

# First Quarter Fiscal 2023 Earnings

February 2, 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; 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; our addressable market; 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; our expectations regarding the sale of Veoneer's active safety business by SSW Partners; anticipated demand for our products and technologies; supply issues; our capital return program; our business outlook; our expectations regarding macroeconomic conditions and our ability to navigate current challenges; 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 to successfully operate under a 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 December 25, 2022 filed with the Securities and Exchange Commission (SEC). Our reports filed with the SEC are available on our website at [www.qualcomm.com](http://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.

# Q1FY23 Highlights

# First Quarter Fiscal 2023 Highlights

EPS Above Midpoint of Guidance Range<sup>(1)</sup>

Revenues

\$9.5B

GAAP EPS<sup>(2)</sup>

\$1.98

Non-GAAP<sup>(3)</sup> EPS

\$2.37

## QCT

Revenues of

**\$7.9B**

within guidance range<sup>(1)</sup>

**\$2.1B** ↑15% YoY

Combined Automotive & IoT revenues

EBT<sup>(4)</sup> of

**\$2.2B**

with EBT margin of

**28%**

at high end of guidance range<sup>(1)</sup>

## QTL

Revenues of

**\$1.5B**

within guidance range<sup>(1)</sup>

EBT margin of

**73%**

at midpoint of guidance range<sup>(1)</sup>

## Other

Returned

**\$2.1B**

to stockholders including

**\$1.3B**

of share repurchases &

**\$0.8B**

in dividends

Announced our upcoming

**2023 Annual Meeting of Stockholders**

March 8, 2023  
Irwin Jacobs Qualcomm Hall,  
San Diego, CA

1.) Prior guidance as of November 2, 2022; 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.

# Q1FY23 QCT Highlights

## YoY Growth Outside Handsets

### Revenues

Handsets  
\$5.8B



- Snapdragon® 8 Gen 2 for Galaxy powers Samsung Galaxy S23 series globally bringing accelerated performance – making it the **fastest Snapdragon ever** and **defining a new standard for connected computing**, including desktop-level gaming features, professional grade photography, and more to consumers around the world.
- Enabling the **world's first satellite-based, two-way capable messaging solution for Android smartphones** – Snapdragon Satellite.

Automotive  
\$456M



- Demonstrated our **expansion into 2-wheelers**, with the latest infotainment and cloud connected digital services to enhance safety and deliver a more personal experience for riders.
- Our solutions also enable OEMs and fleet providers to deliver **over-the-air updates, subscription services, remote diagnostics, geofencing, theft protection and more.**

Internet of Things (IoT)  
\$1.7B



- In Consumer IoT, our next-gen PC Platform, with integrated custom **Qualcomm Oryon™ CPUs** and upgraded AI engine, has sampled on time and is exceeding our internal KPIs, **delivering disruptive CPU performance per watt across tiers.** We are now **engaged with major PC OEMs**, with multiple platform design wins across their product roadmaps for consumer and enterprise.
- In Edge Networking IoT, our **Wi-Fi infrastructure and networking products continued to gain share**, led by strength in enterprise Wi-Fi access points and carrier gateways.
- In Industrial IoT, we believe we have **established one of the largest ecosystems of manufacturing partners for tracking and logistics.** We also announced a new IoT-optimized modem, the QCX216, for applications such as **smart utility meters, trackers, e-mobility, parking meters, home automation and security, and other location-based solutions.**

Note: Beginning 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 February 2, 2023

