

**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 1, 2026

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	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.001 par value	AVGO	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 27, 2026, there were 4,734,668,184 shares of our common stock outstanding.

**BROADCOM INC.**  
**Quarterly Report on Form 10-Q**  
**For the Quarterly Period Ended February 1, 2026**

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**PART I — FINANCIAL INFORMATION**

**Item 1. Condensed Consolidated Financial Statements — Unaudited**

**BROADCOM INC.**

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

	February 1, 2026	November 2, 2025
(In millions, except par value)		
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 14,174	\$ 16,178
Trade accounts receivable, net	8,460	7,145
Inventory	2,962	2,270
Other current assets	6,466	5,980
Total current assets	32,062	31,573
Long-term assets:		
Property, plant and equipment, net	2,599	2,530
Goodwill	97,801	97,801
Intangible assets, net	30,302	32,273
Other long-term assets	7,139	6,915
Total assets	\$ 169,903	\$ 171,092
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 2,112	\$ 1,560
Employee compensation and benefits	864	2,129
Short-term debt	2,252	3,152
Other current liabilities	11,631	11,673
Total current liabilities	16,859	18,514
Long-term liabilities:		
Long-term debt	63,805	61,984
Other long-term liabilities	9,367	9,302
Total liabilities	90,031	89,800
Commitments and contingencies (Note 10)		
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; 4,736 and 4,741 shares issued and outstanding as of February 1, 2026 and November 2, 2025, respectively	5	5
Additional paid-in capital	73,135	71,308
Retained earnings	6,520	9,761
Accumulated other comprehensive income	212	218
Total stockholders' equity	79,872	81,292
Total liabilities and equity	\$ 169,903	\$ 171,092

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 1, 2026	February 2, 2025
	(In millions, except per share data)	
Net revenue:		
Products	\$ 14,130	\$ 10,143
Subscriptions and services	5,181	4,773
Total net revenue	19,311	14,916
Cost of revenue:		
Cost of products sold	4,041	2,695
Cost of subscriptions and services	638	578
Amortization of acquisition-related intangible assets	1,462	1,484
Restructuring charges	13	14
Total cost of revenue	6,154	4,771
Gross margin	13,157	10,145
Research and development	2,965	2,253
Selling, general and administrative	1,019	949
Amortization of acquisition-related intangible assets	507	511
Restructuring and other charges	103	172
Total operating expenses	4,594	3,885
Operating income	8,563	6,260
Interest expense	(801)	(873)
Other income, net	433	103
Income before income taxes	8,195	5,490
Provision for (benefit from) income taxes	846	(13)
Net income	\$ 7,349	\$ 5,503
Net income per share:		
Basic	\$ 1.55	\$ 1.17
Diluted	\$ 1.50	\$ 1.14
Weighted-average shares used in per share calculations:		
Basic	4,741	4,695
Diluted	4,888	4,836

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 1, 2026	February 2, 2025
	(In millions)	
Net income	\$ 7,349	\$ 5,503
Other comprehensive loss, net of tax:		
Change in unrealized gain on derivative instruments	(4)	(1)
Change in actuarial loss and prior service costs associated with defined benefit plans	(2)	1
Other comprehensive loss, net of tax	(6)	—
Comprehensive income	<u>\$ 7,343</u>	<u>\$ 5,503</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 1, 2026	February 2, 2025
(In millions)		
<b>Cash flows from operating activities:</b>		
Net income	\$ 7,349	\$ 5,503
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible and right-of-use assets	2,003	2,032
Depreciation	150	142
Stock-based compensation	2,176	1,280
Deferred taxes and other non-cash taxes	(455)	(696)
Loss on debt extinguishment	55	65
Non-cash interest expense	72	97
Other	15	41
Changes in assets and liabilities, net of acquisitions and disposals:		
Trade accounts receivable, net	(1,315)	(539)
Inventory	(692)	(148)
Accounts payable	534	241
Employee compensation and benefits	(1,261)	(908)
Other current assets and current liabilities	(692)	26
Other long-term assets and long-term liabilities	321	(1,023)
Net cash provided by operating activities	<u>8,260</u>	<u>6,113</u>
<b>Cash flows from investing activities:</b>		
Purchases of property, plant and equipment	(250)	(100)
Purchases of investments	(114)	(105)
Sales of investments	244	18
Other	5	13
Net cash used in investing activities	<u>(115)</u>	<u>(174)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from long-term borrowings	4,474	2,986
Payments on debt obligations	(3,650)	(8,090)
Proceeds from commercial paper, net	—	3,980
Payments of dividends	(3,086)	(2,774)
Repurchases of common stock - repurchase program	(7,850)	—
Shares repurchased for tax withholdings on vesting of equity awards	—	(2,036)
Other	(37)	(46)
Net cash used in financing activities	<u>(10,149)</u>	<u>(5,980)</u>
Net change in cash and cash equivalents	(2,004)	(41)
Cash and cash equivalents at beginning of period	16,178	9,348
Cash and cash equivalents at end of period	<u>\$ 14,174</u>	<u>\$ 9,307</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 1, 2026**

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Par Value				
	(In millions)					
<b>Balance as of November 2, 2025</b>	4,741	\$ 5	\$ 71,308	\$ 9,761	\$ 218	\$ 81,292
Net income	—	—	—	7,349	—	7,349
Other comprehensive loss	—	—	—	—	(6)	(6)
Dividends to common stockholders	—	—	—	(3,086)	—	(3,086)
Common stock issued	18	—	—	—	—	—
Stock-based compensation	—	—	2,176	—	—	2,176
Repurchases of common stock	(23)	—	(346)	(7,504)	—	(7,850)
Shares repurchased for tax withholdings on vesting of equity awards	—	—	(3)	—	—	(3)
<b>Balance as of February 1, 2026</b>	<u>4,736</u>	<u>\$ 5</u>	<u>\$ 73,135</u>	<u>\$ 6,520</u>	<u>\$ 212</u>	<u>\$ 79,872</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 2, 2025**

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

**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 semiconductor-based solutions and infrastructure software solutions. Our semiconductor and semiconductor-based solutions include a broad portfolio of complex digital and mixed signal devices based on silicon wafers with complementary metal oxide semiconductor transistors, III-V based devices, network interface cards and other modules, switches, subsystems and, in some cases, racks. Our solutions are used in a wide array of environments, end products and applications, such as enterprise and artificial intelligence ("AI") data centers, servers and networking and connectivity equipment, as well as storage systems, home connectivity devices, set-top boxes, broadband access, telecommunication equipment, wireless devices and base stations, factory automation, power generation and alternative energy systems, and electronic displays. Our infrastructure software solutions help enterprises simplify their information technology ("IT") environments. Our customers rely on our infrastructure and security software solutions to modernize, optimize, and secure the most complex private cloud, hybrid cloud and edge environments. This enables 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.

**Basis of Presentation**

We operate on a 52- or 53-week fiscal year ending on the Sunday closest to October 31. Our fiscal years ending November 1, 2026 ("fiscal year 2026") and November 2, 2025 ("fiscal year 2025") are both 52-week fiscal years.

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 2, 2025 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 2025 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 1, 2026 are not necessarily indicative of the results that may be expected for fiscal year 2026, or for any other future period.

Certain prior period amounts reported in our condensed consolidated statements of operations have been reclassified to conform to the current period presentation. See Note 2. "Revenue from Contracts with Customers" for additional information.

**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.

### Reclassifications to Condensed Consolidated Statements of Operations

For software arrangements without termination for convenience provisions, we recognize revenue for the license portion of the agreements upfront upon transfer of control to the customer, referred to as upfront license revenue. In the fiscal quarter ended February 1, 2026, we included upfront license revenue of \$1,755 million within products revenue, and the related costs, which were immaterial, in cost of products sold, in our condensed consolidated statements of operations. To conform to the current period presentation, we reclassified \$1,972 million of upfront license revenue from subscriptions and services revenue to products revenue for the fiscal quarter ended February 2, 2025. We also reclassified the related costs for the upfront license revenue, which were immaterial.

In the revenue disaggregation tables by type and by region presented below, we included \$1,061 million, \$124 million and \$570 million of upfront license revenue in products revenue within the Americas; Asia Pacific; and Europe, the Middle East and Africa regions, respectively, for the fiscal quarter ended February 1, 2026. To conform to the current period presentation, we reclassified \$1,445 million, \$64 million and \$463 million of upfront license revenue from subscriptions and services revenue to products revenue within the Americas; Asia Pacific; and Europe, the Middle East and Africa regions, respectively, for the fiscal quarter ended February 2, 2025.

### 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 9. "Segment Information."

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

Fiscal Quarter Ended February 1, 2026				
	Americas	Asia Pacific	Europe, the Middle East and Africa	Total
(In millions)				
Products	\$ 2,164	\$ 10,950	\$ 1,016	\$ 14,130
Subscriptions and services	2,917	665	1,599	5,181
Total	\$ 5,081	\$ 11,615	\$ 2,615	\$ 19,311

  

Fiscal Quarter Ended February 2, 2025				
	Americas	Asia Pacific	Europe, the Middle East and Africa	Total
(In millions)				
Products	\$ 1,935	\$ 7,333	\$ 875	\$ 10,143
Subscriptions and services	2,697	699	1,377	4,773
Total	\$ 4,632	\$ 8,032	\$ 2,252	\$ 14,916

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 1, 2026	November 2, 2025
	(In millions)	
Contract Assets	\$ 9,347	\$ 8,922
Contract Liabilities	\$ 12,855	\$ 13,016

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

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

As of February 1, 2026, approximately 67% of contract liabilities related to contracts subject to termination for convenience provisions. The amount of revenue recognized during the fiscal quarter ended February 1, 2026 that was included in the contract liabilities balance as of November 2, 2025 was \$3,915 million. 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.

