ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED December 31, 2024

NXP SEMICONDUCTORS N.V.

Contents

In this report the name "NXP" is sometimes used for convenience in contexts where reference is made to NXP Semiconductors N.V. and/or any of its subsidiaries in general. The name is also used where no useful purpose is served by identifying the particular company or companies.

Report of the Directors

History and development of the Company

Company Overview

NXP Semiconductors N.V. is a global semiconductor company and a long-standing supplier in the industry, with over 70 years of innovation and operating history. For the year ended December 31, 2024, we generated revenue of $12,614 million, compared to $13,276 million for the year ended December 31, 2023.

We provide leading solutions that leverage our combined portfolio of intellectual property, deep application knowledge, process technology and manufacturing expertise in the domains of cryptography-security, high-speed interface, radio frequency (RF), mixed-signal analog-digital (mixed A/D), power management, digital signal processing and embedded system design.

Our product solutions are used in a wide range of end market applications including: automotive, industrial & Internet of Things (IoT), mobile, and communication infrastructure. We engage with leading global original equipment manufacturers (OEMs) and sell products in all major geographic regions.

Our legal name is NXP Semiconductors N.V. and our commercial name is “NXP” or “NXP Semiconductors.” We were incorporated in the Netherlands in 2006 and are a Dutch public company with limited liability (naamloze vennootschap). Our common shares are listed on the Nasdaq Global Select Market ("Nasdaq").

We are a holding company (the “Holding Company”) whose only material assets are the direct ownership of 100% of the shares of NXP B.V., a Dutch private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid).

Our corporate seat is in Eindhoven, the Netherlands. Our principal executive office is at High Tech Campus 60, 5656 AG Eindhoven, the Netherlands, and our telephone number is +31 40 2729999. We are registered at the office of the Commercial Register in Eindhoven, Netherlands (file no. 34253298).

Business overview

Market Overview

Semiconductors perform a broad variety of functions within electronic products and systems, including processing data, sensing, storing information and converting or controlling electronic signals. Semiconductors vary significantly depending upon the specific function or application of the end product in which the semiconductor is used and the customer who is deploying it. Semiconductors also vary on a number of technical characteristics including the degree of integration, level of customization, programmability and the process technology utilized to manufacture the semiconductor. Advances in semiconductor technology have increased the functionality and performance of semiconductors, improving their features and power consumption characteristics while reducing their size and cost. These advances have resulted in growth of semiconductors and electronic content across a diverse array of products. The semiconductor market totaled $627.6 billion in 2024.

Reporting Segment

NXP has one reportable segment representing the entity as a whole, which reflects the way in which our chief operating decision maker, Kurt Sievers, executes operating decisions, allocates resources, and manages the growth and profitability of the Company.

End Market Exposure

Our product groups are focused on four primary end markets that we believe are characterized by long-term, attractive growth opportunities and where we believe we enjoy sustained, competitive differentiation through our technology leadership. The four end markets are Automotive, Industrial & IoT, Mobile, and Communication Infrastructure & Other.

	Automotive	Industrial & IoT	Mobile	Comm Infra & Other
Core	Auto MCU (non-S32) In-vehicle infotainment (IVI) In-vehicle networking (IVN) Advanced Analog Secure Car Access	Processors Analog & Security Connectivity	Secure Mobile payment & Access Solutions Custom Analog Interfaces	Secure Card Solutions Legacy Networking Processors RF Power Amplifiers
Accelerated Growth	SDV Radar Systems Electrification Connectivity	Intelligent Edge Systems		

Automotive

Growth in automotive semiconductor sales relies on (1) global vehicle sales and production trends and (2) the increase in semiconductor content per vehicle. In the past few years, and going forward, we believe the latter will be the most important driver for growth in the automotive semiconductor market, while the stagnation of global vehicle sales and production will make the former less relevant. The increase of the average semiconductor content is being driven by the proliferation of electronic features throughout the vehicle, especially for driver assistance (ADAS), and by the increasing penetration of electrified vehicles, which have much higher semiconductors content.

We believe three mega-trends will drive the semiconductor content increase in the future: Autonomous driving, electrification and the software defined vehicle. Each of the megatrends involve new functions and each new function requires new technologies. The path to full autonomy is driving the increase of driver assistance systems in the car already today. In the same way, strict emissions regulations as well as consumer willingness for energy efficient cars are accelerating the penetration of electrification. Last but not least, many consumers want their cars to be service oriented, hyper-connected, configurable and upgradeable, in the same way as they are used to with their smartphones. We expect such consumer demands will lead to new vehicle architectures and eventually to software defined vehicles (SDV).

Semiconductor content per vehicle continues to increase due to government regulation of safety and emissions, standardization of higher-end options across a greater number of vehicle classes as well as consumer demand for greater fuel efficiency, advanced safety, multimedia applications and connectivity. Automotive safety features are evolving from passive safety systems to active safety systems with Advanced Driving Assisted Systems (ADAS) such as radar and vision systems. Semiconductor content is also increasing in engine management and fuel economy applications, like Battery Management Systems (BMS). Comfort and convenience systems and user interface applications, as well as infotainment features such as digital audio broadcasting are also areas with high semiconductor content increases. In addition, the use of networking in automotive applications continues to increase as various subsystems communicate within the automobile and with external devices and networks. Furthermore, we believe networking will play a key role in the electrical/electronic architecture transformation towards domain and zonal architectures. Smart car access, automotive Ultra-Wideband (UWB) and Near-Field Communication (NFC) are gaining ground in automotive as well, enabling the connection of vehicles and car keys to portable devices and the infrastructure. Data integrity and security hardware features for safeguarding memory, communication and system data are also increasing in importance.

Due to the high degree of regulatory scrutiny and safety requirements, the automotive semiconductor market is characterized by stringent qualification processes, zero defect quality processes, functionally safe design architecture, high reliability, extensive design-in timeframes and long product life cycles, which results in significant barriers to entry.

Industrial & IoT

The world is becoming smarter, more connected and more data driven, and the Industrial & IoT market sits at the center of this global digital transformation. The Industrial & IoT market is highly fragmented with a diverse collection of products and applications such as factory automation, home and building automation, appliances, home entertainment, power and energy and healthcare solutions.

The need for productivity increase requiring real-time insights and efficient processes for factory automation, the reduction of resource consumption and better energy efficiency for smart factories and buildings, the enhancement in consumer convenience security and comfort for smart homes, the increase in performance requirements for processing content in smart consumer devices, the need for better health prevention and monitoring solutions, are some of the key use-cases and trends driving growth in Industrial & IoT. Carbon emissions reduction efforts (global net zero emission commitments) will also be a key growth driver with large transformations expected of our energy systems. Factories, buildings and homes will need to rely much more on renewable energy (e.g., solar, wind) and increase efficient use of energy. The way we generate and store energies will likely be more distributed. The energy ecosystem needs to develop and ensure smart, efficient and reliable power delivery.

These trends drive the replacement of traditional mechanical equipment by smart, energy-saving and connected electronic equipment using various sensors, processors, connectivity, analog and security chipsets that align well with NXP’s portfolio and ability to provide customers with system solutions across these applications segments.

Finally, with the growing number of connected devices and increasing data generation, latency, privacy and bandwidth have become critical limiting factors. Intelligent edge solutions solve this by bringing the intelligence closer to the source. Edge systems reduce the tendency on the cloud, lowering power consumption, strengthening data protection. They are, most of the time, autonomous and real-time. They handle data and do decisions locally. NXP's scalable low power solutions across the entire embedded processing spectrum are ideally suited here.

Mobile

Mobile includes applications such as smartphones, feature phones, tablets, wearables and mobile accessories. NXP has a strong focus on mobile wallet, Ultra-Wideband (UWB) and specialty custom analog solutions. The demand for faster speeds, improved battery life, fast charging, mobile wallets, highly secure localization and sensing technology, mobile transit and authentication is driving increased semiconductor content for NXP. The growth in this market is mainly driven by the increasing attach rate of these features across devices, vendors and regions, from flagship smartphones down to feature phones, from developed countries to emerging regions. UWB, thanks to its unique precision, robustness, and reliability, is emerging as a secure, fine-ranging technology capable of enabling a wide range of innovative location-based user experiences. The technology is gaining momentum thanks to wider chipset availability, adoption across various devices by multiple brands, and the formation of a strong UWB ecosystem across the whole supply chain where NXP is well positioned.

Communication Infrastructure & Other

The Communication Infrastructure & Other end market is a combination of three different application markets, namely secure edge identification, 5G radio power and digital network communication solutions.

In secure edge identification solutions, NXP has extensive experience providing customers with solutions for applications demanding the highest security and reliability (ePassports, eID credentials, transportation & payment cards. Included as well is the growing RFID market that uses wireless technology for identification and tracking of objects. Further digitalization of governmental services, the trend towards secure contactless payment and the need to improve tracking, traceability and authentication of products are driving demand across these applications.

Most countries in the world have migrated their wireless infrastructure to 5G network technology. This application market provides base station radio units with power amplifiers for improved signal throughput and efficiency.

Finally, the increasing number of connected devices exchanging more data in the cloud and on the device edge, combined with demand for improved digital communication drives demand in the network communications market.

Products

We offer customers a broad portfolio of semiconductor products, including microcontrollers, application processors, communication processors, connectivity chipsets, analog and interface devices, RF power amplifiers, security controllers and sensors. Using our strong Automotive & Industrial portfolios, we are enhancing our product offerings by providing solutions for the growing ecosystems in & around the vehicle, in smart factories and in homes and buildings. Enabling innovation at our customers as well as reducing complexity, integration efforts and shorten time to market is a key element of our strategy. We believe we have the broadest Arm processor portfolio in the industry, from microcontrollers to crossover processors and from application processors to communication processors.

Microcontrollers

We have been a provider of MCU solutions for more than 40 years. MCUs integrate all of the major components of a computing system onto a single semiconductor device. Typically, this includes a programmable processor core, memory, interface circuitry and other components. MCUs provide the digital logic, or intelligence, for electronic applications, controlling electronic equipment or analyzing sensor inputs. We are a trusted, long-term supplier of MCUs to many of our customers, especially in the automotive, smartcards, industrial and consumer markets. Our MCU product portfolio ranges from 8-bit products to higher performance 16-bit and 32-bit products with on-board flash memory. Our portfolio is highly scalable, and is coupled with our extensive software and design tools. This enables our customers to design-in and deploy our MCU families, leveraging a consistent software development environment. Due to the scalability of our portfolio we are able to help future-proof our customer's products as their systems evolve, becoming more complex or requiring greater processing capabilities over time. In an increasingly connected and networked society, where security is playing a more important role, our MCU families are equipped with varying security features (such as remote authentication, system/data integrity, secure communication and anomaly detection) to address different type of security risks. For automotive applications, our microcontrollers deliver the required reliability, security and functional safety to address current and future automotive challenges. Our S32x Automotive Processing Platform offers scalability across products and multiple application domains with S32K MCU's based on Arm Cortex-M cores up to the Automotive Safety Integrity Level (ASIL-D) capabilities. Our i.MX RT crossover processors are built using applications processors chassis, delivering a high level of integration, high speed peripherals, enhanced security, and engines for enhanced user experience (for example, 2D/3D graphics), but powered by a low-power MCU core running a real-time operating system like Amazon Free RTOS or Zephyr RTOS. The i.MX RT series offers the high performing Arm Cortex-M core, real-time functionality, and MCU usability at an affordable price. Our new MCX MCU family of Arm Cortex-M based MCUs, builds on the strength of our Kinetis and LPC portfolio. The MCX series also integrates our machine learning neural processing unit for machine learning applications.

