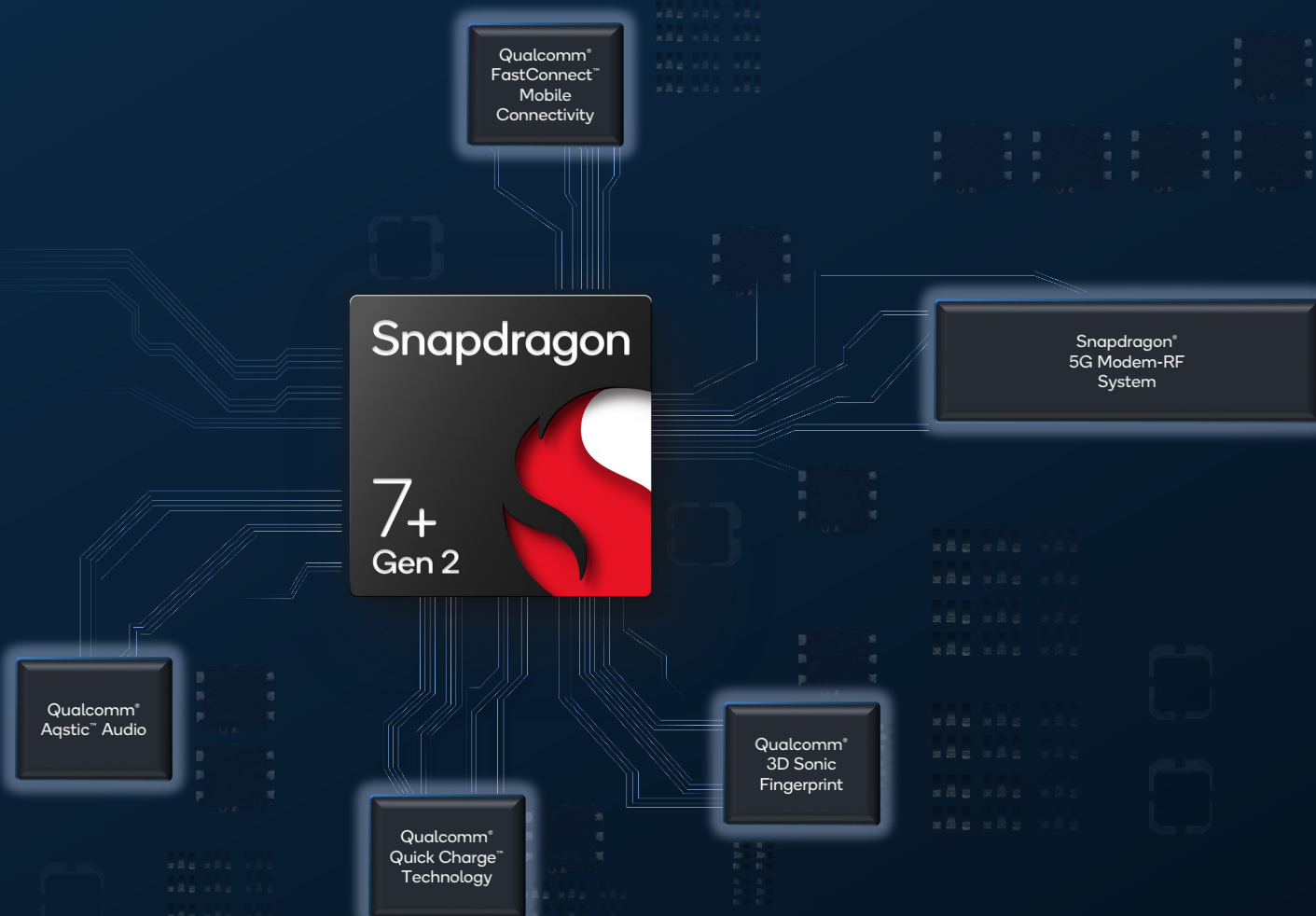


QCT Handsets:

Our most powerful Snapdragon® 7-Series ever – the brand-new Snapdragon 7+ Gen 2 Mobile Platform

- Qualcomm Unveils Game-Changing Snapdragon 7-Series Mobile Platform to Bring Latest Premium Experiences to More Consumers – [link](#)

- Snapdragon 7+ Gen 2 unleashes legendary entertainment with exceptional **performance gains** system-wide, including CPU, GPU, AI, and **power efficiency**.
- Delivers premium, in-demand experiences brand new to the Snapdragon 7-series for unprecedented capabilities in this tier—from **on-device AI enhanced experiences**, exhilarating mobile gaming, photography, videography, audio, and more.