**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 1, 2026 were approximately \$45.0 billion. We expect approximately 33% 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. Supplemental Financial Information****Cash Equivalents**

Cash equivalents included \$2,901 million and \$3,163 million of time deposits and \$2,290 million and \$2,239 million of money-market funds as of February 1, 2026 and November 2, 2025, respectively. For time deposits, carrying value approximates fair value due to the short-term nature of the instruments. The fair value of money-market funds, which was consistent with their carrying value, was determined using unadjusted prices in active, accessible markets for identical assets, and as such, they were classified as Level 1 assets in the fair value hierarchy.

**Accounts Receivable Factoring**

We sell certain of our trade accounts receivable on a non-recourse basis to third-party financial institutions pursuant to factoring arrangements. We account for these transactions as sales of receivables and present cash proceeds as cash provided by operating activities in the condensed consolidated statements of cash flows. Total trade accounts receivable sold under the factoring arrangements were \$1,750 million and \$2,201 million during the fiscal quarters ended February 1, 2026 and February 2, 2025, respectively.

**Inventory**

	February 1, 2026	November 2, 2025
	(In millions)	
Finished goods	\$ 842	\$ 682
Work-in-process	1,544	1,280
Raw materials	576	308
Total inventory	<u>\$ 2,962</u>	<u>\$ 2,270</u>

**Other Current Assets**

	February 1, 2026	November 2, 2025
	(In millions)	
Current portion of contract assets	\$ 5,536	\$ 5,005
Prepaid expenses	641	518
Other	289	457
Total other current assets	<u>\$ 6,466</u>	<u>\$ 5,980</u>

**Other Current Liabilities**

	February 1, 2026	November 2, 2025
	(In millions)	
Contract liabilities	\$ 9,188	\$ 9,469
Tax liabilities	1,088	921
Interest payable	673	620
Other	682	663
Total other current liabilities	<u>\$ 11,631</u>	<u>\$ 11,673</u>

**Other Long-Term Liabilities**

	February 1, 2026	November 2, 2025
	(In millions)	
Contract liabilities	\$ 3,667	\$ 3,547
Deferred tax liabilities	2,222	2,704
Unrecognized tax benefits	1,668	1,628
Other	1,810	1,423
Total other long-term liabilities	<u>\$ 9,367</u>	<u>\$ 9,302</u>

**Supplemental Cash Flow Information**

	Fiscal Quarter Ended	
	February 1, 2026	February 2, 2025
	(In millions)	
Cash paid for interest	\$ 619	\$ 671
Cash paid for income taxes	\$ 782	\$ 404

#### 4. Intangible Assets

	Gross Carrying Amount	Accumulated Amortization	Net Book Value
	(In millions)		
<b>As of February 1, 2026:</b>			
Purchased technology	\$ 32,851	\$ (15,862)	\$ 16,989
Customer contracts and related relationships	15,791	(4,482)	11,309
Trade names	1,612	(427)	1,185
Other	186	(117)	69
Intangible assets subject to amortization	50,440	(20,888)	29,552
In-process research and development	750	—	750
<b>Total</b>	<b>\$ 51,190</b>	<b>\$ (20,888)</b>	<b>\$ 30,302</b>

#### As of November 2, 2025:

Purchased technology	\$ 32,781	\$ (14,401)	\$ 18,380
Customer contracts and related relationships	15,791	(4,003)	11,788
Trade names	1,612	(399)	1,213
Other	186	(114)	72
Intangible assets subject to amortization	50,370	(18,917)	31,453
In-process research and development	820	—	820
<b>Total</b>	<b>\$ 51,190</b>	<b>\$ (18,917)</b>	<b>\$ 32,273</b>

Based on the amount of intangible assets subject to amortization as of February 1, 2026, the expected amortization expense was as follows:

Fiscal Year:	Expected Amortization Expense
	(In millions)
2026 (remainder)	\$ 5,911
2027	6,818
2028	5,688
2029	4,562
2030	3,377
Thereafter	3,196
<b>Total</b>	<b>\$ 29,552</b>

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

Amortizable intangible assets:	February 1, 2026
	(In years)
Purchased technology	6
Customer contracts and related relationships	6
Trade names	11
Other	11

#### 5. 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 1, 2026	February 2, 2025
	(In millions, except per share data)	
<b>Numerator:</b>		
Net income	\$ 7,349	\$ 5,503
<b>Denominator:</b>		
Weighted-average shares outstanding - basic	4,741	4,695
Dilutive effect of equity awards	147	141
Weighted-average shares outstanding - diluted	<u>4,888</u>	<u>4,836</u>
<b>Net income per share:</b>		
Basic	\$ 1.55	\$ 1.17
Diluted	\$ 1.50	\$ 1.14

**6. Borrowings**

	Effective Interest Rate	(In millions)	
		February 1, 2026	November 2, 2025
<b>January 2026 Senior Notes</b>			
4.300% notes due January 2031	4.41 %	\$ 750	\$ —
4.600% notes due January 2033	4.72 %	1,250	—
4.950% notes due January 2036	5.03 %	1,250	—
5.700% notes due January 2056	5.79 %	1,250	—
		<u>4,500</u>	<u>—</u>
<b>September 2025 Senior Notes</b>			
4.200% notes due October 2030	4.34 %	1,000	1,000
4.800% notes due February 2036	4.90 %	2,250	2,250
4.900% notes due February 2038	4.99 %	1,750	1,750
		<u>5,000</u>	<u>5,000</u>
<b>July 2025 Senior Notes</b>			
4.600% notes due July 2030	4.49 % <sup>(a)</sup>	1,750	1,750
4.900% notes due July 2032	5.04 %	1,750	1,750
5.200% notes due July 2035	4.77 % <sup>(a)</sup>	2,500	2,500
		<u>6,000</u>	<u>6,000</u>
<b>January 2025 Senior Notes</b>			
4.800% notes due April 2028	5.03 %	1,100	1,100
5.050% notes due April 2030	5.20 %	800	800
5.200% notes due April 2032	5.34 %	1,100	1,100
		<u>3,000</u>	<u>3,000</u>
<b>October 2024 Senior Notes</b>			
4.150% notes due February 2028	4.36 %	—	875
4.350% notes due February 2030	4.51 %	1,500	1,500
4.550% notes due February 2032	4.70 %	875	875
4.800% notes due October 2034	4.38 % <sup>(a)</sup>	1,750	1,750
		<u>4,125</u>	<u>5,000</u>
<b>July 2024 Senior Notes</b>			
5.050% notes due July 2027	5.27 %	493	1,250
5.050% notes due July 2029	5.23 %	2,250	2,250
5.150% notes due November 2031	5.30 %	1,500	1,500
		<u>4,243</u>	<u>5,000</u>
<b>April 2022 Senior Notes</b>			
4.000% notes due April 2029	4.17 %	750	750
4.150% notes due April 2032	4.30 %	1,200	1,200
4.926% notes due May 2037	5.33 %	2,500	2,500
		<u>4,450</u>	<u>4,450</u>
<b>September 2021 Senior Notes</b>			
3.137% notes due November 2035	4.23 %	3,250	3,250
3.187% notes due November 2036	4.79 %	2,750	2,750
		<u>6,000</u>	<u>6,000</u>

	Effective Interest Rate	February 1, 2026	November 2, 2025
(In millions)			
<b>March 2021 Senior Notes</b>			
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
<b>January 2021 Senior Notes</b>			
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
<b>June 2020 Senior Notes</b>			
3.459% notes due September 2026	4.19 %	752	752
4.110% notes due September 2028	5.02 %	—	1,118
		752	1,870
<b>May 2020 Senior Notes</b>			
3.150% notes due November 2025	3.29 %	—	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
		3,856	4,756
<b>April 2020 Senior Notes</b>			
5.000% notes due April 2030	5.18 %	606	606
<b>April 2019 Senior Notes</b>			
4.750% notes due April 2029	4.95 %	1,655	1,655
<b>2017 Senior Notes</b>			
3.500% notes due January 2028	3.60 %	777	777
<b>Assumed VMware Senior Notes</b>			
1.400% notes due August 2026	5.60 %	1,500	1,500
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
		5,750	5,750
<b>Other senior notes</b>			
4.500% notes due August 2034	4.55 %	6	6
		66,220	65,370
<b>Total senior notes outstanding</b>			
4.540% term loan due May 2028	4.59 %	1,000	1,000
4.489% term loan due May 2028	4.55 %	750	750

<u>Effective Interest Rate</u>	<u>February 1, 2026</u>	<u>November 2, 2025</u>
	(In millions)	
Total term loans outstanding	1,750	1,750
Total debt principal outstanding	67,970	67,120
Less: Unamortized discount and issuance costs	(1,913)	(1,984)
Total debt	\$ 66,057	\$ 65,136
Short-term debt	\$ 2,252	\$ 3,152
Long-term debt	63,805	61,984
Total debt	\$ 66,057	\$ 65,136

(a) In addition to contractual interest, discount and issuance costs, the effective interest rate includes the impact of previously deferred gains on derivatives.

**Senior Notes**

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. With the exception of the senior notes issued in September 2025 and January 2026, 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. Interest is paid semi-annually.

In January 2026, we issued senior unsecured notes for an aggregate principal amount of \$4,500 million. During the fiscal quarter ended February 1, 2026, we repaid and redeemed a total of \$3,650 million of our senior notes.

