

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2025

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 001-03761

TEXAS INSTRUMENTS INCORPORATED

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State of Incorporation)

12500 TI Boulevard, Dallas, Texas
(Address of principal executive offices)

75-0289970
(I.R.S. Employer Identification No.)

75243
(Zip Code)

Registrant's telephone number, including area code 214-479-3773

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--------------------------------|-------------------|---|
| Common Stock, par value \$1.00 | TXN | 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

909,137,169

Number of shares of Registrant's common stock outstanding as of
July 22, 2025

PART I - FINANCIAL INFORMATION

ITEM 1. Financial statements

| Consolidated Statements of Income (In millions, except per-share amounts) | For Three Months Ended June 30, | | For Six Months Ended June 30, | |
|--|------------------------------------|----------|----------------------------------|----------|
| | 2025 | 2024 | 2025 | 2024 |
| | Revenue | \$ 4,448 | \$ 3,822 | \$ 8,517 |
| Cost of revenue (COR) | 1,873 | 1,611 | 3,629 | 3,177 |
| Gross profit | 2,575 | 2,211 | 4,888 | 4,306 |
| Research and development (R&D) | 527 | 498 | 1,044 | 976 |
| Selling, general and administrative (SG&A) | 485 | 465 | 957 | 920 |
| Restructuring charges/other | — | — | — | (124) |
| Operating profit | 1,563 | 1,248 | 2,887 | 2,534 |
| Other income (expense), net (OI&E) | 48 | 130 | 128 | 253 |
| Interest and debt expense | 133 | 131 | 261 | 247 |
| Income before income taxes | 1,478 | 1,247 | 2,754 | 2,540 |
| Provision for income taxes | 183 | 120 | 280 | 308 |
| Net income | \$ 1,295 | \$ 1,127 | \$ 2,474 | \$ 2,232 |
| Earnings per common share (EPS): | | | | |
| Basic | \$ 1.42 | \$ 1.23 | \$ 2.71 | \$ 2.44 |
| Diluted | \$ 1.41 | \$ 1.22 | \$ 2.69 | \$ 2.42 |
| Average shares outstanding: | | | | |
| Basic | 908 | 912 | 909 | 911 |
| Diluted | 912 | 919 | 914 | 918 |

A portion of net income is allocated to unvested restricted stock units (RSUs) on which we pay dividend equivalents. Diluted EPS is calculated using the following:

| | | | | |
|--|----------|----------|----------|----------|
| Net income | \$ 1,295 | \$ 1,127 | \$ 2,474 | \$ 2,232 |
| Income allocated to RSUs | (7) | (6) | (13) | (11) |
| Income allocated to common stock for diluted EPS | \$ 1,288 | \$ 1,121 | \$ 2,461 | \$ 2,221 |

See accompanying notes.

| Consolidated Statements of Comprehensive Income (In millions) | For Three Months Ended | | For Six Months Ended | |
|---|------------------------|----------|----------------------|----------|
| | June 30, | | June 30, | |
| | 2025 | 2024 | 2025 | 2024 |
| Net income | \$ 1,295 | \$ 1,127 | \$ 2,474 | \$ 2,232 |
| Other comprehensive income (loss) | | | | |
| Net actuarial losses of defined benefit plans: | | | | |
| Adjustments, net of tax effect of \$4 and (\$1); \$7 and (\$3) | (13) | 1 | (20) | 6 |
| Recognized within net income, net of tax effect of (\$1) and (\$1); (\$2) and (\$2) | 4 | 3 | 6 | 5 |
| Derivative instruments: | | | | |
| Change in fair value, net of tax effect of \$0 and \$0; \$0 and \$0 | — | — | — | 1 |
| Available-for-sale investments: | | | | |
| Unrealized gains (losses), net of tax effect of \$0 and \$0; \$0 and \$2 | — | (1) | (2) | (7) |
| Other comprehensive income (loss), net of taxes | (9) | 3 | (16) | 5 |
| Total comprehensive income | \$ 1,286 | \$ 1,130 | \$ 2,458 | \$ 2,237 |

See accompanying notes.

| Consolidated Balance Sheets | June 30, 2025 | December 31, 2024 |
|---|------------------|----------------------|
| <i>(In millions, except par value)</i> | | |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 3,044 | \$ 3,200 |
| Short-term investments | 2,315 | 4,380 |
| Accounts receivable, net of allowances of (\$24) and (\$21) | 1,934 | 1,719 |
| Raw materials | 402 | 395 |
| Work in process | 2,429 | 2,214 |
| Finished goods | 1,981 | 1,918 |
| Inventories | 4,812 | 4,527 |
| Prepaid expenses and other current assets | 2,379 | 1,200 |
| Total current assets | 14,484 | 15,026 |
| Property, plant and equipment at cost | 16,878 | 15,254 |
| Accumulated depreciation | (4,557) | (3,907) |
| Property, plant and equipment | 12,321 | 11,347 |
| Goodwill | 4,362 | 4,362 |
| Deferred tax assets | 1,096 | 936 |
| Capitalized software licenses | 248 | 257 |
| Overfunded retirement plans | 253 | 233 |
| Other long-term assets | 2,169 | 3,348 |
| Total assets | \$ 34,933 | \$ 35,509 |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Current portion of long-term debt | \$ — | \$ 750 |
| Accounts payable | 881 | 820 |
| Accrued compensation | 595 | 839 |
| Income taxes payable | 53 | 159 |
| Accrued expenses and other liabilities | 963 | 1,075 |
| Total current liabilities | 2,492 | 3,643 |
| Long-term debt | 14,043 | 12,846 |
| Underfunded retirement plans | 122 | 110 |
| Deferred tax liabilities | 63 | 53 |
| Other long-term liabilities | 1,810 | 1,954 |
| Total liabilities | 18,530 | 18,606 |
| Stockholders' equity: | | |
| Preferred stock, \$25 par value. Shares authorized – 10; none issued | — | — |
| Common stock, \$1 par value. Shares authorized – 2,400; shares issued – 1,741 | 1,741 | 1,741 |
| Paid-in capital | 4,245 | 3,935 |
| Retained earnings | 52,249 | 52,262 |
| Treasury common stock at cost | | |
| Shares: June 30, 2025 – 832; December 31, 2024 – 830 | (41,676) | (40,895) |
| Accumulated other comprehensive income (loss), net of taxes (AOCI) | (156) | (140) |
| Total stockholders' equity | 16,403 | 16,903 |
| Total liabilities and stockholders' equity | \$ 34,933 | \$ 35,509 |

See accompanying notes.

| Consolidated Statements of Cash Flows | For Six Months Ended | |
|---|----------------------|-----------------|
| | June 30, | |
| (In millions) | 2025 | 2024 |
| Cash flows from operating activities | | |
| Net income | \$ 2,474 | \$ 2,232 |
| Adjustments to net income: | | |
| Depreciation | 884 | 709 |
| Amortization of capitalized software | 41 | 34 |
| Stock compensation | 245 | 222 |
| Gains on sales of assets | — | (126) |
| Deferred taxes | (137) | (156) |
| Increase (decrease) from changes in: | | |
| Accounts receivable | (215) | 76 |
| Inventories | (285) | (107) |
| Prepaid expenses and other current assets | (16) | (46) |
| Accounts payable and accrued expenses | (29) | 25 |
| Accrued compensation | (255) | (276) |
| Income taxes payable | 61 | 332 |
| Changes in funded status of retirement plans | (27) | 26 |
| Other | (32) | (357) |
| Cash flows from operating activities | <u>2,709</u> | <u>2,588</u> |
| Cash flows from investing activities | | |
| Capital expenditures | (2,428) | (2,312) |
| Proceeds from U.S. CHIPS and Science Act (CHIPS Act) incentives | 260 | — |
| Proceeds from asset sales | — | 194 |
| Purchases of short-term investments | (1,839) | (6,962) |
| Proceeds from short-term investments | 3,938 | 5,761 |
| Other | (13) | (10) |
| Cash flows from investing activities | <u>(82)</u> | <u>(3,329)</u> |
| Cash flows from financing activities | | |
| Proceeds from issuance of long-term debt | 1,199 | 2,980 |
| Repayment of debt | (750) | (300) |
| Dividends paid | (2,473) | (2,368) |
| Stock repurchases | (955) | (74) |
| Proceeds from common stock transactions | 233 | 313 |
| Other | (37) | (34) |
| Cash flows from financing activities | <u>(2,783)</u> | <u>517</u> |
| Net change in cash and cash equivalents | (156) | (224) |
| Cash and cash equivalents at beginning of period | 3,200 | 2,964 |
| Cash and cash equivalents at end of period | <u>\$ 3,044</u> | <u>\$ 2,740</u> |
| Supplemental cash flow information | | |
| Investment tax credit (ITC) used to reduce income taxes payable | \$ 203 | \$ 312 |
| Proceeds from CHIPS Act incentives | 260 | — |
| Total cash benefit related to the CHIPS Act | <u>\$ 463</u> | <u>\$ 312</u> |

See accompanying notes.