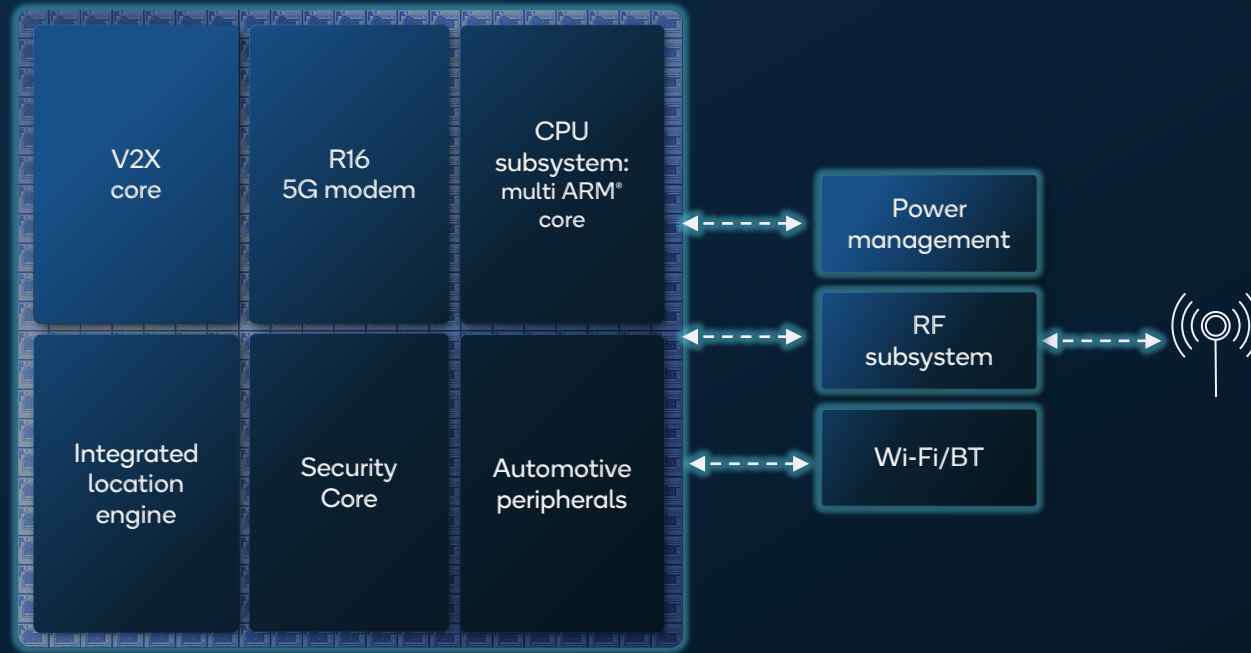
QCT Automotive:

Our most advanced automotive modem-RF system available – Snapdragon® Auto 5G Modem-RF Gen 2

- Qualcomm Raises the Bar for Connected Car Technologies with Next Generation Snapdragon Automotive 5G Platform – [link](#)



- Snapdragon Auto 5G Modem-RF Gen 2 platform provides 50% more processing power, 40% power efficiency gains and greater than two times the maximum throughput for secure, reliable and seamless connectivity, as compared to the previous generation.
- Delivers ultra-low latency for safety applications and mission-critical services to enable improved media streaming, cloud gaming along with premium navigation and mapping.
- Supports comprehensive connected services platform powered by Snapdragon Car-to-Cloud Services, enabling connected services for dynamically configurable, software-defined vehicles.
- Sampling today with global automakers and will be commercially available in late 2023.