**Fixed-Rate Term Loans**

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

**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. We had no borrowings outstanding under our revolving credit facility at either February 1, 2026 or November 2, 2025.

**Commercial Paper**

Under our commercial paper program, we may issue unsecured commercial paper notes in an aggregate principal amount of up to \$4.0 billion outstanding at any time with maturities of up to 397 days from the date of issue. Commercial paper is sold under customary terms in the commercial paper market and may be issued at a discount from par or, alternatively, may be sold at par and bear interest at rates dictated by market conditions at the time of issuance. The discount associated with the commercial paper is amortized to interest expense over its term. We had no commercial paper outstanding at either February 1, 2026 or November 2, 2025.

**Fair Value of Debt**

As of February 1, 2026, the estimated aggregate fair value of our debt was \$65,738 million, which was determined using quoted prices from less active markets or other observable inputs. All of our debt obligations are categorized as Level 2 instruments.

**Future Principal Payments of Debt**

The future scheduled principal payments of our debt as of February 1, 2026 were as follows:

Fiscal Year:	Future Scheduled Principal Payments	
	(In millions)	
2026 (remainder)	\$	2,252
2027		1,743
2028		5,127
2029		4,655
2030		6,406
Thereafter		47,787
Total	\$	67,970

As of February 1, 2026 and November 2, 2025, we were in compliance with all debt covenants.

**7. Stockholders' Equity**

**Cash Dividends Declared and Paid**

	Fiscal Quarter Ended	
	February 1, 2026	February 2, 2025
	(In millions, except per share data)	
Dividends per share to common stockholders	\$ 0.65	\$ 0.59
Dividends to common stockholders	\$ 3,086	\$ 2,774

**Stock Repurchase Programs**

In April 2025, our Board of Directors authorized a stock repurchase program to repurchase up to \$10 billion of our common stock through December 31, 2025, which was subsequently extended through December 31, 2026 and increased to \$11 billion. During the fiscal quarter ended February 1, 2026, we repurchased and retired 23 million shares for \$7,850 million. As of February 1, 2026, \$700 million of the authorized amount remained available for repurchase under this program.

Subsequent to the fiscal quarter ended February 1, 2026, our Board of Directors in March 2026 authorized a stock repurchase program to repurchase up to \$10 billion of our common stock from time to time through December 31, 2026.

**Stock-Based Compensation Expense**

	Fiscal Quarter Ended	
	February 1, 2026	February 2, 2025
	(In millions)	
Cost of products sold	\$ 66	\$ 33
Cost of subscriptions and services	170	120
Research and development	1,447	822
Selling, general and administrative	493	305
Total stock-based compensation expense	\$ 2,176	\$ 1,280

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

As of February 1, 2026, the total unrecognized compensation cost related to unvested stock-based awards was \$21,971 million, which is expected to be recognized over the remaining weighted-average service period of 3.2 years.

**Restricted Stock Unit Awards**

A summary of 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 2, 2025	229	\$ 127.63
Granted	2	\$ 330.46
Vested	(18)	\$ 92.14
Forfeited	(5)	\$ 134.41
Balance as of February 1, 2026	208	\$ 132.52

The aggregate fair value of RSUs that vested during the fiscal quarter ended February 1, 2026 was \$6,255 million, which represented the market value of our common stock on the date that the RSUs vested.

**8. Income Taxes**

The provision for income taxes was \$846 million for the fiscal quarter ended February 1, 2026 and was primarily due to income before income taxes, partially offset by excess tax benefits from stock-based awards.

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 location mix of revenue and expenses.

**9. Segment Information****Reportable Segments**

We have two reportable segments: semiconductor solutions and infrastructure software. Each segment has separate financial information. The CODM considers actual and expected results of regularly provided net revenue, cost of revenue, operating expenses and operating income by segment during the budgeting and forecasting processes to support strategic decision-making and to evaluate the performance of and allocate resources to each of the segments. Operating income by segment includes items that are directly attributable to each segment and shared expenses such as marketing, general and administrative activities, facilities and IT expenses. Shared expenses are primarily allocated based on revenue and headcount.

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

*Infrastructure software.* Our infrastructure software solutions include revenues from software arrangements, related support, and professional services that help enterprises simplify their IT environments. Our customers rely on our infrastructure and security software solutions to modernize, optimize, and secure the most complex private cloud, hybrid cloud and edge environments. This enables 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.

Stock-based compensation expense, amortization of acquisition-related intangible assets, restructuring and other charges, and acquisition-related costs are not used in evaluating the results of, or in allocating resources to, our segments and therefore are not allocated to each segment. The CODM does not evaluate each segment using discrete asset information. 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 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 2025.

	Fiscal Quarter Ended	
	February 1, 2026	February 2, 2025
(In millions)		
<b>Semiconductor solutions:</b>		
Net revenue	\$ 12,515	\$ 8,212
Cost of revenue	3,949	2,616
Research and development	941	791
Selling, general and administrative	122	99
Operating income	<u>\$ 7,503</u>	<u>\$ 4,706</u>
<b>Infrastructure software:</b>		
Net revenue	\$ 6,796	\$ 6,704
Cost of revenue	494	504
Research and development	577	640
Selling, general and administrative	402	438
Operating income	<u>\$ 5,323</u>	<u>\$ 5,122</u>
<b>Total:</b>		
Net revenue	\$ 19,311	\$ 14,916
Cost of revenue	4,443	3,120
Research and development	1,518	1,431
Selling, general and administrative	524	537
Unallocated expenses:		
Stock-based compensation	2,176	1,280
Amortization of acquisition-related intangible assets	1,969	1,995
Restructuring and other charges	116	186
Acquisition-related costs	2	107
Operating income	<u>\$ 8,563</u>	<u>\$ 6,260</u>

**10. Commitments and Contingencies****Commitments**

The following table summarizes contractual obligations and commitments as of February 1, 2026:

Fiscal Year:	Purchase Commitments		Other Contractual Commitments
	(In millions)		
2026 (remainder)	\$	28	\$ 763
2027		12	718
2028		10	736
2029		4	890
2030		—	300
Thereafter		—	873
Total	\$	54	\$ 4,280

*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 1, 2026, we are unable to reliably estimate the timing of cash settlement with the respective taxing authorities. Therefore, \$1,668 million of unrecognized tax benefits and accrued interest and penalties as of February 1, 2026 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 but not limited to 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 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.

**Contingency Assessment**

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

**11. Subsequent Events**

***Cash Dividends Declared***

On March 3, 2026, our Board of Directors declared a quarterly cash dividend of \$0.65 per share on our common stock, payable on March 31, 2026 to stockholders of record on March 23, 2026.

## 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 2, 2025 ("fiscal year 2025") included in our Annual Report on Form 10-K for fiscal year 2025 ("2025 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, business strategies and models, and developments in technology, solutions and products. Such statements are based on current expectations, estimates, forecasts and projections of our industry performance and macroeconomic conditions, based on management's judgment, beliefs, current trends and market conditions, and involve risks and uncertainties that may cause actual results to differ materially from those contained in the forward-looking statements. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Accordingly, we caution you not to place undue reliance on these statements. Material factors that could cause actual results to differ materially from our expectations include, but are not limited to, those disclosed under "Risk Factors" in Part II, Item 1A of this Form 10-Q, and in other documents we file from time to time with the Securities and Exchange Commission (the "SEC"). We undertake no intent or obligation to publicly update or revise any forward-looking statements for any reason, except as required by law.*

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

### Overview

We are a global technology leader that designs, develops and supplies a broad range of semiconductor and semiconductor-based solutions and infrastructure software solutions. Our semiconductor and semiconductor-based solutions include a broad portfolio of complex digital and mixed signal devices based on silicon wafers with complementary metal oxide semiconductor transistors, III-V based devices, network interface cards and other modules, switches, subsystems and, in some cases, racks. Our solutions are used in a wide array of environments, end products and applications, such as enterprise and artificial intelligence ("AI") data centers, servers and networking and connectivity equipment, as well as storage systems, home connectivity devices, set-top boxes, broadband access, telecommunication equipment, wireless devices and base stations, factory automation, power generation and alternative energy systems, and electronic displays. Our infrastructure software solutions help enterprises simplify their information technology environments. Our customers rely on our infrastructure and security software solutions to modernize, optimize, and secure the most complex private cloud, hybrid cloud and edge environments. This enables scalability, agility, automation, insights, resiliency and security, making it easy for customers to run their mission-critical workloads. We also offer mission-critical fibre channel storage area networking ("FC SAN") products and related software in the form of modules, switches and subsystems incorporating multiple semiconductor products.

We have two reportable segments: semiconductor solutions and infrastructure software. Our semiconductor solutions segment includes all of our semiconductor-based product lines and intellectual property ("IP") licensing. Our infrastructure software segment includes our private cloud, mainframe software, cybersecurity and enterprise software portfolios, and our FC SAN business.

### Quarterly Highlights

Highlights during the fiscal quarter ended February 1, 2026 include the following:

- We generated \$8,260 million of cash from operations.
- We paid \$3,086 million in cash dividends.
- We repurchased \$7,850 million of common stock.

### **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 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 1, 2026 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 2025 Annual Report on Form 10-K.

