

Qualcomm

Third Quarter Fiscal 2024 Earnings

July 31, 2024



Note Regarding Forward-Looking Statements

In addition to historical information, this document and the conference call that it accompanies contain forward-looking statements that are inherently subject to risks and uncertainties, including but not limited to statements regarding: our growth and diversification opportunities, including those in automotive, IoT and the artificial intelligence (AI) space; our business, product and technology strategies, including our diversification strategy; our technologies, technology leadership, technology differentiation and technology roadmap; our products, product performance, product leadership, product pipeline, product mix and product roadmap; new product releases, announcements and design wins; the benefits of our technologies, products and research and development efforts; our business and share trends, as well as market and industry trends, such as on-device Generative AI and the transition of the PC ecosystem to an ARM-compatible architecture, and their potential impact on our business and our positioning to take advantage thereof; acquisitions, collaborations or other strategic transactions, including the anticipated benefits thereof; anticipated demand for our products and technologies; our expectations regarding normalization of demand in IoT; seasonal trends; our business outlook; and our estimates, guidance, targets and financial planning assumptions related to revenues (including without limitation our long-term automotive revenue targets), earnings per share (EPS), non-GAAP combined R&D and SG&A expenses (non-GAAP operating expenses), interest and investment and other expense (income) net, weighted average diluted share count, earnings before tax (EBT) margins, effective tax rates and global handset units. Forward-looking statements are generally identified by words such as “estimates,” “guidance,” “forecast,” “target,” “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks” and similar expressions. Actual results may differ materially from those referred to in the forward-looking statements due to a number of important factors, including but not limited to: our dependence on a small number of customers and licensees, and particularly from their sale of premium-tier devices; our customers vertically integrating; a significant portion of our business being concentrated in China, which is exacerbated by U.S./China trade and national security tensions; our ability to extend our technologies and products into new and expanded product areas, and industries and applications beyond mobile handsets; our strategic acquisitions, transactions and investments, and our ability to consummate strategic acquisitions; our dependence on a limited number of third-party suppliers; risks associated with the operation and control of our manufacturing facilities; security breaches of our information technology systems, or other misappropriation of our technology, intellectual property or other proprietary or confidential information; our ability to attract and retain qualified employees; the continued and future success of our licensing programs, which requires us to continue to evolve our patent portfolio and to renew or renegotiate license agreements that are expiring; efforts by some OEMs to avoid paying fair and reasonable royalties for the use of our intellectual property, and other attacks on our licensing business model; potential changes in our patent licensing practices, whether due to governmental investigations, legal challenges or otherwise; adverse rulings in governmental investigations or proceedings or other legal proceedings; our customers’ and licensees’ sales of products and services based on CDMA, OFDMA and other communications technologies, including 5G, and our customers’ demand for our products based on these technologies; competition in an environment of rapid technological change, and our ability to adapt to such change and compete effectively; failures in our products or in the products of our customers or licensees, including those resulting from security vulnerabilities, defects or errors; difficulties in enforcing and protecting our intellectual property rights; claims by third parties that we infringe their intellectual property; our use of open source software; the cyclical nature of the semiconductor industry, declines in global, regional or local economic conditions, or our stock price and earnings volatility; geopolitical conflicts, natural disasters, pandemics and other health crises, and other factors outside of our control; our ability to comply with laws, regulations, policies and standards; our indebtedness; and potential tax liabilities. These and other risks are set forth in our Quarterly Report on Form 10-Q for the fiscal quarter ended June 23, 2024 filed with the Securities and Exchange Commission (SEC). Our reports filed with the SEC are available on our website at www.qualcomm.com. We undertake no obligation to update, or continue to provide information with respect to, any forward-looking statement or risk factor, whether as a result of new information, future events or otherwise.

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

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

Q3FY24 Highlights



Third Quarter Fiscal 2024 Results

Revenues

\$9.4B

GAAP EPS⁽¹⁾

\$1.88

Non-GAAP⁽²⁾ EPS

\$2.33

QCT

Revenues of
\$8.1B

at high end of
guidance range⁽³⁾

\$2.2B

Combined Automotive
& IoT revenues

Automotive revenues **↑87% YoY**

EBT⁽⁴⁾ of
\$2.2B

with EBT
margin of

27% **↑3pts YoY**

at high end of
guidance range

QTL

Revenues of
\$1.3B
within guidance
range

EBT margin of
70%
within guidance
range

Other

Returned
\$2.3B
to stockholders
including

\$1.3B
of share
repurchases &
\$0.9B
in dividends

Announcing our upcoming
2024
Investor Day
IoT and Automotive
Diversification Strategy
November 19, 2024
The Times Center,
New York City

1.) EPS = Diluted earnings per share; 2.) Non-GAAP information excludes our QSI (Qualcomm Strategic Initiatives) segment and certain share-based compensation, acquisition-related items, and other items. Further discussion regarding our use of Non-GAAP financial measures and reconciliations between GAAP and Non-GAAP results are included in this presentation; 3.) All references to guidance on this slide refer to our prior guidance as of May 1, 2024; 4.) EBT = Earnings before taxes. Sums may not equal totals due to rounding.