Complete SoC to antenna solution for automotive

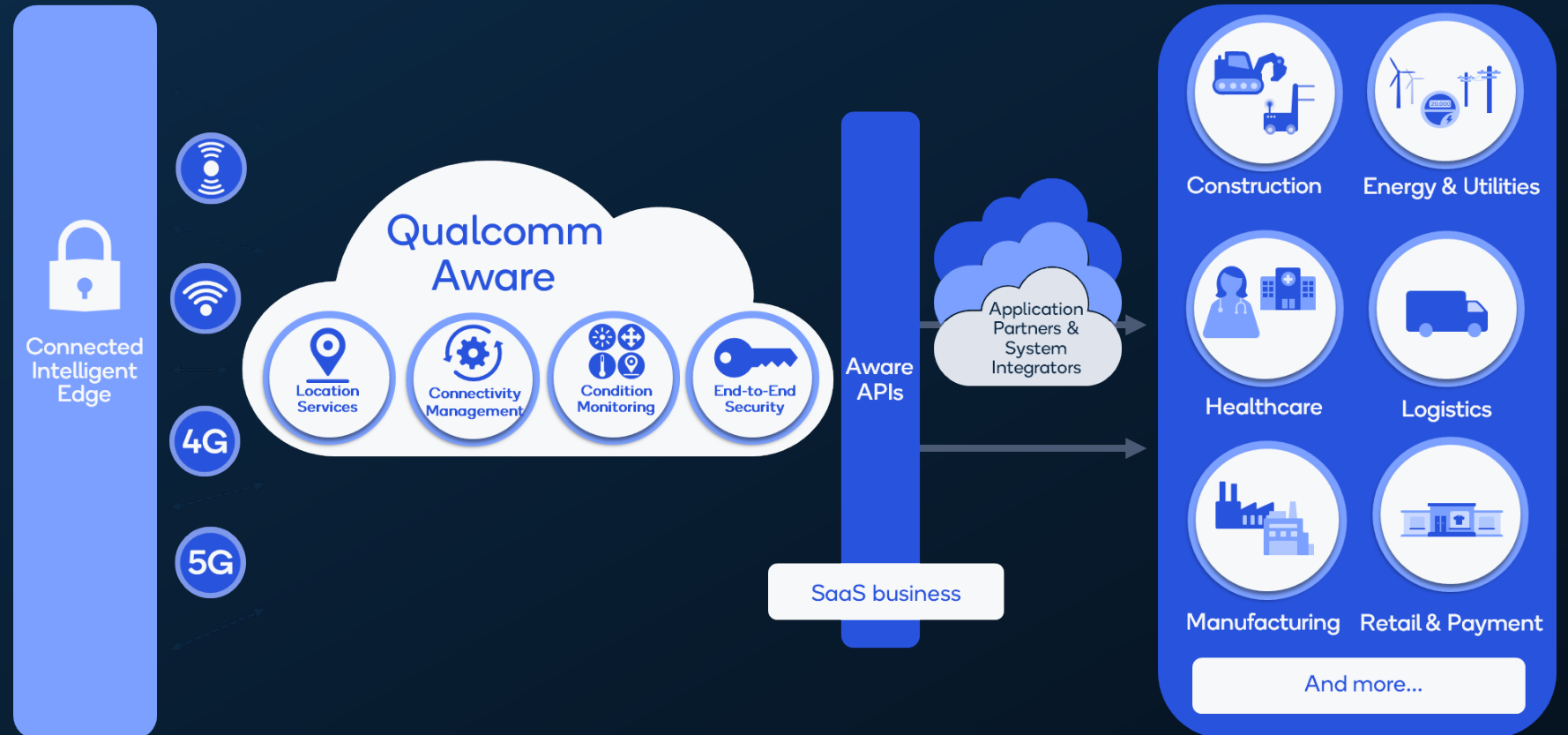
QCT Industrial IoT:

Qualcomm Aware – Cloud-based IoT services platform to enable the digital transformation of industries

- Qualcomm Expands Offering to Simplify and Accelerate IoT Across Multiple Industries – [link](#)

Qualcomm Aware™ Platform: The Industrial Intelligence Solution

- Drives innovation across edge devices and cloud by offering silicon and software services for functions commonly required for digital transformation such as location and condition monitoring.
- Addresses the fragmented nature of digital transformation use-cases by enabling developers through API-first architectures and user-friendly tools with an ecosystem of hardware and software partners.
- Expands our traditional hardware business model with the introduction of ongoing IoT services.