Quarterly Results and Guidance	Q1FY23 Guidance <sup>(1)</sup>	Q1FY23 Results	Q2FY23 Guidance <sup>(2)</sup>
Revenues	\$9.2B - \$10.0B	\$9.5B	\$8.7B - \$9.5B
Non-GAAP diluted EPS	\$2.25 - \$2.45	\$2.37	\$2.05 - \$2.25
Non-GAAP operating expenses <sup>(3)</sup>	Decrease 3% to 5% sequentially	Decrease 6% sequentially	~\$2.25B
GAAP interest and investment and other expense, net	-\$125M	\$94M	-\$125M
Non-GAAP effective tax rate	~15%	15%	~15%
Weighted average diluted share count	~1.13B	1.13B	~1.12B
<b>Segment Results and Guidance</b>			
QCT revenues	\$7.7B - \$8.3B	\$7.9B	\$7.4B - \$8.0B
QCT EBT margin %	26% - 28%	28%	25% - 27%
QTL revenues	\$1.45B - \$1.65B	\$1.52B	\$1.25B - \$1.45B
QTL EBT margin %	71% - 75%	73%	66% - 70%
<b>Annual Guidance</b>		<b>FY23 Prior Guidance<sup>(1)</sup></b>	<b>FY23 Guidance<sup>(2)</sup></b>
Non-GAAP effective tax rate		~15%	~15%

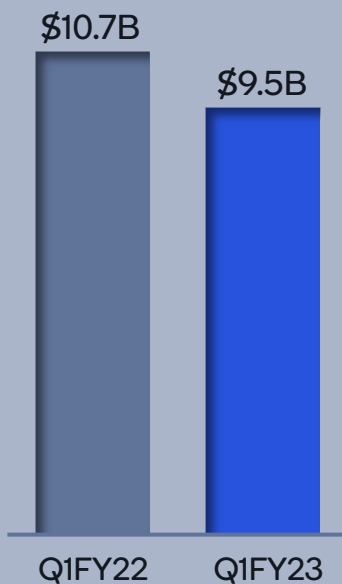
1) Prior guidance as of November 2, 2022; 2) Our outlook does not include provisions for proposed tax law changes, future asset impairments or for pending legal matters, other than future legal amounts that are probable and estimable. Further, due to their nature, certain income and expense items, such as certain investments, derivative and foreign currency transaction gains or losses, cannot be accurately forecast. 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.

# Q1FY23 Non-GAAP Results

In-line with prior  
expectations<sup>(1)</sup>

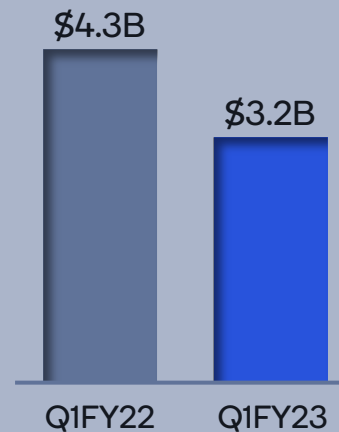
Revenues

-12%



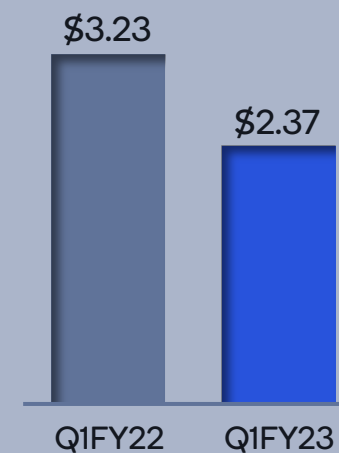
EBT

-26%



EPS

-27%



1.) As of November 2, 2022.

# Q1FY23 Segment Results

Results impacted by  
broader  
macroeconomic  
environment and  
elevated channel  
inventory

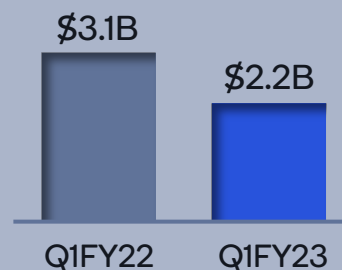
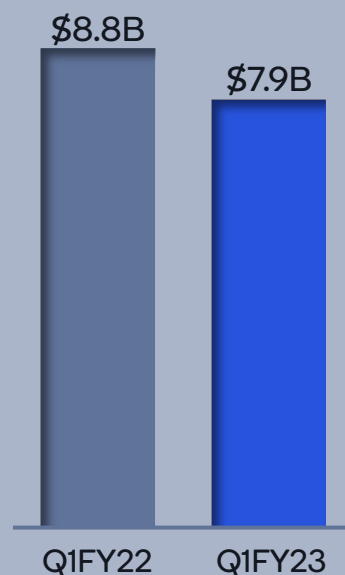
## QCT