Q3FY24 QCT Highlights

Fourth Consecutive Quarter of Record Auto Revenues

Revenues

Handsets
\$5.9B

Automotive
\$811M

Internet of Things (IoT)
\$1.4B



- At our upcoming Snapdragon Summit in October, we will reveal details of our next-generation Snapdragon 8 flagship mobile platform, the **first to be powered by our custom Qualcomm Oryon™ CPU**. Combined with **new and unparalleled NPU AI capabilities**, it is already exceeding both our and our customers' performance expectations.



- We **secured more than 10 new design wins with global automakers** during the quarter including next-generation digital cockpit, connectivity, and/or ADAS and autonomy. Our Snapdragon® Digital Chassis™ continues to scale across virtually all OEMs and is now a **key asset for the automotive industry**.
- Looking forward, we are focused on **extending our industry-leading on-device AI solutions** to the Snapdragon Digital Chassis to **enable automotive-centric generative AI use cases and applications**.



- We are very pleased that Copilot+ PCs, powered exclusively by Snapdragon® X Series platforms, are **now available across 20 countries and 47 retailers with 20 devices launched** by major ecosystem players including Microsoft, Dell, HP, Lenovo, Acer, Asus and Samsung. This marks the start of **one of the most significant transitions in personal computing** since the launch of Windows 95 and is **restoring performance leadership** back to the Windows ecosystem.
- We remain excited about the **continued positive momentum in XR**, particularly the success of Meta's Ray-Ban smart glasses. Sales are exceeding our expectations, due in part to the integration of Llama, and we **foresee an acceleration in demand for extended and mixed reality devices** as new use cases enabled by generative AI gain scale.
- In the next few months, we will announce our **new dedicated product roadmap for industrial IoT**, including support for multiple operating systems, the ability to run multi-billion parameter AI models and a comprehensive development platform.

Financial Results and Guidance

As of July 31, 2024

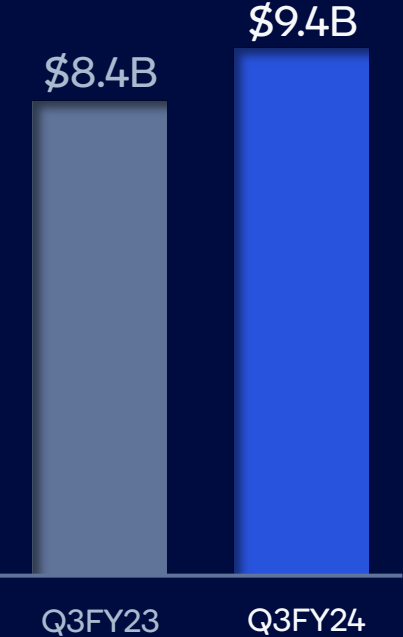
Quarterly Results and Guidance	Q3FY24 Guidance ⁽¹⁾	Q3FY24 Results	Q4FY24 Guidance ⁽²⁾
Revenues	\$8.8B - \$9.6B	\$9.4B	\$9.5B - \$10.3B
Non-GAAP diluted EPS	\$2.15 - \$2.35	\$2.33	\$2.45 - \$2.65
Non-GAAP operating expenses ⁽³⁾	-\$2.2B	\$2.25B	-\$2.2B
GAAP interest and investment and other expense (income), net	-\$10M	(\$58M)	\$—
Non-GAAP effective tax rate	~13%	13%	~13%
Weighted average diluted share count	~1.13B	1.13B	~1.13B
Segment Results and Guidance			
QCT revenues	\$7.5B - \$8.1B	\$8.1B	\$8.1B - \$8.7B
QCT EBT margin %	25% - 27%	27%	27% - 29%
QTL revenues	\$1.2B - \$1.4B	\$1.3B	\$1.35B - \$1.55B
QTL EBT margin %	69% - 73%	70%	70% - 74%
Annual Guidance		FY24 Prior Guidance⁽¹⁾	FY24 Guidance⁽²⁾
Non-GAAP effective tax rate		~13%	~13%

1) Prior guidance as of May 1, 2024; 2) Our outlook reflects a 14-week fiscal fourth quarter, which occurs every five to six years. Our outlook does not include provisions for proposed tax law changes, future asset impairments or for pending legal matters, other than future legal amounts that are probable and estimable. Further, due to their nature, certain income and expense items, such as certain investments, derivative and foreign currency transaction gains or losses, cannot be accurately forecast. Accordingly, we only include such items in our financial outlook to the extent they are reasonably certain. Our outlook includes the impact of any pending business combinations to the extent they are expected to close in the upcoming quarter. Actual results may differ materially from the outlook; 3) Non-GAAP operating expenses = Non-GAAP combined R&D and SG&A expenses.