### **Macroeconomic Factors**

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

## Results of Operations

### Fiscal Quarter Ended February 1, 2026 Compared to Fiscal Quarter Ended February 2, 2025

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

	Fiscal Quarter Ended			
	February 1, 2026	February 2, 2025	February 1, 2026	February 2, 2025
	(In millions)		(As a percentage of net revenue)	
<b>Statements of Operations Data:</b>				
Net revenue:				
Products	\$ 14,130	\$ 10,143	73 %	68 %
Subscriptions and services	5,181	4,773	27	32
Total net revenue	19,311	14,916	100	100
Cost of revenue:				
Cost of products sold	4,041	2,695	21	18
Cost of subscriptions and services	638	578	3	4
Amortization of acquisition-related intangible assets	1,462	1,484	8	10
Restructuring charges	13	14	—	—
Total cost of revenue	6,154	4,771	32	32
Gross margin	13,157	10,145	68	68
Research and development	2,965	2,253	15	15
Selling, general and administrative	1,019	949	5	7
Amortization of acquisition-related intangible assets	507	511	3	3
Restructuring and other charges	103	172	1	1
Total operating expenses	4,594	3,885	24	26
Operating income	\$ 8,563	\$ 6,260	44 %	42 %

In the fiscal quarter ended February 1, 2026, we included upfront license revenue of \$1,755 million within products revenue, and the related costs, which were immaterial, in cost of products sold. To conform to the current period presentation, we reclassified \$1,972 million of upfront license revenue from subscriptions and services revenue to products revenue for the fiscal quarter ended February 2, 2025. We also reclassified the related costs for the upfront license revenue, which were immaterial. See Note 2. "Revenue from Contracts with Customers" in Part I, Item 1. of this Form 10-Q for additional information.

#### Net Revenue

A relatively small number of customers account for a significant portion of our net revenue. Direct sales to one semiconductor solutions customer, which is a distributor, accounted for 42% and 29% of our net revenue for the fiscal quarters ended February 1, 2026 and February 2, 2025, respectively.

We believe aggregate sales to our top five end customers, through all channels, accounted for approximately 50% and 40% of our net revenue for the fiscal quarters ended February 1, 2026 and February 2, 2025, respectively. We expect to continue to experience significant customer concentration in future periods. The loss of, or significant decrease in demand from, any of our top five end customers could have a material adverse effect on our business, results of operations and financial condition.

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

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

Net Revenue by Segment	Fiscal Quarter Ended		\$ Change	% Change
	February 1, 2026	February 2, 2025		
	(Dollars in millions)			
Semiconductor solutions	\$ 12,515	\$ 8,212	\$ 4,303	52 %
Infrastructure software	6,796	6,704	92	1 %
Total net revenue	<u>\$ 19,311</u>	<u>\$ 14,916</u>	<u>\$ 4,395</u>	<u>29 %</u>

Net Revenue by Segment	Fiscal Quarter Ended	
	February 1, 2026	February 2, 2025
	(As a percentage of net revenue)	
Semiconductor solutions	65 %	55 %
Infrastructure software	35	45
Total net revenue	<u>100 %</u>	<u>100 %</u>

Net revenue from our semiconductor solutions segment increased in the fiscal quarter ended February 1, 2026 compared to the prior year fiscal period due to strong demand for our networking solutions, primarily custom AI accelerators and AI networking products.

#### **Gross Margin**

Gross margin was \$13,157 million for the fiscal quarter ended February 1, 2026 compared to \$10,145 million for the fiscal quarter ended February 2, 2025. The increase was primarily due to strong product demand for our AI-related semiconductor solutions.

As a percentage of net revenue, gross margin was relatively flat. The gross margin benefit from our net revenue growth was offset by a higher mix of semiconductor solutions net revenue.

#### **Research and Development Expense**

Research and development expense increased \$712 million, or 32%, for the fiscal quarter ended February 1, 2026 compared to the prior year fiscal period. The increase was primarily due to higher stock-based compensation.

#### **Selling, General and Administrative Expense**

Selling, general and administrative expense increased \$70 million, or 7%, for the fiscal quarter ended February 1, 2026 compared to the prior year fiscal period. The increase was primarily due to higher stock-based compensation.

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

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

Total stock-based compensation expense was \$2,176 million and \$1,280 million for the fiscal quarters ended February 1, 2026 and February 2, 2025, respectively. The increase was due to the Two-Year Equity Awards granted 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 1, 2026. The remaining weighted-average service period was 3.2 years.

Fiscal Year:	Unrecognized Compensation Cost, Net of Expected Forfeitures	
	(In millions)	
2026 (remainder)	\$	6,168
2027		7,184
2028		5,072
2029		2,795
2030		752
Total	\$	21,971

### Segment Operating Results

Operating Income by Segment	Fiscal Quarter Ended		\$ Change	% Change
	February 1, 2026	February 2, 2025		
	(Dollars in millions)			
Semiconductor solutions	\$ 7,503	\$ 4,706	\$ 2,797	59 %
Infrastructure software	5,323	5,122	201	4 %
Unallocated expenses	(4,263)	(3,568)	(695)	19 %
Total operating income	\$ 8,563	\$ 6,260	\$ 2,303	37 %

Operating income from our semiconductor solutions segment increased for the fiscal quarter ended February 1, 2026 compared to the prior year fiscal period due to strong demand for our networking solutions, primarily custom AI accelerators and AI networking products.

Unallocated expenses include stock-based compensation expense, amortization of acquisition-related intangible assets, restructuring and other charges, acquisition-related costs, and other costs, which are not used in evaluating the results of, or in allocating resources to, our segments. Unallocated expenses increased 19% for the fiscal quarter ended February 1, 2026 compared to the prior year fiscal period primarily due to higher stock-based compensation expense.

### Non-Operating Income and Expenses

*Interest expense.* Interest expense was \$801 million and \$873 million for the fiscal quarters ended February 1, 2026 and February 2, 2025, respectively. The decrease was primarily due to an overall reduction in outstanding debt balances and debt refinancing activities.

*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 \$433 million and \$103 million for the fiscal quarters ended February 1, 2026 and February 2, 2025, respectively. Other income, net included a \$315 million gain from the reversal of excise tax charges on our acquisition of VMware, Inc. ("VMware"), as the final Inflation Reduction Act of 2022 regulations exempted purchases of common stock on acquisitions from excise tax. In addition, interest income increased as a result of higher invested balances.

*Provision for (benefit from) income taxes.* The provision for income taxes was \$846 million for the fiscal quarter ended February 1, 2026 and was primarily due to income before income taxes, partially offset by excess tax benefits from stock-based awards. 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 location mix of revenue and expenses.

### Liquidity and Capital Resources

The following section discusses our principal liquidity and capital resources as well as our primary 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 1, 2026 consisted of: (i) \$14,174 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) working capital requirements, (ii) research and development and capital expenditure needs, (iii) cash dividend payments (if and when declared by our Board of Directors), (iv) interest and principal payments related to our \$67,970 million of outstanding indebtedness with \$2,252 million principal amounts payable within 12 months, (v) payment of income taxes, (vi) discretionary stock repurchases, and (vii) business acquisitions and investments we may make from time to time. Our ability to fund these requirements will depend, in part, on our future cash flows, which are determined by our future operating performance and, therefore, subject to prevailing global macroeconomic conditions and financial, business and other factors, some of which are beyond our control.

We believe that our cash and cash equivalents on hand, cash flows from operations and our revolving credit facility will provide sufficient liquidity to operate our business and fund our current obligations for at least the next 12 months. For additional information regarding our cash requirement from contractual obligations and indebtedness, see Note 10. "Commitments and Contingencies" and Note 6. "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, expansions of new business strategies and models, or unanticipated capital expenditures, our business and financial condition could suffer. In addition, we may agree to financial obligations, including guarantees, or increase our exposure to credit or customer default risks to support our strategic initiatives or other corporate purposes. 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 issue additional debt or equity securities for reasons other than those specified above. From time to time, we manage our indebtedness through financings, redemptions, repayments, exchanges, tender offers and other transactions. Such transactions will depend on prevailing market conditions, our liquidity requirements, the terms of indentures, contractual restrictions and other factors.

#### **Working Capital**

Working capital increased to \$15,203 million at February 1, 2026 from \$13,059 million at November 2, 2025. The increase was primarily attributable to the following:

- Trade accounts receivable, net increased to \$8,460 million at February 1, 2026 from \$7,145 million at November 2, 2025 primarily due to higher billings and the timing of collections.
- Employee compensation and benefits decreased to \$864 million at February 1, 2026 from \$2,129 million at November 2, 2025 primarily due to annual employee bonus plan payments.

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

- Cash and cash equivalents decreased to \$14,174 million at February 1, 2026 from \$16,178 million at November 2, 2025, primarily due to \$7,850 million of stock repurchases and \$3,086 million of dividend payments, offset in part by \$8,260 million in net cash provided by operating activities.

### Capital Returns

Cash Dividends Declared and Paid	Fiscal Quarter Ended	
	February 1, 2026	February 2, 2025
	(In millions, except per share data)	
Dividends per share to common stockholders	\$ 0.65	\$ 0.59
Dividends to common stockholders	\$ 3,086	\$ 2,774

In April 2025, our Board of Directors authorized a stock repurchase program to repurchase up to \$10 billion of our common stock through December 31, 2025, which was subsequently extended through December 31, 2026 and increased to \$11 billion. During the fiscal quarter ended February 1, 2026, we repurchased and retired 23 million shares for \$7,850 million. As of February 1, 2026, \$700 million of the authorized amount remained available for repurchase under this program.

Subsequent to the fiscal quarter ended February 1, 2026, our Board of Directors in March 2026 authorized a stock repurchase program to repurchase up to \$10 billion of our common stock from time to time through December 31, 2026.