Application Processors

Application processors, also known as SoCs, consist of a computing core with external memory and special-purpose hardware accelerators and software for secure applications that support standard application operating systems such as Linux, and are targeted at specific applications, such as multimedia to run graphics and video, system networking management, or specialized processing. Our products focus on consumer devices, industrial applications and automotive applications, like driver information systems, ADAS and vehicle networking. We provide highly integrated Arm-based i.MX application processors with integrated audio, video and graphics capability that are optimized for low-power and high-performance applications. Our i.MX family of processors are designed in conjunction with a broad suite of additional products including power management solutions, audio codecs, touch sensors and accelerometers to provide full systems solutions across a wide range of operating systems and applications. Our i.MX 8 and 9 families are the latest generations of our general purpose application processors. Our i.MX 8 family is a feature and performance scalable multi-core platform that includes single, dual and quad-core families based on the Arm Cortex architecture for advanced graphics, imaging, machine vision, audio, voice, video, and safety-critical applications. Together, these products provide a family of applications processors featuring software, power and pin compatibility across single, dual and quad core implementations. Software support includes Linux and Android implementations. Our i.MX 9 series of application processors integrates hardware neural processing units across the entire series for acceleration of machine learning applications at the edge. In Automotive, our S32x Automotive Processing Platform offers scalability across products and multiple application domains based on Arm Cortex-A, Cortex-R, and Cortex-M cores up to Automotive Safety Integrity Level (ASIL-D) capabilities with software compatibility from the MCU’s to SoC’s.

Communication Processors

Communication processors combine a computing core, caches and other memories, with high-speed networking and input/output interfaces, such as Ethernet and PCI Express. Our portfolio includes 64-bit Arm-based Layerscape processors with up to 16 CPUs and Ethernet ports running at up to 100Gbps. Software support includes Linux and commercial real-time operating systems. Within enterprise and data-center communications infrastructure, our processors are used in switches, routers, SD-WAN access devices, Wi-Fi access points, and network security systems. Within service-provider communications infrastructure, our processors are used in cellular base stations, fixed wireless access Customer Premises Equipment (CPE), residential gateways, broadband aggregation systems, and core networking equipment. Although designed for use in communications infrastructure, these processors are also used in industrial and cloud server offload-applications. We also offer Layerscape Access processors, which implement baseband functions, principally for wireless systems such as 5G fixed wireless access and small cells.

Wireless Connectivity

We offer a broad portfolio of connectivity solutions, including Near Field Communications (NFC), Ultra-wideband (UWB), Bluetooth low-energy (BLE), Zigbee, Thread as well as Wi-Fi and Wi-Fi/Bluetooth integrated SoCs. These products are integrated into a wide variety of end devices, such as mobile phones, wearables, enterprise access points, home gateways, voice assistants, multimedia devices, gaming consoles, printers, automotive infotainment and smart industrial devices.

Analog and Interface Products

We have a very broad portfolio of Analog and Interface products that are used in many markets, particularly automotive, industrial & IoT and mobile. In automotive we are the market leader in most of the applications, with integrated 77Ghz Radar solution for ADAS, battery management products for Electrification, audio processing solutions and amplifiers for car entertainment, Controller Area Network (CAN), Local Interconnect Network (LIN), FlexRay and Ethernet solutions for in-vehicle networking and two-way secure products for secure car access. In Industrial & IoT and mobile, we are a major supplier in interface, power and high-performance analog products. Our product portfolios includes I2C/I^{3}C, General Purpose Input/Output (GPIO), LED controllers, real-time clocks, signal and load switches, signal integrity products, wired charging solutions, fast charging solutions, DC-DC, AC-DC converters and high-performance RF amplifiers. We have also successfully engaged with leading OEMs to drive custom and semi-custom products which in turn allow us to refine and accelerate our innovation and product roadmaps.

Radio Frequency Devices

NXP is the market leader in High-Performance Radio Frequency (HPRF) power amplifiers. We have an extensive portfolio of LDMOS, GaN and GaAs RF transistors. NXP's solutions range from sub-6GHz to 40GHz and from milliwatts to kilowatts. For base stations, NXP offers a full range of solutions addressing 5G RF power amplification needs from MIMO to massive MIMO based active antenna systems for cellular and millimeter Wave (mmWave) spectrum bands. We are engaged with the majority of the largest customers in mobile base stations and in several other application areas. In low and medium Power Amplification, NXPs low noise amplifier (LNA) portfolio offers solutions to meet future design needs in a wide range of applications. Two technologies serve the LNA portfolio, each with distinct advantages for their applications. Wireless infrastructure applications and many general wireless applications are served with III-V technology LNAs. Advanced SiGe technology is utilized in LNAs designed for wireless communication, cellular, consumer, automotive and industrial applications.

Security Controllers

NXP is the market leader in security controller ICs. Our security controller ICs are embedded in smart cards (ePassports, electronic ID credentials, payment cards and transportation cards), as well as in consumer electronic and smart devices, for example in smartphones, tablets and wearables. These security controller ICs are suited for applications demanding the highest security and reliability. Nearly all of our security products consist of multi-functional solutions comprised of passive RF connectivity devices facilitating information transfer from the user document to reader infrastructure; secure, tamper-proof microcontroller devices in which information is securely encrypted ("secure element"); and secure real-time operating system software products to facilitate the encryption-decryption of data, and the interaction with the reader infrastructure systems. Our solutions are developed to provide extreme levels of security of user information, undergoing stringent and continued global governmental and banking certification processes, and to deliver a high level of device performance enabling significant throughput and productivity to our customers.

Sensors

Sensors serve as a primary interface in embedded systems for advanced human interface and contextual awareness that mimic the human "5 senses" interaction with the external environment. We provide several categories of semiconductor-based environmental and inertial sensors for the Automotive market, including pressure, inertial, magnetic and gyroscopic sensors that provide orientation detection, gesture recognition, tilt to scroll functionality and position detection.

Manufacturing

We manufacture semiconductors through a combination of wholly owned manufacturing facilities, a manufacturing facility operated jointly with another semiconductor company and third-party foundries and assembly and test subcontractors. We manage our manufacturing assets together through one centralized organization to ensure we realize scale benefits in asset utilization, purchasing volumes and overhead leverage across businesses.

The manufacturing of a semiconductor involves several phases of production, which can be broadly divided into "front-end" and "back-end" processes. Front-end processes take place at highly complex wafer manufacturing facilities (called fabrication plants or "wafer fabs"), and involve the imprinting of substrate silicon wafers with the precise circuitry required for semiconductors to function. The front-end production cycle requires high levels of precision and involves as many as 300 process steps. Back-end processes involve the assembly, test and packaging of semiconductors in a form suitable for distribution. In contrast to the highly complex front-end process, back-end processing is generally less complicated, and as a result we tend to determine the location of our back-end facilities based more on cost factors than on technical considerations.

We primarily focus our internal and joint venture wafer manufacturing operations on running proprietary specialty process technologies that enable us to differentiate our products on key performance features, and we generally outsource wafer manufacturing in process technologies that are available at third-party wafer foundries when it is economical to do so. In addition, we increasingly focus our in-house manufacturing on our competitive 8-inch wafer facilities, which predominantly run manufacturing processes in the 140 nanometer, 180 nanometer and 250 nanometer process nodes. This focus increases our return on invested capital and reduces capital expenditures.

Our front-end manufacturing facilities use a broad range of production processes and proprietary design methods, including complementary metal oxide semiconductor (CMOS), bipolar, bipolar CMOS (BiCMOS) and double-diffused metal on silicon oxide semiconductor (DMOS) technologies. Our wafer fabs produce semiconductors with line widths ranging from 90 nanometers to 3 microns for integrated circuits and 0.5 microns to greater than 4 microns for discretes. This broad technology portfolio enables us to meet increasing demand from customers for system solutions, which require a variety of technologies.

Our back-end manufacturing facilities test and package many different types of products using a wide variety of processes. To optimize flexibility, we use shared technology platforms for our back-end assembly operations. Most of our assembly and test activities are maintained in-house.

The following table shows selected key information with respect to our major operating front-end and back-end facilities:

Site	Ownership	Wafer sized used	Line widths used (vm)	Technology/Products
			(Microns)	
Front-end				
Singapore (SSMC) [1)]	61.2 %	8”	0.14-0.25	CMOS, eNVM, Power, BCDMOS, RF
Nijmegen, the Netherlands	100 %	8”	0.14-1.00	CMOS, BCDMOS, RF, Power MOSFET
Chandler, United States	100 %	8”	0.18-0.50	CMOS, eNVM, BCDMOS
Chandler RF, United States	100 %	6”	0.25-0.40	GaN
Austin (Ed Bluestein), United States	100 %	8”	0.09-0.18	CMOS, eNVM, BCDMOS, Radar
Back-end				
Kaohsiung, Taiwan	100 %	—	—	NFC, Automotive Car-access, In-Vehicle Networking, Micro-controllers, ADAS (Radar), Analog, Mixed-Signal and Power
Bangkok, Thailand	100 %	—	—	Automotive In-Vehicle Networking and Sensors, Analog, RFID, Banking and e-Passport modules, Power Management
Kuala Lumpur, Malaysia	100 %	—	—	Micro-processors, ADAS/Radar, Micro-controllers, Advanced Audio Processor, Sensors, Power Management, Analog and Mixed Signal, RF devices
Tianjin, China	100 %	—	—	Micro-processors, Micro-controllers, Power Management, Battery Management, Analog and Mixed Signal

1) Joint venture with TSMC.

We use a large number of raw materials in our front- and back-end manufacturing processes, including silicon wafers, chemicals, gases, lead frames, substrates, molding compounds and various types of precious and other metals. Our most important raw materials are the raw, or substrate, silicon wafers we use to make our semiconductors. We purchase these wafers, which must meet exacting specifications, from a limited number of suppliers in the geographic region in which our fabrication facilities are located. At our wholly owned fabrication plants, we use raw wafers ranging from 6 inches to 8 inches in size. Our SSMC wafer fab facility, which produces 8 inch wafers, is jointly owned by TSMC and ourselves. Emerging fabrication technologies employ larger wafer sizes and, accordingly, we expect that our production requirements will in the future shift towards larger substrate wafers.

We typically source our other raw materials in a similar fashion as our wafers, although our portfolio of suppliers is more diverse. Some of our suppliers provide us with materials on a just-in-time basis, which permits us to reduce our procurement costs and the negative cash flow consequences of maintaining inventories, but exposes us to potential supply chain interruptions. We purchase most of our raw materials on the basis of fixed price contracts.

In recent years, as a result of constraints in the semiconductor supply chains, there has been a tendency towards longer term supply contracts with suppliers in exchange for capacity. From an operational perspective, all of our manufacturing facilities continue to operate around the world in accordance with guidance issued by local and national government authorities.

NXP also has equity investments in the following joint venture manufacturing companies:
- European Semiconductor Manufacturing Company (ESMC) GmbH will build and operate a new 300mm semiconductor wafer manufacturing facility in Dresden, Germany. ESMC is 70% owned by TSMC, with Bosch, Infineon, and NXP each owning 10%. NXP is entitled to 10% of the fab facility capacity. Initial production at ESMC is currently targeted to begin in 2027.
- VisionPower Semiconductor Manufacturing Company Pte. Ltd. (VSMC) will build and operate a new 300mm semiconductor wafer manufacturing facility in Singapore. VSMC is 60% owned by Vanguard International Semiconductor Corporation and 40% owned by NXP. NXP is entitled to 40% of the fab facility capacity. Initial production at VSMC is currently targeted to begin in 2027.

Sales, Marketing and Customers

We market our products and solutions worldwide to a variety of OEMs, Electronic Manufacturing Service customers (EMSs) and Distributors. We generate demand for our products by delivering product solutions to our customers, and supporting their system design-in activities by providing application architecture expertise and local field application engineering support.

Our sales and marketing teams are organized into six regions, which are EMEA (Europe, the Middle East and Africa), the Americas, Japan, South Korea, China and South Asia Pacific. These sales regions are responsible for managing customer relationships and creating demand for our solutions through the full ecosystem development. In addition, our sales and marketing teams in the regions partner with our distributors and our large number of mass market customers.

Our sales and marketing strategy focuses on key defined verticals in Automotive, Industrial & IoT, Communication Infrastructure, and Mobile deepening our relationship with our top OEMs and EMSs, expanding our reach to our mass market customers, startups and our distribution partners and becoming their preferred supplier, which we believe assists us in reducing sales volatility in challenging markets. We have long-standing customer relationships with most of our customers. Our 10 largest OEM end customers, some of whom are supplied by distributors, in alphabetical order, are Apple, Aptiv, Bosch, Continental, Denso, Harman Auto, Hyundai, LGE Automotive, Samsung and Visteon. We also have a strong position with our distribution partners, including our five largest in alphabetical order, Arrow, Avnet, Nexty, WT Micro and World Peace.