Q3FY24 Non-GAAP Results

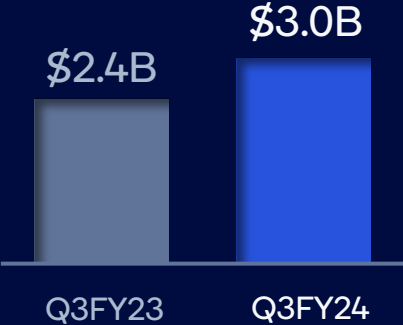
Revenues

+11%



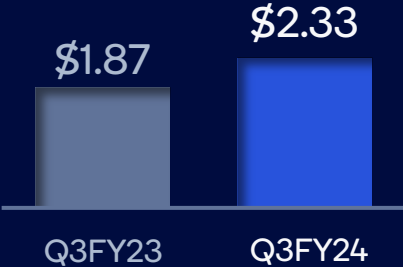
EBT

+25%



EPS

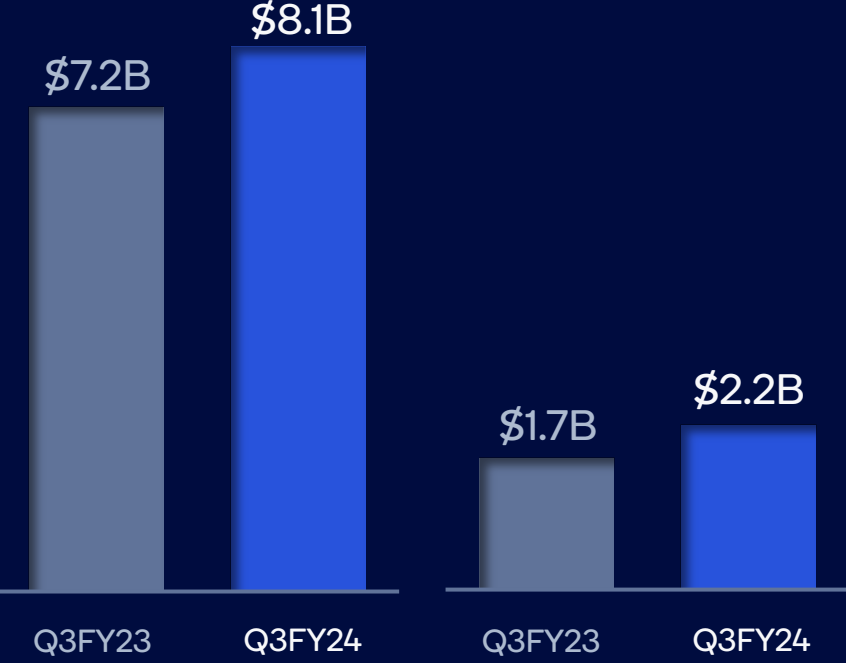
+25%



Q3FY24 Segment Results

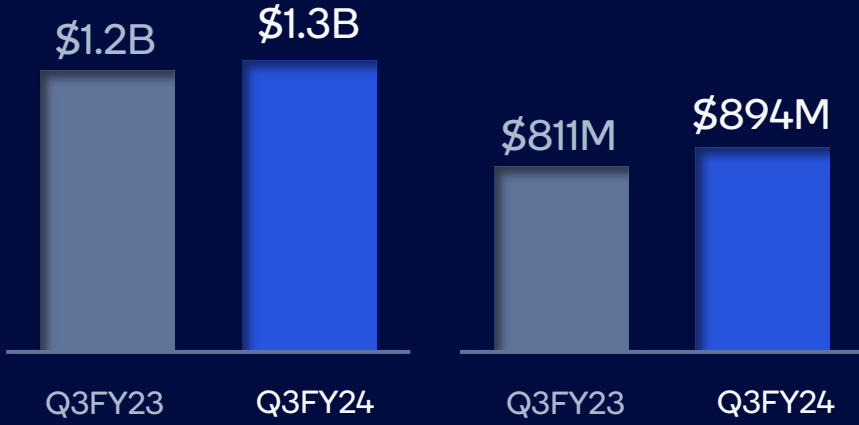
QCT

Revenues +12%
EBT +25%



QTL

Revenues +3%
EBT +10%



Q3FY24 QCT Revenue Streams

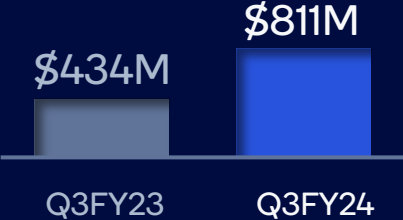
Handsets

+12%



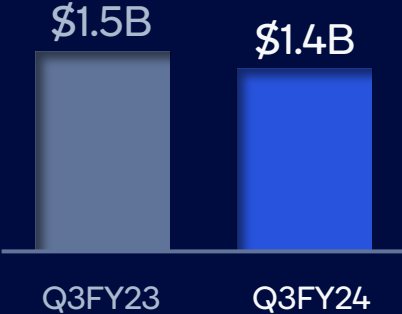
Automotive

+87%



IoT

-8%



Snapdragon[®] X Series Launch

Ushering in a new era for PCs



Snapdragon® X Series exclusively power Microsoft Copilot+ PCs

Restoring performance leadership to Windows PCs



Generative AI powerhouse

45 TOPS

Qualcomm® Hexagon™ NPU



Industry-leading performance

Delivers exceptional energy savings & up to multiple days of battery life on a single charge⁽¹⁾