Revenues

-11%

EBT

-30%



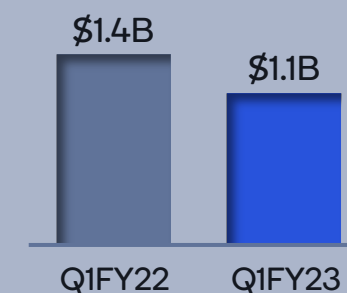
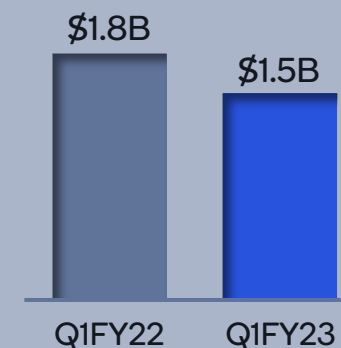
## QTL

Revenues

-16%

EBT

-21%





# Q1FY23 QCT Revenue Streams

## YoY Growth Outside Handsets

Handsets

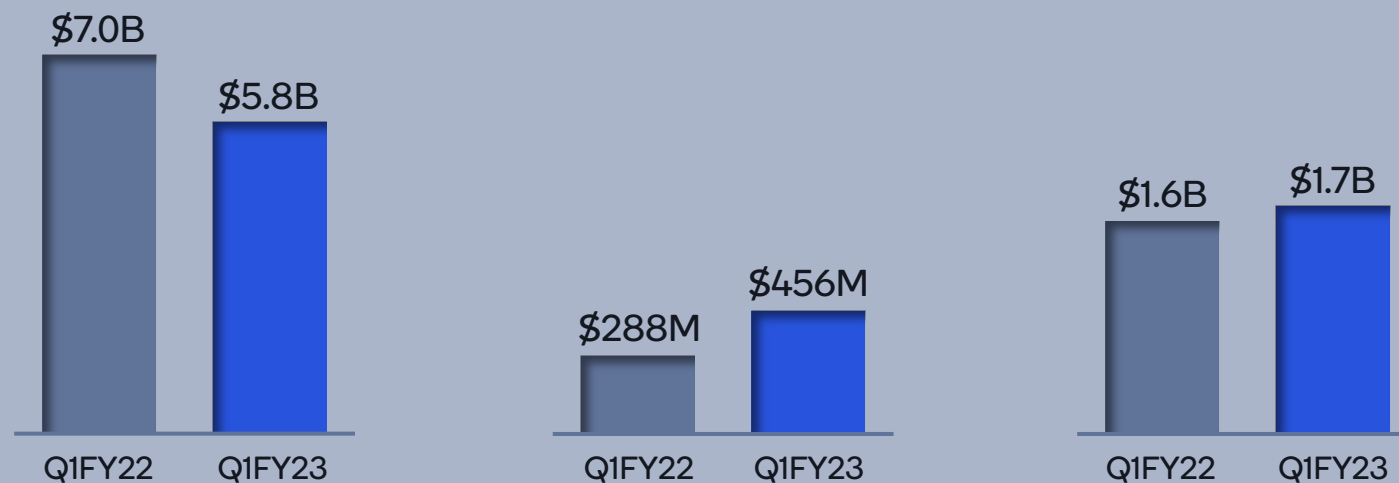
-18%

Automotive

+58%

IoT

+7%



Note: Beginning 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.

# Updated QCT Revenue Streams:

We have grown our RF front-end revenues to become the **#1 player in handsets<sup>(1)</sup>** and expect growth to be driven by a strong design-win pipeline for 5G and Wi-Fi 7 platforms across Handsets, Automotive and IoT.

At the start of fiscal 2023, RF front-end revenues are now included within **Handsets, Automotive, and IoT<sup>(2)</sup>**.