During the fiscal quarter ended February 2, 2025, we paid \$2,036 million in employee withholding taxes due upon the vesting of net settled equity awards and withheld 8 million shares from employees in connection with such net share settlements. In the fiscal quarter ended February 1, 2026, we settled withholding taxes upon the vesting of employee equity awards using proceeds from the sale of a portion of the vested shares.

### Cash Flows

	Fiscal Quarter Ended	
	February 1, 2026	February 2, 2025
	(In millions)	
Net cash provided by operating activities	\$ 8,260	\$ 6,113
Net cash used in investing activities	(115)	(174)
Net cash used in financing activities	(10,149)	(5,980)
Net change in cash and cash equivalents	\$ (2,004)	\$ (41)

#### 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 \$2,147 million increase in cash provided by operations during the fiscal quarter ended February 1, 2026 compared to the prior year fiscal period was primarily due to \$1,846 million higher net income and \$1,055 million higher non-cash adjustments including stock-based compensation and deferred taxes and other non-cash taxes, offset in part by \$754 million from changes in operating assets and liabilities.

#### Investing Activities

Cash flows from investing activities primarily consist of capital expenditures and proceeds and payments related to investments. The cash flows from investing activities during the fiscal quarter ended February 1, 2026 was relatively flat compared to the prior year fiscal period as an increase in net proceeds from investments in the current year fiscal period was substantially offset by higher capital expenditures compared to the prior year fiscal period.

#### Financing Activities

Cash flows from financing activities primarily consist of proceeds and payments related to our borrowings, dividend payments, authorized stock repurchases, and employee withholding tax payments related to net settled equity awards. The \$4,169 million increase in cash used in financing activities during the fiscal quarter ended February 1, 2026 compared to the prior year fiscal period was primarily due to stock repurchases in the current year fiscal period, offset in part by a decrease in employee withholding tax payments related to net settled equity awards and an increase in net proceeds from borrowings in the current year fiscal period compared to 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 2025 Annual Report on Form 10-K, except as disclosed below.

#### **Interest Rate Risk**

Changes in interest rates affect the fair value of our outstanding borrowings. As of February 1, 2026 and November 2, 2025, we had \$68.0 billion and \$67.1 billion in principal amount of borrowings outstanding, and the estimated aggregate fair value of these borrowings was \$65.7 billion and \$64.6 billion, respectively. As of February 1, 2026 and November 2, 2025, a hypothetical 50 basis point change in market interest rates would change the fair value of our borrowings by approximately \$2.0 billion and \$1.9 billion, respectively. However, this hypothetical change in interest rates would not impact the interest expense on our borrowings outstanding. To hedge variability of cash flows due to changes in the benchmark interest rate of anticipated future debt issuances, we have entered, and in the future may enter, into treasury rate lock contracts.

### 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 1, 2026. 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 1, 2026, 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 10. "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.

- We operate in a highly cyclical semiconductor industry that is undergoing profound change due to AI.
- A significant reduction in demand or loss of one or more of our significant customers may adversely affect us.
- A slow or the unsuccessful return on our investments in research and development, expansion of our business strategy or adoption of new business models could adversely affect us.
- Dependence on a limited number of contract manufacturers and suppliers of critical materials, including components, within our supply chain, and potential failure to adjust such manufacturing and supply chain to meet customer demand, may adversely affect our ability to bring products to market and our results of operations.
- Winning business in the semiconductor solutions industry is an unpredictable process that often requires us to incur significant expenses, evolve our business strategy or adopt a new business model, which may negatively impact our results of operations, gross margin or cash flows.
- 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.
- Our ability to maintain or improve gross margin.
- Cybersecurity threats or other security breaches, or any other impairment of the confidentiality, integrity or availability of our information technology ("IT") systems, or those of one or more of our corporate infrastructure vendors, could have a material adverse effect on our business.
- A prolonged disruption of our or our customers' or suppliers' facilities or other significant operations could have a material adverse effect on us.
- We may be unable to maintain appropriate manufacturing capacity or product yields at our own manufacturing facilities.
- We are subject to risks associated with our distributors and other channel partners.
- Failure of our software portfolio to manage and secure IT infrastructures and environments and our use of open source software in certain software and services could have a material adverse effect on our business.
- The growth of our software business depends on demand for our data center virtualization portfolio, as well as customer acceptance of our software, services and business strategy.
- If our software does not successfully address market trends and competitive developments, demand for our software and services could decrease and materially adversely affect us.
- Failure to enter into software license agreements on a satisfactory basis could adversely affect us.
- Our sales to government customers subject us to uncertainties and additional governmental regulations.
- Failure to effectively manage our software solutions and services lifecycles could harm our business.
- Competition in our industries could prevent us from growing our revenue.
- Our operating results are subject to substantial quarterly and annual fluctuations.
- 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 may be involved in legal proceedings that could materially adversely affect our business.
- Failure to protect the IP utilized in our business could adversely affect our business.
- We are subject to warranty claims, product recalls and product liability.
- The complexity of our products could result in unforeseen delays or expense or undetected defects or bugs.
- We are subject to privacy and data security laws and contractual commitments, and our actual or perceived failure to comply with such laws and commitments could harm our business.
- Corporate responsibility matters may adversely affect our relationships with customers and investors and increase compliance costs.
- We must comply with a variety of technical standards, domestic and international laws and regulations in the manufacture and distribution of our semiconductors.

***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.
- 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 Related to Our Indebtedness***

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

***Risks Related to Owning Our Common Stock***

- Our stock price may be volatile and your investment could lose value.
- The amount and frequency of our stock repurchases may fluctuate.
- There can be no assurance that we will continue to declare cash dividends.

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

**Risks Related to Our Business**

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

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

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

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

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

Our products and operations are also subject to regulation by U.S. and non-U.S. regulatory agencies, such as the U.S. Federal Trade Commission. We have been, and may in the future be, involved or required to participate in regulatory investigations or inquiries from regulatory authorities in Korea, Japan and the European Union into certain of our contracting and business practices, which have and may in the future evolve into legal or other administrative proceedings. The technology industry is subject to intense media, political and regulatory scrutiny, which can increase our exposure to government investigations, regulations, legal actions and penalties. 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 or our customers 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 or conflict (including China-Taiwan relations), including terrorism, war or political or military coups, state-sponsored or politically motivated cyber-attacks, civil disturbances, or political instability (foreign and domestic);
- restrictive or retaliatory governmental actions, such as restrictions on the transfer or repatriation of funds and foreign investments, data privacy, AI and sustainability-related regulations, trade protection measures, including increasing protectionism and economic nationalism, import/export restrictions (including with regards to advanced technologies), import/export duties and quotas, trade sanctions, and customs duties and tariffs, all of which have increased and may further increase;
- changes in global tax regulations;
- difficulty in obtaining product distribution and support, and transportation delays;
- potential inability to localize our software;
- 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.

While U.S. tariffs and counter-tariffs, including semiconductor-related tariffs, have not had a material impact on our financial condition or results of operations, tariffs and other macroeconomic factors could materially increase costs and disrupt our supply chain. We continuously manage product availability and costs in our supply chain to mitigate the direct and indirect impact of tariffs and other macroeconomic impacts. The ultimate impact remains uncertain and will depend on several factors outside of our control. If we are unable to effectively navigate these changes, it could have a material adverse effect on our business, operating results and stock price.

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

***We operate in a highly cyclical semiconductor industry that is undergoing profound change due to AI.***

The semiconductor industry is highly cyclical and is subject to rapid price increase or erosion, wide fluctuations in product supply and demand, constant and rapid technological change and evolving technical standards and product applications. The semiconductor industry is undergoing profound change due to the adoption and proliferation of AI and has experienced a significant upturn, which may not be sustainable. The growth of AI is creating pressure on the semiconductor industry to timely design, manufacture and deliver semiconductor products and solutions to meet customer demand for computing power and AI infrastructure. Some of these AI customers may have constrained resources or capital and may be unable to pay for their required AI infrastructure and/or seek alternative financings or novel or deferred payment models from their vendors

and suppliers, which could result in credit or customer default risks and negatively impact our business, financial condition or results of operations. If our AI customers substantially reduce their expansion plans, cancel, reduce or delay their orders, are unable to generate the profit required to offset their spending or are otherwise unable to meet their obligations and we cannot offset the downturn in their business, it could have a material adverse effect on our business, operating results, financial condition and stock price.

***A significant reduction in demand from certain customers 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 fiscal quarter ended February 1, 2026, sales to distributors accounted for 55% of our net revenue. We believe aggregate sales, through all channels, to our top five end customers accounted for approximately 50% of our net revenue for the fiscal quarter ended February 1, 2026. 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. In addition, some customers may cancel, reduce or delay their orders or decline to purchase from us due to reduced capital expenditure spending, lack of access to sufficient capital, downturn in their business, governmental actions such as being designated a “supply chain risk,” purchases from our competitors or their internal development of competing products or customer-owned tooling.