Maintain workflows & enjoy media experiences uninterrupted



Smarter user experiences

Lightning-fast 5G | Wi-Fi 7

Immersive lossless audio

Advanced camera ISP

Snapdragon Seamless

Chip-to-cloud security

1.) Battery life varies significantly with device, settings, usage, and other factors.

Snapdragon and Qualcomm branded products are products of Qualcomm Technologies, Inc. and/or its subsidiaries. CPU Performance is based on Geekbench v6.2 Multi-Thread on Windows OS run in October 2023. Snapdragon X Elite was tested using a Qualcomm laptop reference design on Windows OS. The i7-1360P (12 core) and i7-1355U (10 core) were tested using a Samsung Galaxy Book3 360 13" 2023 (NP730QFG) laptop and Samsung Galaxy Book3 15.6" 2023 (NP750XFG) laptop, respectively on Windows 11. Maximum performance reflected by i7-1360P and i7-1355U represent maximum achievable results in given platforms under unconstrained PL1/PL2 settings and no thermal limitations.

Snapdragon® X Elite and Snapdragon® X Plus are powering the launch of a new category of devices delivering Microsoft Copilot+ PC experiences


Copilot+PC



Acer Swift 14 AI



Asus Vivobook S 15



Dell Latitude 7455



Dell XPS 13



HP EliteBook Ultra



HP OmniBook X



Lenovo ThinkPad
T14S



Lenovo Yoga
Slim 7x



Microsoft Surface
Laptop 13



Microsoft Surface
Laptop 15



Microsoft Surface Pro



Samsung Galaxy
Book4 Edge (16")



Samsung Galaxy
Book4 Edge (14")



Acer Swift 14 AI



Asus Vivobook S 15



Dell Latitude 7455



Dell Latitude 5455



Dell Inspiron 14



Dell Inspiron
14 Plus



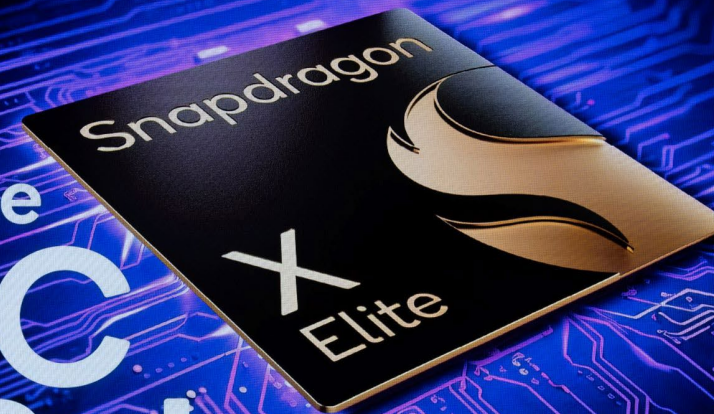
Microsoft Surface
Pro



Microsoft Surface
Laptop 13

Leaders from the
global PC ecosystem
Computex 2024

The PC Reborn



Left to right: Enrique Loares, President & CEO, HP Inc.; S.Y. Hsu, Co-CEO, Asus; Luca Rossi, President of Intelligent Devices Group, Lenovo; Cristiano Amon, President & CEO, Qualcomm Inc.; Pavan Davuluri CVP, Windows + Devices, Microsoft; Sam Burd, President, Client Solutions Group, Dell Technologies; Jason Chen, Chairman & CEO, Acer.



ASUS

Lenovo

Qualcomm

Microsoft



acer

Snapdragon X Elite

Snapdragon
X Elite

PERFORMANCE REBORN

Best-in-class performance vs. x86

Up to **2X** faster CPU
Qualcomm Oryon™ CPU
12 high-performance cores
Dual-Core Boost

Up to **2X** faster GPU
Qualcomm® Adreno™ GPU
4.6 teraflops
Triple UHD monitor support

