

REFINITIV

DELTA REPORT

10-Q

NXPI - NXP SEMICONDUCTORS N.V.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - OCTOBER 01, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 795

█ CHANGES 216

█ DELETIONS 287

█ ADDITIONS 292

**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 **October 1, 2023** **March 31, 2024**

or

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

For the transition period from _____ to _____.

Commission File Number: **001-34841**

NXP Semiconductors N.V.

(Exact name of registrant as specified in its charter)

Netherlands

98-1144352

(State or other jurisdiction of incorporation or organization)

(I.R.S. employer identification number)

60 High Tech Campus

Eindhoven

Netherlands

5656 AG

(Address of principal executive offices)

(Zip code)

+31

40 2729999

(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 shares, EUR 0.20 par value	NXPI	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 **November 3, 2023** **April 26, 2024**, there were **257,763,301** **255,683,781** shares of our common stock, €0.20 par value per share, issued and outstanding.

NXP Semiconductors N.V.
Form 10-Q
For the Fiscal Quarter Ended **October 1, 2023 **March 31, 2024****
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Introduction and Forward Looking Statements

This Form 10-Q and certain information incorporated herein by reference contains forward-looking statements, which are provided under the "safe harbor" protection of the Private Securities Litigation Reform Act of 1995. When used in this Form 10-Q, the words "anticipate", "believe", "estimate", "forecast", "expect", "intend", "plan" and "project" and similar expressions, as they relate to us, our management or third parties, identify forward-looking statements. Forward-looking statements include statements regarding our business strategy, financial condition, results of operations, market data as well as any other statements that are not historical facts. These statements reflect beliefs of our management, as well as assumptions made by our management and information currently available to us. Although we believe that these beliefs and assumptions are reasonable, these statements are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected. These factors, risks and uncertainties expressly qualify all subsequent oral and written forward-looking statements attributable to us or persons acting on our behalf and include, in addition to those listed in our Annual Report on Form 10-K for the year ended December 31, 2023 under Part I, Item 1A. *Risk Factors* and elsewhere in this Form 10-Q, the following:

- market demand and semiconductor industry conditions;
- our ability to successfully introduce new technologies and products;

- the demand for the goods into which our products are incorporated;
- trade disputes between the U.S. and China, potential increase of barriers to international trade and resulting disruptions to our established supply chains;
- the impact of government actions and regulations, including restrictions on the export of US-regulated products and technology;
- increasing and evolving cybersecurity threats and privacy risks, including theft of sensitive or confidential data;
- our ability to generate sufficient cash, raise sufficient capital or refinance our debt at or before maturity to meet our debt service, research and development and capital investment requirements;
- our ability to accurately estimate demand and match our production capacity accordingly or obtain supplies from third-party producers;
- our access to production from third-party outsourcing partners, and any events that might affect their business or our relationship with them;
- our ability to secure adequate and timely supply of equipment and materials from suppliers;
- our ability to avoid operational problems and product defects and, if such issues were to arise, to correct them quickly;
- our ability to form strategic partnerships and joint ventures and successfully cooperate with our strategic alliance partners;
- our ability to win competitive bid selection processes;
- our ability to develop products for use in our customers' equipment and products;
- our ability to successfully hire and retain key management and senior product engineers;
- global hostilities, including the invasion of Ukraine by Russia and resulting regional instability, sanctions and any other retaliatory measures taken against Russia, and the continued hostilities and armed conflict in the Middle East, which could adversely impact the global supply chain, disrupt our operations or negatively impact the demand for our products in our primary end markets;
- our ability to maintain good relationships with our suppliers; and
- a change in tax laws could have an effect on our estimated effective tax rates.

We do not assume any obligation to update any forward-looking statements and disclaim any obligation to update our view of any risks or uncertainties described herein or to publicly announce the result of any revisions to the forward-looking statements made in this Form 10-Q, except as required by law.

In addition, this Form 10-Q contains information concerning the semiconductor industry, our end markets and business generally, which is forward-looking in nature and is based on a variety of assumptions regarding the ways in which the semiconductor industry, our end markets and business will develop. We have based these assumptions on information currently available to us, including through the market research and industry reports referred to in this Form 10-Q. If any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While we do not know what impact any such differences may have on our business, if there are such differences, they could have a material adverse effect on our future results of operations and financial condition, and the trading price of our common stock. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak to results only as of the date the statements were made. Except for any ongoing obligation to disclose material information as required by the United States federal securities laws, NXP does not have any intention or obligation to publicly update or revise any forward-looking statements after we distribute this document, whether to reflect any future events or circumstances or otherwise.

The financial information included in this Form 10-Q is based on United States Generally Accepted Accounting Principles (U.S. GAAP), unless otherwise indicated.

In presenting and discussing our financial position, operating results and cash flows, management uses certain non-U.S. GAAP financial measures. These non-U.S. GAAP financial measures should not be viewed in isolation or as alternatives to the equivalent U.S. GAAP measures and should be used in conjunction with the most directly comparable U.S. GAAP measures. A discussion of non-U.S. GAAP measures included in this Form 10-Q and a reconciliation of such measures to the most directly comparable U.S. GAAP measures are set forth under "Use of Certain Non-U.S. GAAP Financial Measures" contained in this Form 10-Q under Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations*.

Unless otherwise required, all references herein to "we", "our", "us", "NXP" and the "Company" are to NXP Semiconductors N.V. and its consolidated subsidiaries.

This Form 10-Q includes market data and certain other statistical information and estimates that are based on reports and other publications from industry analysts, market research firms, and other independent sources, as well as management's own good faith estimates and analyses. NXP believes these third-party reports to be reputable, but has not independently verified the underlying data sources, methodologies or assumptions. The reports and other publications referenced are generally available to the public and were not commissioned by NXP. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances reflected in this information.

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(\$ in millions, unless otherwise stated)

	For the three months ended		For the nine months ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
	For the three months ended			

For the three months ended					
For the three months ended					
March 31, 2024					
March 31, 2024					
March 31, 2024					
Revenue					
Revenue					
Revenue	Revenue	3,434	3,445	9,854	9,893
Cost of revenue	Cost of revenue	(1,469)	(1,478)	(4,238)	(4,267)
Cost of revenue					
Cost of revenue					
Gross profit					
Gross profit					
Gross profit	Gross profit	1,965	1,967	5,616	5,626
Research and development	Research and development	(601)	(548)	(1,767)	(1,608)
Research and development					
Research and development					
Selling, general and administrative					
Selling, general and administrative					
Selling, general and administrative	Selling, general and administrative	(294)	(289)	(848)	(805)
Amortization of acquisition-related intangible assets	Amortization of acquisition-related intangible assets	(71)	(131)	(237)	(400)
Amortization of acquisition-related intangible assets					
Amortization of acquisition-related intangible assets					
Total operating expenses					
Total operating expenses					
Total operating expenses	Total operating expenses	(966)	(968)	(2,852)	(2,813)
Other income (expense)	Other income (expense)	(7)	2	(10)	4
Other income (expense)					
Other income (expense)					
Operating income (loss)					
Operating income (loss)					
Operating income (loss)	Operating income (loss)	992	1,001	2,754	2,817
Financial income (expense):	Financial income (expense):				
Financial income (expense):					
Extinguishment of debt					
Extinguishment of debt					
Extinguishment of debt	Extinguishment of debt	—	—	—	(18)
Other financial income (expense)	Other financial income (expense)	(75)	(98)	(231)	(313)
Other financial income (expense)					

Other financial income (expense)					
Income (loss) before income taxes					
Income (loss) before income taxes					
Income (loss) before income taxes	Income (loss) before income taxes	917	903	2,523	2,486
Benefit (provision) for income taxes	Benefit (provision) for income taxes	(123)	(149)	(399)	(392)
Benefit (provision) for income taxes					
Benefit (provision) for income taxes					
Results relating to equity-accounted investees					
Results relating to equity-accounted investees					
Results relating to equity-accounted investees	Results relating to equity-accounted investees	(2)	(4)	(5)	5
Net income (loss)	Net income (loss)	792	750	2,119	2,099
Net income (loss)					
Net income (loss)					
Less: Net income (loss) attributable to non-controlling interests	Less: Net income (loss) attributable to non-controlling interests	5	12	19	34
Less: Net income (loss) attributable to non-controlling interests					
Less: Net income (loss) attributable to non-controlling interests					
Net income (loss) attributable to stockholders					
Net income (loss) attributable to stockholders					
Net income (loss) attributable to stockholders	Net income (loss) attributable to stockholders	787	738	2,100	2,065
Earnings per share data:	Earnings per share data:				
Earnings per share data:					
Earnings per share data:					
Net income (loss) per common share attributable to stockholders in \$					
Net income (loss) per common share attributable to stockholders in \$					
Net income (loss) per common share attributable to stockholders in \$	Net income (loss) per common share attributable to stockholders in \$	3.06	2.81	8.12	7.86
Basic	Basic				
Basic					
Basic					
Diluted					
Diluted					
Diluted	Diluted	3.01	2.79	8.03	7.80
Weighted average number of shares of common stock outstanding during the period (in thousands):	Weighted average number of shares of common stock outstanding during the period (in thousands):				

Weighted average number of shares of common stock outstanding during the period (in thousands):					
Weighted average number of shares of common stock outstanding during the period (in thousands):					
Basic					
Basic	Basic	257,488	262,180	258,744	262,620
Diluted	Diluted	261,095	264,705	261,666	264,838
Diluted					
Diluted					

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(\$ in millions, unless otherwise stated)

	For the three months ended		For the nine months ended	
	March 31, 2024		March 31, 2023	
	March 31, 2024		March 31, 2023	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Net income (loss)				
Net income (loss)				
Net income (loss)				
Other comprehensive income (loss), net of tax:				
Other comprehensive income (loss), net of tax:				
Other comprehensive income (loss), net of tax:				
Change in fair value cash flow hedges				
Change in fair value cash flow hedges				
Change in fair value cash flow hedges				
Change in foreign currency translation adjustment				
Change in foreign currency translation adjustment				
Change in foreign currency translation adjustment				
	For the three months ended		For the nine months ended	
Total other comprehensive income (loss)	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Net income (loss)	792	750	2,119	2,099
Other comprehensive income (loss), net of tax:				
Change in fair value cash flow hedges	(2)	(13)	(12)	(25)
Change in foreign currency translation adjustment	(45)	(78)	(24)	(165)
Change in net actuarial gain (loss)	—	1	—	—
Total other comprehensive income (loss)				
Total other comprehensive income (loss)				
Total other comprehensive income (loss)	(47)	(90)	(36)	(190)
Total comprehensive income (loss)	745	660	2,083	1,909
Total comprehensive income (loss)				

Total comprehensive income (loss)				
Less: Comprehensive income (loss) attributable to non-controlling interests				
Less: Comprehensive income (loss) attributable to non-controlling interests				
Less: Comprehensive income (loss) attributable to non-controlling interests	Less: Comprehensive income (loss) attributable to non-controlling interests			
		5	12	19
Total comprehensive income (loss) attributable to stockholders	Total comprehensive income (loss) attributable to stockholders			
		740	648	2,064
Total comprehensive income (loss) attributable to stockholders				
Total comprehensive income (loss) attributable to stockholders				1,875

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(\$ in millions, unless otherwise stated)

		October 1, December 2023 31, 2022		March 31, 2024		December 31, 2023
ASSETS						
Current assets:	Current assets:					
Current assets:	Current assets:					
Cash and cash equivalents						
Cash and cash equivalents						
Cash and cash equivalents						
Short-term deposits						
Accounts receivable, net						
Cash and cash equivalents	4,042	3,845				
Accounts receivable, net	939	960				
Inventories, net	2,140	1,782				
Other current assets	495	348				
Inventories, net						
Inventories, net						
Inventories, net						
Other current assets						

Total current assets	Total current assets	7,616	6,935
Non-current assets:			
Non-current assets:			
Other non-current assets	2,236	1,942	
Property, plant and equipment, net of accumulated depreciation of \$5,525 and \$5,214	3,197	3,105	
Identified intangible assets, net of accumulated amortization of \$1,565 and \$1,883	1,010	1,311	
Goodwill	9,937	9,943	
Total non-current assets	16,380	16,301	
Other non-current assets			
Other non-current assets			
Other non-current assets			
Property, plant and equipment, net of accumulated depreciation of \$5,783 and \$5,660			
Identified intangible assets, net of accumulated amortization of \$1,326 and \$1,342			
Goodwill			
Total non-current assets			
Total assets	Total assets	23,996	23,236
LIABILITIES AND EQUITY			
Current liabilities:			
Current liabilities:			
Current liabilities:			
Accounts payable			
Accounts payable			

Accounts payable			
	Accounts payable	959	1,185
	Restructuring liabilities-current	16	19
	Other current liabilities	1,990	2,066
	Short-term debt	999	—
Restructuring liabilities-current			
Restructuring liabilities-current			
Restructuring liabilities-current			
Other current liabilities			
Short-term debt			
Total current liabilities	Total current liabilities	3,964	3,270
Non-current liabilities:	Non-current liabilities:		
	Long-term debt	10,173	11,165
	Restructuring liabilities	3	1
	Deferred tax liabilities	44	45
	Other non-current liabilities	1,014	1,015
Long-term debt			
Long-term debt			
Long-term debt			
Restructuring liabilities			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities	Total non-current liabilities	11,234	12,226
Total liabilities	Total liabilities	15,198	15,496
Equity:	Equity:		
	Non-controlling interests	310	291
Stockholders' equity:			
Common stock, par value €0.20 per share:			
		56	56