Notes to financial statements

1. Description of business, including segment and geographic area information

We design and manufacture semiconductors that we sell to electronics designers and manufacturers all over the world. We have two reportable segments, Analog and Embedded Processing, each of which represents groups of products that have similar design and development requirements, product characteristics and manufacturing processes. Our segments reflect how our chief operating decision maker (CODM), which is our chief executive officer, allocates resources and measures results.

- Analog semiconductors change real-world signals, such as sound, temperature, pressure or images, by conditioning them, amplifying them and often converting them to a stream of digital data that can be processed by other semiconductors, such as embedded processors. Analog semiconductors are also used to manage power in all electronic equipment by converting, distributing, storing, discharging, isolating and measuring electrical energy, whether the equipment is plugged into a wall or using a battery. Our Analog segment consists of two major product lines: Power and Signal Chain.
- Embedded Processing products are the digital “brains” of many types of electronic equipment. They are designed to handle specific tasks and can be optimized for various combinations of performance, power and cost, depending on the application.

We report the results of our remaining business activities in Other. Other includes operating segments that do not meet the quantitative thresholds for individually reportable segments and cannot be aggregated with other operating segments. Other includes DLP® products, calculators and custom ASIC products.

In Other, we also include items that are not used in evaluating the results of or in allocating resources to our segments. Examples of these items include acquisition, integration and restructuring charges, and certain corporate-level items, such as litigation expenses, environmental costs, insurance settlements, and gains and losses from other activities, including asset dispositions. We allocate the remainder of our expenses associated with corporate activities to our operating segments based on specific methodologies, such as percentage of operating expenses or headcount.

Costs incurred by our centralized manufacturing and support organizations, including depreciation, are charged to the operating segments, including those in Other, on a per-unit basis. Consequently, depreciation expense is not an independently identifiable component within the segments’ results and, therefore, is not provided.

With the exception of goodwill, we do not identify or allocate assets by operating segment, nor does the CODM evaluate operating segments using discrete asset information. We have no material intersegment revenue. The accounting policies of the segments are consistent with those described in the significant accounting policies and practices.

Segment information

| | For Three Months Ended June 30, 2025 | | | |
|--|--------------------------------------|---------------------|--------|----------|
| | Analog | Embedded Processing | Other | Total |
| Revenue | \$ 3,452 | \$ 679 | \$ 317 | \$ 4,448 |
| Cost of revenue | 1,395 | 365 | 113 | 1,873 |
| Gross profit | 2,057 | 314 | 204 | 2,575 |
| Research and development | 383 | 125 | 19 | 527 |
| Selling, general and administrative | 349 | 104 | 32 | 485 |
| Operating profit | \$ 1,325 | \$ 85 | \$ 153 | \$ 1,563 |

For Three Months Ended June 30, 2024

| | Analog | Embedded Processing | Other | Total |
|-------------------------------------|----------|---------------------|--------|----------|
| Revenue | \$ 2,928 | \$ 615 | \$ 279 | \$ 3,822 |
| Cost of revenue | 1,193 | 318 | 100 | 1,611 |
| Gross profit | 1,735 | 297 | 179 | 2,211 |
| Research and development | 360 | 117 | 21 | 498 |
| Selling, general and administrative | 328 | 100 | 37 | 465 |
| Operating profit | \$ 1,047 | \$ 80 | \$ 121 | \$ 1,248 |

For Six Months Ended June 30, 2025

| | Analog | Embedded Processing | Other | Total |
|-------------------------------------|----------|---------------------|--------|----------|
| Revenue | \$ 6,662 | \$ 1,326 | \$ 529 | \$ 8,517 |
| Cost of revenue | 2,691 | 740 | 198 | 3,629 |
| Gross profit | 3,971 | 586 | 331 | 4,888 |
| Research and development | 752 | 253 | 39 | 1,044 |
| Selling, general and administrative | 688 | 208 | 61 | 957 |
| Operating profit | \$ 2,531 | \$ 125 | \$ 231 | \$ 2,887 |

For Six Months Ended June 30, 2024

| | Analog | Embedded Processing | Other | Total |
|-------------------------------------|----------|---------------------|--------|----------|
| Revenue | \$ 5,764 | \$ 1,267 | \$ 452 | \$ 7,483 |
| Cost of revenue | 2,347 | 653 | 177 | 3,177 |
| Gross profit | 3,417 | 614 | 275 | 4,306 |
| Research and development | 709 | 231 | 36 | 976 |
| Selling, general and administrative | 653 | 198 | 69 | 920 |
| Restructuring charges/other | — | — | (124) | (124) |
| Operating profit | \$ 2,055 | \$ 185 | \$ 294 | \$ 2,534 |

Geographic area information

Our estimate for revenue based on the geographic location of our end customers' headquarters, which represents where critical decisions are made, is as follows:

| | For Three Months Ended | | | | For Six Months Ended | | | |
|------------------------------------|------------------------|--------------|-----------------|--------------|----------------------|--------------|-----------------|--------------|
| | June 30, | | | | June 30, | | | |
| | 2025 | | 2024 | | 2025 | | 2024 | |
| Revenue: | | | | | | | | |
| United States | \$ 1,707 | 38 % | \$ 1,408 | 37 % | \$ 3,225 | 38 % | \$ 2,696 | 36 % |
| China | 985 | 22 | 745 | 19 | 1,811 | 21 | 1,368 | 18 |
| Rest of Asia | 487 | 11 | 417 | 11 | 925 | 11 | 818 | 11 |
| Europe, Middle East and Africa (a) | 891 | 20 | 898 | 23 | 1,827 | 21 | 1,853 | 25 |
| Japan | 295 | 7 | 292 | 8 | 570 | 7 | 622 | 8 |
| Rest of world | 83 | 2 | 62 | 2 | 159 | 2 | 126 | 2 |
| Total revenue | <u>\$ 4,448</u> | <u>100 %</u> | <u>\$ 3,822</u> | <u>100 %</u> | <u>\$ 8,517</u> | <u>100 %</u> | <u>\$ 7,483</u> | <u>100 %</u> |

(a) Revenue from end customers headquartered in Germany was 10% and 11% in the second quarters of 2025 and 2024, respectively, and 10% and 12% in the first six months of 2025 and 2024, respectively.

2. Basis of presentation and significant accounting policies and practices
Basis of presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) and on the same basis as the audited financial statements included in our annual report on Form 10-K for the year ended December 31, 2024. The Consolidated Statements of Income, Comprehensive Income and Cash Flows for the periods ended June 30, 2025 and 2024, and the Consolidated Balance Sheet as of June 30, 2025, are not audited but reflect all adjustments that are of a normal recurring nature and are necessary for a fair statement of the results of the periods shown. Certain information and note disclosures normally included in annual consolidated financial statements have been omitted pursuant to the rules and regulations of the U.S. Securities and Exchange Commission. Because the consolidated interim financial statements do not include all of the information and notes required by GAAP for a complete set of financial statements, they should be read in conjunction with the audited consolidated financial statements and notes included in our annual report on Form 10-K for the year ended December 31, 2024. The results for the three- and six-month periods are not necessarily indicative of a full year's results.