<i>(revenues, in millions)</i>	Q1	Q2	Q3	Q4	FY21	Q1	Q2	Q3	Q4	FY22
Handsets	\$5,182	\$4,850	\$4,672	\$5,770	\$20,475	\$6,989	\$7,349	\$7,047	\$7,431	\$28,815
Automotive	\$245	\$271	\$290	\$304	\$1,110	\$288	\$371	\$385	\$465	\$1,509
IoT	\$1,106	\$1,160	\$1,510	\$1,659	\$5,434	\$1,570	\$1,828	\$1,946	\$2,008	\$7,353
<b>Total</b>	<b>\$6,533</b>	<b>\$6,281</b>	<b>\$6,472</b>	<b>\$7,733</b>	<b>\$27,019</b>	<b>\$8,847</b>	<b>\$9,548</b>	<b>\$9,378</b>	<b>\$9,904</b>	<b>\$37,677</b>

1) As of November 2, 2022.

2) Prior period information has been recast to reflect this change.  
Sums may not equal totals due to rounding.

# Nokia License & Patent Assignment Financial Update

End of scheduled amortization from original agreement – Non-cash event to QTL revenue and cost of sales

## Summary:

- Signed long-term license agreement with Nokia in 2008, which expired as of December 31, 2022
- Agreement included a non-refundable upfront payment of \$2.5B, ongoing royalties, and the assignment of patents valued at \$1.8B
- At the end of FY08, unearned revenue attributable to deal was \$3.9B resulting from the cash payment and value from assignments of patents and was recognized as revenues on a straight-line basis over remaining 14-year term of the agreement
  - \$68M per quarter, through Q1FY23
  - \$273M full fiscal year impact
- Patents were assigned to Qualcomm in November 2008 and amortized on a straight-line basis to cost of sales over useful life of 15 years
  - \$30M per quarter, ending in the beginning of FY24
  - Final \$10M will be amortized in October 2023
- Financial impact is contemplated in current guidance<sup>(1)</sup> and beyond

Disclosures related to our unearned revenues are set forth in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended December 25, 2022 filed with the SEC. Disclosures related to the Nokia agreement are set forth in the Company's Annual Report on Form 10-K for the fiscal year ended September 28, 2008 filed with the SEC. Our reports filed with the SEC are available on our website at [www.qualcomm.com](http://www.qualcomm.com).

## QTL Recognition Schedule

(in millions)	Q1	Q2	Q3	Q4	FY22	Q1	Q2	Q3	Q4	FY23	FY24
Revenue	\$68	\$68	\$68	\$68	\$273	\$68	\$-	\$-	\$-	\$68	\$-
Cost of Sales	\$30	\$30	\$30	\$30	\$120	\$30	\$30	\$30	\$30	\$120	\$10
EBT	\$38	\$38	\$38	\$38	\$153	\$38	(\$30)	(\$30)	(\$30)	(\$52)	(\$10)

1) As of February 2, 2023.  
Sums may not equal totals due to rounding.

# Key Announcements

# QCT Handsets: Snapdragon 8 Gen 2 will revolutionize the landscape of flagship smartphones

- Snapdragon 8 Gen 2 Defines a New Standard for Premium Smartphones – [link](#)

- Snapdragon® 8 Gen 2 Mobile Platform to **revolutionize flagship smartphones** for truly extraordinary experiences.
- Snapdragon Smart enables **groundbreaking AI experiences** like faster natural language processing with multi-language translation and revolutionary INT4 support.
- Snapdragon Sight™ technology additions include new Cognitive ISP to power real time semantic segmentation for photo and video capture, delivering **breakthrough customized professional quality enhancements**.
- Snapdragon Elite Gaming™ features fuel **champion-level gameplay** with the industry standard for real time hardware-accelerated ray tracing.
- Snapdragon Connect enhancements include **unparalleled connectivity** featuring the world's first 5G AI processor in a mobile platform, and the only commercial Wi-Fi 7 SoC with High Band Simultaneous Multi-Link.
- Snapdragon Sound™ technology supports spatial audio with dynamic head tracking for **ultra-immersive gaming and multimedia experiences**.