Capital in excess of par value	14,398	14,091
Treasury shares, at cost:		
17,569,471 shares (2022: 15,056,232 shares)	(3,281)	(2,799)
Accumulated other comprehensive income (loss)	40	76
Accumulated deficit	(2,725)	(3,975)
Total stockholders' equity	8,488	7,449
Stockholders' equity:		
Stockholders' equity:		
Stockholders' equity:		
Common stock, par value €0.20 per share:		
Common stock, par value €0.20 per share:		
Common stock, par value €0.20 per share:		
Capital in excess of par value		
Treasury shares, at cost:		
18,424,194 shares (2023: 17,329,585 shares)		
18,424,194 shares (2023: 17,329,585 shares)		
18,424,194 shares (2023: 17,329,585 shares)		
Accumulated other comprehensive income (loss)		
Accumulated deficit		
Total stockholders' equity	8,798	7,740
Total equity	8,798	7,740
Total liabilities and equity	23,996	23,236

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(\$ in millions, unless otherwise stated)

		For the nine months ended	
		October 1, 2023	October 2, 2022
		For the three months ended	
		March 31, 2024	March 31, 2024
Cash flows from operating activities:	Cash flows from operating activities:		
Net income (loss)	Net income (loss)	2,119	2,099
Net income (loss)	Net income (loss)		
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:	Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	Depreciation and amortization		
Depreciation and amortization	Depreciation and amortization	837	948
Share-based compensation	Share-based compensation	304	267
Amortization of discount (premium) on debt, net	Amortization of discount (premium) on debt, net	2	2
Amortization of debt issuance costs	Amortization of debt issuance costs	6	5
Net (gain) loss on sale of assets	Net (gain) loss on sale of assets	(1)	(2)
(Gain) loss on equity security, net	(Gain) loss on equity security, net	(1)	6
(Gain) loss on extinguishment of debt	(Gain) loss on extinguishment of debt	—	18
Results relating to equity-accounted investees	Results relating to equity-accounted investees		
Results relating to equity-accounted investees	Results relating to equity-accounted investees		
Results relating to equity-accounted investees	Results relating to equity-accounted investees	5	(5)

Deferred tax expense (benefit)	Deferred tax expense (benefit)	(170)	(196)
<i>Changes in operating assets and liabilities:</i>			
<i>and liabilities:</i>			
(Increase) decrease in receivables and other current assets			
(Increase) decrease in receivables and other current assets			
(Increase) decrease in receivables and other current assets	(Increase) decrease in receivables and other current assets	(118)	(165)
(Increase) decrease in inventories	(Increase) decrease in inventories	(359)	(392)
Increase (decrease) in accounts payable and other liabilities	Increase (decrease) in accounts payable and other liabilities	(220)	545
Decrease (increase) in other non-current assets	Decrease (increase) in other non-current assets	(49)	(325)
Exchange differences	Exchange differences	15	(2)
Other items	Other items	6	16
Net cash provided by (used for) operating activities	Net cash provided by (used for) operating activities	2,376	2,819
<i>Cash flows from investing activities:</i>			
Purchase of identified intangible assets	Purchase of identified intangible assets	(135)	(122)
Purchase of identified intangible assets	Purchase of identified intangible assets		
Capital expenditures on property, plant and equipment	Capital expenditures on property, plant and equipment	(652)	(830)

Purchase of equipment leased to others	—	(5)
Insurance recoveries received for equipment damage		
Insurance recoveries received for equipment damage		
Insurance recoveries received for equipment damage		
Proceeds from disposals of property, plant and equipment	Proceeds from disposals of property, plant and equipment	1 2
Purchase of interests in businesses, net of cash acquired	—	(27)
Proceeds of short-term deposits		
Proceeds of short-term deposits		
Proceeds of short-term deposits		
Purchase of investments	Purchase of investments	(93) (9)
Purchase of investments		
Purchase of investments		
Proceeds from sale of investments	Proceeds from sale of investments	— 12
Proceeds from return of equity investment	—	2
Net cash provided by (used for) investing activities		
Net cash provided by (used for) investing activities		
Net cash provided by (used for) investing activities		
Cash flows from financing activities:	Cash flows from financing activities:	
Repurchase of long-term debt	Repurchase of long-term debt	— (917)
Repurchase of long-term debt		
Repurchase of long-term debt		
Proceeds from the issuance of long-term debt	—	1,496
Cash paid for debt issuance costs	—	(13)
Dividends paid to common stockholders		
Dividends paid to common stockholders		
Dividends paid to common stockholders	Dividends paid to common stockholders	(745) (594)

Proceeds from issuance of common stock through stock plans	Proceeds from issuance of common stock through stock plans	70	58
Purchase of treasury shares and restricted stock unit withholdings	Purchase of treasury shares and restricted stock unit withholdings	(619)	(920)
Other, net	Other, net	(2)	(1)
Net cash provided by (used for) financing activities	Net cash provided by (used for) financing activities	(1,296)	(891)
Effect of changes in exchange rates on cash positions	Effect of changes in exchange rates on cash positions	(4)	(22)
Increase (decrease) in cash and cash equivalents	Increase (decrease) in cash and cash equivalents	197	929
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	3,845	2,830
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	4,042	3,759

Supplemental disclosures to the condensed consolidated cash flows

Net cash paid during the period for:	Net cash paid during the period for:
Interest	Interest 178 217
Interest	
Interest	
Income taxes, net of refunds	Income taxes, net of refunds 698 432
Net gain (loss) on sale of assets:	Net gain (loss) on sale of assets:
Cash proceeds from the sale of assets	Cash proceeds from the sale of assets 1 2
Cash proceeds from the sale of assets	
Cash proceeds from the sale of assets	

Book value of these assets	
Non-cash investing activities:	Non-cash investing activities:
Non-cash capital expenditures	Non-cash capital expenditures
Non-cash capital expenditures	167 176
Non-cash capital expenditures	

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)

(\$ in millions, unless otherwise stated)

		Capital in						Accumu- lated in other					
		Outstanding number of shares (in thousands)	excess of stock	Treasury par value	Accumulated at cost	Accumulated compre- hensive income (loss)	Total stock- holders' deficit	Non- controlling equity	Total holders' equity	Total stock- holders' equity	Non- controlling equity		
Balance as of December 31,													
2022		259,463	56	14,091	(2,799)	76	(3,975)	7,449	291	7,740			
Balance as of December 31, 2023													
Net income (loss)	Net income (loss)					615	615	8	623				
Other	Other												
comprehensive income (loss)	comprehensive income (loss)					22	22		22				
Share-based compensation plans	Share-based compensation plans			101			101		101				
Shares issued pursuant to stock awards	Shares issued pursuant to stock awards	309		61		(28)	33		33				
Treasury shares repurchased and retired	Treasury shares repurchased and retired		(37)		(7)		(7)		(7)				

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)

(\$ in millions, unless otherwise stated)

Other	Other							
comprehensive income (loss)	comprehensive income (loss)							
					(22)		(22)	(22)
Share-based compensation plans	Share-based compensation plans							
				92			92	92
Shares issued pursuant to stock awards	Shares issued pursuant to stock awards							
			256		51		(23)	28
Treasury shares repurchased and retired	Treasury shares repurchased and retired							
			(2,653)		(552)			(552)
Dividends common stock (\$0.845 per share)							(222)	(222)
Balance as of April 3, 2022	262,553	56	13,819	(2,433)	26	(4,959)	6,509	251
Net income (loss)						670	670	13
Other comprehensive income (loss)						(78)		(78)
Share-based compensation plans								
				85			85	85
Shares issued pursuant to stock awards								
		57			11		(11)	—
Treasury shares repurchased and retired						(2)		(2)
Dividends common stock (\$1.014 per share)								
Balance as of April 2, 2023	262,595	56	13,904	(2,424)	(52)	(4,522)	6,962	264
Net income (loss)						738	738	12
Other comprehensive income						(90)		(90)
Share-based compensation plans								
			92				92	92
Shares issued pursuant to stock awards								
		295			60		(30)	30
Treasury shares and restricted stock unit withholdings						(401)		(401)
Dividends common stock (\$0.845 per share)							(222)	(222)
Balance as of October 2, 2022	260,389	56	13,996	(2,765)	(142)	(4,039)	7,106	279

See accompanying notes to the Condensed Consolidated Financial Statements

NXP SEMICONDUCTORS N.V.
 NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 All amounts in millions of \$ unless otherwise stated

1 Basis of Presentation and Overview

We prepared our interim condensed consolidated financial statements that accompany these notes in conformity with U.S. generally accepted accounting principles, consistent in all material respects with those applied in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

We have made estimates and judgments affecting the amounts reported in our condensed consolidated financial statements and the accompanying notes. The actual results that we experience may differ materially from our estimates. The interim financial information is unaudited, but reflects all normal adjustments that are, in our opinion, necessary to provide a fair statement of results for the interim periods presented. This interim information should be read in conjunction with the consolidated financial statements in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

2 Significant Accounting Policies and Recent Accounting Pronouncements

Significant Accounting Policies

For a discussion of our significant accounting policies see, "Part II – Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – "Significant Accounting Policies" of our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**. There have been no changes to our significant accounting policies since our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

Recent accounting standards

Accounting standards recently not yet adopted

In September 2022, November 2023, the FASB issued ASU 2022-04, Liabilities—Supplier Finance Programs (Subtopic 405-50) 2023-07, Segment Reporting (Topic 280): Disclosure Improvements to Reportable Segment Disclosures, requiring disclosure of Supplier Finance Program Obligations. ASU 2022-04, which require certain incremental segment information on an annual and interim basis, including (among other items) additional disclosure about significant segment expenses and that a buyer in public entity that has a supplier finance program to disclose sufficient information about single reportable segment provide all the program, disclosures required by this ASU. ASU 2023-07 is effective for fiscal years beginning after December 15, 2022 December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We will adopt ASU 2022-04 became 2023-07 for our annual periods starting in fiscal year 2024 (and interim periods thereafter) on a retrospective basis and continue to evaluate the impact on our disclosures.

In December 2023, the FASB issued Accounting Standards Update (ASU) 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, requiring to disclose annually certain additional disaggregated income tax information related to the effective tax rate reconciliation and income taxes paid, among other items. ASU 2023-09 is effective for us on January 1, 2023, fiscal years beginning after December 15, 2024, with early adoption permitted. We have assessed will adopt the new requirements starting for our current positions annual period starting in 2025 and continue to evaluate the interrelation to the amendments basis of adoption and the adoption of this update did not have a material impact on the Company's consolidated financial statements and related our disclosures.

No other new accounting pronouncements were issued or became effective in the period that had, or are expected to have, a material impact on our Consolidated Financial Statements.

3 Acquisitions and Divestments

2024

There were no material acquisitions or divestments during the first three months of 2024.

2023

There were no material acquisitions or divestments during the first **nine** **three** months of 2023.

2022

On July 19, 2022, we acquired PL Sense for a total consideration of \$22.1 million, net of closing adjustments. There were no material divestments during 2022.

4 Supplemental Financial Information

Statement of Operations Information:

Disaggregation of revenue

The following table presents revenue disaggregated by sales channel:

	For the three months ended		For the nine months ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
	For the three months ended			
	For the three months ended			
	For the three months ended			
	March 31, 2024			
	March 31, 2024			
	March 31, 2024			
Distributors				

Distributors					
Distributors	Distributors	1,947	1,876	5,117	5,385
Original Equipment Manufacturers and	Original Equipment Manufacturers and				
Electronic	Electronic				
Manufacturing Services	Manufacturing Services	1,463	1,525	4,653	4,378
Original Equipment Manufacturers and	Original Equipment Manufacturers and				
Electronic Manufacturing Services	Electronic Manufacturing Services				
Other	Other	24	44	84	130
Total		3,434	3,445	9,854	9,893
Other					
Total Revenue					
Total Revenue					
Total Revenue					

Depreciation, amortization and impairment

	For the three months ended		For the nine months ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Depreciation of property, plant and equipment	163	156	485	447
Amortization of internal use software	5	3	14	9
Amortization of other identified intangible assets	105	162	338	492
Total - Depreciation, amortization and impairment	273	321	837	948
For the three months ended				
	March 31, 2024		April 2, 2023	
	145		160	
Depreciation of property, plant and equipment		7		4
Amortization of internal use software			83	119
Amortization of other identified intangible assets			235	283
Total - Depreciation, amortization and impairment				

Effective January 2024, we increased the estimated useful lives of certain manufacturing equipment from 5 to 10 years. This change has resulted in an insignificant increase in gross margin in the first quarter of 2024 when compared to what would have been the impact using the estimated useful life in place prior to this change.