Significant accounting policies and practices
Earnings per share (EPS)

We use the two-class method for calculating EPS because the restricted stock units (RSUs) we grant are participating securities containing nonforfeitable rights to receive dividend equivalents. Under the two-class method, a portion of net income is allocated to RSUs and excluded from the calculation of income allocated to common stock.

Computation and reconciliation of earnings per common share are as follows:

| | For Three Months Ended June 30, | | | | | |
|---|---------------------------------|------------|----------------|-----------------|------------|----------------|
| | 2025 | | | 2024 | | |
| | Net Income | Shares | EPS | Net Income | Shares | EPS |
| Basic EPS: | | | | | | |
| Net income | \$ 1,295 | | | \$ 1,127 | | |
| Income allocated to RSUs | (7) | | | (6) | | |
| Income allocated to common stock | <u>\$ 1,288</u> | <u>908</u> | <u>\$ 1.42</u> | <u>\$ 1,121</u> | <u>912</u> | <u>\$ 1.23</u> |
| Dilutive effect of stock compensation plans | | 4 | | | 7 | |
| Diluted EPS: | | | | | | |
| Net income | \$ 1,295 | | | \$ 1,127 | | |
| Income allocated to RSUs | (7) | | | (6) | | |
| Income allocated to common stock | <u>\$ 1,288</u> | <u>912</u> | <u>\$ 1.41</u> | <u>\$ 1,121</u> | <u>919</u> | <u>\$ 1.22</u> |
| | | | | | | |
| | | | | | | |
| | For Six Months Ended June 30, | | | | | |
| | 2025 | | | 2024 | | |
| | Net Income | Shares | EPS | Net Income | Shares | EPS |
| Basic EPS: | | | | | | |
| Net income | \$ 2,474 | | | \$ 2,232 | | |
| Income allocated to RSUs | (13) | | | (11) | | |
| Income allocated to common stock | <u>\$ 2,461</u> | <u>909</u> | <u>\$ 2.71</u> | <u>\$ 2,221</u> | <u>911</u> | <u>\$ 2.44</u> |
| Dilutive effect of stock compensation plans | | 5 | | | 7 | |
| Diluted EPS: | | | | | | |
| Net income | \$ 2,474 | | | \$ 2,232 | | |
| Income allocated to RSUs | (13) | | | (11) | | |
| Income allocated to common stock | <u>\$ 2,461</u> | <u>914</u> | <u>\$ 2.69</u> | <u>\$ 2,221</u> | <u>918</u> | <u>\$ 2.42</u> |

Potentially dilutive securities representing 12 million and 8 million shares of common stock that were outstanding during the second quarters of 2025 and 2024, respectively, and 12 million and 11 million shares outstanding during the first six months of 2025 and 2024, respectively, were excluded from the computation of diluted earnings per common share during these periods because their effect would have been anti-dilutive.

Derivatives and hedging

We use derivative financial instruments to manage exposure to foreign exchange risk. These instruments are primarily forward foreign currency exchange contracts, which are used as economic hedges to reduce the earnings impact that exchange rate fluctuations may have on our non-U.S. dollar net balance sheet exposures. Gains and losses from changes in the fair value of these forward foreign currency exchange contracts are credited or charged to OI&E. We do not apply hedge accounting to our foreign currency derivative instruments.

We are exposed to variability in compensation charges related to certain deferred compensation obligations to employees. We use total return swaps to economically hedge this exposure and offset the related compensation expense, recognizing changes in the fair value of the swaps and the related deferred compensation liabilities in SG&A.

In connection with the issuance of long-term debt, we may use financial derivatives such as treasury-rate lock agreements that are recognized in AOCI and amortized over the life of the related debt.

The results of these derivative transactions were not material. We do not use derivatives for speculative or trading purposes.

Fair values of financial instruments

The fair values of our derivative financial instruments were not material as of June 30, 2025. Our investments in cash equivalents, short-term investments and certain long-term investments, as well as our deferred compensation liabilities, are carried at fair value. The carrying values for other current financial assets and liabilities, such as accounts receivable and accounts payable, approximate fair value due to the short maturity of such instruments. As of June 30, 2025, the carrying value of long-term debt was \$14.04 billion, and the estimated fair value was \$13.15 billion. The estimated fair value is measured using broker-dealer quotes, which are Level 2 inputs. See Note 4 for a description of fair value and the definition of Level 2 inputs.

Changes in accounting standards – standards not yet adopted

ASU 2023-09, Improvements to Income Tax Disclosures

This standard requires disaggregated income tax disclosures on effective tax rate reconciliations and income taxes paid. ASU 2023-09 is effective for annual reporting periods beginning after December 15, 2024. As a result of adopting this guidance, certain of our income tax disclosures will be expanded.

ASU 2024-03, Disaggregation of Income Statement Expenses

This standard requires disaggregated disclosures of certain expense captions into specified categories in the notes to the financial statements. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026. We are currently evaluating the potential impact of this standard on our financial statement disclosures.

3. Income taxes

Provision for income taxes is based on the following:

| | For Three Months Ended June 30, | | For Six Months Ended June 30, | |
|--|------------------------------------|--------|----------------------------------|--------|
| | 2025 | 2024 | 2025 | 2024 |
| Taxes calculated using the estimated annual effective tax rate | \$ 199 | \$ 170 | \$ 365 | \$ 346 |
| Discrete tax items | (16) | (50) | (85) | (38) |
| Provision for income taxes | \$ 183 | \$ 120 | \$ 280 | \$ 308 |
| Effective tax rate | 12 % | 10 % | 10 % | 12 % |

The effective tax rate differs from the 21% U.S. statutory corporate tax rate due to the effect of U.S. tax benefits.

On July 4, 2025, the U.S. government enacted the One Big Beautiful Bill Act (OBBBA). The OBBBA provides changes to U.S. federal tax law, including expensing of U.S. research expenditures and eligible capital expenditures, increasing the U.S. CHIPS Act investment tax credit and changing other tax provisions. The effects of the new law are not reflected in the consolidated financial statements as of and for the period ended June 30, 2025 because the legislation was enacted in July. We are currently evaluating the effect of the legislation on our financial statements.

4. Valuation of debt and equity investments and certain liabilities

Investments measured at fair value

Money market funds, debt investments and mutual funds are stated at fair value, which is generally based on market prices or broker quotes. We classify all debt investments as available-for-sale. See *Fair-value considerations*. Unrealized gains and losses are recorded as an increase or decrease, net of taxes, in AOCI on our Consolidated Balance Sheets, and any credit losses are recorded as an allowance for credit losses with an offset recognized in OI&E in our Consolidated Statements of Income.

Our mutual funds hold a variety of debt and equity investments intended to generate returns that offset changes in certain deferred compensation liabilities. We record changes in the fair value of these mutual funds and the related deferred compensation liabilities in SG&A.

Other investments

Our other investments include equity-method investments and nonmarketable investments, which are not measured at fair value. These investments consist of interests in venture capital funds and other nonmarketable securities. Gains and losses from equity-method investments are recognized in OI&E based on our ownership share of the investee's financial results. Nonmarketable securities are measured at cost with adjustments for observable changes in price or impairments. Gains and losses on nonmarketable investments are recognized in OI&E.

Details of our investments are as follows:

| | June 30, 2025 | | | December 31, 2024 | | |
|---|---------------------------|------------------------|-----------------------|---------------------------|------------------------|-----------------------|
| | Cash and Cash Equivalents | Short-Term Investments | Long-Term Investments | Cash and Cash Equivalents | Short-Term Investments | Long-Term Investments |
| Measured at fair value: | | | | | | |
| Money market funds | \$ 682 | \$ — | \$ — | \$ 762 | \$ — | \$ — |
| Corporate obligations | 502 | 623 | — | 694 | 796 | — |
| U.S. government and agency securities | 1,334 | 1,593 | — | 752 | 3,485 | — |
| Non-U.S. government and agency securities | 149 | 99 | — | 249 | 99 | — |
| Mutual funds | — | — | 11 | — | — | 11 |
| Total | 2,667 | 2,315 | 11 | 2,457 | 4,380 | 11 |
| Other measurement basis: | | | | | | |
| Equity-method investments | — | — | 2 | — | — | 8 |
| Nonmarketable investments | — | — | 4 | — | — | 4 |
| Total | — | — | 6 | — | — | 12 |
| Cash on hand | 377 | — | — | 743 | — | — |
| Total | \$ 3,044 | \$ 2,315 | \$ 17 | \$ 3,200 | \$ 4,380 | \$ 23 |

As of June 30, 2025, and December 31, 2024, unrealized gains and losses associated with our debt investments were not material. We did not recognize any credit losses related to debt investments for the first six months of 2025 and 2024.