When our semiconductor customers agree to purchase specific quantities of products or 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 from time to time may not or do not purchase the amount of product we expect. Moreover, our top customers, including our AI solutions customers, may make and have made greater demands on us with regards to pricing and contractual terms, such as seeking to lease AI racks or systems based on our XPU's instead of purchasing, as well as alternative financings for such leases or other novel or deferred payment models. As a result, we may not generate the amount of revenue or free cash flow or achieve the level of profitability that we or investors expect under such arrangements. In addition, such arrangements may impose financial obligations, including guarantees, upon us or increase our exposure to credit or customer default risks, and failure to mitigate these risks could negatively impact our business, financial condition or results of operations. The loss of, or any substantial reduction in our sales to, any of our top customers, including our customers for our custom AI accelerators or XPU's or AI racks or systems based on our XPU's, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

***A slow or the unsuccessful return on our investments in research and development, expansion of our business strategy or adoption of new business models could materially adversely affect our business, financial condition, cash flows and margins.***

The industries in which we compete are characterized by rapid technological change, new technological developments such as AI and cloud computing, changes in customer requirements, frequent new product introductions and enhancements, short product cycles, evolving industry standards, and new delivery methods. To compete successfully in the semiconductor industry, we must continue to develop and respond to technological advancements and requirements, such as low-power consumption, higher bandwidth and large compute clusters, and we have, from time to time, evolved our business strategy and adopted new business models to address the needs and challenges of our customers. Failure to successfully develop increasingly advanced technologies, including our custom AI accelerators or XPU's, network switches and other AI-related products, or execute on new strategies or models such as the sale or leasing of AI racks or systems based on our XPU's could impair our competitive position.

In order to remain competitive, we have made, and expect to continue to make, significant investments in research and development, expand our business strategy and adopt new business models. If we fail to timely develop new and enhanced products and technologies, if we focus on technologies that do not become widely adopted, if new competitive technologies that we do not support become widely accepted, if we are unable to successfully execute on new business strategies or models such as the sale or leasing of AI racks or systems based on our XPU's, or customers proceed with customer-owned tooling, demand for our products and solutions such as our custom AI accelerators or XPU's, network switches or other AI-related products may be reduced. To support our new business strategies or models, we may enter into leasing or other arrangements with customers or other third-parties that could increase our costs and operational complexity. Slow or unsuccessful investments in our research and development efforts or expansion or modification of our business strategies and models and incurring significant expenses for these actions, would have a negative impact on our business, financial condition and margins.

***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 and critical components to meet our needs, to produce products of acceptable quality at acceptable yields and prices, 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, from time to time, our CMs may raise their prices, cease to, or become unable to, manufacture a component for us, and have had and may continue to have capacity constraints in times of unprecedented demand. Our CMs may also fail to timely develop or successfully implement new, advanced manufacturing processes, including transitions to smaller geometry process technologies.

During the fiscal quarter ended February 1, 2026, approximately 95% of the wafers manufactured by our CMs were produced by Taiwan Semiconductor Manufacturing Company Limited ("TSMC"). 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 materially prioritize capacity for other customers or reduce or eliminate deliveries to us on short notice. In addition, TSMC has raised, and may in the future raise, their prices to manufacture our wafers.

If any of the foregoing circumstances occur, we may be unable to meet our customers' 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 memory chips, silicon, gallium arsenide and indium phosphide ("InP") wafers, copper lead frames, precious and rare earth metals, mold compound, ceramic packages, various chemicals and gases, and other components. During the fiscal quarter ended February 1, 2026, we purchased more than 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 have previously, and may in the future, extend lead times, limit supplies, place products on allocation, increase prices, or prioritize supplies for other customers, including with respect to memory chips, any of which could disrupt supply or increase demand in the industry and negatively impact our results of operations and our ability to fully meet our customers' demand. Additionally, the supply of these materials has been, from time to time, impacted by increased trade tensions between the U.S. and its trading partners, particularly China, and the uncertainty due to evolving trade restrictions. Any such supply constraints could result in loss of revenue opportunities and adversely impact our business, financial condition and results of operations.

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

Our semiconductor business is dependent on us winning competitive bid selection processes. These selection processes are often 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 or subsequent sales to a customer. Customers could accelerate, delay or cancel plans, develop and use their own products, purchase products from our competitors, 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 a material amount of excess inventory, materially adversely affecting our business, financial condition and results of operations. In addition, we may also be unable to materially recoup our costs or resell our products to other customers due to the custom nature of certain products.

The timing of design wins is unpredictable and implementing production for a particular design win or multiple design wins at the same time, such as for our custom AI accelerators or XPU, network switches and other AI-related products, may strain our resources and those of our CMs. Some of our customers who have selected us may also have constrained resources or capital but require immediate availability of our custom XPU. We have dedicated, and expect to continue dedicating, significant additional resources to execute on new business strategies or models such as the sale or leasing of AI racks or systems based on our XPU to our customers with alternative financings or novel or deferred payment models, which could result in additional costs, expenses, credit or customer default risks, reduced gross margin and cash flows.

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

We make significant decisions, including determining the levels of business that we will seek and accept, production schedules, levels of reliance on CMs and outsourcing, internal fabrication utilization and other resource requirements, and evolving our business strategy or adopting new business models such as the sale or leasing of AI racks or systems based on our XPU, based on customer requirements or estimates thereof, which may not be accurate and could result in reallocation of resources. Many factors could impact our estimates of customers' demands, including changes in product development cycles, competing technologies and product releases, new or unexpected end-user products or applications, such as demand for AI-related products and solutions, and changes in business, regulatory and economic conditions. Our customers may also underestimate the data center or related power or water capacity needed to address end-user demand, which may impact our ability to timely satisfy their requirements. In addition, where our products are part of larger infrastructure projects like data centers, any supply constraints or availability issues with respect to any one component may impact our revenue or our results of operations. 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. If we are unable to timely respond to changes in customer demand or execute on new business strategies or models, this could damage our customer relationships, harm our reputation, prevent us from taking advantage of opportunities and adversely impact our business, financial condition and results of operations.

***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, and, 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.

***Our gross margin is dependent on a number of factors, including our product mix, adoption of a new business model, price erosion, level of capacity utilization and commodity prices.***

Our gross margin is highly dependent on our product mix, as well as the timing and amount of our revenue from our semiconductor solutions, software licensing and other products or solutions. In addition, increased competition and the existence of product alternatives, more complex engineering requirements, lower demand, shifts in spending priorities, constrained resources or capital of our customers, supply constraints, 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 gross margin. The gross margin for our semiconductor solutions has typically been lower than our infrastructure software solutions. The sale or leasing of AI racks or systems based on our XPU will likely increase our operating margin but compress or lower future gross margin, which would adversely impact our stock price.

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

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

suppliers' and employees' confidential information, as well as our own proprietary information, we are, out of necessity, dependent on our vendors and third-party data centers to adequately address cybersecurity threats to their own systems and infrastructure, and timely deploy necessary mitigations. 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 have in the past been, and may in the future 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 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 have technical limitations that, in some instances, have led, and may in the future lead, to gaps in visibility into events occurring on systems targeted by threat actors or other unauthorized activities, and have not and may not always capture or surface information sufficient 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 portfolio to manage and secure IT infrastructures and environments could have a material adverse effect on our business.”*

***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.

***A prolonged disruption of our or our customers’ or suppliers’ facilities 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 InP-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, wildfire, and severe weather activity, and increases the risk of natural disasters impacting multiple suppliers. In addition, a significant majority of our research and development personnel are located in the U.S. and India, and our primary warehouse is in Malaysia.

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

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

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

***We 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 55% of our net revenue in the fiscal quarter ended February 1, 2026 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 some 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 materially 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.

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

Certain aspects of our software portfolio 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 software vulnerable to additional security risks not posed by purely proprietary software. Our software portfolio is complex and, when deployed, has contained in the past and may contain in the future errors, defects or security vulnerabilities, some of which were undiscovered before the software 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 software that could be exploited by malicious actors. Our software is 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 harm to us or our customers. Additionally, efforts by malicious cyber actors or others could cause interruptions, delays or cessation of our software delivery, or modification of our software, which could cause us to lose existing or potential customers.

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

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

Many of our software solutions and services are based on data center virtualization and related hybrid-cloud technologies used to manage distributed computing architectures, which form the foundation for private and hybrid cloud computing. Enabling businesses to modernize applications and efficiently implement their private and hybrid cloud services presents new and difficult technological, operational and compliance challenges. If businesses build new or shift existing compute

workloads off-premises to public cloud providers, this could limit the market for deployments of our data center virtualization portfolio. Current and future customers may not accept our subscription licensing model or perceive benefits associated with adopting our enterprise-grade private and hybrid cloud platform or our simplified product portfolios, including new version releases.

If demand, adoption and continued usage of our software is significantly less than anticipated or we fail to realize the expected returns on our business strategy, the investments we have made to implement our strategy may be of no or limited value, we may lose significant customers and our business, financial condition, results of operations and cash flows may be adversely affected.

***If our software does not successfully address market trends and competitive developments, demand for our software and services could decrease, which could materially adversely affect our business.***

The infrastructure software solutions industry is a very competitive industry and we expect more competition as AI continues to advance and be integrated into the markets in which we compete. We must 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 and AI capabilities, to compete effectively. We may also be required to make substantial modifications to our software 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. While we continue to enhance our software solutions and capabilities, there can be no assurance that we will successfully adapt our software in response to these developments. Further, our competitors may develop or incorporate solutions, including AI capabilities, into their products more rapidly or effectively than we do.

In addition, 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 software or otherwise limit the functionality, compatibility or certification of our software 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 software or development of new software solutions. 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 fluctuate from time to time.

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

Many of our software solutions and services incorporate open source software, the use of which may subject us to certain conditions, including the obligation to offer such software for no cost or to make the proprietary source code of such software 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 software 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. If personnel critical to our performance of these contracts are unable to obtain or maintain the security clearance level required under such contracts, we may be unable to perform these contracts or compete for other projects of this nature, which could adversely affect our results of operations. 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 software solutions and services lifecycles could harm our business.***

As part of the natural lifecycle of our software solutions and services, customers are informed when the software 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 software solutions or services remain subject to a service contract, the customer may transition to alternative software or services. Failure to effectively manage our software and services lifecycles and communications thereof have previously led to, and may in the future lead to, customer dissatisfaction and potential contractual liabilities, which could materially adversely affect our business and operating results.