4nm
process node

135GB/s
memory bandwidth
LPDDR5x

Generative AI powerhouse

Capable to run **13B+** parameters on device

Generates **30** tokens/sec for 7B LLMs

Built for AI

45 TOPS
Qualcomm® Hexagon™ NPU

<1 seconds
Stable Diffusion

4.5X faster AI NPU processing power than competitors

1st PC processor with integrated Always-Sensing ISP

Integrated Micro NPU on Qualcomm® Sensing Hub

Smarter user experiences

Lightning-fast 5G | Wi-Fi 7

Immersive lossless audio

Advanced camera ISP

Snapdragon Seamless

Chip-to-cloud security

Leading PC performance per watt

Matches peak PC performance at **68%** less power vs. competition

Scalable across a range of thermal designs and form factors

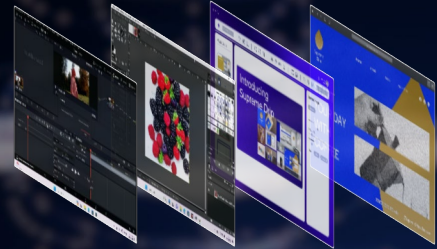
Qualcomm, Snapdragon, Qualcomm Oryon, Adreno, Hexagon, Snapdragon Sight, Snapdragon Sound, Snapdragon Smart and Snapdragon Seamless are trademarks or registered trademarks of Qualcomm Incorporated. | CPU Performance is based on Geekbench v6.2 Multi-Thread on Windows OS run in October 2023. Snapdragon X Elite was tested using a Qualcomm laptop reference design on Windows OS. The i7-1360P (12 core) and i7-1355U (10 core) were tested using a Samsung Galaxy Book3 360 13" 2023 (NP730QFG) laptop and Samsung Galaxy Book3 15.6" 2023 (NP750XFC) laptop, respectively on Windows 11. Maximum performance reflected by i7-1360P and i7-1355U represent maximum achievable results in given platforms under unconstrained PL1/PL2 settings and no thermal limitations. Power and performance comparison reflects results based on measurements and hardware instrumentation of given devices. GPU Performance is based on 3DMark WildLife Extreme run in October 2023. Snapdragon X Elite was tested using a Qualcomm laptop reference design on Windows PS and a pre-commercial build of WildLife Extreme. The i7-13800H (16 core) was tested using a Razer Blade 15 2023 (RZ09-0485) laptop on Windows 11. Maximum performance reflected by i7-13800H represents maximum achievable results in given platform under unconstrained PL1/PL2 settings and no thermal limitations. Power and performance comparison reflects results based on measurements and hardware instrumentation of given devices.

Snapdragon X Plus



Built for AI

45 TOPS
Qualcomm® Hexagon™ NPU

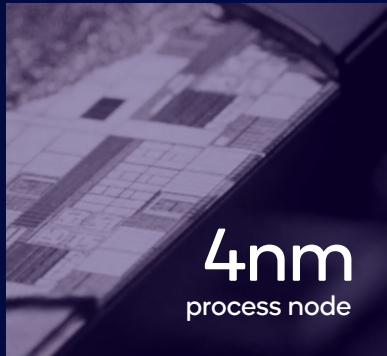


Always-Sensing
ISP

Integrated
Micro NPU
on Qualcomm
Sensing Hub



Generative AI
powerhouse



4nm
process node



Support for 3 external displays
all at 4K HDR



Snapdragon
connect



Snapdragon
sound



Snapdragon
secure



Snapdragon
sight

Smarter user experiences

Lightning-fast 5G | Wi-Fi 7

Immersive lossless audio

Advanced camera ISP

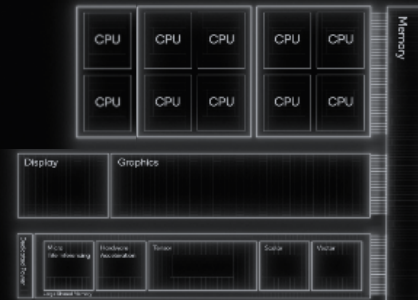
Snapdragon Seamless

Chip-to-cloud security



Scalable
across a range of
thermal designs and
form factors

135GB/s
memory bandwidth
LPDDR5x



Qualcomm
Oryon™ CPU

10 Cores up to 3.4 GHz

Qualcomm
Oryon CPU

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Key Announcements



QCT Handsets:

The Most Advanced Snapdragon Mobile Platform, Snapdragon® 8 Gen 3 for Galaxy, Powers the New Samsung Galaxy Z Series Globally – [link](#)

Galaxy Z Fold6 | Z Flip6



“Our strategic partnership with Samsung has never been stronger. For more than two decades of collaboration, we have continuously redefined premium Android experiences. Now, we are enhancing those experiences with **break-through AI technology**. Galaxy AI comes with the iconic form factor of Galaxy Z Series, **unleashing powerful AI-enabled use cases** which can transform the way users interact with their foldable devices on a daily basis, **thanks to Snapdragon 8 Gen 3 for Galaxy and its on-device AI capabilities**. Our premium processor also delivers **chart-topping camera capabilities, console-defying gaming, and top-of-the-line connectivity to power the experiences consumers want.**”

Chris Patrick
SVP & GM, Mobile Handset
Qualcomm Technologies, Inc.