The following table presents the aggregate maturities of our debt investments as of June 30, 2025:

| | Fair Value |
|------------------|------------|
| One year or less | \$ 3,750 |
| One to two years | 550 |

Proceeds from sales, redemptions and maturities of short-term debt investments were \$1.13 billion and \$3.13 billion for the second quarters of 2025 and 2024, respectively, and \$3.94 billion and \$5.76 billion for the first six months of 2025 and 2024, respectively. Gross realized gains and losses from these sales were not material.

Fair-value considerations

We measure and report certain financial assets and liabilities at fair value on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date.

The three-level hierarchy described below indicates the inputs used to estimate fair-value measurements.

- *Level 1* – Uses unadjusted quoted prices that are available in active markets for identical assets or liabilities as of the measurement date.
- *Level 2* – Uses inputs other than Level 1 that are either directly or indirectly observable as of the measurement date through correlation with market data. Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active and models or other pricing methodologies that do not require significant judgment. We utilize a third-party data service to provide Level 2 valuations, and we verify these valuations for reasonableness.
- *Level 3* – Uses inputs that are unobservable, supported by little or no market activity and reflect the use of significant management judgment. As of June 30, 2025, and December 31, 2024, we had no Level 3 assets or liabilities.

The following are our assets and liabilities that were accounted for at fair value on a recurring basis. These tables do not include cash on hand, assets held by our postretirement plans, or assets and liabilities that are measured at historical cost or any basis other than fair value.

| | June 30, 2025 | | | December 31, 2024 | | |
|---|-----------------|-----------------|-----------------|-------------------|-----------------|-----------------|
| | Level 1 | Level 2 | Total | Level 1 | Level 2 | Total |
| Assets: | | | | | | |
| Money market funds | \$ 682 | \$ — | \$ 682 | \$ 762 | \$ — | \$ 762 |
| Corporate obligations | — | 1,125 | 1,125 | — | 1,490 | 1,490 |
| U.S. government and agency securities | 2,130 | 797 | 2,927 | 2,591 | 1,646 | 4,237 |
| Non-U.S. government and agency securities | — | 248 | 248 | — | 348 | 348 |
| Mutual funds | 11 | — | 11 | 11 | — | 11 |
| Total assets | \$ 2,823 | \$ 2,170 | \$ 4,993 | \$ 3,364 | \$ 3,484 | \$ 6,848 |
| Liabilities: | | | | | | |
| Deferred compensation | \$ 445 | \$ — | \$ 445 | \$ 443 | \$ — | \$ 443 |
| Total liabilities | \$ 445 | \$ — | \$ 445 | \$ 443 | \$ — | \$ 443 |

5. Postretirement benefit plans

Expenses related to defined benefit and retiree health care benefit plans are as follows:

| For Three Months Ended June 30, | U.S. Defined Benefit | | U.S. Retiree Health Care | | Non-U.S. Defined Benefit | |
|--|----------------------|------|--------------------------|--------|--------------------------|------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Service cost | \$ 2 | \$ 2 | \$ 1 | \$ 1 | \$ 3 | \$ 4 |
| Interest cost | 7 | 6 | 3 | 3 | 15 | 13 |
| Expected return on plan assets | (6) | (5) | (3) | (6) | (17) | (19) |
| Recognized net actuarial losses (gains) | 2 | 1 | (1) | — | 1 | 3 |
| Net periodic benefit costs (credits) | 5 | 4 | — | (2) | 2 | 1 |
| Settlement losses | 3 | — | — | — | — | — |
| Total, including other postretirement losses (gains) | \$ 8 | \$ 4 | \$ — | \$ (2) | \$ 2 | \$ 1 |

| For Six Months Ended June 30, | U.S. Defined Benefit | | U.S. Retiree Health Care | | Non-U.S. Defined Benefit | |
|--|----------------------|------|--------------------------|--------|--------------------------|------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Service cost | \$ 4 | \$ 4 | \$ 1 | \$ 1 | \$ 7 | \$ 8 |
| Interest cost | 13 | 12 | 6 | 6 | 29 | 27 |
| Expected return on plan assets | (10) | (11) | (6) | (9) | (35) | (38) |
| Recognized net actuarial losses (gains) | 4 | 2 | (1) | (1) | 2 | 6 |
| Net periodic benefit costs (credits) | 11 | 7 | — | (3) | 3 | 3 |
| Settlement losses | 3 | — | — | — | — | — |
| Total, including other postretirement losses (gains) | \$ 14 | \$ 7 | \$ — | \$ (3) | \$ 3 | \$ 3 |

6. Debt and lines of credit
Short-term borrowings

We maintain a line of credit to provide additional liquidity through bank loans and, if necessary, to support commercial paper borrowings. As of June 30, 2025, the aforementioned line of credit was a variable-rate, revolving credit facility from a consortium of investment-grade banks that allows us to borrow up to \$1 billion until March 2026. The interest rate on borrowings under this credit facility, if drawn, is indexed to the applicable Term Secured Overnight Financing Rate (Term SOFR). As of June 30, 2025, our credit facility was undrawn, and we had no commercial paper outstanding.

Long-term debt

In May 2025, we issued two series of senior unsecured notes for an aggregate principal amount of \$1.20 billion, consisting of \$550 million of 4.50% notes due in 2030 and \$650 million of 5.10% notes due in 2035. We incurred \$6 million of issuance and other related costs. The proceeds of the offering were \$1.20 billion, net of the original issuance discounts, which will be used for general corporate purposes.

In March 2025, we retired \$750 million of maturing debt.

Long-term debt outstanding is as follows:

| | June 30, 2025 | December 31, 2024 |
|--|------------------|----------------------|
| Notes due 2025 at 1.375% | \$ — | \$ 750 |
| Notes due 2026 at 1.125% | 500 | 500 |
| Notes due 2027 at 4.60% | 650 | 650 |
| Notes due 2027 at 2.90% | 500 | 500 |
| Notes due 2028 at 4.60% | 700 | 700 |
| Notes due 2029 at 4.60% | 650 | 650 |
| Notes due 2029 at 2.25% | 750 | 750 |
| Notes due 2030 at 1.75% | 750 | 750 |
| Notes due 2030 at 4.50% | 550 | — |
| Notes due 2031 at 1.90% | 500 | 500 |
| Notes due 2032 at 3.65% | 400 | 400 |
| Notes due 2033 at 4.90% | 950 | 950 |
| Notes due 2034 at 4.85% | 600 | 600 |
| Notes due 2035 at 5.10% | 650 | — |
| Notes due 2039 at 3.875% | 750 | 750 |
| Notes due 2048 at 4.15% | 1,500 | 1,500 |
| Notes due 2051 at 2.70% | 500 | 500 |
| Notes due 2052 at 4.10% | 300 | 300 |
| Notes due 2053 at 5.00% | 650 | 650 |
| Notes due 2054 at 5.15% | 750 | 750 |
| Notes due 2063 at 5.05% | 1,550 | 1,550 |
| Total debt | 14,150 | 13,700 |
| Net unamortized discounts, premiums and issuance costs | (107) | (104) |
| Total debt, including net unamortized discounts, premiums and issuance costs | 14,043 | 13,596 |
| Current portion of long-term debt | — | (750) |
| Long-term debt | \$ 14,043 | \$ 12,846 |

Interest and debt expense was \$133 million and \$131 million for the second quarters of 2025 and 2024, respectively, and \$261 million and \$247 million for the first six months of 2025 and 2024, respectively. This was net of the amortized discounts, premiums and issuance and other related costs. Capitalized interest was \$2 million and \$5 million for the second quarters of 2025 and 2024, respectively, and \$6 million and \$11 million for the first six months of 2025 and 2024, respectively.