***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. Competition in these industries continues to increase as existing competitors improve or expand their product offerings, as new competitors, including our customers, enter our markets or as AI continues to advance and be integrated into the markets in which we compete. To remain competitive, we seek to evolve our business strategy or adopt new business models from time to time, such as the sale or leasing of AI racks or systems based on our XPUs, that require significant financial resources, which could have a material adverse effect on our results of operations. Moreover, we may offer and have offered alternative financings or other novel or deferred payment models for the leasing of AI racks or systems based on our XPUs to effectively compete, which could have a material adverse effect on our revenue, free cash flow and gross margin and expose us to credit or customer default risks.

Some of our competitors, including our customers, 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, including AI, open source authors who provide software and IP for free, and competitors who offer their products through try-and-buy or freemium models. Our competitors, including cloud-based and AI-native vendors, may develop competitive software or AI solutions that could impact our ability to retain existing customers and attract new customers. In addition, the trend toward consolidation is also changing the competitive landscape. We expect this trend to continue, which may result in combined competitors having greater resources than we do.

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

***Our 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 or services;
- fluctuations in the levels of component or product inventories held by our customers, which may lead to increased requests to delay shipment of our semiconductor products;
- the shift to cloud-based IT solutions and services, such as hyperscale computing, which may adversely affect the timing and volume of sales of our semiconductor products for use in enterprise data centers;
- the development and availability of AI data centers that could impact our ability to ship our products;
- the timing and extent of our software license and subscription revenue, and other non-product revenue;

- the timing of new software contracts and renewals, including the timing of software contracts that do not have termination for convenience clauses;
- the timing of any terminations of software contracts that require us to refund to customers any pre-paid amounts under the contract;
- the timing of contracts with distributors and channel partners to lead go-to-market and customer relationships for certain products;
- fluctuations in our financial metrics to execute our current or new business strategies or models;
- the timing and extent to which we enter into and utilize factoring arrangements;
- the timing and extent of delivery of and payment for our semiconductor and semiconductor-based solutions, including AI racks or systems based on our XPU's;
- the inability of our customers to pay for our products or services due to their constrained resources or capital;
- 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 our forecasts or 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.

***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 enhance our market coverage, business strategy or technological capabilities. Any acquisitions we may undertake and their integration involve risks and uncertainties, which could impede the execution of our business strategy, such as:

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

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

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

***We 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.

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

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

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

licensing obligations to other third parties. These licensing obligations have extended, and may in the future extend, to our own IP, limiting our ability to assert our IP rights.

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

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

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

From time to time, we may be subject to warranty or product liability claims that may lead to significant expense. Our customer contracts typically contain warranty and indemnification provisions, and in certain cases may also contain liquidated damages provisions. The potential liabilities associated with such provisions are significant, and in some cases, including in agreements with some of our largest customers, are potentially unlimited. Any such liabilities may greatly exceed any revenue we receive from the relevant products. Costs, payments or damages incurred or paid by us in connection with warranty and product liability claims and product recalls could materially adversely affect our financial condition and results of operations. We may also be exposed to such claims as a result of any acquisition we may undertake in the future. Although we maintain self-insured retentions for reasonably estimable liabilities, our reserves may be inadequate to cover 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 portfolio because our customers are managing more complex, larger cloud infrastructures for more complex computing environments, license and deploy our portfolio across a variety of computer platforms and integrate them with a number of third-party software applications, databases and environments. 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, 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 or 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. Additionally, concerns about government interference and digital sovereignty, as well as expanding privacy, cybersecurity and data governance legislation, particularly in cloud computing and AI, could adversely affect our customers, our products and services 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.***

Various jurisdictions, investors, customers and other stakeholders continue to focus on 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 seek to include such provisions or requirements in their procurement terms and conditions. Some investors are asking companies to publicly 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. 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.

Various adopted or proposed regulations and customer requirements could also adversely affect the sourcing, availability and pricing of minerals and materials used in or for the manufacture of semiconductor products. As a result, we may face difficulties in satisfying our customers' demands, which may harm our revenue and results of operations.

***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 or packaging 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 location mix of our income and assets, and changes in tax legislation or accounting policies or related interpretations.

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

Significant judgment is required in determining our worldwide income taxes, and our calculations of income taxes payable currently and on a deferred basis are based on our interpretations of applicable tax laws. Although we believe our tax estimates are reasonable, there is no assurance that the final determination of our income tax liability will not be materially different than what is reflected in our income tax provisions and accruals. In addition, we are subject to, and are under, tax

audits in various jurisdictions. Although we believe our tax positions are reasonable, the final determination of tax audits could be materially different from our income tax provisions and accruals, which could have a material adverse effect on our results of operations and cash flows in the period or periods for which that determination is made.

***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 have benefitted from various tax incentives extended to us in various jurisdictions to encourage investment or employment. If a tax incentive or tax holiday is modified or terminated prior to its expiration absent a new incentive, 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 has materially increased our provision for income taxes. If additional countries in which we have tax incentives adopt similar tax provisions, this could have a further material adverse impact on our provision for income taxes.

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

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

#### **Risks Related to Our Indebtedness**

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

From time to time, we require significant expenditures to support our growth and respond to business challenges, and as a result we have additional cash requirements to support the payment of interest on our outstanding indebtedness. As of February 1, 2026, the aggregate indebtedness was \$67,970 million. Our substantial indebtedness and the instruments governing our indebtedness could have important consequences including:

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

Furthermore, we may enter into other financing arrangements, such as guarantees, to support our strategic initiatives or other corporate purposes, which could increase our fixed obligations, have a negative impact on our financial condition and reduce our financial and business flexibility.

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

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

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

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

- issuance of new or updated research or other reports by securities analysts;
- anticipated or actual demand for products used in AI-related solutions, including ASICs such as custom AI accelerators or XPU's and network switches;
- broad market, industry and competitor-related fluctuations;

- negative publicity regarding us or our business, or that of our significant customers, whether accurate or not;
- 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, market corrections or currency fluctuations, may negatively impact the market price of our common stock. You may not realize any return on your investment in us and may lose some or all of your investment. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. In addition, we have been, and in the future we may be, subject to lawsuits stemming from our acquisitions. Securities litigation against us, including the lawsuits related to such acquisitions, could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