Our revenue is primarily the sum of our direct sales to OEMs, EMSs plus our distributors' resale of NXP products. Avnet accounted for 22% of our revenue in 2024 and 21% in 2023. No other distributor accounted for greater than 10% of our revenue. No OEM for which we had direct sales to accounted for more than 10% of our revenue in 2024 or 2023.

Research and Development

We believe that our future success depends on our ability to both improve our existing products and to develop new products for both existing and new markets. We direct our research and development efforts largely to the development of new semiconductor solutions where we see significant opportunities for growth. We target applications that require stringent overall system and subsystem performance. As new and challenging applications proliferate, we believe that many of these applications will benefit from our solutions. We have assembled a global team of highly skilled semiconductor and embedded software design engineers with expertise in RF, analog, power management, interface, security and digital processing.

With the intent to outpace market growth we invest in research and development to extend or create leading market positions, with an emphasis on fast growing sizable market segments, such as ADAS, in-vehicle networks and power management, as well as Edge computing to support the successful deployment in the IoT with our cross-over processing technology, but also in emerging markets, such as massive MIMO in RF Power and mmWave for 5G. In addition, we invest a few percent of our total research and development expenditures in research activities that develop fundamental new technologies or product categories that could contribute significantly to our company's growth in the future.

We annually perform a fundamental review of our business portfolio and our related new product and technology development opportunities in order to decide on changes in the allocation of our research and development resources. For products targeting established markets, we evaluate our research and development expenditures based on clear business need and risk assessments. For break-through technologies and new market opportunities, we look at the strategic fit and synergies with the rest of our portfolio and the size of the potential addressable market. Overall, we allocate our research and development to maintain a healthy mix of emerging growth and mature businesses.

Subsidies and Grants

We receive subsidies and grants from governments in some countries in the form of direct grants as well as tax credits for R&D activities. Such funding is generally provided to encourage R&D activities, industrialization and local economic development and is generally available to all companies. The conditions for the receipt of government grants and subsidies may include eligibility restrictions, approval by relevant authorities, annual budget appropriations, compliance with relevant regulations or contingent return provisions, as well as specifications regarding objectives and results. The approval process for such funding may last up to several years. Certain specific contracts require compliance with extensive regulatory requirements and set forth certain conditions relating to the funded programs. There could be penalties if these objectives are not fulfilled.

Our direct grants include those awarded under the European 2nd Important Project of Common European Interest on Microelectronics and Communication Technologies (“IPCEI ME/CT”). During 2023 and 2024, the Company was granted IPCEI ME/CT government assistance in multiple EU member states. The duration of the IPCEI ME/CT grants is planned to run until the end of 2029. The conditions to receive the IPCEI ME/CT government assistance include restrictions on eligible expenditures, employment retention, annual budget appropriations by the member states, compliance with member states’ regulations and project objectives and results, as well as repayment conditions. Our dedicated R&D teams across the involved member states under the IPCEI ME/CT program seek to innovate in core technologies across automotive, industrial and cybersecurity. This includes 5nm, advanced driving assistance and battery management systems in automotive, 6G and Ultra-Wideband as well as artificial intelligence (AI), RISC-V and post-quantum cryptography.

Intellectual Property

The creation and use of intellectual property is a key aspect of our strategy to differentiate ourselves in the marketplace. We seek to protect our proprietary technologies by obtaining patents, trademarks, domain names, retaining trade secrets and defending, enforcing and utilizing our intellectual property rights, where appropriate. We believe this strategy allows us to preserve the advantages of our products and technologies, and helps us to improve the return on our investment in research and development. We have a broad portfolio of approximately 9,600 patent families (each patent family includes all patents and patent applications originating from the same invention). To protect confidential technical information and software, we rely on copyright and trade secret law and enter into confidentiality agreements as applicable. In situations where we believe that a third party has infringed on our intellectual property, we enforce our rights through all available legal means to the extent that we determine the benefits of such actions to outweigh the costs and risks involved.

We own a number of trademarks that are used in the conduct of our business. Where we consider it desirable, we develop names for our new products and secure trademark protection. Our trademarks allow us to further distinguish our company and our products and are important in our relationships with customers, suppliers, partners and end-users.

While our patents, trademarks, trade secrets and other intellectual property rights constitute valuable assets, we do not view any individual right or asset as material to our operations as a whole. We believe it is the combination of our proprietary technology, patents, know-how and other intellectual property rights and assets that creates an advantage for our business.

In addition to obtaining our own patents and other intellectual property rights, we have entered into licensing agreements and other arrangements authorizing us to use intellectual property rights, confidential technical information, software and other technology owned by third parties. We also engage, in certain instances, in licensing and selling of certain of our technology, patents and other intellectual property rights.

Competition

We compete with many different semiconductor companies on a global basis, including with both integrated device manufacturers ("IDMs") as well as fabless companies. Nearly all our competitors invest extensively in research and development, manufacturing, sales and marketing capabilities across a broad spectrum of product lines. Many of our competitors are focused on single applications or market segments. Most of our competitors compete with us with respect to some, but not all, of our product lines.

Our primary key public competitors in alphabetical order include, but are not limited to, Analog Devices Inc., Broadcom Inc., Infineon Technologies AG, Microchip Technology Inc., Qualcomm Inc., Renesas Electronics Corp., STMicroelectronics NV and Texas Instruments Inc.

The basis on which we compete varies across end markets and geographic regions. This includes competing on the basis of our ability to develop new products and the underlying intellectual property in a timely manner to meet customer requirements in terms of product features, quality, performance, warranty, availability and cost. In addition, we are asked to deliver full system capabilities which include multiple NXP devices and enabling software. This requires in-depth knowledge of specific applications in target markets in order to develop robust system solutions and qualified customer support resources.

Seasonality

Historically, our net revenue does not display consistent or predictable seasonal patterns.

Environmental Regulation

In each jurisdiction in which we operate, we are subject to many environmental, health and safety laws and regulations that govern, among other things, emissions of pollutants into the air, wastewater discharges, the use and handling of hazardous substances, waste disposal, the investigation and remediation of soil and ground water contamination and the health and safety of our employees. We are also required to obtain environmental permits from governmental authorities for certain of our operations.

As with other companies engaged in similar activities or that own or operate real property, the Company faces inherent risks of environmental liability at our current and legacy manufacturing facilities. Certain environmental laws impose liability on current or previous owners or operators of real property for the cost of removal or remediation of hazardous substances. Some specific laws also assess liability on persons who arrange for hazardous substances to be sent to disposal or treatment facilities when such facilities are found to be a contributor or responsible party for environmental contamination.

Soil and groundwater contamination has been identified at our property near Phoenix, Arizona, United States. The remediation processes at this location are expected to continue for many years.

As of December 31, 2024, we have recorded $95 million for environmental remediation costs (2023: $90 million), which are primarily included in *Long-term provisions* in the accompanying consolidated balance sheet.

Management commentary

Introduction

The consolidated financial statements including notes thereon of NXP Semiconductors N.V. (‘the Company’ or ‘NXP’) that are included in this Annual Report are prepared on a basis in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS). For the IFRS accounting principles, we refer to Note 2 *Material accounting policies and new accounting standards to be adopted after 2024* of the consolidated financial statements.

The preparation of financial statements in conformity with IFRS requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

For internal and external reporting purposes, NXP follows accounting principles generally accepted in the United States of America (“U.S. GAAP”). U.S. GAAP is NXP’s primary accounting standard for the Company’s setting of financial and operational performance targets.

Reconciliation from IFRS to U.S. GAAP

Differences IFRS versus U.S. GAAP

The main differences between the IFRS and U.S. GAAP operating income relate to the following:

- IFRS requires capitalization of development costs, if the relevant conditions are met, and subsequent amortization over the expected useful life or impairment if applicable. Under U.S. GAAP development costs are immediately recognized as an expense;
- Unlike U.S. GAAP, IFRS does not allow the application of the straight-line attribution method for awards with graded vesting in allocating share-based payment expenses but requires the application of the graded vesting attribution method;
- Under IFRS the recognition date of restructuring charges is sometimes different compared to U.S. GAAP;
- All other differences between IFRS and U.S. GAAP are of a minor importance and have no material impact.

Reconciliation of operating income from IFRS to U.S. GAAP

$ in millions	2024	2023
Operating income as per the consolidated statements of operations on an IFRS basis	**3,878**	4,286
Adjustments to reconcile to U.S. GAAP:		
- Reversal of capitalized product development costs	**(1,279)**	(1,266)
- Reversal of amortization of product development assets	**706**	667
- Reversal of impairment of product development assets	**122**	24
- Reversal of IFRS adjustment for share-based compensation	**11**	24
- Reversal of IFRS adjustment for restructuring	**(26)**	(79)
- Reversal/reclassification of IFRS adjustment for pensions	**14**	13
- Reversal/reclassification of IFRS adjustment for leases	**(9)**	(8)
Operating income as per the consolidated statement of operations on a U.S. GAAP basis	**3,417**	3,661

Performance of the Group

Operating results

For internal and external reporting purposes, NXP follows accounting principles generally accepted in the United States of America ("U.S. GAAP"). U.S. GAAP is NXP's primary accounting standard for the Company's setting of financial and operational performance targets. Consequently, the information is presented on a U.S. GAAP basis, with, when applicable, a reconciling item to the IFRS basis.

Revenue and Operating income

The following table presents the composition of revenue and operating income for the years ended December 31, 2024 and December 31, 2023.

$ in millions	2024			2023		
	U.S. GAAP	**IFRS adjustment**	**IFRS**	**U.S. GAAP**	**IFRS adjustment**	**IFRS**
Revenue	**12,614**	**—**	**12,614**	13,276	—	13,276
% nominal growth	**(5.0)%**		**(5.0)%**	— %	—	— %
Gross profit	**7,119**	**1**	**7,120**	7,553	6	7,559
% of Revenue	**56.4 %**		**56.4 %**	56.9 %	—	56.9 %
Research and development	**(2,347)**	**364**	**(1,983)**	(2,418)	348	(2,070)
Selling, general and administrative (SG&A)	**(1,164)**	**(40)**	**(1,204)**	(1,159)	(29)	(1,188)
Amortization of acquisition-related intangible assets	**(136)**	**136**	**—**	(300)	300	—
Operating Expenses	**(3,647)**	**460**	**(3,187)**	(3,877)	619	(3,258)
% of Revenue	**28.9 %**		**25.3 %**	29.2 %	—	24.5 %
Other income	**15**	**—**	**15**	10	—	10
Other expense	**(70)**	**—**	**(70)**	(25)	—	(25)
Operating income (loss)	**3,417**	**461**	**3,878**	3,661	625	4,286
% of Revenue	**27.1 %**		**30.7 %**	27.6 %	—	32.3 %

Revenue

Revenue for the year ended December 31, 2024 was $12,614 million compared to $13,276 million for the year ended December 31, 2023, a decrease of $663 million or 5.0% year-on-year.

Revenue by end market was as follows:

($ in millions, unless otherwise stated)	2024	2023	Increase / Decrease	%
Automotive	**7,151**	7,484	(333)	(4.4)%
Industrial & IoT	**2,269**	2,351	(82)	(3.5)%
Mobile	**1,497**	1,327	170	12.8 %
Communication Infrastructure & Other	**1,697**	2,114	(417)	(19.7)%
Revenue :	**12,614**	13,276	(662)	(5.0)%

Revenue by sales channel was as follows:

($ in millions, unless otherwise stated)	2024	2023	Increase / Decrease	%
Distributors	**7,203**	7,195	8	0.1 %
OEM/EMS	**5,291**	5,963	(672)	(11.3)%
Other	**120**	118	2	1.7 %
Revenue :	**12,614**	13,276	(662)	(5.0)%

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

($ in millions, unless otherwise stated)	2024	2023	Increase / Decrease	%
China [1)]	**4,556**	4,366	190	4.4 %
APAC, excluding China	**3,541**	3,741	(200)	(5.3)%
EMEA (Europe, the Middle East and Africa)	**2,719**	3,096	(377)	(12.2)%
Americas	**1,798**	2,073	(275)	(13.3)%
Revenue :	**12,614**	13,276	(662)	(5.0)%

[1)] China includes Mainland China and Hong Kong

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

Revenue in the Automotive end market was $7,151 million, a decrease of $333 million or 4.4% versus the year ago period, with processor and connectivity products contributing to the decline partly offset with growth in advanced analog and ADAS – Safety products.