7. Stockholders' equity

Changes in equity are as follows:

| | Common Stock | Paid-in Capital | Retained Earnings | Treasury Common Stock | AOCI |
|--|-----------------|-----------------|-------------------|-----------------------|-----------------|
| Balance, December 31, 2024 | \$ 1,741 | \$ 3,935 | \$ 52,262 | \$ (40,895) | \$ (140) |
| 2025 | | | | | |
| Net income | — | — | 1,179 | — | — |
| Dividends declared and paid (\$1.36 per share) | — | — | (1,238) | — | — |
| Common stock issued for stock-based awards | — | 8 | — | 110 | — |
| Stock repurchases | — | — | — | (657) | — |
| Stock compensation | — | 116 | — | — | — |
| Other comprehensive income (loss), net of taxes | — | — | — | — | (7) |
| Dividend equivalents on RSUs | — | — | (7) | — | — |
| Other | — | (1) | — | — | — |
| Balance, March 31, 2025 | 1,741 | 4,058 | 52,196 | (41,442) | (147) |
| Net income | — | — | 1,295 | — | — |
| Dividends declared and paid (\$1.36 per share) | — | — | (1,235) | — | — |
| Common stock issued for stock-based awards | — | 59 | — | 56 | — |
| Stock repurchases | — | — | — | (290) | — |
| Stock compensation | — | 129 | — | — | — |
| Other comprehensive income (loss), net of taxes | — | — | — | — | (9) |
| Dividend equivalents on RSUs | — | — | (7) | — | — |
| Other | — | (1) | — | — | — |
| Balance, June 30, 2025 | \$ 1,741 | \$ 4,245 | \$ 52,249 | \$ (41,676) | \$ (156) |

TEXAS INSTRUMENTS INCORPORATED AND SUBSIDIARIES

| | Common Stock | Paid-in Capital | Retained Earnings | Treasury Common Stock | AOCI |
|---|-----------------|-----------------|-------------------|-----------------------|-----------------|
| Balance, December 31, 2023 | \$ 1,741 | \$ 3,362 | \$ 52,283 | \$ (40,284) | \$ (205) |
| 2024 | | | | | |
| Net income | — | — | 1,105 | — | — |
| Dividends declared and paid (\$1.30 per share) | — | — | (1,183) | — | — |
| Common stock issued for stock-based awards | — | (29) | — | 94 | — |
| Stock repurchases | — | — | — | (3) | — |
| Stock compensation | — | 106 | — | — | — |
| Other comprehensive income (loss), net of taxes | — | — | — | — | 2 |
| Dividend equivalents on RSUs | — | — | (7) | — | — |
| Other | — | — | 1 | — | — |
| Balance, March 31, 2024 | <u>1,741</u> | <u>3,439</u> | <u>52,199</u> | <u>(40,193)</u> | <u>(203)</u> |
| Net income | — | — | 1,127 | — | — |
| Dividends declared and paid (\$1.30 per share) | — | — | (1,185) | — | — |
| Common stock issued for stock-based awards | — | 111 | — | 137 | — |
| Stock repurchases | — | — | — | (72) | — |
| Stock compensation | — | 116 | — | — | — |
| Other comprehensive income (loss), net of taxes | — | — | — | — | 3 |
| Dividend equivalents on RSUs | — | — | (6) | — | — |
| Balance, June 30, 2024 | <u>\$ 1,741</u> | <u>\$ 3,666</u> | <u>\$ 52,135</u> | <u>\$ (40,128)</u> | <u>\$ (200)</u> |

8. Contingencies
Indemnification guarantees

We routinely sell products with an intellectual property indemnification included in the terms of sale. Historically, we have had only minimal, infrequent losses associated with these indemnities. Consequently, we cannot reasonably estimate any future liabilities that may result.

Warranty costs/product liabilities

Our stated warranties for semiconductor products obligate us to repair, replace or credit the purchase price of a covered product back to the buyer. Product claim consideration may exceed the price of our products. Historically, we have experienced a low rate of payments on product claims. Although we cannot predict the likelihood or amount of any future claims, we do not believe they will have a material adverse effect on our consolidated financial statements. We accrue for known product-related claims if a loss is probable and can be reasonably estimated. During the periods presented, there have been no material accruals or payments regarding product warranty or product liability.

General

We are subject to various legal and administrative proceedings. Although it is not possible to predict the outcome of these matters, we believe that the results of these proceedings will not have a material adverse effect on our consolidated financial statements.

9. Supplemental financial information

Prepaid expenses and other current assets

| | June 30, 2025 | December 31, 2024 |
|----------------------|------------------|----------------------|
| CHIPS Act incentives | \$ 2,025 | \$ 904 |
| Other | 354 | 296 |
| Total | \$ 2,379 | \$ 1,200 |

Other long-term assets

| | June 30, 2025 | December 31, 2024 |
|----------------------|------------------|----------------------|
| CHIPS Act incentives | \$ 1,058 | \$ 2,246 |
| Other | 1,111 | 1,102 |
| Total | \$ 2,169 | \$ 3,348 |

Details on amounts reclassified out of accumulated other comprehensive income (loss), net of taxes, to net income

Our Consolidated Statements of Comprehensive Income include items that have been recognized within net income during the second quarters and first six months of 2025 and 2024. The table below details where these transactions are recorded in our Consolidated Statements of Income.

| | For Three Months Ended | | For Six Months Ended | | Impact to Related Statement of Income Lines |
|---|------------------------|-------------|----------------------|-------------|--|
| | June 30, | | June 30, | | |
| | 2025 | 2024 | 2025 | 2024 | |
| Net actuarial losses of defined benefit plans: | | | | | |
| Recognized net actuarial losses and settlement losses (a) | \$ 5 | \$ 4 | \$ 8 | \$ 7 | Decrease to OI&E |
| Tax effect | (1) | (1) | (2) | (2) | Decrease to provision for income taxes |
| Recognized within net income, net of taxes | <u>\$ 4</u> | <u>\$ 3</u> | <u>\$ 6</u> | <u>\$ 5</u> | Decrease to net income |

(a) Detailed in Note 5

Effect on shares outstanding and treasury shares

The following table reflects the changes in treasury shares:

| | 2025 |
|---|------------|
| Balance, January 1 | 830 |
| Repurchases | 4 |
| Shares issued for stock compensation | (2) |
| Balance, March 31 | 832 |
| Repurchases | 1 |
| Shares issued for stock compensation | (1) |
| Balance, June 30 | 832 |

ITEM 2. Management's discussion and analysis of financial condition and results of operations

Overview

We design and manufacture semiconductors that we sell to electronics designers and manufacturers all over the world. Technology is the foundation of our company, but ultimately, our objective and the best metric for owners to measure our progress is through the growth of free cash flow per share over the long term.

Our strategy to maximize long-term free cash flow per share growth has three elements:

1. A great business model that is focused on analog and embedded processing products and built around four sustainable competitive advantages. The four sustainable competitive advantages are powerful in combination and provide tangible benefits:
 - (a) A strong foundation of manufacturing and technology that provides lower costs and greater control of our supply chain.
 - (b) A broad portfolio of analog and embedded processing products that offers more opportunity per customer and more value for our investments.
 - (c) The reach of our market channels that gives access to more customers and more of their design projects, leading to the opportunity to sell more of our products into each design and gives us better insight and knowledge of customer needs.
 - (d) Diversity and longevity of our products, markets and customer positions that provide less single point dependency and longer returns on our investments.

Together, these competitive advantages help position TI in a unique class of companies capable of generating and returning significant amounts of cash for our owners. We make our investments with an eye towards long-term strengthening and leveraging of these advantages.