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

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

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

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



**Item 6. Exhibits**

**EXHIBIT INDEX**

Exhibit Number	Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
2.1	<a href="#">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.</a>	8-K	001-38449	2.1	05-26-2022	
3.1	<a href="#">Amended and Restated Certificate of Incorporation (including all amendments thereto).</a>	10-Q	001-38449	3.1	09-11-2024	
3.2	<a href="#">Amended and Restated Bylaws.</a>	8-K12B	001-38449	3.2	04-04-2018	
4.1	<a href="#">Form of Common Stock Certificate.</a>	10-Q	001-38449	4.1	06-14-2018	
4.2	<a href="#">Description of Common Stock.</a>	10-K	001-38449	4.2	12-20-2024	
4.3	<a href="#">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.</a>	8-K	001-37690	4.1	01-20-2017	
4.4	<a href="#">First Supplemental Indenture to the January 2017 Indenture, dated as of April 9, 2018.</a>	8-K	001-38449	4.1	04-09-2018	
4.5	<a href="#">Second Supplemental Indenture to the January 2017 Indenture, dated as of January 25, 2019.</a>	8-K	001-38449	4.1	01-25-2019	
4.6	<a href="#">Indenture, dated as of October 17, 2017, by and among the Co-Issuers, the guarantors and Wilmington Trust, National Association, as trustee.</a>	8-K	001-37690	4.1	10-17-2017	
4.7	<a href="#">Supplemental Indenture to the October 2017 Indenture, dated as of April 9, 2018.</a>	8-K	001-38449	4.2	04-09-2018	
4.8	<a href="#">Second Supplemental Indenture to the October 2017 Indenture, dated as of January 25, 2019.</a>	8-K	001-38449	4.2	01-25-2019	
4.9	<a href="#">Form of 3.500% Senior Notes due 2028 (included in Exhibit 4.7).</a>	8-K	001-37690	4.1	10-17-2017	
4.10	<a href="#">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.</a>	8-K	001-38449	4.1	04-05-2019	
4.11	<a href="#">Form of 4.750% Senior Notes due 2029 (included in Exhibit 4.10).</a>	8-K	001-38449	4.1	04-05-2019	
4.12	<a href="#">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.</a>	8-K	001-38449	4.1	04-09-2020	
4.13	<a href="#">Form of 5.000% Senior Notes due 2030 (included in Exhibit 4.12).</a>	8-K	001-38449	4.1	04-09-2020	
4.14	<a href="#">Indenture, dated as of May 8, 2020, by and among the Company as Issuer, the 2020 Guarantors, and Wilmington Trust, National Association, as trustee.</a>	8-K	001-38449	4.1	05-08-2020	
4.15	<a href="#">Form of 3.150% Senior Notes due 2025 (included in Exhibit 4.14).</a>	8-K	001-38449	4.1	05-08-2020	
4.16	<a href="#">Form of 4.150% Senior Notes due 2030 (included in Exhibit 4.14).</a>	8-K	001-38449	4.1	05-08-2020	
4.17	<a href="#">Form of 4.300% Senior Notes due 2032 (included in Exhibit 4.14).</a>	8-K	001-38449	4.1	05-08-2020	
4.18	<a href="#">Indenture, dated as of May 21, 2020, by and among the Company, the 2020 Guarantors and Wilmington Trust, National Association, as trustee.</a>	8-K	001-38449	4.1	05-21-2020	
4.19	<a href="#">Form of 3.459% Senior Notes due 2026 (included in Exhibit 4.18).</a>	8-K	001-38449	4.1	05-21-2020	
4.20	<a href="#">Indenture, dated as of January 19, 2021, by and among the Company, the 2020 Guarantors and Wilmington Trust, National Association, as Trustee.</a>	8-K	001-38449	4.1	01-19-2021	
4.21	<a href="#">Form of 1.950% Senior Notes due 2028 (included in Exhibit 4.20).</a>	8-K	001-38449	4.1	01-19-2021	
4.22	<a href="#">Form of 2.450% Senior Notes due 2031 (included in Exhibit 4.20).</a>	8-K	001-38449	4.1	01-19-2021	
4.23	<a href="#">Form of 2.600% Senior Notes due 2033 (included in Exhibit 4.20).</a>	8-K	001-38449	4.1	01-19-2021	
4.24	<a href="#">Form of 3.500% Senior Notes due 2041 (included in Exhibit 4.20).</a>	8-K	001-38449	4.1	01-19-2021	
4.25	<a href="#">Form of 3.750% Senior Notes due 2051 (included in Exhibit 4.20).</a>	8-K	001-38449	4.1	01-19-2021	
4.26	<a href="#">Indenture, dated as of March 31, 2021, by and between the Company and Wilmington Trust, National Association, as Trustee.</a>	8-K	001-38449	4.1	03-31-2021	
4.27	<a href="#">Form of 3.419% Senior Notes due 2033 (included in Exhibit 4.26).</a>	8-K	001-38449	4.1	03-31-2021	
4.28	<a href="#">Form of 3.469% Senior Notes due 2034 (included in Exhibit 4.26).</a>	8-K	001-38449	4.1	03-31-2021	
4.29	<a href="#">Indenture, dated as of September 30, 2021, by and between the Company and Wilmington Trust, National Association, as Trustee.</a>	8-K	001-38449	4.1	09-30-2021	
4.30	<a href="#">Form of 3.137% Senior Notes due 2035 (included in Exhibit 4.29).</a>	8-K	001-38449	4.1	09-30-2021	
4.31	<a href="#">Form of 3.187% Senior Notes due 2036 (included in Exhibit 4.29).</a>	8-K	001-38449	4.1	09-30-2021	
4.32	<a href="#">Registration Rights Agreement, dated as of September 30, 2021, by and among the Company and BNP Paribas Securities Corp., J.P. Morgan Securities LLC and TD Securities (USA) LLC, as dealer-mangers in connection with the September 2021 exchange offer.</a>	8-K	001-38449	4.4	09-30-2021	
4.33	<a href="#">Indenture, dated April 14, 2022, between the Company and Wilmington Trust, National Association, as trustee.</a>	8-K	001-38449	4.1	04-15-2022	
4.34	<a href="#">Form of 4.00% Senior Notes due 2029 (included in Exhibit 4.33).</a>	8-K	001-38449	4.1	04-15-2022	
4.35	<a href="#">Form of 4.15% Senior Notes due 2032 (included in Exhibit 4.33).</a>	8-K	001-38449	4.1	04-15-2022	
4.36	<a href="#">Registration Rights Agreement, dated as of April 14, 2022, between the Company and BofA Securities, Inc., HSBC Securities (USA) Inc., and RBC Capital Markets, LLC, as representatives of the several initial purchasers of the April 2022 Senior Notes.</a>	8-K	001-38449	4.4	04-15-2022	
4.37	<a href="#">Indenture, dated April 18, 2022, between the Company and Wilmington Trust, National Association, as trustee.</a>	8-K	001-38449	4.1	04-18-2022	
4.38	<a href="#">Form of 4.926% Senior Notes due 2037 (included in Exhibit 4.37).</a>	8-K	001-38449	4.1	04-18-2022	

4.39	<a href="#">Registration Rights Agreement, dated April 18, 2022, between the Company and Barclays Capital Inc., BBVA Securities Inc., BNP Paribas Securities Corp. and J.P. Morgan Securities LLC, as dealer-managers in connection with the April 2022 Exchange Offer.</a>	8-K	001-38449	4.3	04-18-2022	
4.40	<a href="#">Indenture, dated July 12, 2024, between the Company and Wilmington Trust, National Association, as trustee.</a>	8-K	001-38449	4.1	07-12-2024	
4.41	<a href="#">Supplemental Indenture No. 1, dated July 12, 2024, between the Company and Wilmington Trust, National Association, as trustee.</a>	8-K	001-38449	4.2	07-12-2024	
4.42	<a href="#">Form of 5.050% Senior Notes due 2027 (included in Exhibit 4.41).</a>	8-K	001-38449	4.2	07-12-2024	
4.43	<a href="#">Form of 5.050% Senior Notes due 2029 (included in Exhibit 4.41).</a>	8-K	001-38449	4.2	07-12-2024	
4.44	<a href="#">Form of 5.150% Senior Notes due 2031 (included in Exhibit 4.41).</a>	8-K	001-38449	4.2	07-12-2024	
4.45	<a href="#">Supplemental Indenture No. 2, dated October 2, 2024, between the Company and Wilmington Trust, National Association, as trustee.</a>	8-K	001-38449	4.2	10-02-2024	
4.46	<a href="#">Form of 4.350% Senior Notes due 2030 (included in Exhibit 4.45).</a>	8-K	001-38449	4.2	10-02-2024	
4.47	<a href="#">Form of 4.550% Senior Notes due 2032 (included in Exhibit 4.45).</a>	8-K	001-38449	4.2	10-02-2024	
4.48	<a href="#">Form of 4.800% Senior Notes due 2034 (included in Exhibit 4.45).</a>	8-K	001-38449	4.2	10-02-2024	
4.49	<a href="#">Supplemental Indenture No. 3, dated January 10, 2025, between the Company and Wilmington Trust, National Association, as trustee.</a>	8-K	001-38449	4.2	01-10-2025	
4.50	<a href="#">Form of 4.800% Senior Notes due 2028 (included in Exhibit 4.49).</a>	8-K	001-38449	4.2	01-10-2025	
4.51	<a href="#">Form of 5.050% Senior Notes due 2030 (included in Exhibit 4.49).</a>	8-K	001-38449	4.2	01-10-2025	
4.52	<a href="#">Form of 5.200% Senior Notes due 2032 (included in Exhibit 4.49).</a>	8-K	001-38449	4.2	01-10-2025	
4.53	<a href="#">Supplemental Indenture No. 4, dated July 11, 2025, between the Company and Wilmington Trust, National Association, as trustee.</a>	8-K	001-38449	4.2	07-11-2025	
4.54	<a href="#">Form of 4.600% Senior Notes due 2030 (included in Exhibit 4.53).</a>	8-K	001-38449	4.2	07-11-2025	
4.55	<a href="#">Form of 4.900% Senior Notes due 2032 (included in Exhibit 4.53).</a>	8-K	001-38449	4.2	07-11-2025	
4.56	<a href="#">Form of 5.200% Senior Notes due 2035 (included in Exhibit 4.53).</a>	8-K	001-38449	4.2	07-11-2025	
4.57	<a href="#">Supplemental Indenture No. 5, dated September 29, 2025, between the Company and Wilmington Trust, National Association, as trustee.</a>	8-K	001-38449	4.2	09-29-2025	
4.58	<a href="#">Form of 4.200% Senior Notes due 2030 (included in Exhibit 4.57).</a>	8-K	001-38449	4.2	09-29-2025	
4.59	<a href="#">Form of 4.800% Senior Notes due 2036 (included in Exhibit 4.57).</a>	8-K	001-38449	4.2	09-29-2025	
4.60	<a href="#">Form of 4.900% Senior Notes due 2038 (included in Exhibit 4.57).</a>	8-K	001-38449	4.2	09-29-2025	
4.61	<a href="#">Supplemental Indenture No. 6, dated January 13, 2026, between the Company and Wilmington Trust, National Association, as trustee.</a>	8-K	001-38449	4.2	1-13-2026	
4.62	<a href="#">Form of 4.300% Senior Notes due 2031 (included in Exhibit 4.61).</a>	8-K	001-38449	4.2	1-13-2026	
4.63	<a href="#">Form of 4.600% Senior Notes due 2033 (included in Exhibit 4.61).</a>	8-K	001-38449	4.2	1-13-2026	
4.64	<a href="#">Form of 4.950% Senior Notes due 2036 (included in Exhibit 4.61).</a>	8-K	001-38449	4.2	1-13-2026	
4.65	<a href="#">Form of 5.700% Senior Notes due 2056 (included in Exhibit 4.61).</a>	8-K	001-38449	4.2	1-13-2026	
10.1+	<a href="#">Severance Benefit Agreement, dated January 1, 2026, between Broadcom Inc. and Ram Velaga.</a>					X
31.1	<a href="#">Certification of Principal Executive Officer of Broadcom Inc. Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>					X
31.2	<a href="#">Certification of Principal Financial Officer of Broadcom Inc. Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>					X
32.1	<a href="#">Certification of Principal Executive Officer of Broadcom Inc. Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>					X
32.2	<a href="#">Certification of Principal Financial Officer of Broadcom Inc. Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Schema Document					X
101.CAL	Inline XBRL Calculation Linkbase Document					X
101.DEF	Inline XBRL Definition Linkbase Document					X
101.LAB	Inline XBRL Labels Linkbase Document					X
101.PRE	Inline XBRL Presentation Linkbase Document					X
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X

Notes:

+ Indicates a management contract or compensatory plan or arrangement.

**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 11, 2026