QCT Industrial IoT: Integrated connected processors for IoT and Robotics

- Qualcomm Expands Connected Intelligent Edge Ecosystem Through Groundbreaking IoT and Robotics Products – [link](#)

Global 5G and Wi-Fi 6E

Integrated multi-mode 5G and support for Wi-Fi 6E, with a robust set of features designed for high-compute and greater connectivity now run Linux, Ubuntu, and Microsoft Windows IoT Enterprise, in addition to Android



Global coverage with mmWave and Sub-6 TDD/FDD, NSA and SA mode



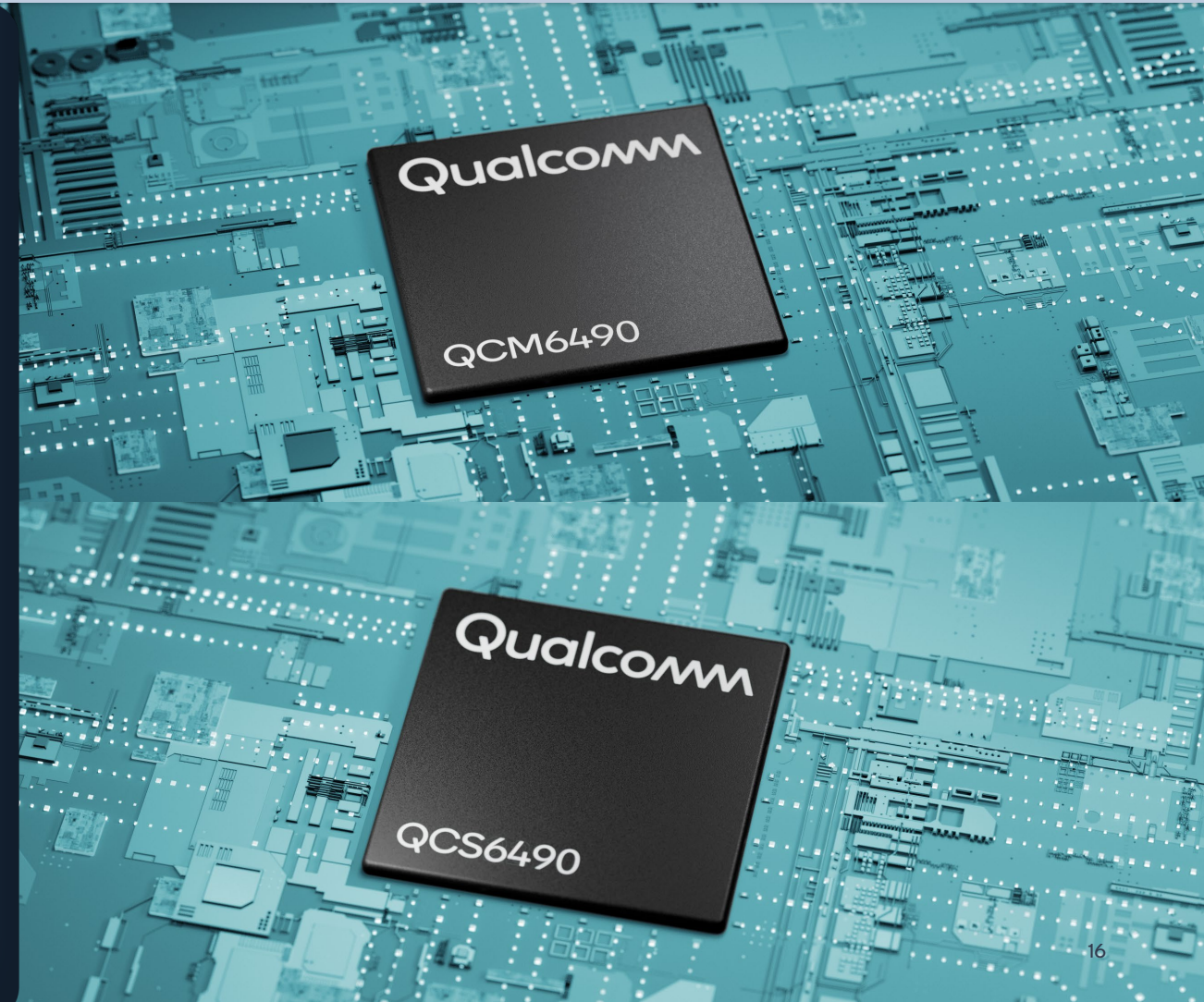
Enterprise grade, multi-gigabit speeds for a boost in speed, capacity and latency