2. Discipline in allocating capital to the best opportunities. This spans how we select R&D projects, develop new capabilities, invest in manufacturing capacity or how we think about acquisitions and returning cash to our owners.
3. Efficiency, which means constantly striving for more output for every dollar spent.

We believe that our business model with the combined effect of our four competitive advantages sets TI apart from our peers and will for a long time to come. We will invest to strengthen our competitive advantages, be disciplined in capital allocation and stay diligent in our pursuit of efficiencies. Finally, we will remain focused on the belief that long-term growth of free cash flow per share is the ultimate measure to generate value.

Market and business characteristics

Markets for our products

The major markets for our products are industrial, automotive, personal electronics, enterprise systems, communications equipment and other. See our 2024 Form 10-K for more information.

Market cycle

The "semiconductor cycle" refers to the ebb and flow of supply and demand and the building and depleting of inventories. The semiconductor market historically has been characterized by periods of tight supply caused by strengthening demand and/or insufficient manufacturing capacity, followed by periods of surplus inventory caused by weakening demand and/or excess manufacturing capacity. These are typically referred to as upturns and downturns in the semiconductor cycle. Semiconductor cycles are affected by the significant time and money required to build and maintain semiconductor manufacturing facilities.

Seasonality

Our revenue is subject to some seasonal variation. Historically, our sequential revenue growth rate tends to be weaker in the first and fourth quarters when compared with the second and third quarters.

Manufacturing

We invest to make manufacturing and technology a core competitive advantage. The strategic decision to own our manufacturing, process and packaging technology provides us with tangible benefits of lower manufacturing costs and greater control of our supply chain and provides our customers with geopolitically dependable capacity. We own and operate both wafer fabrication and assembly/test facilities in North America, Asia, Japan and Europe. We have focused on creating a competitive structural cost advantage by investing in our 300mm wafer production, which describes the diameter of the wafer on which our chips are produced, and costs about 40% less than a chip built on a 200mm wafer. In addition, we selectively use capacity of outside suppliers, commonly known as foundries and subcontractors.

We continue to invest to strengthen our competitive advantage in manufacturing and technology as part of our long-term capacity plan. We are now mostly through a six-year elevated capital expenditures cycle that, when completed, will uniquely position TI to deliver dependable, low-cost 300mm capacity, scalability of capital expenditures, including capacity modularity, and free cash flow per share growth across a range of market conditions.

With our planned capacity expansions to support demand over time, we expect our internal sourcing to continue to increase. As our Lehi, Utah, manufacturing facility is in the early ramping stages, Embedded Processing is disproportionately impacted by costs associated with the site's capacity expansion. We expect to continue to maintain sufficient internal manufacturing capacity to meet the majority of our production needs and to obtain manufacturing equipment to support new technology developments and revenue growth.

Inventory

Our objectives for inventory are to maintain high levels of customer service, maintain dependable and competitive lead times, minimize inventory obsolescence and improve manufacturing asset utilization. To meet these objectives and to allow greater flexibility in periods of high demand, our strategy is to build ahead of demand our broad-based products that are used across a diverse set of applications and customers and have low risk of obsolescence. Inventory levels will vary based on market conditions and seasonality.

Results of operations

Management's discussion and analysis of financial condition and results of operations (MD&A) should be read in conjunction with the financial statements and the related notes that appear elsewhere in this document. In the following discussion of our results of operations:

- Our segments represent groups of similar products that are combined on the basis of similar design and development requirements, product characteristics, manufacturing processes and distribution channels, and how management allocates resources and measures results. See Note 1 to the financial statements for more information regarding our segments.
- When we discuss our results:
 - Unless otherwise noted, changes in our revenue are attributable to changes in customer demand, which are evidenced by fluctuations in shipment volumes.
 - New products do not tend to have a significant impact on our revenue in any given period because we sell such a large number of products.
 - From time to time, our revenue and gross profit are affected by changes in demand for higher-priced or lower-priced products, which we refer to as changes in the "mix" of products shipped.
 - Because we own much of our manufacturing capacity, a significant portion of our operating cost is fixed. When factory loadings decrease, our fixed costs are spread over reduced output and, absent other circumstances, our profit margins decrease. Conversely, as factory loadings increase, our fixed costs are spread over increased output and, absent other circumstances, our profit margins increase.
- For an explanation of free cash flow, see the Non-GAAP financial information section.
- All dollar amounts in the tables are stated in millions of U.S. dollars.

Performance summary

Our second quarter revenue was \$4.45 billion, net income was \$1.30 billion and earnings per share (EPS) were \$1.41.

Revenue increased 9% sequentially, led by continued broad recovery in industrial, and 16% from the same quarter a year ago.

Our cash flow from operations of \$6.4 billion for the trailing 12 months again underscored the strength of our business model, the quality of our product portfolio and the benefit of 300mm production. Free cash flow for the same period was \$1.8 billion.

Over the past 12 months we invested \$3.9 billion in R&D and SG&A, invested \$4.9 billion in capital expenditures and returned \$6.7 billion to shareholders.

Macroeconomic factors

We believe tariffs and geopolitics are disrupting and reshaping global supply chains and affecting customer order behavior. Our global manufacturing capabilities enable us to support our customers' needs. We also believe the semiconductor cycle recovery is continuing, while customer inventories remain at low levels.

U.S. legislative update

On July 4, 2025, the U.S. government enacted the One Big Beautiful Bill Act (OBBBA). The OBBBA provides changes to U.S. federal tax law, including expensing of U.S. research expenditures and eligible capital expenditures, increasing the U.S. CHIPS and Science Act (CHIPS Act) investment tax credit (ITC) and changing other tax provisions. The new law did not impact our financial condition and results of operations during the second quarter. We are currently evaluating the impact of the legislation on future periods. Based on our initial assessment, the changes are expected to result in a higher effective tax rate in the third quarter and full year 2025. For 2026 and beyond, we expect the effective tax rate to be lower than it would have been under prior tax law. Additionally, we expect tax-related cash payments to be lower for the next several years as a result of the changes.

Details of financial results – second quarter 2025 compared with second quarter 2024

Revenue of \$4.45 billion increased \$626 million, or 16%, due to higher revenue from increased demand in our Analog segment and, to a lesser extent, in our Embedded Processing segment, which were both impacted by the macroeconomic factors discussed above.

Gross profit of \$2.58 billion was up \$364 million, or 16%, due to higher revenue. Our gross profit also benefited from reduced manufacturing costs related to increased factory loadings, offset by costs associated with our planned capacity expansions. As a percentage of revenue, gross profit increased to 57.9% from 57.8%.

Operating expenses (R&D and SG&A) were \$1.01 billion compared with \$963 million.

Operating profit was \$1.56 billion, or 35.1% of revenue, compared with \$1.25 billion, or 32.7% of revenue. This increase was primarily due to higher revenue and associated gross profit.

OI&E was \$48 million of income compared with \$130 million of income. This decrease was due to lower interest income.

Interest and debt expense of \$133 million increased \$2 million. See Note 6 to the financial statements.

Our provision for income taxes was \$183 million compared with \$120 million. This increase was due to higher income before income taxes and lower discrete tax benefits of \$34 million, due to stock-based compensation. Our effective tax rate, which includes discrete tax items, was 12% compared with 10%.

Net income was \$1.30 billion compared with \$1.13 billion. EPS was \$1.41 compared with \$1.22.

Second quarter 2025 segment results

Our segment results compared with the year-ago quarter are as follows:

Analog (includes Power and Signal Chain product lines)

| | Q2 2025 | Q2 2024 | Change |
|-------------------------------|----------|----------|--------|
| Revenue | \$ 3,452 | \$ 2,928 | 18 % |
| Operating profit | 1,325 | 1,047 | 27 % |
| Operating profit % of revenue | 38.4 % | 35.8 % | |

Analog revenue increased in Power and, to a lesser extent, Signal Chain, due to higher demand, which was impacted by the macroeconomic factors discussed above. Operating profit increased primarily due to higher revenue and associated gross profit.