Financial income and expense

	For the three months ended		For the nine months ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
	For the three months ended			
	March 31, 2024			
	March 31, 2024			
	March 31, 2024			
Interest income	Interest income	49	21	134
Interest income				29
Interest income				
Interest expense				

Interest expense					
Interest expense	Interest expense	(109)	(109)	(329)	(319)
Total other financial income/ (expense)	Total other financial income/ (expense)	(15)	(10)	(36)	(41)
Total other financial income/ (expense)					
Total	Total	(75)	(98)	(231)	(331)
Total					
Total					

Earnings per share

The computation of earnings per share (EPS) is presented in the following table:

	For the three months ended		For the nine months ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
For the three months ended				
For the three months ended				
For the three months ended				
March 31, 2024				
March 31, 2024				
March 31, 2024				
Net income (loss)				
Net income (loss)				
Net income (loss)	Net income (loss)	792	750	2,119
Less: net income (loss) attributable to non-controlling interests	Less: net income (loss) attributable to non-controlling interests	5	12	19
Less: net income (loss) attributable to non-controlling interests				34
Net income (loss) attributable to stockholders				
Net income (loss) attributable to stockholders				
Net income (loss) attributable to stockholders	Net income (loss) attributable to stockholders	787	738	2,100
Weighted average number of shares outstanding (after deduction of treasury shares) during the year (in thousands)	Weighted average number of shares outstanding (after deduction of treasury shares) during the year (in thousands)	257,488	262,180	258,744
Weighted average number of shares outstanding (after deduction of treasury shares) during the year (in thousands)				262,620
Plus incremental shares from assumed conversion of:				

Plus incremental shares from assumed conversion of:					
Plus incremental shares from assumed conversion of:	Plus incremental shares from assumed conversion of:				
Options 1)	Options 1)	182	275	193	297
Options 1)					
Options 1)					
Restricted Share Units, Performance Share Units and Equity Rights 2)	Restricted Share Units, Performance Share Units and Equity Rights 2)	3,425	2,250	2,729	1,921
Restricted Share Units, Performance Share Units and Equity Rights 2)					
Restricted Share Units, Performance Share Units and Equity Rights 2)					
Dilutive potential common shares					
Dilutive potential common shares					
Dilutive potential common shares	Dilutive potential common shares	3,607	2,525	2,922	2,218
Adjusted weighted average number of shares outstanding (after deduction of treasury shares) during the year (in thousands)	Adjusted weighted average number of shares outstanding (after deduction of treasury shares) during the year (in thousands)	261,095	264,705	261,666	264,838
Adjusted weighted average number of shares outstanding (after deduction of treasury shares) during the year (in thousands)					
Adjusted weighted average number of shares outstanding (after deduction of treasury shares) during the year (in thousands)					
EPS attributable to stockholders in \$:					
EPS attributable to stockholders in \$:					
EPS attributable to stockholders in \$:	EPS attributable to stockholders in \$:				
Basic net income (loss)	Basic net income (loss)	3.06	2.81	8.12	7.86
Basic net income (loss)					
Diluted net income (loss)	Diluted net income (loss)	3.01	2.79	8.03	7.80
Diluted net income (loss)					
Diluted net income (loss)					

There were no stock options to purchase shares of NXP's common stock that were outstanding in Q3 2023 and YTD 2023 (Q3 2022 and YTD 2022: Q1 2024 (Q1 2023: no shares) that were anti-dilutive and were not included in the computation of diluted EPS because the exercise price was greater than the average fair market value of the common stock or the number of shares assumed to be repurchased using the proceeds of unrecognized compensation expense and exercise prices were greater than the weighted average number of shares underlying outstanding stock options.

There were no unvested RSUs, PSUs and equity rights that were outstanding in Q3 2023 and YTD 2023 (Q3 2022 and YTD 2022: Q1 2024 (Q1 2023: 0.3 million shares) that were anti-dilutive and were not included in the computation of diluted EPS because the number of shares assumed to be repurchased using the proceeds of unrecognized compensation expense were greater than the weighted average number of outstanding unvested RSUs, PSUs and equity rights or the performance goal has not been met yet.

Balance Sheet Information

Cash and cash equivalents

At **October 1, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, our cash balance was **\$4,042 million** **\$2,908 million** and **\$3,845 million** **\$3,862 million**, respectively, of which **\$225 million** **\$222 million** and **\$227 million** **\$214 million** was held by SSMC, our consolidated joint venture company with TSMC. Under the terms of our joint venture agreement with TSMC, a portion of this cash can be distributed by way of a dividend to us, but 38.8% of the dividend will be paid to our joint venture partner. During both first **nine** **three** months of **2023** **2024** and **2022**, **2023**, no dividends were declared by SSMC.

Inventories

The portion of finished goods stored at customer locations under consignment amounted to \$10 million as of October 1, 2023 (December 31, 2022: \$8 million).

Inventories are summarized as follows:

	October 1, 2023	December 31, 2022	March 31, 2024	March 31, 2024	December 31, 2023
Raw materials	Raw materials	121	151		
Work in process	Work in process	1,664	1,308		
Finished goods	Finished goods	355	323		
		2,140	1,782		
		2,102			

The amounts recorded above are net of allowance for obsolescence of **\$153 million** **\$198 million** as of **October 1, 2023** **March 31, 2024** (December 31, 2022: **\$125 million** 2023: **\$189 million**).

Equity Investments

At **October 1, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, the total carrying value of investments in equity securities is summarized as follows:

	October 1, 2023	December 31, 2022	March 31, 2024	March 31, 2024	December 31, 2023
Marketable equity securities	Marketable equity securities	9	12		
Non-marketable equity securities	Non-marketable equity securities	18	55		
Equity-accounted investments	Equity-accounted investments	102	71		
		169	98		
		195			

The total carrying value of investments in equity-accounted investees is summarized as follows:

	October 1, 2023		December 31, 2022		March 31, 2024	March 31, 2024		December 31, 2023
	Shareholding %	Amount	Shareholding %	Amount		Shareholding %	Amount	
March 31, 2024					March 31, 2024			
Shareholding %			Shareholding %	Amount	Shareholding %	Amount		Shareholding %

SMART Growth Fund, L.P.	SMART Growth Fund, L.P.	8.41 %	41	8.41 %	38
SigmaSense, LLC	SigmaSense, LLC	10.64 %	34	—	—
Others	Others	—	27	—	33
		120			
		102			71

Results related to equity-accounted investees at the end of each period were as follows:

	For the three months ended		For the nine months ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
For the three months ended				
Company's share in income (loss)				
Company's share in income (loss)				
Company's share in income (loss)	Company's share in income (loss)	(2)	(5)	(5)
Other results	Other results	—	1	—
		(2)	(4)	(5)
Other results				
Other results		(1)		
		(1)		
		(1)		

Other current liabilities

Other current liabilities at **October 1, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023** consisted of the following:

	October 1, 2023	December 31, 2022	March 31, 2024	December 31, 2023
	March 31, 2024			
Accrued compensation and benefits	Accrued compensation and benefits	467	477	
Customer programs	Customer programs	408	432	
Income taxes payable	Income taxes payable	187	296	
Dividend payable	Dividend payable	261	219	
Other	Other	657	652	
		1,990	2,066	
		1,906		

We have reclassified certain amounts related to customer programs previously presented in "Accounts payable" to "Other current liabilities" as of December 31, 2022 to conform to current period presentation as follows:

	December 31, 2022
Accounts payable:	
As reported	1,617
Reclassification - customer programs	(432)
Adjusted	<u>1,185</u>
Other current liabilities:	
As reported	1,634
Reclassification - customer programs	432
Adjusted	<u>2,066</u>

Accumulated other comprehensive income (loss)

Total comprehensive income (loss) represents net income (loss) plus the results of certain equity changes not reflected in the condensed consolidated statements of operations. The after-tax components of accumulated other comprehensive income (loss) and their corresponding changes are shown below:

	Change in fair		Accumulated			
	Currency	value	Other			
			translation	comprehensive		
	translation differences	cash flow hedges	Net actuarial gain/(losses)	comprehensive income (loss)		
As of December 31, 2022	135	(1)	(58)	76		
As of December 31, 2023	Currency translation differences	Change in fair value	Accumulated Other Comprehensive Income (loss)			
	translation differences	cash flow hedges	Net actuarial gain/(losses)			
Other comprehensive income (loss) before reclassifications	Other comprehensive income (loss) before reclassifications	(24)	(26)	—	(50)	
Amounts reclassified out of accumulated other comprehensive income (loss)	Amounts reclassified out of accumulated other comprehensive income (loss)	—	10	—	10	
Tax effects	Tax effects	—	4	—	4	
Other comprehensive income (loss) before reclassifications	Other comprehensive income (loss) before reclassifications	(24)	(12)	—	(36)	
As of October 1, 2023	111	(13)	58	40		
As of March 31, 2024						

Cash dividends

The following dividends were declared during the first three quarters of 2023 2024 and 2022 2023 under NXP's quarterly dividend program:

	Fiscal year 2023	Fiscal year 2022
--	------------------	------------------

	Dividend per share	Amount	Dividend per share	Amount
First quarter	1.014	263	0.845	222
Second quarter	1.014	263	0.845	222
Third quarter	1.014	261	0.845	221

	Fiscal year 2024		Fiscal year 2023	
	Dividend per share	Amount	Dividend per share	Amount
	1.014	260	1.014	263
First quarter				

The dividend declared in the **third** first quarter (not yet paid) is classified in the condensed consolidated balance sheet in other current liabilities as of **October 1, 2023** **March 31, 2024** and was subsequently paid on **October 5, 2023** **April 10, 2024**.

5 Restructuring

At each reporting date, we evaluate our restructuring liabilities, which consist primarily of termination benefits, to ensure that our accruals are still appropriate.

The following table presents the changes in restructuring liabilities in 2023, 2024:

	As of January 1,				Other changes	As of October 1, 2023
	2023	Additions	Utilized	Released		
Restructuring liabilities	20	21	(13)	(7)	(2)	19

	As of January				Other changes	As of March 31, 2024
	1, 2024	Additions	Utilized	Released		
Restructuring liabilities	101	8	(31)	—	(1)	77

The total restructuring liability as of **October 1, 2023** **March 31, 2024** of **\$19 million** **\$77 million** is classified in the consolidated balance sheet under current liabilities (**\$16.68 million**) and non-current liabilities (**\$3.9 million**).

The restructuring charges for the **nine month** **three-month** period ending **October 1, 2023** **March 31, 2024** consist of **\$7 million** for personnel related costs for specific targeted actions. The restructuring charges for the **three-month** period ending **April 2, 2023** consist of **\$21 million** for personnel related costs for a new restructuring program in 2023, offset by a **\$7 million** **\$3 million** release for an earlier program. There were no significant restructuring costs incurred for the **nine month** period ended **October 2, 2022** and the utilization of the restructuring liabilities mainly reflects the execution of ongoing restructuring programs the Company initiated in earlier years.

These restructuring charges recorded in operating income, for the periods indicated, are included in the following line items in the statement of operations:

	For the three months ended		For the nine months ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
For the three months ended				
Cost of revenue				
Cost of revenue				
Cost of revenue	Cost of revenue	—	—	(2)
Research and development	Research and development	(4)	—	10
Research and development				(2)
Selling, general and administrative				
Selling, general and administrative				
March 31, 2024				
March 31, 2024				
March 31, 2024				
Cost of revenue				
Cost of revenue				
Cost of revenue	Cost of revenue	—	—	(2)
Research and development	Research and development	(4)	—	10
Research and development				(2)
Selling, general and administrative				
Selling, general and administrative				

Selling, general and administrative	Selling, general and administrative	—	—	6	—
Net restructuring charges	Net restructuring charges	(4)	—	14	(5)
Net restructuring charges	Net restructuring charges	—	—	—	—
Net restructuring charges	Net restructuring charges	—	—	—	—

6 Income Tax

	For the three months ended		For the nine months ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Benefit (provision) for income taxes	(123)	(149)	(399)	(392)
Effective tax rate	13.4 %	16.5 %	15.8 %	15.8 %
Statutory income tax rate in the Netherlands	25.8 %	25.8 %	25.8 %	25.8 %

Beginning with the first quarter of 2023, Each year NXP was in a position to make a reliable makes an estimate of its annual effective tax rate. This estimated annual effective tax rate ("EAETR") is then applied to the year-to-date *Income (loss) before income taxes* excluding discrete items, to determine the year-to-date benefit (provision) for income taxes. The income tax effects of any discrete items are recognized in the interim period in which they occur. As the year progresses, the Company continually refines the EAETR based upon actual events and the apportionment of our earnings (loss). This continual estimation process periodically may result in a change to our EAETR for the year. When this occurs, we adjust on an accumulated basis the benefit (provision) for income taxes during the quarter in which the change occurs.

Our provision for income taxes for 2023 2024 is based on our EAETR of 16.1% 17.5%, which is lower than the Netherlands statutory tax rate of 25.8%, primarily due to tax benefits from the Netherlands and foreign tax incentives.

	For the three months ended	
	March 31, 2024	April 2, 2023
Tax benefit (provision) calculated at EAETR	(139)	(126)
Discrete tax benefit (provision) items	(2)	8
Benefit (provision) for income taxes	(141)	(118)
Effective tax rate	17.9 %	15.9 %

The effective tax rate of 13.4% 17.9% for the third first quarter of 2023 2024 was lower higher than the EAETR due to the income tax benefit expense for discrete items of \$12 million \$2 million. The discrete items are primarily related to changes in estimates for previous years, and the impact of foreign currency on income tax related items. Compared to prior quarters, the EAETR was lower due to a recapture of \$13 million tax benefit in the third quarter primarily as a result of new guidance released by the Internal Revenue Service to clarify the treatment of specified research and experimental expenditures under Section 174.

For the first nine months of 2023 the effective tax rate of 15.8% was lower than 16.1% due to the net result of favorable discrete items of \$8 million.