Galaxy AI ✨ is here

- ProVisual engine
- Live translate / Interpreter
- Nightography
- Note assist
- Photo assist
- Suggested replies⁽¹⁾
- FlexCam auto zoom⁽¹⁾
- Transcript assist
- Circle to search with Google
- Sketch to image

1.) Only applies to Flip6 FlexWindow

Delivering extraordinary AI capabilities, premium-level performance, and power efficiency to foldable devices

QCT Industrial IoT:

Qualcomm and Aramco Target Digital Transformation – [link](#)

“Through our collaboration with Aramco, we aim to develop advanced end-to-end IoT solutions that address the unique needs of the Kingdom of Saudi Arabia and pave the way to showcase what **state-of-the-art and sustainable digital transformation** in the industrial space can look like. With our broad technology portfolio, we are in a unique position and look forward to being a key partner to the Kingdom of Saudi Arabia as they accelerate their industrial digital transformation.”

Nakul Duggal

Group GM, Automotive, Industrial & Embedded IoT, and Cloud Computing
Qualcomm Technologies, Inc.

Qualcomm + aramco 

Accelerating the development and deployment of end-to-end IoT solutions for industrial and enterprise use cases

QCT AI Leadership:

Qualcomm® AI Hub Expands to On-Device AI Apps for Snapdragon-Powered PCs – [link](#)

Key Announcement

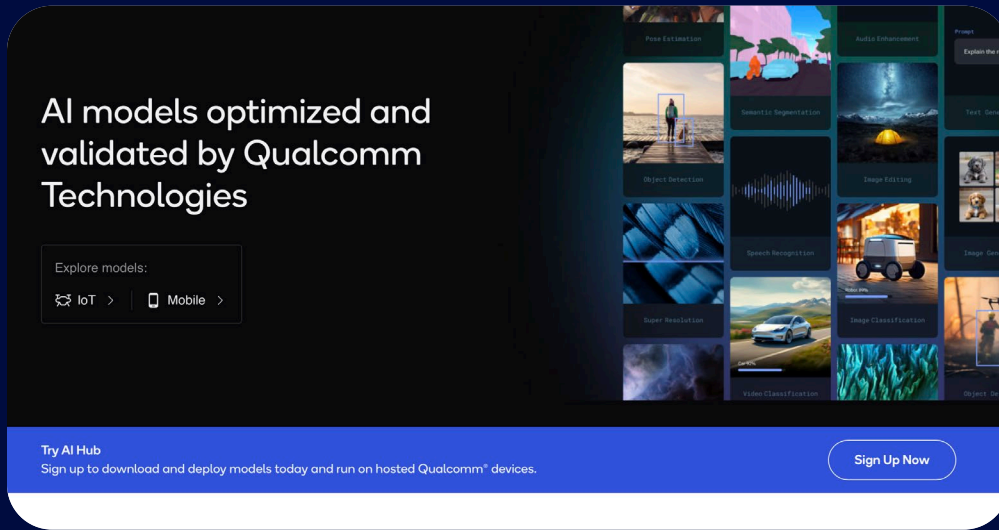
Qualcomm AI Hub

for Snapdragon X Series Platforms



“With support for Snapdragon® X Series Platforms in the Qualcomm AI Hub, we are providing developers with the flexibility and power to create innovative AI applications for next generation Windows PCs. We are committed to providing developers with the tools and resources they need to unleash the full potential of on-device generative AI.”

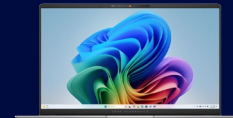
Durga Malladi
SVP & GM, Technology Planning & Edge Solutions
Qualcomm Technologies, Inc.



AIHUB.QUALCOMM.COM

100+ pre-optimized AI models⁽¹⁾
for up to 4X faster inferencing⁽²⁾

- LLAMA-2
- openai_clip
- Stable Diffusion
- Control Net
- shufflenet_v2
- ResNeXt50
- mobiledet
- googlenet
- whisper_asr
- yolov8_seg
- stylegan2
- openpose
- wideresnet50
- sinet
- huggingface_wavlm_base_plus



1.) As of July 31, 2024.

2.) Qualcomm AI hub-optimized vs. non-optimized AI models.

The gateway to superior on-device AI performance on Snapdragon® or Qualcomm® platforms, now supporting Snapdragon X Series

QCT Handsets:

Qualcomm Unveils the Snapdragon® 4s Gen 2 Mobile Platform, Making 5G Accessible to Billions of Smartphone Users Worldwide – [link](#)

"The Snapdragon 4s Gen 2 Mobile Platform is a [significant leap forward in making 5G technology more accessible](#), so more people can navigate the world at 5G speeds. Thanks to cutting-edge engineering, we balanced affordability with strong performance and all-day battery life as well as widespread access to 5G for more enhanced mobile experiences."

Chris Patrick
SVP & GM, Mobile Handset
Qualcomm Technologies, Inc.