Fused AI-accelerated architecture to bring astonishing performance at low power



Triple ISP support with 4K video encode/decode



Key Announcements

- Qualcomm and Samsung Partner to Bring the Fastest Snapdragon Ever to Galaxy S23 Series Globally – [link](#)
- Qualcomm Unveils AI Powered Video Conferencing Solution for Accelerating Future of Work with Greater, More Immersive Virtual Meetings and Collaboration – [link](#)
- Qualcomm Introduces the World’s First 5G NR-Light Modem-RF System to Fuel a New Wave of 5G Devices – [link](#)
- Qualcomm and SES-imagotag Collaborate on Standards-based Electronic Shelf Labels (ESLs) to Enhance Retail Experiences – [link](#)
- Qualcomm and Zain KSA Propel 5G Infrastructure Across Saudi Arabia – [link](#)
- Qualcomm and Naval Postgraduate School Announce Collaboration to Advance Technological Solutions – [link](#)
- Qualcomm and Mercedes-AMG PETRONAS F1 Team Collaborate to Create Innovative and Disruptive Experiences – [link](#)
- Qualcomm Sparks the Next Phase of 5G With the World’s First 5G Advanced-Ready Modem-RF System – [link](#)
- Qualcomm Foundation Fund Donates Money to the MINT Campus Dachau, a STEM initiative charity, for their Corporate Giving initiative across the European Region – [link](#)
- Telefónica, Ericsson and Qualcomm Launch First Commercial Mobile 5G mmWave Network in Spain at Mobile World Congress 2023, Barcelona – [link](#)
- Qualcomm Expands Offering to Simplify and Accelerate IoT Across Multiple Industries – [link](#)
- Qualcomm Selects Adobe to Deepen Customer Relationships with Real-Time Personalization – [link](#)
- World’s first on-device demonstration of Stable Diffusion on an Android phone (blog) – [link](#)
- Schneider Electric and Capgemini Collaborate to Accelerate 5G Industrial Automation, Supported by Qualcomm – [link](#)
- Qualcomm and Dell Technologies to Accelerate 5G Open RAN Design and Deployments – [link](#)
- Viettel and Qualcomm to Advance 5G Infrastructure Growth – [link](#)
- Qualcomm Drives Proliferation of 5G Across Industries with Globally Certified Module Reference Designs – [link](#)
- Mavenir and Qualcomm to Deliver Energy Efficient, AI-Powered Massive MIMO Radio – [link](#)
- Qualcomm and 7 Leading Global Operators Announce Plans to Leverage Snapdragon Spaces to Expand the Next Generation of Computing – [link](#)
- Qualcomm Raises the Bar for Connected Car Technologies with Next Generation Snapdragon Automotive 5G Platform – [link](#)
- Qualcomm and Leading Global Smartphone Manufacturers Collaborate to Bring Snapdragon Satellite to Smartphones – [link](#)
- Qualcomm and NEC Further the Commercialization of Virtualized and Open RAN – [link](#)
- Qualcomm to Collaborate with American Tower, Aims to Accelerate Next-Generation Edge Compute Using American Tower’s Distributed Real Estate – [link](#)
- Qualcomm and Thales Unveil World’s First GSMA Compliant iSIM with Latest Snapdragon Mobile Platform – [link](#)
- Rohde & Schwarz, China’s Academy of Broadcasting Science and Qualcomm to Showcase 5G Broadcast Applications at MWC Barcelona – [link](#)
- Nokia, Qualcomm and T-Mobile Achieve Industry-First 5G Carrier Aggregation Combining 5 Component Carriers #MWC23 – [link](#)
- Singtel, Ericsson and Qualcomm Achieved 5G Upload Speed of More Than 1.6Gbps in an Enterprise Deployment - an Industry First – [link](#)
- Qualcomm and Quectel Showcase ML/AI Solution for Smart Module at MWC-Barcelona – [link](#)
- Qualcomm Announces the Shortlisted Teams for the Qualcomm Vietnam Innovation Challenge 2023 – [link](#)
- Qualcomm® Wireless Reach™ provides schools with next generation wireless technology solutions in 5G Smart School Program, in collaboration with WeSchool, Telecom Italia (TIM) and Acer – [link](#)
- Qualcomm Increases Quarterly Cash Dividend by 7 Percent – [link](#)