Revenue in the Industrial & IoT end market was $2,269 million, a decrease of $82 million or 3.5% versus the year ago period, with processor products contributing to the decline partly offset with growth in advanced analog and connectivity products.

Revenue in the Mobile end market was $1,497 million, an increase of $170 million or 12.8% versus the year ago period, with mobile wallet products contributing to the growth.

Revenue in the Communication Infrastructure & Other end market was $1,697 million, a decrease of $417 million or 19.7% versus the year ago period, with the entire product portfolio contributing the decline.

When aggregating all end markets and reviewing sales channel performance, revenue through NXP's third party distribution partners was $7,203 million, consistent with the year ago period with an increase of $8 million or 0.1%. Revenue through direct OEM and EMS customers was $5,291 million, a decrease of $672 million or 11.3% versus the year ago period.

From a geographic perspective, revenue increased in the China region and declined in the EMEA, Americas, and Asia Pacific regions versus the year ago period.

Gross profit

Gross profit for the year ended December 31, 2024 was $7,120 million, or 56.4% of revenue, compared to $7,559 million, or 56.9% of revenue, relatively consistent with revenue and costs, both of which had comparable decreases year on year, with 2024 experiencing a slightly lower year on year utilization.

Operating expenses

The following table below presents the composition of operating expenses by line item in the statement of operations.

($ in millions, unless otherwise stated)	**2024**	**% of revenue**	2023	% of revenue	% change year on year
Research and development	**1,983**	**15.7 %**	2,070	15.6 %	(4.2)%
a. Amortization of acquisition related intangible assets	91	0.7 %	255	1.9 %	(64.3)%
b. Other R&D	1,892	15.0 %	1,815	13.7 %	4.3 %
Selling, general and administrative	**1,204**	**9.5 %**	1,188	8.9 %	1.3 %
a. Amortization of acquisition related intangible assets	45	0.4 %	45	0.3 %	0.3 %
b. Other SG&A	1,159	9.2 %	1,143	8.6 %	1.3 %
Operating expenses	**3,187**	**25.3 %**	3,258	24.5 %	(2.2)%

Research and development (R&D) costs primarily consist of engineer salaries and wages (including share-based compensation and other variable compensation), engineering related costs (including outside services, fixed-asset, IP and other licenses related costs), shared service center costs and other pre-production related expenses.

Amortization of acquisition-related intangible assets with regard to R&D and SG&A decreased by $164 million, or 55%, when compared to 2023 since certain intangibles became fully amortized.

Other R&D costs for the year-ended December 31, 2024 increased by $77 million, or 4.3%, when compared to 2023. The change is primarily the effect of higher personnel related costs, higher impairment and amortization charges related to capitalized development expenses, partially offset by higher subsidies and capitalized development expenses (see also Note 14 *Intangible assets*).

Selling, general and administrative (SG&A) costs primarily consist of personnel salaries and wages (including share-based compensation and other variable compensation), communication and IT related costs, fixed-asset related costs and sales and marketing costs (including travel expenses).

Other SG&A costs for the year-ended December 31, 2024 increased by $16 million, or 1.3%, when compared to last year. The change is primarily the effect of higher personnel related costs, offset by lower legal expenses.

Other income (expense)

Other income (expense) includes results from manufacturing service arrangements ("MSA") and transitional service arrangements ("TSA") that are put into place when we divest a business or activity, as well as other activity. These arrangements are expected to decrease as the divested business or activity becomes more established. Other income (expense) reflects a loss of $55 million for 2024, compared to a loss of $15 million in 2023. Included in 2024 is a $40 million charge for a vacated deposit on an exited technology.

Financial income (expense)

	2024	2023
Interest income	**160**	187
Total financial income	**160**	187
Interest expense	**(408)**	(448)
Other financial expense	**(63)**	(47)
Total financial expense	**(471)**	(495)
Total financial income (expense)	**(311)**	(308)

Financial income (expense) was an expense of 311 million in 2024, compared to an expense of $308 million in 2023. The change in financial income (expense) is attributable to a decrease in interest income of $27 million as a result of lower cash level in 2024, partially offset by higher interest rates. 2023 Interest expense decreased by $40 million as a result of redemption of debt. Other financial expenses increased due to adjustments in our investments as well as interest related to prior tax positions.

For information on the use of financial instruments and risk management we refer to Note 21 *Long-term debt* and Note 33 *Financial risk management and concentration of risk*. Legal requirements with regard to future obligations are disclosed in Note 27 *Contractual obligations.*

Income taxes

	2024		2023	
	million	**%**	million	%
Income before taxes	**3,567**		3,978	
Income tax expense (benefit)	**680**		663	
Income after tax	**2,887**		3,315	
Statutory income tax in the Netherlands	**920**	**25.8 %**	1,026	25.8 %
Rate differential local statutory rates versus statutory rate of the Netherlands	**(69)**	**(1.9)%**	(100)	(2.5)%
Loss carry forwards for which deferred tax assets were not recognized in the year of loss	**3**	**0.1 %**	—	— %
Changes in estimates of prior years' income taxes	**12**	**0.3 %**	(17)	(0.4)%
Non-taxable income	**(1)**	**0.0 %**	(1)	0.0 %
Non-tax-deductible expenses	**70**	**2.0 %**	60	1.5 %
Other taxes and tax rate and legislation changes	**(1)**	**0.0 %**	(1)	0.0 %
Pillar 2 taxes	**22**	**0.6 %**	—	0.0 %
Other permanent differences	**20**	**0.6 %**	30	0.7 %
Withholding and other taxes	**9**	**0.3 %**	13	0.3 %
Unrecognized Tax benefits	**26**	**0.7 %**	24	0.6 %
Tax incentives	**(331)**	**(9.3)%**	(371)	(9.3)%
Effective tax rate	**680**	**19.1 %**	663	16.7 %

We recorded an income tax expense of $680 million in 2024, which reflects an effective tax rate of 19.1% compared to an income tax expense of $663 million in 2023, which reflects an effective tax rate of 16.7% The effective tax rate reflects the impact of tax incentives, a portion of our earnings being taxed in foreign jurisdictions at rates different than the Netherlands statutory tax rate, changes in estimates of prior years' income taxes, non-deductible expenses, pillar 2 income taxes, unrecognized tax benefits and withholding taxes.

Results Relating to Equity-accounted Investees

Results relating to equity-accounted investees amounted to a loss of $12 million in 2024 (2023: loss of $7 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 $32 million for the year ended December 31, 2024, compared to a profit of $25 million for the year ended December 31, 2023.

Financial Condition, 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, and 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, RCF Agreement, Commercial Paper Program, EIB facilities, 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 year.

Cash and short-term deposits

As of December 31, 2024, our cash balance was $3,292 million, a decrease of $979 million compared to our cash balance and short-term deposits on December 31, 2023 ($4,271 million), of which $261 million (2023 $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 2024 and 2023, no dividend was declared.

Revolving Credit Facility

Our amended and restated Unsecured Revolving Credit Facility (“RCF”) provides for $2,500 million of senior unsecured revolving credit commitments. We may borrow under this RCF in the future and use the proceeds for general corporate purposes and any other purpose not prohibited by the Amended and Restated Revolving Credit Agreement and related documentation. As of December 31, 2024, we do not have any borrowings under the RCF.

Commercial Paper Program

Under our Commercial Paper Program, we may issue short-term, unsecured commercial paper notes in amounts up to a maximum aggregate face amount of $2,000 million outstanding at any time, with maturities of up to 397 days from the date of issuance and at a discount from par or at par and bear interest at rates determined at the time of issuance. We may issue notes in the future and use the net proceeds for general corporate purposes. As of December 31, 2024, the Company had no commercial paper notes outstanding. Subsequent to the year-ended December 31, 2024 and through date of this report, we issued commercial paper notes with a duration of up to 96 days at an principal amounts of [$215 million]. The weighted-average interest rate of the Company's outstanding commercial paper notes is 4.60%].

EIB Facilities

Our facility agreements with the European Investment Bank, (“EIB") provide for an aggregate €1,000 million in unsecured senior loan facilities, the proceeds from which are expected to fund the research, development and innovation of semiconductor devices, technologies and solutions in five European countries. Borrowings on these facilities may be denominated in Euro or U.S. Dollar. See Financing Activities further below. As of December 31, 2024, the Company had a principal amount of $670 million outstanding under the EIB loan facilities with a maturity of December 2030 and a fixed annual interest rate of 4.45%. . On February 11, 2025, we have provided notice to EIB that we will fully draw the remaining amounts under the EIB facility agreements, drawing on February 25, 2025, an additional total principal amount of $370 million with a fixed annual interest rate of 4.709% and a maturity of February 2031.

Capital return

The common stock repurchase activity was as follows:

($ in millions, unless otherwise stated)	**2024**	2023
Shares repurchased	**5,726,770**	5,460,135
Cost of shares repurchased	**1,373**	1,049
Average price per share	**$239.74**	$192.16

Under Dutch corporate law and our articles of association, NXP may acquire its own shares if the general meeting of shareholders has granted the board of directors the authority to effect such acquisitions. It is our standard practice to request our annual general meeting of shareholders (the “AGM”) every year to renew this authorization for a period of 18 months from the AGM. For repurchases of shares in 2023 and 2024, the board of directors made use of the authorizations renewed by the AGM on June 1, 2022, May 24, 2023 and May 29, 2024, respectively. Our board of directors has approved the purchase of shares from participants in NXP's equity programs to satisfy participants' tax withholding obligations ("trade for tax") and this authorization will remain in effect until terminated by the board of directors. In March 2021, the board of directors approved the additional repurchase of shares up to a maximum of $2 billion (the "2021 Share Repurchase Program"), and in August 2021, the board of directors 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 of directors approved the repurchase of additional shares up to a maximum of $2 billion (the "2022 Share Repurchase Program") and in August 2024, the Board approved the repurchase of additional shares up to a maximum of $2 billion (the "2024 Share Repurchase Program"). During the fiscal year ended December 31, 2023, NXP repurchased 5.5 million shares, for a total of approximately $1 billion under the trade for tax, 2021 and 2022 Share Repurchase Programs and during the fiscal year ended December 31, 2024, NXP repurchased 5.7 million shares, for a total of approximately $1.4 billion under the trade for tax and 2022 Share Repurchase Program. Under Dutch tax law, the repurchase of a company’s shares by an entity domiciled in the Netherlands results in a taxable event (unless exemptions apply). The tax on the repurchased shares is attributed to the shareholders, with NXP making the payment on the shareholders’ behalf. As such, the tax on the repurchased shares is accounted for within shareholders’ equity.

Subject to Dutch corporate law and our articles of association, the board of directors of NXP may cancel shares acquired if authorized by the general meeting of shareholders. As with repurchases of our shares, it is our standard practice to request our annual general meeting of shareholders (the “AGM”) every year to renew this authorization for a period of 18 months from the AGM. The board of directors did not make use of the authorization during the fiscal year ended December 31, 2024.

Under our Quarterly Dividend Program, interim dividends of $1.014 per ordinary share were paid on April 10, 2024 ($260 million), dividends of $1.014 per ordinary share were paid on July 10, 2024 ($259 million), dividends of $1.014 per ordinary share were paid on October 9, 2024 ($258 million) and dividends of $1.014 per ordinary share were paid on January 8, 2025 ($258 million).

($ in millions, unless otherwise stated)	**2024**	2023
Dividend per share	**4.056**	4.056
Amount	**1,035**	1,048

Debt

Our total debt, inclusive of aggregate principal, unamortized discounts, premiums, debt issuance costs and fair value adjustments, amounted to $10,854 million as of December 31, 2024, a decrease of $321 million compared to December 31, 2023 ($11,175 million).

As of December 31, 2024, the Company had outstanding fixed-rate notes with varying maturities for an aggregate principal amount of $10,250 million (collectively the “Notes”), with $500 million payable within 12 months. Future interest payments associated with the Notes total $2,711 million, with $371 million payable within 12 months.

As of December 31, 2024, the Company had an outstanding loan with the European Investment Bank (EIB) under the EIB Facility A, with a maturity date of December 9, 2030 for a principal amount of $670 million. Future interest payments associated with the EIB Facility A Loan total $179 million, with $30 million payable within 12 months.