The effective tax rate of 15.8% 15.9% for the first nine months quarter of 2022 2023 was equal lower compared to the current period of 15.8% 17.9% due to a different mix of the benefit (provision) for income taxes in the locations that we operate in, lower foreign tax incentives in the current period as a result of a decrease in qualifying income, and also due to the impact of the discrete items in the respective periods.

7 Identified Intangible Assets

Identified intangible assets as of October 1, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, were composed of the following:

	October 1, 2023	December 31, 2022	
	Gross		
Gross carrying amount	Accumulated amortization	carrying amount	Accumulated amortization
March 31, 2024		March 31, 2024	December 31, 2023
Gross carrying amount		Gross carrying amount	Gross carrying amount
		Accumulated amortization	Accumulated amortization

In-process	In-process			
R&D	R&D	70		
(IPR&D) ¹⁾	(IPR&D) ¹⁾	—	70	—
Customer-related				
Customer-related				
Customer-related	Customer-related	788	(341)	788 (307)
Technology-based	Technology-based	1,717	(1,224)	2,336 (1,576)
Identified intangible assets	Identified intangible assets	2,575	(1,565)	3,194 (1,883)

¹⁾ IPR&D is not subject to amortization until completion or abandonment of the associated research and development effort.

¹⁾ IPR&D is not subject to amortization until completion or abandonment of the associated research and development effort.

¹⁾ IPR&D is not subject to amortization until completion or abandonment of the associated research and development effort.

The estimated amortization expense for these identified intangible assets for each of the five succeeding years is:

2023 (remaining)		101
2024		291
2024 (remaining)		
2025	2025	168
2026	2026	88
2027	2027	61
2028		
Thereafter	Thereafter	301

All intangible assets, excluding IPR&D and goodwill, are subject to amortization and have no assumed residual value.

The expected weighted average remaining life of identified intangibles is 4 years as of **October 1, 2023** **March 31, 2024** (December 31, **2022**: **2023**: 4 years).

8 Debt

The following table summarizes the outstanding debt as of **October 1, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**:

	October 1, 2023		December 31, 2022		
			Interest	Interest	
	Maturities	Amount	rate	Amount	rate
	March 31, 2024		March 31, 2024		December 31, 2023
	Maturities			Maturities	Interest
					rate
Fixed-rate 4.875% senior unsecured notes	Fixed-rate 4.875% senior unsecured notes	Mar, 2024	4.875	4.875	
Fixed-rate 2.7% senior unsecured notes	Fixed-rate 2.7% senior unsecured notes	May, 2025	2.700	2.700	

Fixed-rate 5.35% senior unsecured notes	Fixed-rate 5.35% senior unsecured notes	Mar, 2026	5.350	5.350
Fixed-rate 3.875% senior unsecured notes	Fixed-rate 3.875% senior unsecured notes	Jun, 2026	3.875	3.875
Fixed-rate 3.15% senior unsecured notes	Fixed-rate 3.15% senior unsecured notes	May, 2027	3.150	3.150
Fixed-rate 4.40% senior unsecured notes	Fixed-rate 4.40% senior unsecured notes	Jun, 2027	4.400	4.400
Fixed-rate 5.55% senior unsecured notes	Fixed-rate 5.55% senior unsecured notes	Dec, 2028	5.550	5.550
Fixed-rate 4.3% senior unsecured notes	Fixed-rate 4.3% senior unsecured notes	Jun, 2029	4.300	4.300
Fixed-rate 3.4% senior unsecured notes	Fixed-rate 3.4% senior unsecured notes	May, 2030	3.400	3.400
Fixed-rate 2.5% senior unsecured notes	Fixed-rate 2.5% senior unsecured notes	May, 2031	2.500	2.500
Fixed-rate 2.65% senior unsecured notes	Fixed-rate 2.65% senior unsecured notes	Feb, 2032	2.650	2.650
Fixed-rate 5.00% senior unsecured notes	Fixed-rate 5.00% senior unsecured notes	Jan, 2033	5.000	5.000
Fixed-rate 3.25% senior unsecured notes	Fixed-rate 3.25% senior unsecured notes	May, 2041	3.250	3.250
Fixed-rate 3.125% senior unsecured notes	Fixed-rate 3.125% senior unsecured notes	Feb, 2042	3.125	3.125
Fixed-rate 3.25% senior unsecured notes	Fixed-rate 3.25% senior unsecured notes	Nov, 2051	3.250	3.250
Floating-rate revolving credit facility (RCF)	Floating-rate revolving credit facility (RCF)	Aug, 2027	—	—

Total principal	Total principal	11,250	11,250
Unamortized discounts, premiums and debt issuance costs	Unamortized discounts, premiums and debt issuance costs	(78)	(85)
Unamortized discounts, premiums and debt issuance costs	Unamortized discounts, premiums and debt issuance costs		
Total debt, including unamortized discounts, premiums, debt issuance costs and fair value adjustments	Total debt, including unamortized discounts, premiums, debt issuance costs and fair value adjustments		
Total debt, including unamortized discounts, premiums, debt issuance costs and fair value adjustments	Total debt, including unamortized discounts, premiums, debt issuance costs and fair value adjustments	11,172	11,165
Current portion of long-term debt	Current portion of long-term debt	(999)	—
Current portion of long-term debt	Current portion of long-term debt		
Long-term debt	Long-term debt	10,173	11,165
Long-term debt	Long-term debt		

9 Related-Party Transactions

The Company's related parties are the members of the board of directors of NXP Semiconductors N.V., the executive officers of NXP Semiconductors N.V. and equity-accounted investees.

The following table presents the amounts related to revenue and other income and purchase of goods and services incurred in transactions with these related parties:

	For the three months ended		For the nine months ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022

		For the three months ended			
		For the three months ended			
		For the three months ended			
		March 31, 2024			
		March 31, 2024			
		March 31, 2024			
Revenue and other income					
Revenue and other income					
Revenue and other income	Revenue and other income	2	2	3	7
Purchase of goods and services	Purchase of goods and services	1	1	2	3
Purchase of goods and services					
Purchase of goods and services					

The following table presents the amounts related to receivable and payable balances with these related parties:

	October 1, 2023	December 31, 2022		
	March 31, 2024		March 31, 2024	December 31, 2023
Receivables	Receivables	1	1	
Payables	Payables	7	3	

10 Fair Value Measurements

The following table summarizes the estimated fair value of our financial instruments which are measured at fair value on a recurring basis:

		Estimated fair value		
		Fair value	October 1, 2023	December 31, 2022
		value hierarchy	hierarchy	hierarchy
		Estimated fair value		Estimated fair value
		Fair value hierarchy		
		Fair value hierarchy		
Assets:	Assets:			
Short-term deposits				
Short-term deposits				
Short-term deposits				
Money market funds	Money market funds	1	3,056	2,817
Marketable equity securities	Marketable equity securities	1	12	9
Derivative instruments- assets	Derivative instruments- assets	2	1	8
Liabilities:	Liabilities:			
Liabilities:				
Derivative instruments- liabilities	Derivative instruments- liabilities	2	(20)	(6)

Derivative instruments- liabilities
Derivative instruments- liabilities

The following methods and assumptions were used to estimate the fair value of financial instruments:

Assets and liabilities measured at fair value on a recurring basis

Investments in money short-term deposits, representing liquid assets with original maturity beyond three months and having no significant risk of changes in fair value, are represented at carrying value as reasonable estimates of fair value due to the relatively short period of time between the origination of the instruments and their expected realization. Money market funds (as part of our cash and cash equivalents) and marketable equity securities (as part of other non-current assets) have fair value measurements which are all based on quoted prices in active markets for identical assets or liabilities. For derivatives (as part of other current assets or accrued liabilities) the fair value is based upon significant other observable inputs depending on the nature of the derivative.

Assets and liabilities recorded at fair value on a non-recurring basis

We measure and record our non-marketable equity securities, equity method investments and non-financial assets, such as intangible assets and property, plant and equipment, at fair value when an impairment charge is required.

Assets and liabilities not recorded at fair value on a recurring basis

Financial instruments not recorded at fair value on a recurring basis include non-marketable equity securities and equity method investments that have not been remeasured or impaired in the current period and debt.

As of **October 1, 2023** **March 31, 2024**, the estimated fair value of current and non-current debt was **\$9.6 billion** **\$9.1 billion** (**\$9.8** **10.3** billion as of **December 31, 2022** **December 31, 2023**). The fair value is estimated on the basis of broker-dealer quotes, which are Level 2 inputs. Accrued interest is included under accrued liabilities and not within the carrying amount or estimated fair value of debt.

11 Commitments and Contingencies

Purchase Commitments

The Company maintains purchase commitments with certain suppliers, primarily for raw materials, semi-finished goods and manufacturing services and for some non-production items. Purchase commitments for inventory materials are generally restricted to a forecasted time-horizon as mutually agreed upon between the parties. This forecasted time-horizon can vary for different suppliers. As of **October 1, 2023** **March 31, 2024**, the Company had purchase commitments of **\$3.9 billion**, **\$4,118 million**, which are due through 2044. Our long-term obligations increased substantially in 2021 as we locked in long-term supply with our key manufacturing partners.

Legal Proceedings

We are regularly involved as plaintiffs or defendants in claims and litigation relating to a variety of matters such as contractual disputes, personal injury claims, employee grievances and intellectual property litigation. In addition, our acquisitions, divestments and financial transactions sometimes result in, or are followed by, claims or litigation. Some of these claims may possibly be recovered from insurance reimbursements. Although the ultimate disposition of asserted claims cannot be predicted with certainty, it is our belief that the outcome of any such claims, either individually or on a combined basis, will not have a material adverse effect on our consolidated financial position. However, such outcomes may be material to our condensed consolidated statement of operations for a particular period. The Company records an accrual for any claim that arises whenever it considers that it is probable that it is exposed to a loss contingency and the amount of the loss contingency can be reasonably estimated. The Company does not record a gain contingency until the period in which all contingencies are resolved and the gain is realized or realizable. Legal fees are expensed when incurred.

Impinj Patent Litigation

We are involved in a dispute with On March 13, 2024, the Company and Impinj, Inc. ("Impinj") regarding entered into a settlement agreement with the Company paying Impinj an immaterial cash consideration, resolving all outstanding litigation and other proceedings between the parties, with all previously pending litigation and administrative proceedings being dismissed. In addition, each party agreed to release the other party from any claims to damages or monetary relief for alleged acts of patent infringement of IP rights, across the various patent infringement litigations and not to file any additional action for legal or equitable relief. Prior to the settlement, Impinj has had initiated a number of lawsuits alleging infringement of their IP rights by certain of our products and we have initiated a lawsuit and countersuit alleging infringement of our IP rights by certain products of Impinj. Specifically, on June 6, 2019, Impinj filed a complaint against us in the U.S District Court for the Northern District of California (the "Court") alleging that certain of our products (NXP's UCODE8 and UCODE 9 integrated circuits) infringed 26 Impinj patents. The case was subsequently narrowed to two patents: U.S. patent nos. 9,633,302 (the "302 patent") and 8,115,597 (the "597 patent"), seeking damages and injunctive relief. Before trial, the Court granted summary judgment of infringement on the '302 patent. At trial, on July 14, 2023, the jury returned a verdict finding that NXP infringed the asserted claims of the '597 patent. The jury awarded approximately \$19 million in damages. The Court subsequently issued its judgment on October 3, 2023, reducing the award to approximately \$13 million, ordering a new trial on the '302 patent, and denying Impinj's request for an injunction based on infringement of the

597 patent. NXP intends to appeal the judgment to the United States Court of Appeals for the Federal Circuit. On May 25, 2021, Impinj initiated a lawsuit in the United States District Court for the Western District of Texas (Waco) alleging that certain of our products infringe 9 Impinj patents. NXP countersued alleging that certain products of Impinj infringe 9 patents owned or licensed by NXP. This case commenced into trial beginning October 30, 2023. We dispute Impinj's claims and intend to continue to pursue available defenses and appeals. We are unable to make a reasonable estimate of losses in excess of the currently accrued amounts given recent developments and future proceedings.

Motorola Personal Injury Lawsuits

The Company is currently assisting Motorola in the defense of personal injury lawsuits due to indemnity obligations included in the agreement that separated Freescale from Motorola in 2004. The multi-plaintiff Motorola lawsuits are pending in the Circuit Court of Cook County, Illinois. These claims allege a link between working in semiconductor manufacturing clean room facilities and birth defects in 221 individuals. The Motorola suits allege exposures between 1980 and 2005. Each claim seeks an unspecified amount of damages for the alleged injuries; however, legal counsel representing the plaintiffs has indicated they will seek substantial compensatory and punitive damages from Motorola for the entire inventory of claims which, if proven and recovered, the Company considers to be material. A portion of any indemnity due to Motorola will be reimbursed to NXP if Motorola receives an indemnification payment from its insurance coverage. Motorola has potential insurance coverage for many of the years indicated above, but with differing types and levels of coverage, self-insurance retention amounts and deductibles. We are in discussions with Motorola and their insurers regarding the availability of applicable insurance coverage for each of the individual cases. Motorola and NXP have denied liability for these alleged injuries based on numerous defenses.