Key Announcements

- Arrow Electronics and Qualcomm Collaborate to Accelerate Edge and AI Adoption – [link](#)
- Qualcomm Expands Connected Intelligent Edge Ecosystem Through Groundbreaking IoT and Robotics Products – [link](#)
- Qualcomm announces winners of Qualcomm® Design in India Challenge 2022 – [link](#)
- Qualcomm Unveils Game-Changing Snapdragon 7-Series Mobile Platform to Bring Latest Premium Experiences to More Consumers – [link](#)
- New research commissioned by Qualcomm shows that connected mobility solutions could reduce emissions by up to 18% – [link](#)
- LEAPMOTOR and Qualcomm Further Deepen Technology Collaborations to Create Premium In-vehicle Experiences Based on Next Generation Snapdragon Cockpit Platform – [link](#)
- Qualcomm and Xiaomi Demonstrated Mobile Meter-Level Positioning Capabilities Worldwide, Unlocking Superior Location Capabilities – [link](#)
- Qualcomm Announces Quarterly Cash Dividend – [link](#)
- Qualcomm Introduces Cutting-Edge IoT Solutions to Enable New Industrial Applications and Help Scale the IoT Ecosystem – [link](#)
- Qualcomm RF360 Europe GmbH is Working to Reduce its Greenhouse Gas Emissions in Munich, Germany – [link](#)

Financial Strength & Reconciliations

Financial Strength

	March 26, 2023	March 27, 2022
Total cash, cash equivalents and marketable securities	\$6.7B	\$11.5B
Total assets	\$48.4B	\$44.3B
Stockholders' equity	\$19.7B	\$13.3B
Debt ⁽¹⁾	\$16.0B	\$15.7B

1.) Includes short-term and long-term debt.

Note Regarding Use of Non-GAAP Financial Measures

The Non-GAAP financial measures presented herein should be considered in addition to, not as a substitute for or superior to, financial measures calculated in accordance with GAAP. In addition, “Non-GAAP” is not a term defined by GAAP, and as a result, our Non-GAAP financial measures might be different than similarly titled measures used by other companies. Reconciliations between GAAP and Non-GAAP financial measures are presented herein.

We use Non-GAAP financial information: (i) to evaluate, assess and benchmark our operating results on a consistent and comparable basis; (ii) to measure the performance and efficiency of our ongoing core operating businesses, including our QCT (Qualcomm CDMA Technologies) and QTL (Qualcomm Technology Licensing) segments; and (iii) to compare the performance and efficiency of these segments against competitors. Non-GAAP measurements used by us include revenues, cost of revenues, research and development (R&D) expenses, selling, general and administrative (SG&A) expenses, other income or expenses, operating income, interest expense, net investment and other income, income or earnings before income taxes, effective tax rate, net income and diluted earnings per share. We are able to assess what we believe is a meaningful and comparable set of financial performance measures by using Non-GAAP information. In addition, the HR and Compensation Committee of our Board of Directors uses certain Non-GAAP financial measures in establishing portions of the performance-based incentive compensation programs for our executive officers. We present Non-GAAP financial information to provide greater transparency to investors with respect to our use of such information in financial and operational decision-making. This Non-GAAP financial information is also used by institutional investors and analysts in evaluating our business and assessing trends and future expectations.

Non-GAAP information presented herein excludes our QSI (Qualcomm Strategic Initiatives) segment and certain share-based compensation, acquisition-related items, tax items and other items.