Redefining the entry-level mobile experience and making 5G technology more accessible globally



Key Announcements

- Qualcomm and Aramco Target Digital Transformation – [link](#)
- Snapdragon X Series is the Exclusive Platform to Power the Next Generation of Windows PCs with Copilot+ Today – [link](#)
- Qualcomm Accelerates Development for Copilot+ PCs with Snapdragon Dev Kit for Windows – [link](#)
- Qualcomm AI Hub Expands to On-Device AI Apps for Snapdragon-Powered PCs – [link](#)
- Qualcomm President and CEO Cristiano Amon will Deliver a Keynote Speech at COMPUTEX 2024 on “The PC Reborn” Showcasing Where Innovation Creates Disruption in a Mature Industry – [link](#)
- Qualcomm Computex 2024 Keynote Unveils “The PC Reborn” with Snapdragon X Series and Copilot+ PCs – [link](#)
- Qualcomm Supports F1 Academy Entry as Senior Partner – [link](#)
- Snapdragon Unveiled on Manchester United Kits – [link](#)
- Qualcomm Innovation Fellowship Europe Rewards Excellent Research in the Field of AI and Cybersecurity – [link](#)
- The Most Advanced Snapdragon Mobile Platform, Snapdragon 8 Gen 3 for Galaxy, Powers the New Samsung Galaxy Z Series Globally – [link](#)
- G42’s Core42 Launches Compass 2.0: A Next-Generation Enterprise AI Platform – strengthened by Qualcomm Cloud AI 100 Ultra Inference Accelerators – [link](#)
- Qualcomm Unveils the Snapdragon 4s Gen 2 Mobile Platform, Making 5G Accessible to Billions of Smartphone Users Worldwide – [link](#)

Reconciliations



Note Regarding Use of Non-GAAP Financial Measures

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

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

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

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

Reconciliations of GAAP to Non-GAAP Financial Measures

Third Quarter Fiscal 2024 Results

(in millions, except per share data)

	GAAP Results	Less QSI	Less Share-Based Compensation	Less Other Items ⁽¹⁾	Non-GAAP Results
Revenues	\$9,393	\$2	\$—	\$—	\$9,391
EBT	\$2,279	\$14	(\$644)	(\$125)	\$3,034
Net income (loss)	\$2,129	\$11	(\$456)	(\$74)	\$2,648
Diluted EPS	\$1.88	\$0.01	(\$0.40)	(\$0.07)	\$2.33
Diluted shares	1,134	1,134	1,134	1,134	1,134

Third Quarter Fiscal 2023 Results

(in millions, except per share data)

	GAAP Results	Less QSI	Less Share-Based Compensation	Less Other Items ⁽²⁾	Non-GAAP Results
Revenues	\$8,451	\$9	\$—	\$—	\$8,442
EBT	\$1,757	(\$21)	(\$613)	(\$39)	\$2,430
Net income (loss)	\$1,803	(\$17)	(\$525)	\$240	\$2,105
Diluted EPS	\$1.60	(\$0.01)	(\$0.47)	\$0.21	\$1.87
Diluted shares	1,124	1,124	1,124	1,124	1,124

1.) Other items excluded from Non-GAAP results included a \$75 million charge related to a proposed settlement of a securities class action lawsuit, \$47 million of acquisition-related charges, \$2 million of restructuring and restructuring-related charges and \$1 million of interest expense related to a fine imposed on us by the European Commission in 2019. Other items excluded from Non-GAAP results also included \$26 million of losses driven by the revaluation of our deferred compensation plan liabilities, which increases operating expenses, offset by corresponding \$26 million of gains driven by the revaluation of the associated plan assets, which were included within investment and other income, net, as well as \$21 million of income, net of income taxes, from the discontinued operations of Veoneer's Non-Arriver businesses. Tax benefit in the "Other Items" column included an \$81 million benefit from the foreign-derived intangible income deduction resulting from the requirement to capitalize and amortize R&D expenditures, a \$9 million benefit for the tax effect of acquisition-related charges and a \$1 million benefit from the combined effect of other items in EBT, partially offset by a \$53 million foreign currency loss related to a noncurrent receivable resulting from our refund claim of Korean withholding taxes paid in prior periods and an \$8 million expense to reconcile the tax provision of each column to the total GAAP tax provision for the quarter.

2.) Details of amounts included in the "Other Items" column for the third quarter of fiscal 2023 are included in the Earnings Presentation for that period.

Sums may not equal totals due to rounding.