Legal Proceedings Related Accruals and Insurance Coverage

The Company reevaluates at least on a quarterly basis the claims that have arisen to determine whether any new accruals need to be made or whether any accruals made need to be adjusted based on the most current information available to it and based on its best estimate. Based on the procedures described above, the Company has an aggregate amount of \$114 million \$95 million accrued for potential and current legal proceedings pending as of October 1, 2023 March 31, 2024, compared to \$58 million \$112 million accrued at December 31, 2022 December 31, 2023 (without reduction for any related insurance reimbursements). The accruals are included in "Other current liabilities" and in "Other non-current liabilities". As of October 1, 2023 March 31, 2024, the Company's related balance of insurance reimbursements was \$67 million (December 31, 2022: \$43 million 2023: \$67 million) and is included in "Other non-current assets".

The Company also estimates the aggregate range of reasonably possible losses in excess of the amount accrued based on currently available information for those cases for which such estimate can be made. The estimated aggregate range requires significant judgment, given the varying stages of the proceedings, the existence of multiple defendants (including the Company) in such claims whose share of liability has yet to be determined, the numerous yet-unresolved issues in many of the claims, and the attendant uncertainty of the various potential outcomes of such claims. Accordingly, the Company's estimate will change from time to time, and actual losses may be more than the current estimate. As at October 1, 2023 March 31, 2024, the Company believes that for all litigation pending its potential aggregate exposure to loss in excess of the amount accrued (without reduction for any amounts that may possibly be recovered under insurance programs) could range between \$0 and \$100 million \$93 million. Based upon our past experience with these matters, the Company would expect to receive additional insurance reimbursement of up to \$70 million on certain of these claims that would partially offset the potential aggregate exposure to loss in excess of the amount accrued.

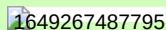
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

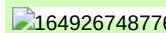
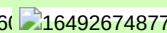
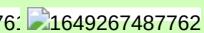
Management's Discussion and Analysis (MD&A) should be read in conjunction with our consolidated financial statements and notes and the MD&A in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, and the financial statements and the related notes that appear elsewhere in this document. This discussion contains forward-looking statements that involve a number of risks and uncertainties, including any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, uncertain events or assumptions, and other characterizations of future events or circumstances. Such statements are based on our current expectations and could be affected by the uncertainties and risk factors described throughout this filing and in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K. Our actual results may differ materially from those contained in any forward-looking statements. We undertake no obligation to update any forward-looking statement to reflect subsequent events or circumstances.

Overview

Q3 2023 Quarter in Focus

- Revenue was \$3.1 billion, up 0.2 percent year-on-year;
- GAAP gross margin was 57.0 percent, and GAAP operating margin was 27.4 percent;
- Non-GAAP gross margin was 58.2 percent, and non-GAAP operating margin was 34.5 percent;
- Cash flow from operations was \$851 million, with net capital expenditures on property, plant and equipment of \$224 million, resulting in non-GAAP free cash flow of \$627 million;
- During the first quarter of 2024, NXP returned capital to shareholders with the payment of \$261 million in cash dividends and the repurchase of \$303 million of its common shares, for a total capital return of \$564 million;
- On March 1, 2024, we fully retired at maturity our \$1 billion aggregate principal amount of outstanding 4.875% senior unsecured notes using available cash on balance sheet;
- We published our annual Corporate Sustainability Report, reinforcing our commitment toward transparency and sustainable business practices;

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Sequential Results

Q1 2024 compared to Q2 Q4 2023

Revenue for the three months ended October 1, 2023 March 31, 2024 was \$3,434 million \$3,126 million compared to \$3,299 million \$3,422 million for the three months ended July 2, 2023 December 31, 2023, an increase a decrease of \$135 million \$296 million or 4.1% quarter-on-quarter. NXP experienced growth 8.6% quarter-on-quarter.

in line with management's expectations and spread across all end markets. Our Automotive end market decreased \$95 million or 5.0%, the Industrial IoT end market decreased \$88 million or 13.3%, the Mobile end market of \$93 million decreased \$57 million or 32.7%, Industrial IoT our end market of \$29 million or 5.0% 14.0%, and Automotive end market of \$25 million or 1.3%. The positive trends were offset by declines in the our Communications Infrastructure & Other end market of \$12 million decreased \$56 million or 2.1% 12.3%.

When aggregating all end markets together and reviewing sales channel performance, revenues through NXP's third party distribution partners was \$1,947 million \$1,739 million, an increase a decrease of \$268 million \$339 million or 16.0% 16.3% compared to the previous period. Revenues through NXP's third party direct OEM and EMS customers was \$1,463 million \$1,355 million, a decline an increase of \$133 million \$45 million or 8.3% 3.4% versus the previous period.

From a geographic perspective, revenue increased decreased across the China and EMEA Americas regions, remaining flat with increases in revenues in the Americas region, EMEA and declining in the Asia Pacific regions.

Our gross profit percentage for the three months ended October 1, 2023 March 31, 2024 of 57.2% 57.0% was relatively consistent compared with 57.0% 56.6% for the three months ended July 2, 2023 December 31, 2023.

Operating income for the three months ended October 1, 2023 March 31, 2024 was \$992 million \$856 million compared to \$937 million \$907 million for the three months ended July 2, 2023 December 31, 2023, an increase a decrease of \$55 million \$51 million or 5.9% 5.6%. Higher Lower revenue drove the sequential increase.

We continue to generate strong operating cash flows with our operating activities providing \$988 million in cash flow in the third quarter of 2023, while we returned \$568 million to our shareholders during the same period. Our cash position at the end of the third quarter of 2023 was \$4,042 million. decrease.

Results of operations

The following table presents operating income results for each of the three and nine month three-month periods ended October 1, 2023 March 31, 2024 and October 2, 2022 April 2, 2023, respectively:

(\$ in millions, unless otherwise stated)	Q1 2024	% of Revenue		Q1 2023	% of Revenue	
		Q1 2024	% of Revenue		Q1 2023	% of Revenue
Revenue	3,126			3,121		
% nominal growth	0.2			(0.5)		
Gross profit	1,783			1,770		
Gross margin	57.0 %			56.7 %		
Research and development	(564)		(18.0)%	(577)		(18.5)%
Selling, general and administrative	(306)		(9.8)%	(280)		(9.0)%
Amortization of acquisition-related intangible assets	(51)		(1.6)%	(85)		(2.7)%
Other income (expense)	(6)		(0.2)%	(3)		(0.1)%
Operating income (loss)	856	27.4 %		825		26.4 %
Financial income (expense)	(70)	(2.2)%		(82)		(2.6)%
Benefit (provision) for income taxes	(141)	(4.5)%		(118)		(3.8)%
Results relating to equity-accounted investees	(1)	— %		(2)		(0.1)%
Net income (loss)	644	20.6 %		623		20.0 %
Less: Net income (loss) attributable to non-controlling interests	5	0.2 %		8		0.3 %
Net income (loss) attributable to stockholders	639	20.4 %		615		19.7 %
Diluted earnings per share	2.47			2.35		
(\$ in millions, unless otherwise stated)	Q3 2023	Q3 2022	Increase/decrease	YTD 2023	YTD 2022	Increase/decrease
Revenue	3,434	3,445	(11)	9,854	9,893	(39)
% nominal growth	(0.3)	20.4	(20.7)	(0.4)	23.3	(23.7)
Gross profit	1,965	1,967	(2)	5,616	5,626	(10)
Gross margin	57.2 %	57.1 %	0.1 ppt	57.0 %	56.9 %	0.1 ppt
Research and development	(601)	(548)	(53)	(1,767)	(1,608)	(159)
Selling, general and administrative	(294)	(289)	(5)	(848)	(805)	(43)
Amortization of acquisition-related intangible assets	(71)	(131)	60	(237)	(400)	163

Other income (expense)	(7)	2	(9)	(10)	4	(14)
Operating income (loss)	992	1,001	(9)	2,754	2,817	(63)
Financial income (expense)	(75)	(98)	23	(231)	(331)	100
Benefit (provision) for income taxes	(123)	(149)	26	(399)	(392)	(7)
Results relating to equity-accounted investees	(2)	(4)	2	(5)	5	(10)
Net income (loss)	792	750	42	2,119	2,099	20
Less: Net income (loss) attributable to non-controlling interests	5	12	(7)	19	34	(15)
Net income (loss) attributable to stockholders	787	738	49	2,100	2,065	35
Diluted earnings per share	3.01	2.79	0.22	8.03	7.80	0.23

Revenue

Q3 2023 Q1 2024 Overview

Q1 2024 compared to Q3 2022 Q1 2023

Revenue for the three months ended **October 1, 2023** March 31, 2024 was **\$3,434 million** **\$3,126 million** compared to **\$3,445 million** **\$3,121 million** for the three months ended **October 2, 2022** April 2, 2023, a decrease an increase of **\$11 million** **\$5 million** or **0.3%**. NXP experienced growth **0.2%**, in its Automotive and Communication Infrastructure & Other end markets, which were offset by declines in the Industrial IoT and the Mobile end markets versus the year ago period.

YTD 2023 compared to YTD 2022

Revenue for the nine months ended October 1, 2023 was \$9,854 million compared to \$9,893 million for the nine months ended October 2, 2022, a decrease of \$39 million or 0.4%. NXP experienced growth in its Automotive and Communication Infrastructure & Other end markets which were offset by declines in the Industrial IoT and the Mobile end markets versus the year ago period.

line with management's expectations.

Revenue by end market was as follows:

(\$ in millions, unless otherwise stated)	Q3 2023	Q3 2022	% change	YTD 2023	YTD 2022	% change
Automotive	1,891	1,804	4.8 %	5,585	5,074	10.1 %
Industrial & IoT	607	713	(14.9)%	1,689	2,108	(19.9)%
Mobile	377	410	(8.0)%	921	1,199	(23.2)%
Communication Infrastructure & Other	559	518	7.9 %	1,659	1,512	9.7 %
Revenue	3,434	3,445	(0.3)%	9,854	9,893	(0.4)%





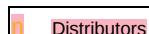
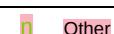
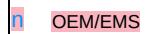
(\$ in millions, unless otherwise stated)	Q1 2024	Q1 2023	% change
Automotive	1,804	1,828	(1.3)%
Industrial & IoT	574	504	13.9 %
Mobile	349	260	34.2 %
Communication Infrastructure & Other	399	529	(24.6)%
Total Revenue	3,126	3,121	0.2 %

Revenue by sales channel was as follows:

(\$ in millions, unless otherwise stated)	Q3 2023	Q3 2022	% change	YTD 2023	YTD 2022	% change
Distributors	1,947	1,876	3.8 %	5,117	5,385	(5.0)%

OEM/EMS	1,463	1,525	(4.1)%	4,653	4,378	6.3 %
Other	24	44	(45.5)%	84	130	(35.4)%
Revenue	3,434	3,445	(0.3)%	9,854	9,893	(0.4)%

 Distributors	 Other
 OEM/EMS	

	(\$ in millions, unless otherwise stated)	Q1 2024	Q1 2023	% change
Distributors		1,739	1,491	16.6 %
OEM/EMS		1,355	1,594	(15.0)%
Other		32	36	(11.1)%
Total Revenue		3,126	3,121	0.2 %

Revenue by geographic region, which is based on the customer's shipped-to location was as follows:

	(\$ in millions, unless otherwise stated)	Q3 2023	Q3 2022	% change	YTD 2023	YTD 2022	% change
(\$ in millions, unless otherwise stated)							
(\$ in millions, unless otherwise stated)							
China ¹⁾							
China ¹⁾							
China ¹⁾	China ¹⁾	1,150	1,260	(8.7) %	3,128	3,502	(10.7) %
APAC, excluding China	APAC, excluding China	906	1,046	(13.4) %	2,839	3,080	(7.8) %
EMEA (Europe, the Middle East and Africa)	EMEA (Europe, the Middle East and Africa)	866	672	28.9 %	2,388	1,978	20.7 %
Americas	Americas	512	467	9.6 %	1,499	1,333	12.5 %
Revenue		3,434	3,445	(0.3) %	9,854	9,893	(0.4) %
Americas							
Americas							
Total Revenue							
Total Revenue							
Total Revenue							
1) China includes Mainland China and Hong Kong							
1) China includes Mainland China and Hong Kong							
1) China includes Mainland China and Hong Kong							

Q3 2023 Q1 2024 compared to Q3 2022 Q1 2023

From an end market perspective, NXP experienced growth in its Mobile and Industrial IoT end markets which were offset by declines in the Communication Infrastructure & Other and Automotive end markets versus the year ago period.

Revenue in the Automotive end market was \$1,804 million, a decrease of \$24 million or 1.3% versus the year ago period. The decrease in the Automotive end market revenue was attributable to declines in our automotive processors and ADAS – Safety products, which were offset by growth in our advanced analog portfolio.

Revenue in the Industrial & IoT end market was \$574 million, an increase of \$70 million or 13.9% versus the year ago period. Within the Industrial & IoT end market the year-on-year increase was across the entire product portfolio, including processors, connectivity, advanced analog, and security.

Revenue in the Mobile end market was \$349 million, an increase of \$89 million or 34.2% versus the year ago period. The increase in the Mobile end market revenue was across the entire product portfolio, including mobile wallet and advanced analog.

Revenue in the Communication Infrastructure & Other end market was \$399 million, a decrease of \$130 million or 24.6% versus the year ago period. The decrease in revenue in secure cards and RF power products was due to weak end market demand. Communication Infrastructure & Other processors experienced anticipated end-of-life trends.