# QCT Handsets: Snapdragon Satellite: Integrating satellite communication into smartphones

- Qualcomm Introduces Snapdragon Satellite, The World's First Satellite-Based Solution Capable of Supporting Two-Way Messaging for Premium Smartphones and Beyond – [link](#)

- Qualcomm and Iridium entered into an agreement to [bring satellite-based connectivity to next-generation premium Android smartphones](#); Garmin looks forward to collaborating with support for emergency messaging.
- Snapdragon® Satellite offers truly [global coverage<sup>\(1\)</sup> from pole to pole](#) and can support [two-way messaging](#) for emergency use, SMS texting, and other messaging applications – for a variety of purposes such as emergencies or recreation in remote, rural and offshore locations.
- This [industry leading solution](#) also provides the opportunity to [expand emergency and two-way satellite messaging beyond smartphones](#) to other devices needing global messaging capabilities.



Qualcomm +  iridium®

1.) View of open sky required.

Snapdragon Satellite is a product of Qualcomm Technologies, Inc. and/or its subsidiaries.

# QCT Consumer IoT: Compute

## Leading AI-accelerated capabilities to redefine modern personal computing

- Snapdragon Drives the Future of Mobile Computing with Industry-Leading AI Innovation for Windows 11 – [link](#)

“Our vision is to drive the convergence of mobile and PC, bringing the best of the smartphone to your laptop. Enhanced software, custom hardware, unprecedented connectivity, and broad ecosystem support set Snapdragon compute products apart from the competition. With Snapdragon at the center of premium experiences, we continue to **enable innovative designs and extraordinary experiences that users deserve**, accelerating the transition to Windows on Snapdragon.”

**Kedar Kondap**  
SVP & GM, Compute & Gaming  
Qualcomm Technologies, Inc.



# QCT Edge Networking IoT: Wi-Fi

## Industry-wide leadership in Wi-Fi 7 across enterprise, carrier and consumer

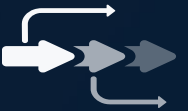
- Qualcomm Revolutionizes Home Networking with Wi-Fi 7 Immersive Home Platforms – [link](#)

- Leverages Wi-Fi 7 features to deliver **unprecedented total home wireless interface capacity** of over 20 Gbps and near-instantaneous real-time responsiveness.
- Breakthrough approach to Mesh Wi-Fi, **enabling increased performance** for both legacy and the newest Wi-Fi 7 connected devices.
- Maximized 5 GHz and 6 GHz operation with support for 240 MHz and 320 MHz wide channels, as well as higher power modes using the Qualcomm® Automated Frequency Coordination (AFC) turnkey service.
- Designed using a compact, power-efficient, cost-effective chipset architecture purpose-built for today's ultra-connected homes.