We may from time to time continue to seek to retire or purchase our outstanding debt through cash purchases and/or exchanges, in open market purchases, privately negotiated transactions or otherwise.

Additional capital requirements

We believe our current positions in cash and cash equivalents, together with our expected cash flow generated from operations and our expected financing activities will satisfy our working and other capital requirements for at least the next 12 months based on our current business plans. Recent and expected working and other capital requirements, in addition to the above matters, also include the items described below:

- 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 December 31, 2024, the Company had purchase commitments, other than commitments directly with our foundry joint ventures, of $3,046 million, of which $936 million is expected to be paid in the next 12 months. We expect operating cash outflows to remain elevated as we make payments under these purchase agreements.
- The Company has committed to invest approximately $442 million in the newly founded ESMC GmbH, over the coming four years, of which approximately $102 million is expected to be paid in the next 12 months.
- Driven by our investment in VSMC, NXP has committed to invest an additional $1,460 million in equity through 2026, of which $1,072 million is expected to be paid in the next 12 months. NXP has also committed to contribute an additional $925 million to support the long-term capacity infrastructure that is expected to be paid through 2026, of which $634 million is expected to be paid in the next 12 months. In addition, NXP has an agreed purchase commitment with VSMC that over the lifetime of the factory the minimal loading will be between 80% - 90%, resulting in a total purchase commitment of approximately $14,242 million that is expected to be purchased over 37 years once wafer production starts.
- Amounts related to future lease payments for lease obligations at December 31, 2024 totaled $350 million, with $66 million expected to be paid within the next 12 months.
- The Company enters into certain technology license arrangements which are used in conjunction with research and development activities for product development. Payments for these technology licenses are made over varying time periods. Outstanding unpaid balances for technology licenses total $325 million as of December 31, 2024, of which $85 million is expected to be paid in the next 12 months.
- Cash outflows for capital expenditures were $727 million in 2024, compared to $827 million in 2023. We expect to reduce levels of capital expenditures as a percentage of revenue in 2025, given our focus on investments in foundry partners while still supporting current and future manufacturing and production capacity needs.
- Our research and development expenditures, excluding R&D related to purchase price accounting, were $1,892 million in 2024 and $1,815 million in 2023. Our capital expenditures on development assets capitalized under IFRS amounted to $1,279 million (2023: $1,266 million), and we expect to maintain similar levels of investment in research and development as a percentage of revenue in 2025
- The Company has entered into definitive agreements to acquire in cash, Aviva Links ($242.5 million), TTTech Auto ($625 million) and Kinara, Inc. ($307 million), which are respectively expected to be paid within the next 12 months.

From time to time, we engage in discussions with third parties regarding potential acquisitions of, or investments in, businesses, technologies and product lines. Any such transaction could require significant use of our cash and cash equivalents, or require us to arrange for new debt and equity financing to fund the transaction. Our ability to make scheduled payments or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions. In the future, we may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay principal, premium, if any, and interest on our indebtedness. Our business may not generate sufficient cash flow from operations, or we may not have enough capacity under the RCF Agreement, EIB Facility Agreements, Commercial Paper Program, or from other sources in an amount sufficient to enable us to repay our indebtedness, including outstanding commercial paper notes, and borrowings under the EIB Facility and RCF Agreements, the unsecured notes or to fund our other liquidity needs, including working capital and capital expenditure requirements. In any such case, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness.

2024 Financing Activities

On November 21, 2024, NXP B.V., NXP Funding and NXP USA entered into definitive documentation to establish an unsecured Commercial Paper Program (the “CP Program”) under which, on a joint and several basis, short-term, unsecured commercial paper notes (the “CP Notes”) may be issued. Amounts available under the CP Program may be borrowed, repaid, and re-borrowed from time to time, with the aggregate principal amount of CP Notes outstanding under the CP Program at any time not to exceed $2,000 million. The net proceeds of issuances of the CP Notes are expected to be used for general corporate purposes.

On November 22, 2024, NXP B.V. entered into a facility agreement with the European Investment Bank, (“EIB Facility A”), which provides for a €640 million unsecured senior loan facility. The proceeds from borrowings under the EIB Facility A are expected to be used, together with proceeds from a second €360 million facility agreement (“EIB Facility B”) concluded in January 2025, to fund the research, development and innovation of semiconductor devices, technologies and solutions in five European countries. Borrowings on these facilities may be denominated in Euro or U.S. Dollar.

2023 Financing Activities

There were no significant financing activities during 2023.

Cash flow from operating activities

For the year ended December 31, 2024, our operating activities provided $4,118 million in cash; compared to $4,837 million generated during 2023. This was primarily the result of net income of $2,875 million (2023: $3,308 million), non-cash items primarily relating to depreciation, amortization and impairment of $1,811 million (2023 $1,857 million) and share-based payments $471 million (2023: $435 million), partially offset by the change in operating assets and liabilities. Changes in operating assets and liabilities were primarily driven by a $222 million increase in inventories in order to align inventory on hand with expected demand, $203 million increase in receivables and other current assets due to the related timing of cash collection (driven primarily by distributors), a $306 million increase in other non-current assets due to cash payments to secure production supply with multiple vendors (driven primarily by payments of $275 million to support the long-term capacity infrastructure of VSMC), and $381 million decrease in accounts payable and other liabilities as a result of timing related to payments, and $232 million increase in various provisions.

Cash flow from investing activities

For the year ended December 31, 2024, net cash used for investing activities amounted to $1,965 million (2023: $2,774 million) and consisted primarily of property, plant and equipment capital expenditures of $727 million (2023: $(827) million), capital expenditures on development assets for $1,279 million (2023: $1,266 million), $149 million (2023: $179 million) for the purchase of intangible assets and $260 million (2023: $94 million) investments in other entities, partially offset by the $409 million for the proceeds of short-term deposits.

Cash flow from financing activities

Net cash used for financing activities was $2,719 million for the year ended December 31, 2024 compared to $2,048 million for the year ended December 31, 2023. This was primarily driven by the dividend payment to common stockholders of $1,038 million (2023: $1,006 million), and purchase of treasury shares and restricted stock unit holdings of $1,373 million (2023: $1,053 million) and repurchase of long-term debt of $1,000 million (2023: $— million); partially offset by the $670 million proceeds from the issuance of long-term debt and $82 million proceeds from the issuance of common stock through stock plans.

Human Capital

At the heart of NXP's is our talented global employees, referred to as team members, whose creativity and dedication drive the innovation that sets our company apart. Our purpose is to bring together bright minds to create breakthrough technologies that make the connected world better, safer, and more secure. Globally, we implement policies and programs designed to attract, engage and retain top talent. These efforts center around key priorities including team member engagement, thought leadership, inclusion, compensation and benefits, development and growth, future talent, team member retention and community outreach.

NXP’s workforce includes direct labor (DL) and indirect labor (IDL). DL are those team members directly involved in manufacturing our products, while IDL consists of individual contributors, managers and executives in other functions such as research and development (R&D) and selling, general and administrative roles (SG&A).

As of December 31, 2024 we had 32,703 full-time equivalent employees compared to 33,857 at December 31, 2023. The average 2024 full-time equivalent employees is 33,280; which is calculated by the sum of 32,703 and 33,857 divided by two.

The following table indicates the % of full–time equivalent employees per geographic area:

	% as of December 31,	
	2024	2023
The Netherlands	**7 %**	7 %
Rest of Europe and Africa	**15 %**	14 %
Americas	**16 %**	17 %
Asia	**62 %**	62 %
Total :	**100 %**	100 %

Our NXP global workforce spans three regions encompassing 30+ countries and includes approximately 11,600 team members dedicated to the research and development of our products and solutions (representing 37% of our NXP workforce).

Corporate Values, Team Member Engagement

NXP's values are the cornerstone of how we operate, develop our teams, and foster innovation. Built on trust and respect, these principles guide every aspect of our talent strategy.

To assess and improve engagement, we consistently invite team members to share their feedback through the Winning Culture Survey, which covers various factors such as engagement and ethics. In our 2024 survey, 87% of our indirect-labor team members participated.

NXP is dedicated to retaining team members and closely monitors voluntary turnover. During calendar year 2024, our voluntary attrition rate was 5.5%. We continue to drive programs centered around retention actions for strategic roles and top-performing talent as well as broad-based programs targeting all team members.

Inclusion

At NXP, inclusion is integral to who we are. We value the unique talents, experiences, and perspectives that each team member brings to the workplace. Our inclusion approach is centered around the following:

- Leadership commitment and ownership;
- Building and sustaining a qualified talent pipeline and robust processes; and
- Fostering an inclusive culture and a sense of belonging to attract and retain the best talent.

NXP values team member engagement in driving inclusion through our Employee Resource Groups (ERGs). Membership is open to all team members, and each ERG has defined missions and executive oversight. Today, we have nine primary ERGs with representation in Asia, Europe and North America. The Human Resources and Compensation Committee of our Board provides oversight of our policies, programs and initiatives focusing on human capital management, including workforce inclusion.

NXP's Global Inclusion Policy outlines our key belief that every team member should be treated with respect. In alignment with the NXP Code of Conduct, we do not tolerate discrimination based on race, national origin, social origin, color, gender, religion, age, pregnancy, sexual orientation, physical or mental disability, or political affiliation, among other things. Nor do we tolerate physical, verbal, sexual or psychological harassment, bullying, abuse or threats of any kind. We are committed to providing an inclusive working environment for our team members and we recruit, hire and promote based solely on suitability for the job and other objective and non-discriminatory criteria. By working to foster a diverse, equal and inclusive environment where everyone feels welcomed, valued and accepted as they are, we increase collaboration, advance innovation and enable our team members to unlock their full potential.

NXP has set aspirational 2025 goals to improve gender. We focus on hiring, development, and retention to meet these goals.

2025 Inclusion Goals			
40% Women in Overall Global Workforce	30% Women in Global Indirect Labor Workforce	20% Women in Executive Positions*	25% Women in R&D Positions

2024 Inclusion Performance			
36%	26%	17%	20%

While we present gender representation data by men and women, we acknowledge this is not fully encompassing of all gender identities.

Future Talent and Development

NXP's dedication to new-in-career and internship programs plays a vital role in cultivating the next generation of talent. Additionally, through our partnerships and engagements with universities, we support advanced research programs and projects worldwide. NXP empowers team members to develop their professional skills and capabilities and is dedicated to a 70/20/10 continuous learning model, including mechanisms for learning through on-the-job experiences (70%), learning through others (20%), and learning through formal education (10%). Using a blend of internally designed and externally sourced courses and learning resources, we offer our global team members a variety of training programs in support of key business processes, requirements and initiatives.

Compensation and Benefits

We provide team members with total rewards packages including base salary and short-term and long-term incentives. In addition, we offer comprehensive benefits package that includes various offerings that support the overall health and well-being of our team members.

We believe that pay decisions should be made on four factors: external market conditions, employee performance/contributions, specific skills and internal equity. NXP has policies and procedures in place to promote pay equity and utilizes third-party data to formulate compensation and benefits programs that are fair, equitable and competitive. We perform pay reviews twice a year, alongside NXP's rewards processes, to ensure we are delivering pay decisions with an appropriate focus on fairness, reflecting our commitment to making compensation-related decisions based only on performance, tenure and skill related factors. We empower leaders to recognize both individual and team accomplishments.

Employee Health and Safety

We are committed to the safety of our employees, and we continuously assess safety risks globally to ensure workplace risks are mitigated. We are certified to the ISO 45001 Occupational Health and Safety Management System, and have developed robust safety programs and initiatives to safeguard our workforce.

In 2024, we began an internal effort to increase safety awareness at all of our manufacturing sites via various programs including Safety Hero/Star, which recognizes employees who have fully embraced the safety-oriented mindset.

Employee Representation

A number of our team members are members of a labor union and in various countries, local law requires us to inform and consult with employee representatives on matters relating to labor conditions. We have not experienced any material strikes or labor disputes in the past and consider our employee relations to be good.

We also have employee-lead worker's councils in various countries that provide input and oversight to many of the decisions made on behalf of employees.

Subsequent events

The Company performed a review of events subsequent to the balance sheet date through the date the financial statements were authorized for issue by the board of directors and determined that there were no such events requiring recognition or disclosure in the financial statements.