When aggregating all end markets together, and reviewing sales channel performance, revenues through NXP's third party distribution partners was **\$1,947 million** **\$1,739 million**, an increase of **3.8% 16.6%** versus the year ago period. Revenues through direct OEM and EMS customers was **\$1,463 million** **\$1,355 million**, a decrease of **4.1% 15.0%** versus the year ago period.

From a geographic perspective, revenue **declined increased** year-on-year in the China and in **Asia Pacific** the EMEA regions, while revenue **increased decreased** in APAC and the EMEA and Americas regions.

Revenue in the Automotive end market was \$1,891 million, an increase of \$87 million or 4.8% versus the year ago period. The increase in the Automotive end market revenue can be attributed to growth in advanced analog and processors. Offsetting these positive growth trends were declines in our ADAS – Safety products.

Revenue in the Industrial & IoT end market was \$607 million, a decrease of \$106 million or 14.9% versus the year ago period. Within the Industrial & IoT end market the year-on-year decline was across the entire product portfolio, including processors, advanced analog, connectivity, and security.

Revenue in the Mobile end market was \$377 million, a decrease of \$33 million or 8.0% versus the year ago period. The decrease in the Mobile end market revenue was from declines in our advanced analog and mobile wallet, offset by growth in connectivity.

Revenue in the Communication Infrastructure & Other end market was \$559 million, an increase of \$41 million or 7.9% versus the year ago period. The increase in revenue was due to growth in secure cards. Offsetting these positive growth trends were declines in our RF power products and processors.

YTD 2023 compared to YTD 2022

When aggregating all end markets together, and reviewing sales channel performance, revenues through NXP's third party distribution partners was **\$5,117 million**, a decrease of 5.0% versus the year ago period. Revenues through direct OEM and EMS customers was **\$4,653 million**, an increase of 6.3% versus the year ago period.

From a geographic perspective, revenue declined in China and in Asia Pacific regions, while revenues increased in the EMEA and Americas regions.

Revenue in the Automotive end market was \$5,585 million, an increase of \$511 million or 10.1% versus the year ago period. The increase in the Automotive end market year-to-date revenues can be attributed to growth in processors, advanced analog, and connectivity. Offsetting these positive growth trends were declines in our ADAS – Safety products.

Revenue in the Industrial & IoT end market was \$1,689 million, a decrease of \$419 million or 19.9% versus the year ago period. Within the Industrial & IoT end market the year-to-date decline was across the entire product portfolio, including processors, advanced analog, connectivity, and security.

Revenue in the Mobile end market was \$921 million, a decrease of \$278 million or 23.2% versus the year ago period. The decrease in the Mobile end market revenue was from declines in our advanced analog and mobile wallet, offset by growth in connectivity.

Revenue in the Communication Infrastructure & Other end market was \$1,659 million, an increase of \$147 million or 9.7% versus the year ago period. The increase in revenue was growth in secure cards and processors. Offsetting these positive growth trends were declines in our RF power products.

Gross profit

Q3 2023 Q1 2024 compared to Q3 2022 Q1 2023

Gross profit for the three months ended **October 1, 2023** **March 31, 2024** was **\$1,965 million** **\$1,783 million**, or **57.2% 57.0%** of revenue, compared to **\$1,967 million** **\$1,770 million**, or **57.1% 56.7%** of revenue for the three months ended **October 2, 2022** **April 2, 2023**, resulting from inflationary effects was relatively consistent with revenue and costs, both of increased input costs from suppliers which were passed along to end customers.

YTD 2023 compared to YTD 2022

Gross profit for the nine months ended October 1, 2023 was \$5,616 million, or 57.0% of revenue, compared to \$5,626 million, or 56.9% of revenue for the nine months ended October 2, 2022, resulting from inflationary effects of increased input costs from suppliers which were passed along to end customers. comparatively flat year on year.

Operating expenses

Q1 2024 compared to Q1 2023

Operating expenses for the three months ended March 31, 2024 totaled \$921 million, or 29.5% of revenue, compared to \$942 million, or 30.2% of revenue, for the three months ended April 2, 2023.

• Research and development

(\$ in millions, unless otherwise stated)	(\$ in millions, unless otherwise stated)	Q3 2023	Q3 2022	% change	YTD 2023	YTD 2022	% change
(\$ in millions, unless otherwise stated)							
(\$ in millions, unless otherwise stated)							
Research and development							
Research and development	Research and development	601	548	9.7 %	1,767	1,608	9.9 %
As a percentage of revenue	As a percentage of revenue	17.5 %	15.9 %	1.6 ppt	17.9 %	16.3 %	1.6 ppt
As a percentage of revenue							
As a percentage of revenue							

Q3 2023 Q1 2024 compared to Q3 2022 Q1 2023

R&D costs for the three months ended October 1, 2023 increased March 31, 2024 decreased by \$53 million \$13 million, or 9.7% 2.3%, when compared to the three months ended October 2, 2022 April 2, 2023 mainly driven by:

- + higher personnel-related costs;
- + higher variable compensation costs; in the form of subsidies and
- lower pre-production related expenses. R&D tax credits in Q1 2024 of \$19 million.

YTD 2023 compared to YTD 2022

R&D costs for the nine months ended October 1, 2023 increased by \$159 million, or 9.9%, when compared to the nine months ended October 2, 2022 mainly driven by:

- + higher personnel-related costs;
- + higher restructuring costs;
- + higher IP and other licenses related costs; and
- lower pre-production related expenses.

Selling, general and administrative

(\$ in millions, unless otherwise stated)	(\$ in millions, unless otherwise stated)	Q3 2023	Q3 2022	% change	YTD 2023	YTD 2022	% change
(\$ in millions, unless otherwise stated)							
(\$ in millions, unless otherwise stated)							
Selling, general and administrative							
Selling, general and administrative	Selling, general and administrative	294	289	1.7 %	848	805	5.3 %
As a percentage of revenue	As a percentage of revenue	8.6 %	8.4 %	0.2 ppt	8.6 %	8.1 %	0.5 ppt
As a percentage of revenue							
As a percentage of revenue							

Q3 2023 Q1 2024 compared to Q3 2022 Q1 2023

SG&A costs for the three months ended October 1, 2023 March 31, 2024 increased by \$5 million \$26 million, or 1.7% 9.3%, when compared to the three months ended October 2, 2022 April 2, 2023 mainly due to:

- + higher to a \$16 million increase in legal expense.

YTD 2023 compared expenses (related to YTD 2022)

SG&A costs for the nine months ended October 1, 2023 increased by \$43 million, or 5.3%, when compared to the nine months ended October 2, 2022 mainly due to:

ongoing litigation and a settlement, see Note 11 "Commitments and Contingencies" and higher personnel-related costs; costs of \$7 million (attributable to higher salaries and wages of \$6 million, higher share-based compensation costs of \$7 million and lower restructuring costs of \$5 million).

+ higher legal expense;

+ higher communication & IT cost;

+ higher travel expense; and

lower variable compensation costs.

Amortization of acquisition-related intangible assets

(\$ in millions, unless otherwise stated)	Q3 2023	Q3 2022	% change	YTD 2023	YTD 2022	% change
Amortization of acquisition-related intangible assets	71	131	(45.8) %	237	400	(40.8) %
As a percentage of revenue	2.1 %	3.8 %	(1.7) ppt	2.4 %	4.0 %	(1.6) ppt

(\$ in millions, unless otherwise stated)	Q1 2024	Q1 2023	% change
Amortization of acquisition-related intangible assets	51	85	(40.0) %
As a percentage of revenue	1.6 %	2.7 %	(1.1) ppt

Q3 2023 Q1 2024 compared to Q3 2022 Q1 2023

Amortization of acquisition-related intangible assets for the three months ended October 1, 2023 March 31, 2024 decreased by \$60 million \$34 million, or 45.8% 40.0%, when compared to the three months ended October 2, 2022 driven by:

April 2, 2023 mainly due to the effect of certain acquisition-related intangibles became becoming fully amortized during 2022.

YTD 2023 compared to YTD 2022

Amortization of acquisition-related intangible assets for the nine months ended October 1, 2023 decreased by \$163 million, or 40.8%, when compared (with regard to the nine months ended October 2, 2022 driven by:

certain intangibles became fully amortized during 2022 (former Freescale acquisition).

Financial income (expense)

The following table presents the details of financial income and expenses:

(\$ in millions, unless otherwise stated)	(\$ in millions, unless otherwise stated)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
(\$ in millions, unless otherwise stated)					
(\$ in millions, unless otherwise stated)					
Interest income					
Interest income	Interest income	49	21	134	29
Interest expense	Interest expense	(109)	(109)	(329)	(319)
Interest expense					
Interest expense					
Total other financial income/ (expense)					
Total other financial income/ (expense)					
Total other financial income/ (expense)	Total other financial income/ (expense)	(15)	(10)	(36)	(41)
Total	Total	(75)	(98)	(231)	(331)
Total					
Total					

Interest income

Q3 2023 Q1 2024 compared to Q3 2022 Q1 2023

Interest Financial income increased due (expense) was an expense of \$70 million for the three months ended March 31, 2024, compared to an expense of \$82 million for the three months ended April 2, 2023. The change in financial income (expense) is attributable to an increase in interest income of \$8 million as a result of higher interest rates and to a lesser extent by a higher level of cash.

YTD 2023 compared to YTD 2022

Interest income increased due to higher interest rates and to a lesser extent by a higher level of cash.

Interest expense

Q3 2023 compared to Q3 2022

Interest expense remained flat.

YTD 2023 compared to YTD 2022

Interest expense increased decreased by \$6 million mainly due to the issuance retirement of \$1.5 billion of the 4.875% senior unsecured notes partially offset by the redemption of \$900 million of senior unsecured notes in the second quarter of 2022.

Other, net

Q3 2023 compared to Q3 2022

Other, net, mainly increased due to foreign currency results (a loss of \$5 million in the third quarter of 2023 versus a loss of \$1 million in the third quarter of 2022).

YTD 2023 compared to YTD 2022

Other, net, decreased due to debt extinguishment cost of \$18 million in the second quarter of 2022 and higher foreign currency results (a loss of \$15 million in the first nine months of 2023 versus a profit of \$2 million in the first nine months of 2022) Also included are fair value adjustments in equity securities (a profit of \$1 million in the first nine months of 2023 versus a loss of \$6 million in the first nine months of 2022) on March 1, 2024.

Benefit (provision) for income taxes

	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Benefit (provision) for income taxes	(123)	(149)	(399)	(392)
Effective tax rate	13.4 %	16.5 %	15.8 %	15.8 %
Statutory income tax rate in the Netherlands	25.8 %	25.8 %	25.8 %	25.8 %

Beginning with the first quarter of 2023, NXP was in a position to make a reliable estimate of its annual effective tax rate. This estimated annual effective tax rate ("EAETR") is then applied to the year-to-date *Income (loss) before income taxes* excluding discrete items, to determine the year-to-date benefit (provision) for income taxes. The income tax effects of any discrete items are recognized in the interim period in which they occur. As the year progresses, the Company continually refines the EAETR based upon actual events and the

apportionment of our earnings (loss). This continual estimation process periodically may result in a change to our EAETR for the year. When this occurs, we adjust on an accumulated basis the benefit (provision) for income taxes during the quarter in which the change occurs.

Our provision for income taxes for 2023 2024 is based on our EAETR of 16.1% 17.5%, which is lower than the Netherlands statutory tax rate of 25.8%, primarily due to tax benefits from the Netherlands and foreign tax incentives.

	Q1 2024	Q1 2023
Tax benefit (provision) calculated at EAETR	(139)	(126)
Discrete tax benefit (provision) items	(2)	8
Benefit (provision) for income taxes	(141)	(118)
Effective tax rate	17.9 %	15.9 %

Q3 2023 compared to Q3 2022

The effective tax rate of 13.4% 17.9% for the third first quarter of 2023 2024 was lower higher than the EAETR due to the income tax benefit expense for discrete items of \$12 million \$2 million. The discrete items are primarily related to changes in estimates for previous years, and the impact of foreign currency on income tax related items. Compared to prior quarters, the EAETR was lower due to a recapture of \$13 million tax benefit in the third quarter primarily as a result of new guidance released by the Internal Revenue Service to clarify the treatment of specified research and experimental expenditures under Section 174.

YTD 2023 Q1 2024 compared to YTD 2022

For the first nine months of Q1 2023 the effective tax rate of 15.8% was lower than 16.1% due to the net result of favorable discrete items of \$8 million.

The effective tax rate of **15.8%** **15.9%** for the first **nine months** quarter of **2022** **2023** was **equal lower** compared to the current period of **15.8%** **17.9%** due to a different mix of the benefit (provision) for income taxes in the locations that we operate in, lower foreign tax incentives in the current period as a result of a decrease in qualifying income, and also due to the impact of the discrete items in the respective periods.

Results Relating to Equity-accounted Investees

Results relating to equity-accounted investees amounted to a loss of \$1 million for the three months ended March 31, 2024, whereas the three months ended April 2, 2023 results relating to equity-accounted investees amounted to a loss of \$2 million.

Non-controlling Interests

Non-controlling interests are related to the third-party share in the results of consolidated companies, predominantly SSMC. Their share of non-controlling interests amounted to a profit of \$5 million for the three months ended March 31, 2024, compared to a profit of \$8 million for the three months ended April 2, 2023.