# Wi-Fi 7

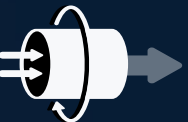
### Faster connections

320/240MHz channels  
4K QAM



### Multiple connections

Multi-link operation



### Adaptive connections

Adaptive interference puncturing



Next-gen technology  
to revolutionize home  
networking

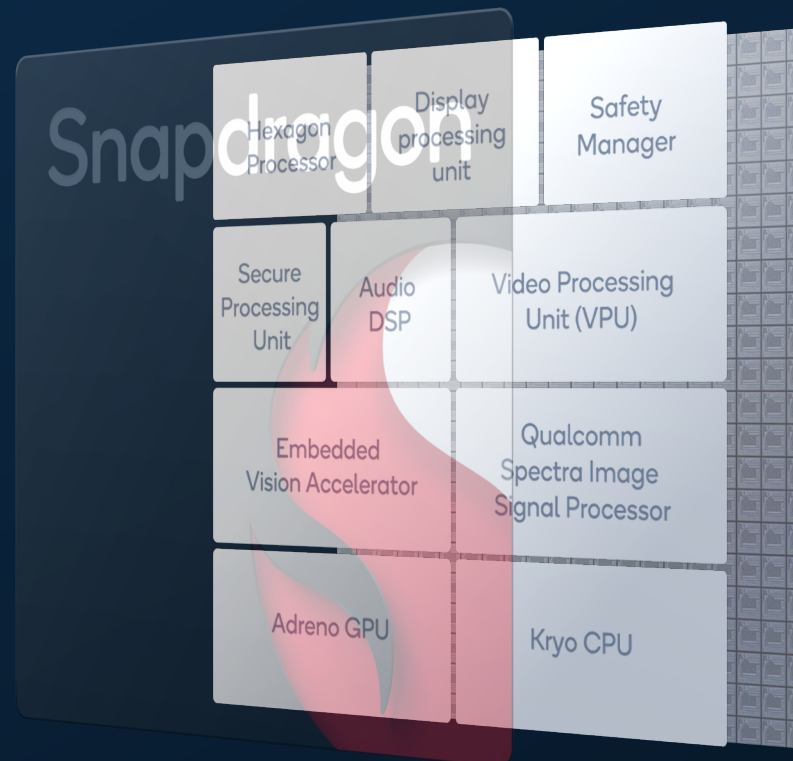


# QCT Automotive:

## Industry's first scalable SoCs to simultaneously support Digital Cockpit and ADAS

- Qualcomm Unveils Snapdragon Ride Flex – the Automotive Industry's First Scalable Family of SoCs to Simultaneously Support Digital Cockpit and Advanced Driver Assistance Systems – [link](#)

- Snapdragon Ride™ Flex SoC (System-on-Chip) product family is built on Qualcomm Technologies' leadership in Digital Cockpit and Advanced Driver Assistance Systems (ADAS) compute platforms.
- Snapdragon Ride Flex SoC supports mixed-criticality workloads, allowing for digital cockpit, ADAS and automated driving (AD) capabilities to be co-implemented on the same hardware.
- Snapdragon Ride Flex SoC is pre-integrated with the Snapdragon Ride™ Vision stack – hardware and software are co-designed for computer vision, AI, efficient power consumption for optimal performance in a mixed criticality environment.
- Designed to assist automakers and Tier-1 suppliers to realize a unified central-compute and software defined vehicle architecture, Snapdragon Ride Flex SoC offers performance scalability ranging from entry to super compute tiers.



Industry's first automotive super-compute class solution with Flex SoC fabric

Field-proven software-aware SoC architecture for mixed criticality workloads

Integration of vision, digital cockpit, ADAS, AD and networking

Open, power efficient and co-designed with leading OEM partners for the Software Defined Vehicle

## QCT Automotive:

# Integrating application ecosystem into Qualcomm Technologies' solutions for automotive customers

- Qualcomm and Salesforce to Help Automakers Build Data-Driven and Connected Customer Experiences – [link](#)

“We look forward to extending our growing relationship with Salesforce to help guide automakers through a time of exceptional innovation. Through the combination of Salesforce’s solutions and our Snapdragon Digital Chassis Platform, we look forward to **providing automakers with the tools to deliver unparalleled personalized experiences** while strengthening relationships with the next generation of automotive customers.”