- QSI is excluded because we generally expect to exit our strategic investments in the foreseeable future, and the effects of fluctuations in the value of such investments and realized gains or losses are viewed as unrelated to our operational performance.
- Share-based compensation expense primarily relates to restricted stock units. We believe that excluding share-based compensation from Non-GAAP financial information allows us and investors to make additional comparisons of the operating activities of our ongoing core businesses over time and with respect to other companies.
- Certain other items are excluded because we view such items as unrelated to the operating activities of our ongoing core businesses, as follows:
 - Acquisition-related items include amortization of acquisition-related intangible assets, substantially all of which relate to the amortization of technology-based intangible assets that is recorded in cost of revenues and will recur in future periods until the related intangible assets have been fully amortized. We view acquisition-related intangible assets as items arising from pre-acquisition activities determined at the time of an acquisition. Acquisition-related intangible assets contribute to revenue generation that has not been excluded from our Non-GAAP financial information. Acquisition-related items also include recognition of the step-up of inventories and property, plant and equipment to fair value and the related tax effects of acquisition-related items, as well as any effects from restructuring the ownership of such acquired assets. We also exclude the operating results of acquired and/or consolidated businesses that, as of close, are expected or required to be sold. Additionally, we exclude certain other acquisition-related charges such as third-party acquisition and integration services costs and costs related to temporary debt facilities and letters of credit executed prior to the close of an acquisition.
 - We exclude certain other items that we view as unrelated to our ongoing businesses, such as major restructuring and restructuring-related costs, asset impairments and awards, settlements and/or damages arising from legal or regulatory matters. We exclude gains and losses driven by the revaluation of our deferred compensation plan liabilities recognized in operating expenses and the offsetting gains and losses on the related plan assets recognized in investment and other income (expense).
 - Certain tax items that are unrelated to the fiscal year in which they are recorded are excluded in order to provide a clearer understanding of our ongoing Non-GAAP tax rate and after-tax earnings. Beginning in the first quarter of fiscal 2023 and for the initial five-year period in which we are required to capitalize and amortize R&D expenditures for U.S. federal income tax purposes, we also exclude the favorable impact to our provision for income taxes and results of operations resulting from such change in treatment of R&D expenditures. The favorable tax provision impact will diminish in future years as capitalized research and development expenditures continue to amortize.

Reconciliations of GAAP to Non-GAAP Financial Measures

Second Quarter Fiscal 2023 Results

<i>(in millions, except per share data)</i>	GAAP Results	Less QSI	Less Share-Based Compensation	Less Other Items ⁽¹⁾	Non-GAAP Results
Revenues	\$9,275	\$7	\$—	\$—	\$9,268
EBT	\$1,895	(\$53)	(\$629)	(\$280)	\$2,857
Net income (loss)	\$1,704	(\$42)	(\$515)	(\$159)	\$2,420
Diluted EPS	\$1.52	(\$0.04)	(\$0.46)	(\$0.14)	\$2.15
Diluted shares	1,123	1,123	1,123	1,123	1,123

Second Quarter Fiscal 2022 Results

<i>(in millions, except per share data)</i>	GAAP Results	Less QSI	Less Share-Based Compensation	Less Other Items ⁽²⁾	Non-GAAP Results
Revenues	\$11,164	\$6	\$—	\$—	\$11,158
EBT	\$3,423	(\$269)	(\$497)	(\$66)	\$4,255
Net income (loss)	\$2,934	(\$212)	(\$404)	(\$111)	\$3,661
Diluted EPS	\$2.57	(\$0.19)	(\$0.35)	(\$0.10)	\$3.21
Diluted shares	1,140	1,140	1,140	1,140	1,140

1.) Other items excluded from Non-GAAP results included \$212 million of restructuring and restructuring-related charges, \$41 million of acquisition-related charges, a \$25 million impairment loss on investments, and \$1 million of interest expense related to the fine imposed on us by the European Commission in 2019. Other items excluded from Non-GAAP results also included \$22 million of losses driven by the revaluation of our deferred compensation plan liabilities, which increased operating expenses, offset by corresponding \$21 million of gains driven by the revaluation of the associated plan assets, which were included within investment and other (expense) income, net, as well as \$2 million of income, net of income taxes, from the discontinued operations of the Non-Arriver businesses. Tax expense in the "Other Items" column included a \$106 million benefit from the foreign-derived intangible income (FDII) deduction resulting from the requirement to capitalize and amortize R&D expenditures, a \$23 million benefit from the combined effect of other items in EBT, a \$3 million benefit for the tax effect of acquisition-related charges and a \$3 million benefit to reconcile the tax provision of each column to the total GAAP tax provision for the quarter, partially offset by a \$16 million foreign currency loss related to a noncurrent receivable resulting from our refund claim of Korean withholding taxes paid in prior periods.

2.) Details of amounts included in the "Other Items" column for the second quarter of fiscal 2022 are included in the Earnings Presentation for that period.

Sums may not equal totals due to rounding.