Liquidity and Capital Resources

We derive our liquidity and capital resources primarily from our cash flows from operations. We continue to generate strong positive operating cash flows. At the end of the **third** **first** quarter of **2023** **2024**, our cash balance was **\$4,042 million** **\$2,908 million**, an **increase** **a decrease** of **\$197 million** **\$954 million** compared to **December 31, 2022**, December 31, 2023 having fully retired our \$1 billion aggregate principal amount of outstanding 4.875% senior unsecured notes due March 2024 during the quarter. Taking into account the available amount of the Unsecured Revolving Credit Facility of \$2,500 million, we had access to **\$6,542 million** **\$5,408 million** of liquidity as of **October 1, 2023** **March 31, 2024**. We currently use cash to fund operations, meet working capital requirements, for capital expenditures and for potential common stock repurchases, dividends and strategic investments. Based on past performance and current expectations, we believe that our current available sources of funds (including cash and cash equivalents, short-term deposits, RCF Agreement of \$2.5 billion, plus anticipated cash generated from operations) will be adequate to finance our operations, working capital requirements, capital expenditures and potential dividends for at least the next twelve months.

(\$ in millions, unless otherwise stated)	(\$ in millions, unless otherwise stated)	YTD 2023	YTD 2022	(\$ in millions, unless otherwise stated)	YTD 2023	YTD 2022
Cash from operations	Cash from operations	2,376	2,819			
Capital expenditures	Capital expenditures	652	830			
Cash to shareholders	Cash to shareholders	1,364	1,514			

Cash and cash equivalents short-term deposits

At **October 1, 2023** **March 31, 2024**, our cash and short-term deposits balance was **\$4,042 million** **\$3,308 million** of which **\$225 million** **\$222 million** was held by SSMC, our consolidated joint venture company with TSMC. Under the terms of our joint venture agreement with TSMC, a portion of this cash can be distributed by way of a dividend to us, but 38.8% of the dividend will be paid to our joint venture partner.

Capital expenditures

Our cash outflows for capital expenditures were **\$652 million** **\$226 million** in the first **nine** **three** months of **2023** **2024**, compared to **\$830 million** **\$251 million** in the first **nine** **three** months of **2022** **2023**.

Capital return

Under our Quarterly Dividend Program, interim dividends of **\$0.845 per ordinary share** were paid on **January 6, 2023** (\$219 million), dividends of **\$1.014 per ordinary share** were paid on **April 5, 2023** **January 5, 2024** (\$264 **261** million) and dividends of **\$1.014 per ordinary share** were paid on **July 6, 2023** **April 10, 2024** (\$262 **260** million).

Outstanding indebtedness In the first three months of 2024 we repurchased approximately \$303 million of shares.

Debt

Our total debt, inclusive of aggregate principal, unamortized discounts, premiums, debt issuance costs and fair value adjustments, amounted to **\$11,172 million** **\$10,178 million** as of **Q3 2023**, an **increase** **March 31, 2024**, a **decrease** of **\$7 million** **\$997 million** compared to **December 31, 2022** **December 31, 2023** (\$11,165 **11,175** million). On March 1, 2024, we fully retired at maturity our \$1 billion aggregate principal amount of outstanding 4.875% senior unsecured notes using available cash on balance sheet.

As of March 31, 2024, we had outstanding fixed-rate notes with varying maturities for an aggregate principal amount of \$10,250 million (collectively the "Notes"), none are payable within 12 months. Future interest payments associated with the Notes total \$3,051 million, with \$378 million payable within 12 months

Our net debt amounting to \$7,130 million. Our current debt position (see section Use of Certain Non-GAAP Financial Measures) at March 31, 2024 amounted to \$999 million \$6,870 million, compared to \$6,904 million as of Q3 2023 December 31, 2023.

Additional Capital Requirements

Expected working and consists other capital requirements are described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations". At March 31, 2024, other than for changes disclosed in the "Notes to Condensed Consolidated Financial Statements" and "Liquidity and Capital Resources" in this Quarterly Report, there have been no other material changes to our 4.875% Senior Unsecured Notes due March 2024, which we currently expect to retire when it comes due with cash expected working and other capital requirements described in our Annual Report on hand. Form 10-K for the fiscal year ended December 31, 2023.

Cash flows

Our cash and cash equivalents during the first nine three months of 2023 increased 2024 decreased by \$201 million \$951 million (excluding the effect of changes in exchange rates on our cash position of \$(4) million \$(3) million) as follows:

					YTD 2024	YTD 2023
		(\$ in millions, unless otherwise stated)	(\$ in millions, unless otherwise stated)	(\$ in millions, unless otherwise stated)		
Net cash provided by (used for) operating activities	Net cash provided by (used for) operating activities					
		2,376	2,819			
Net cash (used for) provided by investing activities	Net cash (used for) provided by investing activities					
		(879)	(977)			
Net cash provided by (used for) financing activities	Net cash provided by (used for) financing activities					
		(1,296)	(891)			
Increase (decrease) in cash and cash equivalents	Increase (decrease) in cash and cash equivalents					
		201	951			

Cash Flow from Operating Activities

For the first nine three months of 2023 2024 our operating activities provided \$2,376 million \$851 million in cash. This was primarily the result of net income of \$2,119 million \$644 million, adjustments to reconcile the net income of \$982 million \$290 million and changes in operating assets and liabilities of \$(746) \$(89) million. Adjustments to net income (loss) includes offsetting non-cash items, such as depreciation and amortization of \$837 million \$235 million, share-based compensation of \$304 million \$115 million and changes in deferred taxes of \$(170) \$(64) million. Changes in operating assets and liabilities were primarily driven by a \$359 million increase \$102 million decrease in inventories due accounts payable and other liabilities as a result of lower purchase volumes and timing related to improved supply capabilities, \$118 million payments, \$25 million increase in receivables and other current assets from prepayments to secure production supply with multiple vendors, and \$220 million vendors; partially offset by a \$32 million decrease in accounts payable and other liabilities inventories as a result of timing related to payments. inventory control efforts.

For the first nine three months of 2022 2023 our operating activities provided \$2,819 million \$632 million in cash. This was primarily the result of net income of \$2,099 million \$623 million, adjustments to reconcile the net income of \$1,043 million \$326 million and changes in operating assets and liabilities of \$(337) \$(315) million. Adjustments to net income (loss) includes offsetting non-cash items, such as depreciation and amortization of \$948 million \$283 million, share-based compensation of \$392 million \$196 million \$99 million and changes in deferred taxes of \$(196) \$(62) million. Changes in operating assets and liabilities were primarily driven by a \$165 million \$138 million increase in receivables and other current assets due to increased production levels in order to align inventory on hand with expected demand, \$325 million \$33 million increase in other non-current assets from prepayments to secure long-term production supply with multiple vendors; partially offset by \$545 million \$52 million increase in accounts payable and other liabilities as a result of timing related to payments.

Cash Flow from Investing Activities

Net cash used for investing activities amounted to \$879 million \$274 million for the first nine three months of 2024 and principally consisted of the cash outflows for capital expenditures of \$226 million, \$34 million for the purchase of investments (driven primarily by the initial capital contribution of approximately \$22 million into European Semiconductor Manufacturing Company (ESMC) GmbH), and \$32 million for the purchase of identified intangible assets, including EDA (electronic design automation).

Net cash used for investing activities amounted to \$351 million for the first three months of 2023 and principally consisted of the cash outflows for capital expenditures of \$652 million \$251 million, \$135 million \$42 million for the purchase of identified intangible assets, and \$93 million \$58 million for the purchase of investments.

Net cash used for investing activities amounted to \$977 million for the first nine months of 2022 and principally consisted of the cash outflows for capital expenditures of \$830 million, \$122 million for the purchase of identified intangible assets, and \$27 million for the net purchase of interests of businesses.

Cash Flow from Financing Activities

Net cash used for financing activities was \$1,296 million \$1,528 million for the first nine three months of 2024 was primarily driven by the payment of \$1 billion to retire at maturity our outstanding 4.875% senior unsecured notes due March 2024, dividend payment to common stockholders of \$261 million, and purchase of treasury shares and restricted stock unit holdings of \$303 million; partially offset by the proceeds from the issuance of common stock through stock plans of \$37 million.

Net cash used for financing activities was \$198 million for the first three months of 2023 was primarily driven by the dividend payment to common stockholders of \$745 million, and purchase of treasury shares and restricted stock unit holdings of \$619 million; partially offset by the \$70 million proceeds from the issuance of common stock through stock plans.

Net cash used for financing activities was \$891 million for the first nine months of 2022 was primarily driven by the repurchase of long-term debt of \$917 million, purchase of treasury shares and restricted stock unit holdings of \$920 million, dividend payment to common stockholders of \$594 million \$219 million; partially offset by the proceeds from the issuance of long-term debt common stock through stock plans of \$1,496 million.

Additional Capital Requirements

Expected working and other capital requirements are described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations". At October 1, 2023, other than for changes disclosed in the "Notes to Condensed Consolidated Financial Statements" and "Liquidity and Capital Resources" in this Quarterly Report, there have been no other material changes to our expected working and other capital requirements described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 \$33 million.

Information Regarding Guarantors of NXP (unaudited)

Summarized Combined Financial Information for Guarantee of Securities of Subsidiaries

All debt instruments are guaranteed, fully and unconditionally, jointly and severally, by NXP Semiconductors N.V. and issued or guaranteed by NXP USA, Inc., NXP B.V. and NXP LLC, (together, the "Subsidiary Obligors" and together with NXP Semiconductors N.V., the "Obligor Group"). Other than the Subsidiary Obligors, none of the Company's subsidiaries (together the "Non-Guarantor Subsidiaries") guarantee the Notes. The Company consolidates the Subsidiary Obligors in its consolidated financial statements and each of the Subsidiary Obligors are wholly owned subsidiaries of the Company.

All of the existing guarantees by the Company rank equally in right of payment with all of the existing and future senior indebtedness of the Obligor Group. There are no significant restrictions on the ability of the Obligor Group to obtain funds from respective subsidiaries by dividend or loan.

The following tables present summarized financial information of the Obligor Group on a combined basis, with intercompany balances and transactions between entities of the Obligor Group eliminated and investments and equity in the earnings of the Non-Guarantor Subsidiaries excluded. The Obligor Group's amounts due from, amounts due to, and intercompany transactions with Non-Guarantor Subsidiaries have been disclosed below the table, when material.

Summarized Statements of Income

	For the nine three months ended	
	October 1, 2023	March 31, 2024
(\$ in millions)		
Revenue	5,966	1,767
Gross Profit	3,001	914
Operating income	1,154	332
Net income	539	139

Summarized Balance Sheets

As of	
As of	As of

(\$ in millions)		October 1, 2023		December 31, 2022		(\$ in millions)	March 31, 2024	December 31, 2023							
Current assets															
Current assets															
Current assets	Current assets	4,003	3,740												
Non-current assets	Non-current assets	11,655	11,572												
Total assets	Total assets	15,658	15,312												
Current liabilities	Current liabilities	1,937	1,067												
Current liabilities															
Non-current liabilities	Non-current liabilities	10,561	11,528												
Total liabilities	Total liabilities	12,498	12,595												
Obligor's Group equity	Obligor's Group equity	3,160	2,717												
Obligor's Group equity															
Total liabilities and Obligor's Group equity	Total liabilities and Obligor's Group equity	15,658	15,312												

NXP Semiconductors N.V. is the head of a fiscal unity for the corporate income tax and VAT that contains the most significant Dutch wholly-owned group companies. The Company is therefore jointly and severally liable for the tax liabilities of the tax entity as a whole, and as such the income tax expense of the Dutch fiscal unity has been included in the Net income of the Obligor Group.

The financial information of the Obligor Group includes sales executed through a Non-Guarantor Subsidiary single-billing entity as a sales agent on behalf of an entity in the Obligor Group. The Obligor Group has sales to non-guarantors (for the **nine** three months ended **October 1, 2023** **March 31, 2024**: **\$614 million** **\$178 million**). The Obligor Group has amounts due from equity financing (**October 1, 2023**: **\$5,463 million** (**March 31, 2024**: **\$7,299 million**; **December 31, 2022** **December 31, 2023**: **\$5,210 million** **\$5,441 million**) and due to debt financing (**October 1, 2023**: **\$1,709 million** (**March 31, 2024**: **\$2,692 million**; **December 31, 2022** **December 31, 2023**: **\$2,629 million** **\$2,346 million**) with non-guarantor subsidiaries.

Use of Certain Non-GAAP Financial Measures

Non-GAAP Financial Measures

In addition to providing financial information on a basis consistent with U.S. generally accepted accounting principles ("US GAAP" or "GAAP"), NXP also provides selected financial measures on a non-GAAP basis which are adjusted for specified items. The adjustments made to achieve these non-GAAP financial measures or the non-GAAP financial measures as specified are described below, including the usefulness to management and investors.

In managing NXP's business on a consolidated basis, management develops an annual operating plan, which is approved by our Board of Directors, using non-GAAP financial measures. In measuring performance against this plan, management considers the actual or potential impacts on these non-GAAP financial measures from actions taken to reduce costs with the goal of increasing our gross margin and operating margin and when assessing appropriate levels of research and development efforts. In addition, management relies upon these non-GAAP financial measures when making decisions about product spending, administrative budgets, and other operating expenses. We believe that these non-GAAP financial measures, when coupled with the GAAP results and the reconciliations to corresponding GAAP financial measures, provide a more complete understanding of the Company's results of operations and the factors and trends affecting NXP's business. We believe that they enable

investors to perform additional comparisons of our operating results, to assess our liquidity and capital position and to analyze financial performance excluding the effect of expenses unrelated to core operating performance, certain non-cash expenses and share-based compensation expense, which may obscure trends in NXP's underlying performance. This information also enables investors to compare financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management.