**Nakul Duggal**  
President & GM, Automotive  
Qualcomm Technologies, Inc.



Qualcomm + salesforce

# Key Announcements

- Qualcomm and Renault Group Intend to Extend Their Strategic Cooperation to Renault's New Electric and Software Company, Ampere, to Co-Develop a Centralized Platform Architecture for Software-Defined Electric Vehicles Powered by The Snapdragon Digital Chassis – [link](#)
- Qualcomm Achieves Critical 5G Standalone mmWave Milestone in China – [link](#)
- Snapdragon 8 Gen 2 Defines a New Standard for Premium Smartphones – [link](#)
- Qualcomm and Adobe Unleash Creativity Across Snapdragon Mobile, Compute and XR Devices – [link](#)
- New Qualcomm Innovators Development Kit Extends the Power of Premium Snapdragon to Developer Communities – [link](#)
- Qualcomm Launches Snapdragon AR2 Designed to Revolutionize AR Glasses – [link](#)
- New Qualcomm S5 and S3 Gen 2 Sound Platforms Set the Benchmark for Premium Sound Experiences – [link](#)
- Snapdragon Drives the Future of Mobile Computing with Industry-Leading AI Innovation for Windows 11 – [link](#)
- Qualcomm and Siemens Collaborate on 5G Smart Building Networks – [link](#)
- Qualcomm Announces Long-Range Compact Macro Platform for Cost-Effective Outdoor mmWave Deployments – [link](#)
- Qualcomm Announces Samsung as Presenting Partner of the Snapdragon Pro Series – [link](#)
- Qualcomm Revolutionizes Home Networking with Wi-Fi 7 Immersive Home Platforms – [link](#)
- Qualcomm Announces Africa Innovation Platform – [link](#)
- Qualcomm Unveils Lowest Power IoT-Optimized LTE-Modem Featuring Integrated Terrestrial Positioning Support – [link](#)
- 5G Technology is Key to Closing the Digital Divide: Qualcomm Report – [link](#)
- Three leading Universities in Spain Collaborate with Qualcomm Technologies, Inc. to offer their students World Premium 5G Training & Certification – [link](#)
- Qualcomm Unveils Snapdragon Ride Flex – the Automotive Industry's First Scalable Family of SoCs to Simultaneously Support Digital Cockpit and Advanced Driver Assistance Systems – [link](#)
- Qualcomm Builds Global Momentum in Advanced Driver Assistance and Autonomous Driving Segment with Snapdragon Ride Platform Portfolio – [link](#)
- Visteon and Qualcomm Work Together to Accelerate Development of Next-Generation Digital Cockpit – [link](#)
- Qualcomm and Salesforce to Help Automakers Build Data-Driven and Connected Customer Experiences – [link](#)
- Qualcomm Introduces Snapdragon Satellite, The World's First Satellite-Based Solution Capable of Supporting Two-Way Messaging for Premium Smartphones and Beyond – [link](#)

# Financial Strength & Reconciliations

# Financial Strength

	December 25, 2022	December 26, 2021
Total cash, cash equivalents and marketable securities	\$8.2B	\$11.3B
Total assets	\$50.0B	\$42.8B
Stockholders' equity	\$18.8B	\$11.3B
Debt <sup>(1)</sup>	\$16.9B	\$15.8B

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

## First Quarter Fiscal 2023 Results

<i>(in millions, except per share data)</i>	GAAP Results	Less QSI	Less Share-Based Compensation	Less Other Items <sup>(1)</sup>	Non-GAAP Results
Revenues	\$9,463	\$7	\$—	\$—	\$9,456
EBT	\$2,371	(\$8)	(\$634)	(\$153)	\$3,166
Net income (loss)	\$2,235	(\$7)	(\$501)	\$59	\$2,684
Diluted EPS	\$1.98	(\$0.01)	(\$0.44)	\$0.05	\$2.37
Diluted shares	1,131	1,131	1,131	1,131	1,131

## First Quarter Fiscal 2022 Results

<i>(in millions, except per share data)</i>	GAAP Results	Less QSI	Less Share-Based Compensation	Less Other Items <sup>(2)</sup>	Non-GAAP Results
Revenues	\$10,705	\$8	\$—	\$—	\$10,697
EBT	\$3,865	\$122	(\$499)	(\$64)	\$4,306
Net income (loss)	\$3,399	\$109	(\$309)	(\$87)	\$3,686
Diluted EPS	\$2.98	\$0.10	(\$0.27)	(\$0.08)	\$3.23
Diluted shares	1,142	1,142	1,142	1,142	1,142

1.) Other items excluded from Non-GAAP results included \$84 million of charges attributable to restructuring-related activities, \$68 million of other acquisition-related charges and \$2 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 \$25 million of losses driven by the revaluation of our deferred compensation plan liabilities, which increased operating expenses, offset by corresponding \$26 million of gains driven by the revaluation of the associated plan assets, which were included within investment and other income, net, as well as \$38 million of losses, net of income taxes, from the discontinued operations of the Non-Arriver businesses. Other items excluded from Non-GAAP results also included tax benefits of a \$128 million foreign currency gain related to a noncurrent receivable resulting from our refund claim of Korean withholding taxes paid in prior periods, a \$103 million benefit from the foreign-derived intangible income (FDII) deduction resulting from the requirement to capitalize and amortize R&D expenditures, an \$11 million benefit from the combined effect of other items in EBT, a \$5 million benefit for the tax effect of acquisition-related charges and a \$3 million benefit to reconcile the tax provision to the total GAAP tax provision for the quarter.