Governance

NXP's Leadership

Board of Directors

Our Board of Directors, including their ages and positions as of March 6, 2025 are as follows:

Name	Age	Sex	Position	Meeting attendance*
Kurt Sievers	55	M	Executive Director, President and Chief Executive Officer	100%
Annette Clayton	61	F	Non-Executive Director and Member of the Board's Audit Committee, and Member of the Board's Human Resources and Compensation Committee	100%
Anthony Foxx	53	M	Non-Executive Director and Chair of the Board's Nominating, Governance and Sustainability Committee	100%
Moshe Gavrielov	70	M	Non-Executive Director and Member of the Board's Human Resources and Compensation Committee, and Member of the Board's Nominating, Governance and Sustainability Committee	100%
Chunyuan Gu	66	M	Non-Executive Director and Member of the Board's Audit Committee	88%
Lena Olving	68	F	Non-Executive Director and Member of the Board's Human Resources and Compensation Committee	100%
Julie Southern	65	F	Non-Executive Director, Chair, and Member of the Board's Nominating, Governance and Sustainability Committee	100%
Jasmin Staiblin	55	F	Non-Executive Director and Member of the Board's Audit Committee	100%
Gregory L. Summe	68	M	Non-Executive Director and Chair of the Board's Human Resources and Compensation Committee, and Member of the Board's Nominating, Governance and Sustainability Committee	100%
Karl-Henrik Sundström	64	M	Non-Executive Director, Chair of the Board's Audit Committee, and Member of the Board's Human Resources and Compensation Committee	100%

*) Attendance is reflected for the 8 Board meetings/calls held in 2024. For those directors that are member of the Audit Committee, the Human Resources and Compensation Committee and the Nominating, Governance and Sustainability Committee attendance also reflects the 9 Audit Committee meetings/calls, the 7 Human Resources and Compensation Committee meetings / calls and the 4 Nominating, Governance and Sustainability Committee meetings / calls.

There are no family relationships among our directors or between any director and any of our executive officers.

- **Kurt Sievers (1969, German).** Mr. Sievers is executive director, president and chief executive officer since May 2020, after a successful track record as the president of NXP, overseeing all the company's business lines, since 2018. Mr. Sievers joined NXP in 1995, and rapidly moved through a series of Marketing & Sales, Product Definition & Development, Strategy and General Management leadership positions across a broad number of market segments. He has been a member of the executive management team since 2009, where he has been instrumental in the definition and implementation of the NXP High-Performance Mixed Signal strategy. In 2015, Mr. Sievers was influential in the merger of NXP and Freescale Semiconductor. Mr. Sievers serves on the board of the German National Electrical and Electronics Industry Association (ZVEI), the Global Semiconductor Alliance (GSA) and Capgemini S.E. Mr. Sievers served as president of ESIA (European Semiconductor Industry Association) from December 2021 until December 2023. He chaired the advisory board of the international trade-fair Electronica until June 2021. He served as president of AENEAS, an industrial association for application and technology research in Europe on nano-electronics from January 2022 until December 2024. Mr. Sievers serves as a member of the Asia-Pacific-Committee of German Business (APA) and as a member of the board at the German Asia-Pacific Business Association (OAV), acting as the spokesperson for the Republic of Korea. Mr. Sievers earned a master's degree in physics and information technology from Augsburg University, Germany.

- **Annette Clayton (1964, American).** Ms. Clayton was appointed a non-executive director of our board of directors effective May 2021. Ms. Clayton is the former chairwoman, chief executive officer and president of Schneider Electric North America, a region of Schneider Electric, a multinational firm specializing in energy management and automation solutions. From 2016 through December 2023, Ms. Clayton was the chief executive officer of Schneider Electric North America. Through December 2019, Ms. Clayton also held the title of chief supply chain officer for Schneider Electric and led the $13.4 billion global supply chain operation based in Hong Kong, including the oversight of Schneider Electric's customer satisfaction & quality, and safety, environment and real estate organizations. Prior to joining Schneider Electric in 2011, Ms. Clayton served in various executive roles at Dell, including vice president global operations based in Singapore. From 1983 to 2006, Ms. Clayton worked at General Motors Corporation in senior management roles , including president of Saturn Corporation. She serves on the board of Duke Energy Corporation, Nordson Corporation and Oshkosh Corporation. Ms. Clayton graduated from Wright State University with a bachelor's degree in general engineering and obtained a master's degree in engineering management from the University of Dayton. She has also completed the London Business School executive development program and many of the National Association of Corporate Directors certification programs specifically for cybersecurity and artificial intelligence.

- **Anthony Foxx (1971, American).** Mr. Foxx was appointed a non-executive director of our board of directors effective May 2021. Since 2023, Mr. Foxx serves as the Emma Bloomberg Professor of the Practice of Public Leadership at the Harvard Kennedy School, and since July 1, 2024, as the Co-Director of the Harvard Kennedy School Center for Public Leadership. From October 2018 to January 2022, Mr. Foxx served as the chief policy officer and senior advisor to the president and chief executive officer of Lyft. Prior to joining Lyft Inc., he served as a managing partner of Related Infrastructure, the infrastructure development group of Related Companies, a real estate firm, from December 2017 to October 2018. From July 2013 to January 2017, Mr. Foxx served as the seventeenth United States Secretary of Transportation. He served as the mayor of Charlotte, North Carolina from 2009 to 2013 and as a Charlotte City council member at-large representative from 2005 to 2009. Mr. Foxx also has held a variety of legal positions in the public and private sectors. Mr. Foxx serves on the board of directors of Martin Marietta Materials Inc. and CDW Corporation. He holds a Doctor of Law (J.D.) from New York University School of Law, and a Bachelor of Arts (B.A.), History, from Davidson College.

- **Moshe Gavrielov (1954, United States and Israel**) Mr. Gavrielov was appointed a non-executive director of our board of directors effective May 2023. Mr. Gavrielov served as president and CEO of Xilinx Inc. from January 2008 to January 2018, and as director of Xilinx Inc. from February 2008 to January 2018. Prior to that, he served at Cadence Design Systems Inc. as executive vice president and general manager of the verification division from April 2005 to November 2007, and CEO of Versity Ltd. from March 1998 to April 2005. He also served at a variety of executive management positions in LSI Logic Corp. for nearly 10 years, and engineering management positions in National Semiconductor Corporation and Digital Equipment Corporation. Mr. Gavrielov serves on the boards of Taiwan Semiconductor Manufacturing Company Limited and Cadence Design Systems Inc. In addition, Mr. Gavrielov is the chair of the board of SiMa Technologies Inc. and Foretellix Ltd. Mr. Gavrielov holds a bachelor's degree in electrical engineering and a master's degree in computer science from Technion-Israel Institute of Technology.

- **Chunyuan Gu (1958, Swedish).** Mr. Gu was appointed a non-executive director of our board of directors effective June 2022. Mr. Gu has over 30 years of experience working at ABB Ltd., a global pioneering technology leader in electrification and automation serving customers in utility, industry, transportation and infrastructure. Mr. Gu began his career at ABB Corporate Research in Sweden in 1989, and has held various roles and functions in R&D, manufacturing operations and general management. Since 2020, Mr. Gu serves in an advisory capacity as chair of the board of ABB (China) Ltd. From 2017 to 2019, Mr. Gu was a member of the ABB group executive committee and president of the Asia, the Middle East and Africa region. From 2014 to 2017, Mr. Gu served as president and CEO of ABB China. Since 2020, Mr. Gu has served as a non-executive director of CLP Holdings Limited. Since 2021, he has served as senior advisor at Blackstone Ltd. Mr. Gu holds a bachelor of engineering from Shanghai Jiao Tong University and a PhD, school of aeronautics from the Royal Institute of Technology, Stockholm. Mr. Gu is a fellow of IVA, the Royal Swedish Academy of Engineering Sciences.

- **Lena Olving (1956, Swedish).** Ms. Olving was appointed a non-executive director of our board of directors effective June 2019. Ms. Olving served as president and CEO of Mycronic AB (listed on Nasdaq OMX Stockholm) from 2013 to 2019, a Swedish high-tech equipment company serving the electronics industry. Before that, Ms. Olving worked at Saab AB, a listed Defence and Security company, as deputy CEO and chief operating officer. Her earlier career also includes various managerial positions within Volvo Car Corporation, in total 25 years, of which 5 years in Asia Pacific and 7 years in the executive management team. Ms. Olving is a board member of Assa Abloy AB, Vestas Wind Systems A/S, Investment AB Latour, chair of the board of Nodica Group AB, and board member of Stena Metall AB. She is a fellow of IVA, the Royal Swedish Academy of Engineering Sciences. She holds a Master of Science in Mechanical Engineering from Chalmers in Gothenburg, Sweden. In January 2018, Ms. Olving was presented H.M. The King's Medal of the 12th size with blue ribbon for outstanding efforts within Swedish business sector. In October 2019, she was awarded IVA's Gold Medal for pioneering and outstanding leadership within the tech sector, and in 2023 she received the Gustaf Dalén Goldmedal for her contributions to the fields of engineering and technology.

- **Julie Southern (1959, British).** Ms. Southern was appointed a non-executive director of our board of directors effective October 2013 and chair of our board of directors effective May 2023. Ms. Southern was with Virgin Atlantic Limited (UK) from 2000 to May 2013. From 2010 to 2013, she was chief commercial officer and from 2000 to 2010 she was chief financial officer of Virgin Atlantic. Prior to joining Virgin Atlantic, Ms. Southern was group finance director at Porsche Cars Great Britain and finance and operations director at WH Smith - HJ Chapman & Co Ltd. Prior to that, she was a chartered accountant at Price Waterhouse Coopers. Ms. Southern currently holds non-executive directorships at Ocado Group plc and RWS Holdings plc. Ms. Southern serves as chair of the board and chair of the nomination committee at RWS Holdings plc, and chair of the remuneration committee and member of the audit and people committees at Ocado Group plc. Previously, Ms. Southern held directorships at Gategroup (2015-2016), Stagecoach Group plc (2016-2018), DFS Furniture plc (2015-2019), Cineworld Group plc (2015-2019), easyJet plc (2018-2023), and Rentokil plc (2014-2023).

- **Jasmin Staiblin (1970, German and Swiss).** Ms. Staiblin was appointed a non-executive director of our board of directors effective June 2019. Ms. Staiblin served between 2013 and 2018 as chief executive officer of Alpiq, a leading Swiss energy services provider and power producer in Europe. She successfully led the company through a major transformation in a fundamentally changing energy market. She began her career in 1997 at the ABB Group, the Swedish-Swiss global technology company, starting in ABB's group research center. From 1999 to 2005, Ms. Staiblin served in various global functions and as a member of the management team for ABB's power technologies division. She held the position of chief executive officer of ABB Switzerland from 2006 to 2012. Ms. Staiblin is a board member of Zurich Insurance Group Ltd. and chair of the supervisory boards of Rolls-Royce Power Systems AG and Rolls-Royce Solutions GmbH. She formerly served on the board of Rolls-Royce plc and Georg Fischer AG. She studied Physics and Electrical Engineering at the Karlsruhe Institute of Technology, Germany and the Royal Institute of Technology in Stockholm, Sweden. Ms. Staiblin completed her studies with a Degree in Physics and has a Master of Science in electrical engineering.

- **Gregory L. Summe (1956, American).** Mr Summe was appointed a non-executive director of our board of directors effective December 2015. Mr. Summe is the managing partner of Glen Capital Partners, an investment fund. Previously, Mr. Summe was the managing director and vice chair of Global Buyout at The Carlyle Group, a leading global private equity firm, from 2009 to 2014. Prior to joining Carlyle, he was the chair and chief executive officer of PerkinElmer Inc., a global leader in Health Sciences, a company he led from 1998 to May 2009. He also served as a senior advisor to Goldman Sachs Capital Partners, from 2008 to 2009. Mr. Summe was a director of Freescale Semiconductor from 2010 until its merger with NXP in 2015 and served as chair of the Freescale board from 2014 to 2015. Prior to PerkinElmer, Mr. Summe was with AlliedSignal, now Honeywell International, serving as the president of General Aviation Avionics, president of the Aerospace Engines Group and president of the Automotive Products Group. Before joining AlliedSignal, he was the general manager of Commercial Motors at General Electric and was a partner with the consulting firm of McKinsey & Company Inc. Mr. Summe holds B.S. and M.S. degrees in electrical engineering from the University of Kentucky and the University of Cincinnati, and an M.B.A. with distinction from the Wharton School at the University of Pennsylvania. He is in the University of Kentucky's Hall of Distinction. Mr. Summe also serves on the board of directors of the State Street Corporation, Avantor Corporation, Grail Inc., and Wheels Up Experience Inc., and formerly served on the boards of directors of NextGen Acquisition Corp. I, NextGen Acquisition Corp. II and Virgin Orbit Holdings Inc.