The presentation of these and other similar items in NXP's non-GAAP financial results should not be interpreted as implying that these items are non-recurring, infrequent, or unusual. These non-GAAP financial measures are provided in addition to, and not as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP.

Non-GAAP Adjustment or Measure	Definition	Usefulness to Management and Investors
Purchase price accounting effects	Purchase price accounting ("PPA") effects reflect the fair value adjustments impacting acquisition accounting and other acquisition adjustments charged to the Consolidated Statement of Operations. This typically relates to inventory, property, plant and equipment, as well as intangible assets, such as developed technology and marketing and customer relationships acquired. The PPA effects are recorded within both cost of revenue and operating expenses in our US GAAP financial statements. These charges are recorded over the estimated useful life of the related acquired asset, and thus are generally recorded over multiple years.	We believe that excluding these charges related to fair value adjustments for purposes of calculating certain non-GAAP measures allows the users of our financial statements to better understand the historic and current cost of our products, our gross margin, our operating costs, our operating margin, and also facilitates comparisons to peer companies.
Restructuring	Restructuring charges are costs primarily related to employee severance and benefit arrangements. Charges related to restructuring are recorded within both cost of revenue and operating expenses in our US GAAP financial statements	We exclude restructuring charges, including any adjustments to charges recorded in prior periods, for purposes of calculating certain non-GAAP measures because these costs do not reflect our core operating performance. These adjustments facilitate a useful evaluation of our core operating performance and comparisons to past operating results and provide investors with additional means to evaluate expense trends.
Share-based compensation	Share-based compensation consists of incentive expense granted to eligible employees in the form of equity based instruments. Charges related to share-based compensation are recorded within both cost of revenue and operating expenses in our US GAAP financial statements.	We exclude charges related to share-based compensation for purposes of calculating certain non-GAAP measures because we believe these charges, which are non-cash, are not representative of our core operating performance as they can fluctuate from period to period based on factors that are not within our control, such as our stock price on the dates share-based grants are issued. We believe these adjustments provide investors with a useful view, through the eyes of management, of our core business model, how management currently evaluates core operational performance, and additional means to evaluate expense trends.
Other incidentals	Other incidentals consist of certain items which may be non-recurring, unusual, infrequent or directly related to an event that is distinct and non-reflective of the Company's core operating performance. These may include such items as process and product transfer costs, certain charges related to acquisitions and divestitures, litigation and legal settlements, costs associated with the exit of a product line, factory or facility, environmental or governmental settlements, and other items of similar nature.	We exclude these certain items which may be non-recurring, unusual, infrequent or directly related to an event that is distinct and non-reflective of the Company's core operating performance for purposes of calculating certain non-GAAP measures. These adjustments facilitate a useful evaluation of our core operating performance and comparisons to past operating results and provide investors with additional means to evaluate expense trends.

Non-GAAP Adjustment or Measure	Definition	Usefulness to Management and Investors
Non-GAAP Provision for income taxes	Non-GAAP provision for income taxes is NXP's GAAP provision for income taxes adjusted for the income tax effects of the adjustments to our GAAP measure, including the effects of purchase price accounting ("PPA"), restructuring costs, share-based compensation, other incidental items and certain other adjustments to financial income (expense) items. Additionally, adjustments are made for the income tax effect of any discrete items that occur in the interim period. Discrete items primarily relate to unexpected tax events that may occur as these amounts cannot be forecasted (e.g., the impact of changes in tax law and/or rates, changes in estimates or resolved tax audits relating to prior year tax provisions, the excess or deficit tax effects on share-based compensation, etc.).	The non-GAAP provision for income taxes is used to ascertain and present on a comparable basis NXP's provision for income tax after adjustments, the usefulness of which is described within this table. Additionally, the income tax effects of the adjustments to achieve the noted non-GAAP measures are used to determine NXP's non-GAAP net income (loss) attributable to stockholders and accordingly, our diluted non-GAAP earnings per share attributable to stockholders.
Free Cash Flow	Free Cash Flow represents operating cash flow adjusted for net additions to property, plant and equipment.	We believe that free cash flow provides insight into our cash-generating capability and our financial performance, and is an efficient means by which users of our financial statements can evaluate our cash flow after meeting our capital expenditure.
Net debt	Net debt represents total debt (short-term and long-term) after deduction of cash and cash equivalents and short-term deposits.	We believe this measure provides investors with useful supplemental information about the financial performance of our business, enables comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect of calculating our net leverage.

The following are reconciliations of our most comparable US GAAP measures to our non-GAAP measures presented:

(\$ in millions)	For the three months ended		
			April 2, 2023
	March 31, 2024	December 31, 2023	
GAAP gross profit	\$ 1,783	\$ 1,937	\$ 1,770
PPA effects	(12)	(13)	(13)
Restructuring	(3)	(13)	2
Share-based compensation	(15)	(14)	(13)
Other incidentals	(5)	(33)	(22)
Non-GAAP gross profit	\$ 1,818	\$ 2,010	\$ 1,816
GAAP Gross Margin	57.0 %	56.6 %	56.7 %
Non-GAAP Gross Margin	58.2 %	58.7 %	58.2 %
GAAP research and development	\$ (564)	\$ (651)	\$ (577)
Restructuring	(3)	(49)	(14)
Share-based compensation	(58)	(55)	(52)
Other incidentals	(1)	(1)	(1)
Non-GAAP research and development	\$ (502)	\$ (546)	\$ (510)
GAAP selling, general and administrative	\$ (306)	\$ (311)	\$ (280)
PPA effects	—	(1)	(1)
Restructuring	(1)	(22)	(6)
Share-based compensation	(42)	(38)	(34)
Other incidentals	(29)	(5)	(21)
Non-GAAP selling, general and administrative	\$ (234)	\$ (245)	\$ (218)
GAAP operating income (loss)	\$ 856	\$ 907	\$ 825

(\$ in millions)	For the three months ended			April 2, 2023
			March 31, 2024	
	December 31, 2023	\$ 856	\$ 907	
GAAP operating income (loss)				
PPA effects		(63)	(77)	(99)
Restructuring		(7)	(84)	(18)
Share-based compensation		(115)	(107)	(99)
Other incidentals		(39)	(44)	(44)
Non-GAAP operating income (loss)		\$ 1,080	\$ 1,219	\$ 1,085
GAAP Operating Margin		27.4 %	26.5 %	26.4 %
Non-GAAP Operating Margin		34.5 %	35.6 %	34.8 %
GAAP Income tax benefit (provision)		\$ (141)	\$ (124)	\$ (118)
Income tax effect		30	54	49
Non-GAAP Income tax benefit (provision)		\$ (171)	\$ (178)	\$ (167)

(\$ in millions)	For the three months ended			April 2, 2023
			March 31, 2024	
	December 31, 2023	\$ 851	\$ 1,137	
Net cash provided by (used for) operating activities				
Net capital expenditures on property, plant and equipment		(224)	(175)	(251)
Non-GAAP free cash flow		\$ 627	\$ 962	\$ 381

(\$ in millions)	For the three months ended			April 2, 2023
			March 31, 2024	
	December 31, 2023	\$ 10,178	\$ 10,175	
Long-term debt		\$ —	\$ 1,000	\$ 10,169
Short-term debt				998
Total debt		10,178	11,175	11,167
Less: cash and cash equivalents		(2,908)	(3,862)	(3,930)
Less: short-term deposits		(400)	(409)	—
Net debt		\$ 6,870	\$ 6,904	\$ 7,237

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the Company's market risk during the first **nine** **three** months of **2023** **2024**. For a discussion of the Company's exposure to market risk, refer to the Company's market risk disclosures set forth in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of the Chief Executive Officer and Chief Financial Officer (Certifying Officers), evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended) on **October 1, 2023** **March 31, 2024**. Based on that evaluation, the Certifying Officers concluded the Company's disclosure controls and procedures were effective as of **October 1, 2023** **March 31, 2024**.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the **three month** **three-month** period ended **October 1, 2023** **March 31, 2024**, which were identified in connection with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act that have materially affected, or

are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023**.

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

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Our Board has approved the purchase of shares from participants in NXP's equity programs to satisfy participants' tax withholding obligations and this authorization will remain in effect until terminated by the Board. In **March 2021**, the Board approved the repurchase of shares up to a maximum of **\$2 billion** (the "2021 Share Repurchase Program"), and in August 2021, the Board increased the 2021 Share Repurchase Program authorization by **\$2 billion**, for a total of **\$4 billion** approved for the repurchase of shares under the 2021 Share Repurchase Program. In January 2022, the Board approved the repurchase of shares up to a maximum of **\$2 billion** (the "2022 Share Repurchase Program"). At **October 1, 2023** **Per March 31, 2024**, there were no amounts remaining for repurchase of shares under the 2021 Share Repurchase Program and was approximately **\$1.8 billion** **\$1.2 billion** remaining for the repurchase of shares under the 2022 Share Repurchase Program.

The following share repurchase activity occurred under these programs during the three months ended **October 1, 2023** **March 31, 2024**:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Number of Shares Purchased as Part of Publicly Announced Buy Back Programs	Maximum Number of Shares That May Yet Be Purchased Under the Buy Back Program	Number of Shares Purchased as Trade for Tax (1)
July 3, 2023 – August 6, 2023	578,190	\$214.81	553,059	9,442,425	25,131
August 7, 2023 – September 3, 2023	479,618	\$204.09	479,606	9,144,414	12
September 4, 2023 – October 1, 2023	416,462	\$200.41	416,462	9,186,161	—
Total	<u>1,474,270</u>		<u>1,449,127</u>		<u>25,143</u>

Period	Total Number of Shares Purchased	Average Price Paid per Share	Number of Shares Purchased as Part of Publicly Announced Buy Back Programs	Maximum Number of Shares That May Yet Be Purchased Under the Buy Back Program	Number of Shares Purchased as Trade for Tax (1)
January 1, 2024 – February 4, 2024	559,696	\$213.42	545,629	6,605,100	14,067
February 5, 2024 – March 3, 2024	407,139	\$235.11	406,677	5,143,153	462
March 4, 2024 – March 31, 2024	356,075	\$247.02	356,075	4,990,335	—
Total	<u>1,322,910</u>		<u>1,308,381</u>		<u>14,529</u>

(1) Reflects shares surrendered by participants to satisfy tax withholding obligations in connection with the Company's equity programs.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibit Number	Exhibit Description
3.1	Articles of Association of NXP Semiconductors N.V. dated June 9, 2020 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q of NXP Semiconductors N.V., filed on July 28, 2020)
31.1*	Rule 13a-14(a) / 15d-14(a) Certification of Chief Executive Officer
31.2*	Rule 13a-14(a) / 15d-14(a) Certification of Chief Financial Officer
32.1*	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended October 1, 2023 March 31, 2024, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Statements of Operations for the three and nine months ended October 1, 2023 March 31, 2024 and October 2, 2022 April 2, 2023; (ii) Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended October 1, 2023 March 31, 2024 and October 2, 2022 April 2, 2023; (iii) Condensed Consolidated Balance Sheets as of October 1, 2023 March 31, 2024 and December 31, 2022 December 31, 2023; (iv) Condensed Consolidated Statements of Cash Flows for the nine three months ended October 1, 2023 March 31, 2024 and October 2, 2022 April 2, 2023; (v) Condensed Consolidated Statements of Changes in Equity for the three and nine months ended October 1, 2023 March 31, 2024 and October 2, 2022 April 2, 2023; and (vi) Notes to the Unaudited Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed or furnished herewith.

+ Indicates management contract or compensatory plan or arrangement.

SIGNATURE

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.

Date: **November 7, 2023** April 30, 2024

NXP Semiconductors N.V.

/s/ William J. Betz

Name: William J. Betz, CFO

Exhibit 31.1

CERTIFICATION

I, Kurt Sievers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NXP Semiconductors N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize, and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 7, 2023 April 30, 2024

By: /s/ Kurt Sievers

Kurt Sievers
President & Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, William J. Betz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NXP Semiconductors N.V.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

- a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize, and report financial information; and
- b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 7, 2023 April 30, 2024

By: /s/ William J. Betz
William J. Betz
Chief Financial Officer

Exhibit 32.1

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kurt Sievers, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of NXP Semiconductors N.V. on Form 10-Q for the period ended **October 1, 2023** **March 31, 2024** fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-Q fairly presents in all material respects the financial condition and results of operations of NXP Semiconductors N.V. at the dates and for the periods indicated.

Date: November 7, 2023 April 30, 2024

By: /s/ Kurt Sievers
Kurt Sievers
President & Chief Executive Officer

I, William J. Betz, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of NXP Semiconductors N.V. on Form 10-Q for the period ended **October 1, 2023** **March 31, 2024** fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-Q fairly presents in all material respects the financial condition and results of operations of NXP Semiconductors N.V. at the dates and for the periods indicated.

Date: November 7, 2023 April 30, 2024

By: /s/ William J. Betz
William J. Betz
Chief Financial Officer

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