Business Outlook

	Q3FY24 Guidance ⁽¹⁾	Q4FY24 Guidance ⁽²⁾
Revenues	\$8.8B - \$9.6B	\$9.5B - \$10.3B
GAAP diluted EPS	\$1.74 - \$1.94	\$2.38 - \$2.58
Less diluted EPS attributable to QSI	\$—	\$—
Less diluted EPS attributable to share-based compensation	(\$0.45)	(\$0.44)
Less diluted EPS attributable to other items ⁽³⁾	\$0.04	\$0.37
Non-GAAP diluted EPS	\$2.15 - \$2.35	\$2.45 - \$2.65

Additional EPS Guidance

	FY23 Results	FY24 Guidance Midpoint ⁽⁴⁾	FY24 Guidance YoY % Increase (Decrease)
GAAP diluted EPS	\$6.42	\$8.87	38%
Less diluted EPS attributable to QSI	(\$0.01)	\$0.08	(1%)
Less diluted EPS attributable to share-based compensation	(\$1.80)	(\$1.77)	(8%)
Less diluted EPS attributable to other items ⁽³⁾	(\$0.20)	\$0.48	(9%)
Non-GAAP diluted EPS	\$8.43	\$10.08	20%

1.) Prior guidance as of May 1, 2024.

2.) Guidance as of July 31, 2024. Our outlook reflects a 14-week fiscal fourth quarter, which occurs every five to six years. Our outlook does not include provisions for proposed tax law changes, future asset impairments or for pending legal matters, other than future legal amounts that are probable and estimable. Further, due to their nature, certain income and expense items, such as certain investments, derivative and foreign currency transaction gains or losses, cannot be accurately forecast. Accordingly, we only include such items in our financial outlook to the extent they are reasonably certain. Our outlook includes the impact of any pending business combinations to the extent they are expected to close in the upcoming quarter. Actual results may differ materially from the outlook.

3.) Our guidance for diluted EPS attributable to other items for the third quarter of fiscal 2024 was primarily related to the tax benefit resulting from the requirement to capitalize research and development expenditures under U.S. Federal income tax law, partially offset by acquisition-related items. Our guidance for diluted EPS attributable to other items for the fourth quarter of fiscal 2024 and fiscal 2024 is primarily related to tax benefits resulting from the establishment of a deferred tax asset related to an expected intra-group transfer of intellectual property and the requirement to capitalize research and development expenditures under U.S. Federal income tax law, partially offset by acquisition-related items. Details of amounts included in "Other Items" for fiscal 2023 are included in the Earnings Presentation for the fourth quarter of fiscal 2023.

4.) As of July 31, 2024, we reported that we are on track to deliver approximately 20% Non-GAAP EPS growth in fiscal 2024 relative to fiscal 2023.

Operating Expenses

<i>(in millions)</i>	Q3FY24 Results	Q3FY24 Guidance ⁽¹⁾	Q4FY24 Guidance ⁽²⁾
GAAP combined R&D and SG&A expenses	\$2,923	~\$2,850	~\$2,850
Less QSI	3	N/P	N/P
Less share-based compensation	623	N/P	N/P
Less other items ⁽³⁾	45	N/P	N/P
Non-GAAP operating expenses (Non-GAAP combined R&D and SG&A expenses)	\$2,252	~\$2,200	~\$2,200

Effective Tax Rates

	GAAP Results/Guidance	Less QSI ⁽⁴⁾	Less Share-Based Compensation ⁽⁴⁾	Less Other Items ⁽⁴⁾⁽⁵⁾	Non-GAAP Results/Guidance
Estimated ⁽¹⁾ Q3FY24 tax rate	7%	—	(3%)	(3%)	13%
Q3FY24 tax rate	8%	—	(4%)	(1%)	13%
Estimated ⁽⁶⁾ Q4FY24 tax rate	(8%)	—	(7%)	(14%)	13%
Previous estimated ⁽¹⁾ FY24 annual tax rate	7%	—	(2%)	(4%)	13%
Estimated ⁽⁶⁾ FY24 annual tax rate	3%	—	(4%)	(6%)	13%

1.) Prior guidance as of May 1, 2024.

2.) Guidance as of July 31, 2024. Our outlook reflects a 14-week fiscal fourth quarter, which occurs every five to six years. Substantially all of the amounts excluded from our estimated Non-GAAP operating expenses for the fourth quarter of fiscal 2024 relate to share-based compensation.

3.) Other items in the third quarter of fiscal 2024 consisted of \$26 million of losses driven by the revaluation of our deferred compensation plan liabilities, \$14 million of acquisition-related charges and \$5 million of restructuring and restructuring-related charges.

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

5.) Tax expenses in the "Other Items" column for the third quarter of fiscal 2024 are included in the "Third Quarter Fiscal 2024 Results" section herein. Our estimated tax guidance for the "Other Items" in the fourth quarter of fiscal 2024 and fiscal 2024 includes the tax benefits resulting from the establishment of a deferred tax asset related to an intra-group transfer of intellectual property that is expected to be completed in the fourth quarter of fiscal 2024 and the requirement to capitalize and amortize R&D expenditures under U.S. Federal income tax law.

6.) Guidance as of July 31, 2024. Our estimated tax rate guidance for the fourth quarter of fiscal 2024 and fiscal 2024 includes an estimate of the discrete tax impacts for excess tax benefits associated with share-based awards that vest within the fourth quarter of fiscal 2024.