- **Karl-Henrik Sundström (1960, Swedish).** Mr. Sundström was appointed a non-executive director of our board of directors effective June 2019. Mr. Sundström served as CEO of Stora Enso from 2014 until his retirement in 2019. He joined Stora Enso in August 2012 as CFO and member of the group leadership team. In June 2013, he took on the role as executive vice president for division Paper and Wood Products. Prior to joining Stora Enso, Mr. Sundström held the role of CFO of NXP Semiconductors N.V. (2008–2012). Before that, he held several managerial positions in Ericsson, including CFO. Mr. Sundström is the chair of the board of Boliden AB, vice-chair of the board of Vestas Wind Systems A/S, chair of the boards of Mölnlycke AB and the Finnish-Swedish Chamber of Commerce, board member of Climate Leadership Coalition, and member of the board of the Marcus Wallenberg Foundation. Mr. Sundström participated in an Advanced Management Program at Harvard Business School in 1997 and holds a degree in Business Administration, Finance and Accounting from the Uppsala University, Sweden.

Information on the remuneration of our board of directors is disclosed in Note 31 *Information on remuneration board of directors* of the consolidated financial statements.

Information about our Executive Officers

The names, ages and positions as of March 6, 2025, of our executive officers (as determined under U.S. securities laws), including our chief executive officer, Mr. Sievers, are as follows:

Name	Age	Sex	Position
Kurt Sievers	55	M	Executive director, president and chief executive officer
Bill Betz	47	M	Executive vice president and chief financial officer
Christopher Jensen	55	M	Executive vice president and chief people officer
Andrew Hardy	48	M	Executive vice president and chief sales officer
Andrew Micallef	60	M	Executive vice president and chief operations and manufacturing officer
Jennifer Wuamett	59	F	Executive vice president, general counsel, corporate secretary and chief sustainability officer

There are no family relationships among our executive officers or between any executive officer and any of our directors.

- **Bill Betz (1977, American).** Mr. Betz is executive vice president, chief financial officer and a member of the management team. In this role, he is responsible for all aspects of the company's financial and accounting functions including treasury, investor relations, audit, tax and mergers and acquisitions. Mr. Betz has more than 25 years of finance experience in the semiconductor industry with a strong track record focused on results. Prior to joining NXP in 2013, he held several financial leadership positions with Fairchild Semiconductors, LSI Logic and Agere Systems. Prior to being named CFO in October 2021, Mr. Betz was senior vice president, business planning & analytics and finance business group controller for NXP's business lines and shared service centers, and led the corporate financial planning, analysis and business intelligence teams. Mr. Betz holds a Master of Business Administration from the University of Chicago Booth School of Business and a Bachelor of Science in Business Administration from West Virginia University.

- **Christopher Jensen (1969, American).** Mr. Jensen is executive vice president, chief people officer and a member of the management team and has served in this role since June 2020. In this role, he is responsible for all aspects of the Company's global human resources function, the Company's people strategy and fostering an inclusive culture to achieve NXP's business objectives. Mr. Jensen has been with NXP since the merger with Freescale in 2015 and was integral to the cultural integration of the two companies. He has extensive experience in leading the various functions across human resources, with strength in change management, compensation and benefits design, and mergers and acquisitions. Prior to Freescale, Mr. Jensen held executive human resources positions at Applied Materials and Tandem Computers. Mr. Jensen earned his bachelor of science in organization behavior from the University of San Francisco and graduated beta gamma sigma with his MBA from Baylor University.

- **Andrew Hardy (1977, American).** Mr. Hardy is executive vice president, chief sales officer and a member of the management team and has served in this role since February 2025. In this role, he is responsible for driving the company's top-line growth initiatives, enabling solutions in support of our customers and ensuring high customer satisfaction. Mr. Hardy has more than 25 years of experience in sales, marketing and business development and was most recently NXP's Americas regional vice president of sales, serving in this role from 2016-2025. Prior to joining NXP in 2014, Mr. Hardy served in multiple sales leadership roles at Texas Instruments. Mr. Hardy earned his Bachelor of Science in Electrical Engineering from North Carolina State University and holds a Master of Business Administration (MBA) from University of North Carolina-Chapel Hill.

- **Andrew Micallef (1965, American).** Mr. Micallef is executive vice president, chief operations and manufacturing officer and a member of the management team. He joined NXP in May 2021 and is responsible for creating and executing NXP's end-to-end manufacturing, quality and supply chain strategies. Mr. Micallef has more than 20 years of semiconductor industry experience, including senior operational roles overseeing manufacturing, procurement, supply chain management, logistics, quality, product and test engineering, information technology and facilities. Prior to NXP, Mr. Micallef was chief operations officer for Marvell. Prior to that, he held operations leadership roles at Intersil Corporation, Audience, LSI Corporation and Agere Systems.

- **Jennifer Wuamett (1965, American).** Ms. Wuamett is executive vice president, general counsel, corporate secretary and a member of the management team for NXP since 2018, and chief sustainability officer since 2022. In this role, she is responsible for worldwide legal, governance, compliance and intellectual property matters for NXP and for oversight of NXP's environmental, social and governance (ESG) and risk programs. Previously, Ms. Wuamett served as senior vice president and deputy general counsel at NXP. Prior to that, she was Freescale's senior vice president, general counsel and secretary and served in various other positions at Freescale and Motorola beginning in 1997. Ms. Wuamett is also on the board of directors of Plexus Corp.

Corporate Governance

Introduction

Our legal name is NXP Semiconductors N.V. and our commercial name is "NXP" or "NXP Semiconductors." We were incorporated in the Netherlands in 2006 and are a Dutch public company with limited liability (naamloze vennootschap). Our common shares are listed on the Nasdaq Global Select Market ("Nasdaq").

We are subject to various corporate governance requirements and best practice codes, the most relevant being those in the Netherlands and the United States. The current Dutch Corporate Governance Code (the "DCGC"), dated December 8, 2016, replaced the former 2008 code and applies to all Dutch companies listed on a government-recognized stock exchange, whether in the Netherlands or elsewhere. On 20 December 2022 a revised Dutch Corporate Governance Code was published which replaced the 2016 version and is applicable to NXP starting the fiscal year 2023. This DCGC 2022 further defines the concept of sustainable long-term value creation, has additional provisions on diversity and inclusion (D&I) and further emphasizes the importance of company culture. The DCGC is based on a "comply or explain" principle. Accordingly, companies are required to disclose in their statutory annual reports filed in the Netherlands whether or not they comply with the various rules of the DCGC and if they do not comply with those provisions, to give the reasons therefore. The DCGC contains principles and best practice provisions for boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards.

The purpose of NXP is to bring together bright minds to create breakthrough technologies that make the connected world better, safer and more secure. Our strategy is to maximize value for all our key stakeholders, including customers, employees, and shareholders. We aim to deliver sustainable, profitable growth by bringing intelligent systems to the edge in the automotive and industrial & Internet of Things (IoT) end markets. We seek to build long-term strategic relationships with our customers and suppliers, while consistently meeting or exceeding their expectations. We are committed to driving sustainable innovation resulting in a better tomorrow for our customers, team members, communities, and society as a whole.

The Board is committed to maintaining a dialogue with shareholders to ensure that they understand our differentiated strategy and business model and have an opportunity to discuss and engage on a broad range of topics, including our strategy. The Board will review the implementation of our strategy at the annual general meeting of shareholders.

Report of the Directors

We conduct our operations in accordance with internationally accepted principles of good governance and best practice, while ensuring compliance with the corporate governance requirements applicable in the countries in which we operate:

- We have a transparent corporate structure, with approval rights of our general meeting of shareholders for any significant change in the identity or nature of our Company or business;
- Each share of our common stock confers the right to cast one vote at the general meeting of shareholders;
- Our directors are appointed for one year terms;
- We do not have a poison pill in place;
- We only have outstanding common stock, and no preference shares are issued, and such shares cannot be issued without majority shareholder approval;
- Our share capital consists only of common shares and preference shares, no priority or other shares with special voting rights are included in our share capital;
- Any issuance of common or preference shares, for any reason, is subject to the approval of the general meeting of shareholders; and
- We allow special meetings of our shareholders to be called upon the written request of shareholders holding at least 10% of our outstanding voting stock.

The Board, as well as the management team and the NXP Ethics Committee, promote openness and engagement through SpeakUp, a confidential reporting system described in more detail below. Furthermore, we maintain a Code of Conduct in order to promote a culture of good governance, excellence and consistency that applies to all of our directors, officers and employees and complies with the requirements of the Sarbanes-Oxley Act of 2002, and the rules thereunder, as well as applicable Nasdaq listing standards. A copy of the Code of Conduct is available on our Investor Relations website at http://investors.nxp.com under the “Corporate Governance” section. We will post any amendments to, or waivers from, our Code of Conduct (to the extent applicable to any director or any of our executive officers) on this website.

The Code of Conduct outlines our general commitment to be a responsible social partner and the way in which we attempt to interact with our stakeholders, including shareholders, suppliers, customers, employees and the market. The Code of Conduct expresses our commitment to an economically, socially and ethically sustainable way of working. It covers our policy on a diverse array of subjects, including corporate gifts, privacy, child labor, International Labor Organization conventions, trade compliance, working hours, sexual harassment, free-market competition, bribery and the integrity of financial reporting.

The Code of Conduct is built around the campaign “Know Right, Do Right” and consists of a framework of a variety of controls, a strict non-retaliation policy, a training program for employees, the SpeakUp telephone line and online site where people can report potential issues in a confidential manner, a confidential investigation process, risk assessments, background checks and audits. Any reports related to the Code of Conduct are brought to the attention of our Ethics Committee to ensure that all reports are properly investigated and addressed. Each quarter the Ethics Committee communicates to the Audit Committee a summary of all reports and investigations.

In this report, we address our overall corporate governance structure and state to what extent we apply the provisions of the Dutch corporate governance code. This report also includes the information which the Company is required to disclose pursuant to the governmental decree on corporate governance. The board of directors, which is responsible for the corporate governance structure of the Company, is of the opinion that the principles and best practice provisions of the Dutch corporate governance code that are addressed to the board of directors, interpreted and implemented in line with the best practices followed by the Company, are being applied. Deviations from best practice provisions of the code, will be explained in this report. Substantial changes in the Company’s corporate governance structure and in the Company’s compliance with the Dutch corporate governance code will be submitted to the general meeting of shareholders for discussion under a separate agenda item.

How our Board Governs and is Governed

The Company has a one-tier board structure, consisting of one or more executive directors and independent non-executive directors. The Board currently consists of ten directors, each of whom is either an executive director or a non-executive director pursuant to applicable Dutch law. The number of executive and non-executive directors is determined by the Board.

Under our Articles of Association and Dutch corporate law, the directors are collectively responsible for the management, general and financial affairs and policy and strategy of our Company. Our executive director is responsible for the day-to-day management of the Company and for the preparation and execution of Board resolutions, to the extent these tasks are not delegated to a committee of the Board. Our Chief Executive Officer or all directors acting jointly may represent the Company with third parties.

Consistent with established Dutch law and our Articles of Association, the executive director and non-executive directors are appointed by the shareholders at a general meeting of shareholders from a binding nomination proposed by the Board.

The binding nominations by the Board are made in accordance with Section 14.4 of the Articles of Association. The shareholders at an annual general meeting may at all times overrule the binding nature of such a nomination by a resolution adopted by at least a two thirds majority of the votes cast, provided such majority represents more than half of our issued share capital. If the nomination is not overruled, the nominated member of the Board shall be appointed. If the nomination is overruled, the Board may then make a new nomination. If a nomination has not been made or has not been made in due time, this shall be stated in the notice and the general meeting of shareholders shall be free to appoint a member of the Board at its discretion. The latter resolution of the general meeting of shareholders must also be adopted by at least two thirds majority of the votes cast, provided such majority represents more than half of our issued share capital.