Embedded Processing (includes microcontrollers and processors)

| | Q2 2025 | Q2 2024 | Change |
|-------------------------------|---------|---------|--------|
| Revenue | \$ 679 | \$ 615 | 10 % |
| Operating profit | 85 | 80 | 6 % |
| Operating profit % of revenue | 12.5 % | 13.0 % | |

Embedded Processing revenue increased due to higher demand, which was impacted by the macroeconomic factors discussed above. Operating profit increased primarily due to higher revenue, partially offset by increased manufacturing costs and R&D expenses.

Other (includes DLP® products, calculators and custom ASIC products)

| | Q2 2025 | Q2 2024 | Change |
|-------------------------------|---------|---------|--------|
| Revenue | \$ 317 | \$ 279 | 14 % |
| Operating profit | 153 | 121 | 26 % |
| Operating profit % of revenue | 48.3 % | 43.4 % | |

Other revenue increased \$38 million, and operating profit increased \$32 million.

Details of financial results – first six months of 2025 compared with first six months of 2024

Revenue of \$8.52 billion increased \$1.03 billion, or 14%, due to higher revenue from increased demand in our Analog segment and, to a lesser extent, in our Embedded Processing segment, which were both impacted by the macroeconomic factors discussed above.

Gross profit of \$4.89 billion was up \$582 million, or 14%, due to higher revenue. Our gross profit also benefited from reduced manufacturing costs related to increased factory loadings, partially offset by costs associated with our planned capacity expansions. As a percentage of revenue, gross profit decreased to 57.4% from 57.5%.

Operating expenses were \$2.00 billion compared with \$1.90 billion.

Restructuring charges/other in the year-ago period was a credit of \$124 million primarily due to a gain on the sale of a property during 2024.

Operating profit was \$2.89 billion, or 33.9% of revenue, compared with \$2.53 billion, or 33.9% of revenue. This increase was primarily due to higher revenue and associated gross profit.

OI&E was \$128 million of income compared with \$253 million of income. This decrease was due to lower interest income.

Interest and debt expense of \$261 million increased \$14 million.

Our provision for income taxes was \$280 million compared with \$308 million. This decrease was due to higher discrete tax benefits of \$47 million, primarily related to our non-U.S. operations, partially offset by higher income before income taxes. Our effective tax rate, which includes discrete tax items, was 10% compared with 12%.

Net income was \$2.47 billion compared with \$2.23 billion. EPS was \$2.69 compared with \$2.42.

Year-to-date segment results

Our segment results compared with the year-ago period are as follows:

Analog

| | YTD 2025 | YTD 2024 | Change |
|-------------------------------|----------|----------|--------|
| Revenue | \$ 6,662 | \$ 5,764 | 16 % |
| Operating profit | 2,531 | 2,055 | 23 % |
| Operating profit % of revenue | 38.0 % | 35.7 % | |

Analog revenue increased in Power and, to a lesser extent, Signal Chain, due to higher demand, which was impacted by the macroeconomic factors discussed above. Operating profit increased primarily due to higher revenue and associated gross profit.

Embedded Processing

| | YTD 2025 | YTD 2024 | Change |
|-------------------------------|----------|----------|--------|
| Revenue | \$ 1,326 | \$ 1,267 | 5 % |
| Operating profit | 125 | 185 | (32)% |
| Operating profit % of revenue | 9.4 % | 14.6 % | |

Embedded Processing revenue increased due to higher demand, which was impacted by the macroeconomic factors discussed above. Operating profit decreased primarily due to higher manufacturing costs and R&D expenses, partially offset by higher revenue.

Other

| | YTD 2025 | YTD 2024 | Change |
|-------------------------------|----------|----------|--------|
| Revenue | \$ 529 | \$ 452 | 17 % |
| Operating profit * | 231 | 294 | (21)% |
| Operating profit % of revenue | 43.7 % | 65.0 % | |

* Includes Restructuring charges/other

Other revenue increased \$77 million, and operating profit decreased \$63 million.

Financial condition

At the end of the second quarter of 2025, total cash (cash and cash equivalents plus short-term investments) was \$5.36 billion, a decrease of \$2.22 billion from the end of 2024.

Accounts receivable were \$1.93 billion, an increase of \$215 million compared with the end of 2024. Days sales outstanding were 39 for both the second quarter of 2025 and at the end of 2024.

Inventory was \$4.81 billion, an increase of \$285 million from the end of 2024. Days of inventory for the second quarter of 2025 were 231 compared with 241 at the end of 2024, which reflects the continued execution of our inventory strategy.

Liquidity and capital resources

Our primary source of liquidity is cash flow from operations. Additional sources of liquidity are cash and cash equivalents, short-term investments and access to debt markets. We also have a variable-rate, revolving credit facility. As of June 30, 2025, our credit facility was undrawn, and we had no commercial paper outstanding. Cash flows from operating activities for the first six months of 2025 were \$2.71 billion, an increase of \$121 million from the year-ago period primarily due to higher net income and non-cash items, partially offset by higher cash used for working capital. Cash flows from operating activities for the first six months of 2025 and 2024 includes cash benefits of \$203 million and \$312 million, respectively, from the CHIPS Act ITC used to reduce income taxes payable.

Investing activities for the first six months of 2025 used \$82 million compared with \$3.33 billion in the year-ago period. Capital expenditures were \$2.43 billion compared with \$2.31 billion in the year-ago period and were primarily for semiconductor manufacturing equipment and facilities in both periods. In 2025, we received proceeds of \$260 million from CHIPS Act incentives. Short-term investments provided cash of \$2.10 billion compared with \$1.20 billion of cash used in the year-ago period.

We are now mostly through a six-year elevated capital expenditures cycle, and consistent with our capital management strategy, we are currently evaluating our capital expenditure levels to determine if they will remain at elevated levels in 2026 and beyond, dependent on revenue and growth expectations. For qualifying manufacturing investments, we expect to benefit from the 25% ITC established by the CHIPS Act, as well as direct funding of up to \$1.6 billion for our three large-scale 300mm wafer fabs currently under construction in Sherman, Texas, and Lehi, Utah. The U.S. tax law changes within the OBBBA included an increase to the CHIPS Act ITC from 25% to 35% for qualifying manufacturing investments placed in service after December 31, 2025.

Financing activities for the first six months of 2025 used \$2.78 billion compared with \$517 million of cash provided in the year-ago period. In 2025, we received net proceeds of \$1.20 billion from the issuance of fixed-rate, long-term debt and retired maturing debt of \$750 million. In the year-ago period, we received net proceeds of \$2.98 billion from the issuance of fixed-rate, long-term debt and retired maturing debt of \$300 million. Dividends paid were \$2.47 billion compared with \$2.37 billion in the year-ago period, reflecting an increased dividend rate. We used \$955 million to repurchase 5.4 million shares of our common stock compared with \$74 million to repurchase 0.4 million shares in the year-ago period. Employee exercises of stock options provided cash proceeds of \$233 million compared with \$313 million in the year-ago period.

We had \$3.04 billion of cash and cash equivalents and \$2.32 billion of short-term investments as of June 30, 2025. We believe we have the necessary financial resources and operating plans to fund our working capital needs, capital expenditures, dividend and debt-related payments, and other business requirements for at least the next 12 months.

Non-GAAP financial information

This MD&A includes references to free cash flow and ratios based on that measure. These are financial measures that were not prepared in accordance with generally accepted accounting principles in the United States (GAAP). Free cash flow is calculated as cash flows from operating activities (also referred to as cash flow from operations) less capital expenditures, plus proceeds from CHIPS Act incentives.

We believe that free cash flow and the associated ratios provide insight into our liquidity, our cash-generating capability and the amount of cash potentially available to return to shareholders, as well as insight into our financial performance. These non-GAAP measures are supplemental to the comparable GAAP measures.