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

Sums may not equal totals due to rounding.

## Business Outlook

	Q1FY23 Guidance <sup>(1)</sup>	Q2FY23 Guidance <sup>(2)</sup>
Revenues	\$9.2B - \$10.0B	\$8.7B - \$9.5B
GAAP diluted EPS	\$1.72 - \$1.92	\$1.53 - \$1.73
Less diluted EPS attributable to QSI	\$—	\$—
Less diluted EPS attributable to share-based compensation	(\$0.43)	(\$0.46)
Less diluted EPS attributable to other items <sup>(3)</sup>	(\$0.10)	(\$0.06)
Non-GAAP diluted EPS	\$2.25 - \$2.45	\$2.05 - \$2.25

1.) Previous guidance as of November 2, 2022.

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. 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. Guidance as of February 2, 2023.

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



## Operating Expenses

(in millions, except percentages)

	Q4FY22 Results <sup>(1)</sup>	Q1FY23 Results	Q1FY23 Sequential % Increase (Decrease)	Q1FY23 Guidance <sup>(2)</sup>	Q2FY23 Guidance <sup>(3)</sup>
GAAP combined R&D and SG&A expenses	\$2,862	\$2,874	—	Increase 1% - 3% sequentially	\$2,900
Less QSI	3	4	—	N/P	N/P
Less share-based compensation	506	615	5%	N/P	N/P
Less other items <sup>(4)</sup>	6	49	1%	N/P	N/P
Non-GAAP operating expenses (Non-GAAP combined R&D and SG&A expenses)	\$2,347	\$2,206	(6%)	Decrease 3% - 5% sequentially	\$2,250

## Effective Tax Rates

	GAAP Results/Guidance	Less QSI <sup>(5)</sup>	Less Share-Based Compensation <sup>(5)</sup>	Less Other Items <sup>(5)(6)</sup>	Non-GAAP Results/Guidance
Estimated <sup>(7)</sup> Q1FY23 tax rate	15%	—	—	—	15%
Q1FY23 tax rate	4%	—	(3%)	(8%)	15%
Estimated <sup>(3)</sup> Q2FY23 tax rate	11%	—	(1%)	(3%)	15%
Previous estimated <sup>(7)</sup> FY23 annual tax rate	15%	—	—	—	15%
Estimated <sup>(3)</sup> FY23 annual tax rate	9%	—	(2%)	(4%)	15%

1.) As of February 2, 2023, we reported that we expect to reduce non-GAAP operating expenses by approximately 5% relative to our run rate exiting fiscal 2022. A reconciliation of this forward looking Non-GAAP measure to the corresponding GAAP measure is not available without unreasonable effort as we cannot reasonably determine the amount and timing of certain adjustments that are included in the corresponding GAAP measure (including those dependent on certain future events), such as the impact to share-based compensation.

2.) Previous guidance as of November 2, 2022.

3.) Guidance as of February 2, 2023.

4.) Other items in the first quarter of fiscal 2023 consisted of \$24 million of acquisition-related charges and \$25 million of losses driven by the revaluation of our deferred compensation plan liabilities. Details of amounts included in the "Other Items" row for the fourth quarter of fiscal 2022 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 first quarter of fiscal 2023 are included in the "First Quarter Fiscal 2023 Results" section herein.

7.) Previous guidance as of November 2, 2022. Our estimated tax rate for the first quarter of fiscal 2023 and fiscal 2023 excluded the tax benefit resulting from the requirement to capitalize R&D expenditures required under U.S. Federal income tax law.

N/P - Not provided