Business Outlook

	Q2FY23 Guidance ⁽¹⁾	Q3FY23 Guidance ⁽²⁾⁽³⁾
Revenues	\$8.7B - \$9.5B	\$8.1B - \$8.9B
GAAP diluted EPS	\$1.53 - \$1.73	\$1.24 - \$1.44
Less diluted EPS attributable to QSI	\$—	\$—
Less diluted EPS attributable to share-based compensation	(\$0.46)	(\$0.45)
Less diluted EPS attributable to other items ⁽⁴⁾	(\$0.06)	(\$0.01)
Non-GAAP diluted EPS	\$2.05 - \$2.25	\$1.70 - \$1.90

1.) Prior guidance as of February 2, 2023.

2.) Our outlook does not include provisions for proposed tax law changes, future asset impairments or for pending legal matters, other than future legal amounts that are probable and estimable. Further, due to their nature, certain income and expense items, such as certain investments, derivative and foreign currency transaction gains or losses, cannot be accurately forecast (including the impact of the anticipated sale of the Non-Arriver businesses). Accordingly, we only include such items in our financial outlook to the extent they are reasonably certain. Our outlook includes the impact of any pending business combinations to the extent they are expected to close in the upcoming quarter. Actual results may differ materially from the outlook

3.) Guidance as of May 3, 2023.

4.) Our guidance for diluted EPS attributable to other items for the second quarter of fiscal 2023 was primarily related to restructuring-related and acquisition-related items, partially offset by the tax benefit resulting from the requirement to capitalize R&D expenditures under U.S. Federal income tax law. Our guidance for diluted EPS attributable to other items for the third quarter of fiscal 2023 is primarily related to acquisition-related items, including the discontinued operations of the Non-Arriver businesses, partially offset by the tax benefit resulting from the requirement to capitalize R&D expenditures under U.S. Federal income tax law.

Operating Expenses

(in millions, except percentages)

	Q4FY22 Results ⁽¹⁾	FY23 Target Reduction ⁽¹⁾⁽²⁾	Q2FY23 Guidance ⁽³⁾	Q2FY23 Results	Q3FY23 Guidance ⁽²⁾
GAAP combined R&D and SG&A expenses	\$2,862	~Flat year-over-year	\$2,900	\$2,824	Decrease 1% sequentially
Less QSI	3	N/P	N/P	4	N/P
Less share-based compensation	506	N/P	N/P	610	N/P
Less other items ⁽⁴⁾	6	N/P	N/P	38	N/P
Non-GAAP operating expenses (Non-GAAP combined R&D and SG&A expenses)	\$2,347	Decrease 5% year-over- year	\$2,250	\$2,172	~Flat sequentially

Effective Tax Rates

	GAAP Results/Guidance	Less QSI ⁽⁵⁾	Less Share-Based Compensation ⁽⁵⁾	Less Other Items ⁽⁵⁾⁽⁶⁾	Non-GAAP Results/Guidance
Estimated ⁽³⁾ Q2FY23 tax rate	11%	—	(1%)	(3%)	15%
Q2FY23 tax rate	10%	—	(2%)	(3%)	15%
Estimated ⁽²⁾ Q3FY23 tax rate	9%	—	(2%)	(4%)	15%
Previous estimated ⁽³⁾ FY23 annual tax rate	9%	—	(2%)	(4%)	15%
Estimated ⁽²⁾ FY23 annual tax rate	8%	—	(2%)	(5%)	15%

1.) As of February 2, 2023, we reported that we expect to reduce our non-GAAP operating expenses by approximately 5% relative to our annualized fourth quarter fiscal 2022 exit rate. As of May 3, 2023, we reported that we are currently on track to meet this.

2.) Guidance as of May 3, 2023. Total GAAP combined R&D and SG&A expenses guidance includes an estimate of share-based compensation expense allocated to R&D and SG&A.

3.) Prior guidance as of February 2, 2023.

4.) Other items in the second quarter of fiscal 2023 consisted of \$16 million of acquisition-related charges and \$22 million of losses driven by the revaluation of our deferred compensation plan liabilities. Details of amounts included in the "Other Items" row for the first quarter of fiscal 2023 are included in the Earnings presentation for that period.

5.) The incremental effect of our adjustments to the Non-GAAP tax rate is calculated by allocating the difference between (i) the tax expense (benefit) calculated based on the GAAP tax rate and (ii) the actual or estimated tax expense (benefit) for each column.

6.) Tax expenses in the "Other Items" column for the second quarter of fiscal 2023 are included in the "Second Quarter Fiscal 2023 Results" section herein.

N/P - Not provided