Reconciliation to the most directly comparable GAAP measures is provided in the table below.

| | For 12 Months Ended | | Change |
|---|---------------------|-----------|--------|
| | June 30, | | |
| | 2025 | 2024 | |
| Cash flow from operations (GAAP) * | \$ 6,439 | \$ 6,449 | 0 % |
| Capital expenditures | (4,936) | (4,955) | |
| Proceeds from CHIPS Act incentives | 260 | — | |
| Free cash flow (non-GAAP) | \$ 1,763 | \$ 1,494 | 18 % |
| Revenue | \$ 16,675 | \$ 16,092 | |
| Cash flow from operations as a percentage of revenue (GAAP) | 38.6 % | 40.1 % | |
| Free cash flow as a percentage of revenue (non-GAAP) | 10.6 % | 9.3 % | |

* Includes cash benefits of \$479 million and \$312 million from the CHIPS Act ITC used to reduce income taxes payable for the twelve months ended June 30, 2025 and 2024, respectively

ITEM 4. Controls and procedures

An evaluation as of the end of the period covered by this report was carried out under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that those disclosure controls and procedures were effective. In addition, there has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. Legal proceedings

Information with respect to legal proceedings can be found in Note 8 to the financial statements.

Pursuant to SEC regulation, we have elected to use a disclosure threshold of \$1 million in monetary sanctions for environmental proceedings involving a governmental authority.

ITEM 1A. Risk factors

Information concerning our risk factors is contained in Item 1A of our Form 10-K for the year ended December 31, 2024, and is incorporated by reference herein.

ITEM 2. Unregistered sales of equity securities and use of proceeds

The following table contains information regarding our purchases of our common stock during the quarter.

ISSUER PURCHASES OF EQUITY SECURITIES

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (a) | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (a) |
|--------------------|----------------------------------|------------------------------|--|--|
| April 1 - 30, 2025 | 1,645,087 | \$ 155.77 | 1,645,087 | \$ 19.35 billion |
| May 1 - 31, 2025 | 202,679 | 164.47 | 202,679 | 19.31 billion |
| June 1 - 30, 2025 | — | — | — | 19.31 billion (b) |
| Total | <u>1,847,766</u> | | <u>1,847,766</u> | |

(a) All open-market purchases during the quarter were made under the authorizations from our board of directors to purchase up to \$12.0 billion and \$15.0 billion of additional shares of TI common stock announced September 20, 2018, and September 15, 2022, respectively.

(b) As of June 30, 2025, this amount consisted of the remaining portion of the \$12.0 billion authorized in September 2018 and the \$15.0 billion authorized in September 2022. No expiration date has been specified for these authorizations.

ITEM 6. Exhibits

| Designation of Exhibits in This Report | Description of Exhibit |
|--|--|
| 3(a) | Restated Certificate of Incorporation of the Registrant, dated April 18, 1985, as amended (incorporated by reference to Exhibit 3(a) of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2014). |
| 3(b) | By-Laws of the Registrant (incorporated by reference to Exhibit 3 of the Registrant's Current Report on Form 8-K filed January 26, 2022). |
| 4(a) | Officers' Certificate, dated May 23, 2025 (incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K filed May 23, 2025). |
| 31(a) | Certification of Chief Executive Officer of Periodic Report Pursuant to Rule 13a-14(a) or Rule 15d-14(a).† |
| 31(b) | Certification of Chief Financial Officer of Periodic Report Pursuant to Rule 13a-14(a) or Rule 15d-14(a).† |
| 32(a) | Certification by Chief Executive Officer of Periodic Report Pursuant to 18 U.S.C. Section 1350.† |
| 32(b) | Certification by Chief Financial Officer of Periodic Report Pursuant to 18 U.S.C. Section 1350.† |
| 101.ins | XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.† |
| 101.def | XBRL Taxonomy Extension Definition Linkbase Document.† |
| 101.sch | XBRL Taxonomy Extension Schema Document.† |
| 101.cal | XBRL Taxonomy Extension Calculation Linkbase Document.† |
| 101.lab | XBRL Taxonomy Extension Label Linkbase Document.† |
| 101.pre | XBRL Taxonomy Extension Presentation Linkbase Document.† |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document).† |

† Filed or furnished herewith.

Notice regarding forward-looking statements

This report includes forward-looking statements intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally can be identified by phrases such as TI or its management “believes,” “expects,” “anticipates,” “foresees,” “forecasts,” “estimates” or other words or phrases of similar import. Similarly, statements herein that describe TI’s business strategy, outlook, objectives, plans, intentions or goals also are forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those in forward-looking statements.

We urge you to carefully consider the following important factors that could cause actual results to differ materially from the expectations of TI or our management:

- Economic, social and political conditions, and natural events in the countries in which we, our customers or our suppliers operate, including global trade policies;
- Market demand for semiconductors, particularly in the industrial and automotive markets, and customer demand that differs from forecasts;
- Our ability to compete in products and prices in an intensely competitive industry;
- Evolving cybersecurity and other threats relating to our information technology systems or those of our customers, suppliers and other third parties;
- Our ability to successfully implement and realize opportunities from strategic, business and organizational changes, or our ability to realize our expectations regarding the amount and timing of associated restructuring charges and cost savings;
- Our ability to develop, manufacture and market innovative products in a rapidly changing technological environment, our timely implementation of new manufacturing technologies and installation of manufacturing equipment, and our ability to realize expected returns on significant investments in manufacturing capacity;
- Availability and cost of key materials, utilities, manufacturing equipment, third-party manufacturing services and manufacturing technology;
- Our ability to recruit and retain skilled personnel and effectively manage key employee succession;
- Product liability, warranty or other claims relating to our products, software, manufacturing, delivery, services, design or communications, or recalls by our customers for a product containing one of our parts;
- Compliance with or changes in the complex laws, rules and regulations to which we are or may become subject, or actions of enforcement authorities, that restrict our ability to operate our business or subject us to fines, penalties or other legal liability;
- Changes in tax law and accounting standards that impact the tax rate applicable to us, the jurisdictions in which profits are determined to be earned and taxed, adverse resolution of tax audits, increases in tariff rates, and the ability to realize deferred tax assets;
- Financial difficulties of our distributors or semiconductor distributors’ promotion of competing product lines to our detriment; or disputes with current or former distributors;
- Losses or curtailments of purchases from key customers or the timing and amount of customer inventory adjustments;
- Our ability to maintain or improve profit margins, including our ability to utilize our manufacturing facilities at sufficient levels to cover our fixed operating costs, in an intensely competitive and cyclical industry and changing regulatory environment;
- Our ability to maintain and enforce a strong intellectual property portfolio and maintain freedom of operation in all jurisdictions where we conduct business; or our exposure to infringement claims;
- Instability in the global credit and financial markets; and
- Impairments of our non-financial assets.

For a more detailed discussion of these factors, see the Risk factors discussion in Item 1A of our most recent Form 10-K. The forward-looking statements included in this report are made only as of the date of this report, and we undertake no obligation to update the forward-looking statements to reflect subsequent events or circumstances. If we do update any forward-looking statement, you should not infer that we will make additional updates with respect to that statement or any other forward-looking statement.

CERTIFICATIONS

I, Haviv Ilan, certify that:

1. I have reviewed this report on Form 10-Q of Texas Instruments Incorporated;
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(s) 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(s) 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: July 29, 2025

/s/ Haviv Ilan

Haviv Ilan
President and
Chief Executive Officer

CERTIFICATIONS

I, Rafael Lizardi, certify that:

1. I have reviewed this report on Form 10-Q of Texas Instruments Incorporated;
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(s) 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(s) 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: July 29, 2025

/s/ Rafael Lizardi

Rafael Lizardi
Senior Vice President and
Chief Financial Officer

Certification of Periodic Report
Pursuant to 18 U.S.C. Section 1350

For purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Haviv Ilan, President and Chief Executive Officer of Texas Instruments Incorporated (the "Company"), hereby certifies that, to his knowledge:

(i) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 29, 2025

/s/ Haviv Ilan

Haviv Ilan
President and
Chief Executive Officer

Certification of Periodic Report
Pursuant to 18 U.S.C. Section 1350

For purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Rafael Lizardi, Senior Vice President and Chief Financial Officer of Texas Instruments Incorporated (the "Company"), hereby certifies that, to his knowledge:

(i) the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 29, 2025

/s/ Rafael Lizardi

Rafael Lizardi
Senior Vice President and
Chief Financial Officer