Our directors are appointed for one year and will be, if nominated by the Board, re-electable each year at a general meeting of shareholders. As directors are only appointed until the next general meeting of shareholders, and the Board maintains an orderly, robust process for Board refreshment and succession as explained in this report. The Board does not limit the number of times directors can be nominated for re-election as referred to in par. 2.2.2 of the DCGC. Our directors may be suspended or dismissed at any time by the shareholders at an annual general meeting of shareholders. A resolution to suspend or dismiss a director will have to be adopted by at least a two thirds majority of the votes cast, provided such majority represents more than half of our issued share capital unless the proposal to suspend or dismiss a director is made by the Board, in which case resolutions shall be adopted by a simple majority of votes cast. An executive director can also be suspended by the Board.

If appointed, each director's term begins at the annual general meeting at which he or she is appointed and, unless such director resigns or is suspended or dismissed at an earlier date, his or her term of office lapses immediately after the next annual general meeting held after his or her appointment.

The Board and the Nominating, Governance and Sustainability Committee have carefully considered the experience, structure, culture, diversity, operation, interactions, collaboration and performance of the current Board; the talents, expertise and contributions of individual directors; the growth and creation of shareholder and other stakeholder value under the Board's leadership; the continued evolution of the Company; the Board's critical role in continuing to develop and lead the strategic direction of the Company; the continued change and consolidation in the semiconductor industry; anticipated future challenges and opportunities facing the Company; and the Board's ongoing commitment to ensuring the long-term sustainability of the Company to the benefit of shareholders and other stakeholders.

Rules Governing the Board

The Board has adopted written Rules Governing the Board (the "Rules of Procedure") governing its performance, its decision making, its composition, the tasks and working procedures of the committees and other matters relating to the Board, the Chief Executive Officer, the non-executive directors and the committees established by the Board. In accordance with our Rules of Procedure, resolutions of our Board will be adopted by a simple majority of votes cast in a meeting at which at least the majority of its members is present or represented. Each director has the right to cast one vote. In a tie vote, the proposal will be rejected.

In addition to the Rules of Procedure, the Board has adopted charters of its committees, to which the plenary Board, while retaining overall responsibility, has assigned certain tasks: the Audit Committee, the Nominating, Governance and Sustainability Committee, and the Human Resources and Compensation Committee. Each committee reports to the plenary Board. The Rules of Procedure are, together with the committee charters, posted on our Investor Relations website at *http://investors.nxp.com* under the "Corporate Governance" section. Copies of our corporate governance materials are also available to shareholders who request them. Requests must be in writing and sent to: NXP Semiconductors N.V., High Tech Campus 60, 5656 AG, Eindhoven, The Netherlands, Attention: Secretary.

The Board is assisted by the Secretary. The Secretary sees to it that correct procedures are followed and that the Board acts in accordance with its statutory obligations and its obligations under the Articles of Association. Furthermore, the Secretary assists the Chair of the Board (the "Chair") in the functioning of Board business (information, agenda, evaluation, introductory program). The Secretary, in this capacity, is appointed and dismissed by the Board. Shareholders or other interested parties who wish to communicate with the Board, including the Chair and the non-executive directors individually or as a group, may send correspondence in care of the Secretary at NXP's principal offices at High Tech Campus 60, 5656 AG, Eindhoven, The Netherlands. Our Secretary will receive all communications sent to this address, and will provide all substantive communications to the Chair, excluding simple administrative requests that are appropriately addressed by the Secretary.

Our non-executive directors oversee the general affairs of the Company and supervise and provide general advice to the executive director. Furthermore, the non-executive directors perform such acts that are delegated to them pursuant to our Articles of Association or by our board regulations. Ms. Julie Southern has been appointed Chair of the Board.

Under the Rules of Procedure, Board members must comply with any provisions on the maximum number of directorships and board memberships as decided by the Nominating, Governance and Sustainability Committee. Currently, the Nominating, Governance and Sustainability Committee has determined that members of the Board shall have no more than four board memberships in public companies in addition to service on the Board of NXP, and not more than two of such board memberships if they are an executive officer.

Each director owes a duty to us to properly perform the duties assigned to him or her and to act in the corporate interest of our Company. Under Dutch law, the corporate interest extends to the interests of all corporate stakeholders, such as shareholders, creditors, employees, customers and suppliers.

Board Leadership and Role in Risk Oversight

Our Chair works closely with our Chief Executive Officer to set the agenda for Board meetings and to facilitate information flow between the Board and management. Ms. Julie Southern currently serves as the Chair. The Chair presides at the Board meetings, as well as regularly scheduled executive sessions of the non-executive directors.

Our independent directors regularly meet in executive session without executive directors or management present. Additionally, the Board and each committee have the power to hire, at the expense of the Company, independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

The Board has demonstrated expertise in developing strategies that have created a unique and sustainable global platform that serves the interests of shareholders and other stakeholders and possesses a deep understanding of the management team and the bench strength and culture within the Company. The Board also has a strong understanding of the challenges and opportunities facing the Company around the world, as well as the semiconductor industry in which we operate. This understanding has enabled the Board to guide the Company and our executive team in navigating ongoing, complex, and unpredictable developments that continue to have significant impacts on the semiconductor industry generally and us in particular.

The Board believes that its current structure continues to provide robust and highly effective oversight based on, among other factors:

- All nine current non-executive directors are independent; the sole board member not being independent is the executive director (the CEO);
- Robust Corporate Governance principles, which are reviewed annually;
- A Chair with deep experience in and knowledge of our business and industry with a demonstrated unique and successful strategic vision. Our Chair continues to be actively focused on its role of providing the overall strategic leadership for the Company, consistent with Dutch law and the Company's organizational documents - a role that the Board believes remains critically important as our industry continues to experience significant change and disruption at a rapid rate;

- The Audit, Human Resources and Compensation, and Nominating, Governance and Sustainability Committees all are composed entirely of independent directors (as defined in the applicable Nasdaq listing standards and within the meaning of the DCGC);
- Approval of any appointment of members to the Audit, Human Resources and Compensation, and Nominating, Governance and Sustainability Committees must include at least a majority of the independent directors;
- All Board committees operate pursuant to written charters and conduct annual self-assessments;
- The independent directors of the Board and its committees receive extensive information and input from multiple layers of management and external advisors, engage in detailed discussion and analysis regarding matters brought before them (including in executive session) and consistently and actively engage in the development and approval of significant corporate strategies;
- The Board and its committees have unrestricted access to management;
- The Board and its committees can retain, at Company expense, any advisors they deem necessary with respect to any matter brought before them; and
- In 2024, the Board held 8 executive sessions of non-management members.

Meetings of NXP's Board

The Board met 8 times in 2024. In addition to these meetings, directors attended meetings of individual Board committees of which they were members. Each of the directors attended at least 75% of the aggregate of the Board meetings and meetings of committees of which they were a member during the periods for which they served in 2024. NXP does not have a formal policy regarding Board members' attendance at annual general meetings, but all of our Board members are invited to attend the Annual General Meeting. Ms. Julie Southern, Chair of the Board, Mr. Kurt Sievers, Chief Executive Office and President, Ms. Lena Olving and Mr. Karl-Henrik Sundström attended the 2024 annual general meeting.

The Rules of Procedure require the independent directors to meet in executive session from time to time, and at least twice annually, without any members of management present. During 2024, the independent directors of the Board met in executive session four times.

NXP's Board Committees

The standing committees of the Board are the Audit Committee, the Human Resources and Compensation Committee, and the Nominating, Governance and Sustainability Committee. Each committee operates under a written charter, a current copy of which, along with our Articles of Association and the Rules of Procedure, is available on our Investor Relations website at *http://investors.nxp.com* under the "Corporate Governance" section.

Information about each of the standing committees is provided on the following pages provides an additional discussion of committee responsibilities in relation to risk oversight.

AUDIT COMMITTEE	
Members Mr. Sundström (Chair) Ms. Clayton Mr. Gu Ms. Staiblin Number of meetings during 2024: 4	**KEY OVERSIGHT RESPONSIBILITIES INCLUDE, BUT ARE NOT LIMITED TO:** • The integrity of the Company's financial statements and its accounting and financial reporting processes • The effectiveness of the Company's internal control over financial reporting • Compliance with applicable legal and regulatory requirements • Oversight of information technology risks, including cybersecurity • The qualifications, independence and performance of the independent registered public accounting firm for U.S. public reporting purposes and the Company's external auditor for purposes of Dutch law • The Internal Audit group • The Company's processes and procedures related to risk assessment and risk management

HUMAN RESOURCES AND COMPENSATION COMMITTEE	
Members Mr. Summe (Chair) Ms. Clayton Mr. Gavrielov Ms. Olving Mr. Sundström Number of meetings during 2024: 7	**KEY OVERSIGHT RESPONSIBILITIES INCLUDE, BUT ARE NOT LIMITED TO:** • CEO and senior management compensation, including the corporate goals and objectives relevant to such compensation and evaluating performance in light of those goals and objectives • Board and committee compensation • Relationship between the Company's compensation policies and practices and risk management • Management Team succession plans • Compensation and benefits-related disclosures and equity compensation plans in which executives participate • Various human capital management topics, including diversity, equality and inclusion, Workforce trends and surveys, as well as University Relations Program

NOMINATING, GOVERNANCE AND SUSTAINABILITY COMMITTEE	
Members Mr. Foxx (Chair) Mr. Gavrielov Ms. Southern Mr. Summe Number of meetings during 2024: 4	**KEY OVERSIGHT RESPONSIBILITIES INCLUDE, BUT ARE NOT LIMITED TO:** • Corporate governance matters • Nomination or re-nomination of director candidates and approval of other shareholders meeting agenda items • The annual self-evaluation of the Board and its committees • Review NXP top identified risks and make proposals to the Board on oversight • Initiatives and reporting on Environment, Social and Governance

Setting and Overseeing Strategy

The Board actively determines the Company’s strategy and continues to focus on those strategies designed to ensure the continued durability and sustainability of the Company, while creating sustainable long-term value for our shareholders, and serving the interests of our other stakeholders. The Board and its committees regularly and extensively reviewed during their meetings throughout 2024 the Company’s strategy, the Company’s primary risks as well as the design and operation of the internal control systems to ensure it supports the long-term growth and sustainability of the Company and reflects, among other considerations, market challenges and opportunities, and the interests of shareholders and other stakeholders. This has substantially impacted the sustainable long-term value creation strategy as referred to in practice 1.1.1 of the DCGC and as further outlined in below Sustainability statements and the Annual Social Responsibility Report . In addition to quarterly updates on the business performance and detailed presentations by the various business managers, the Board reviewed and discussed the mid- to long-term strategy of the Company in its November meeting.

The Board is committed to maintaining a dialogue with shareholders to ensure that they understand our differentiated strategy and business model and have an opportunity to discuss and engage on a broad range of topics, including our strategy. The Board will also review the implementation of our strategy at our annual general meeting of shareholders, giving attendees the opportunity to discuss our annual Dutch board report and the accompanying financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS”). We also regularly discuss our strategy in shareholder engagement sessions.

Risk Oversight

Our management is directly responsible for executing the Company’s risk management processes. Reference is made to the section Enterprise Risk Management process and the various risk factors. Our Board is responsible for overseeing these risk management processes. In exercising its oversight, the Board and, as appropriate, the relevant Board committees, assesses the material risks facing the Company and evaluate management’s plans for managing material risk exposures. The Company conducts a formal annual risk assessment to identify, analyze and report on enterprise risks. The results of this risk assessment are reported to and discussed with the Board.

Our Board performs this oversight function through periodic reports from management and Board committees. While our Board generally has ultimate oversight responsibility of the Company’s risk management processes, it has delegated to its committees the responsibility to oversee risk management processes associated with their respective areas of responsibility and expertise. For example, the Audit Committee has oversight responsibility for the Company’s internal audit function, compliance with the Code of Conduct, internal controls and financial reporting practices, information technology and cybersecurity risks, litigation, and compliance processes. The Human Resources and Compensation Committee has oversight responsibility for the Company’s executive talent management and succession planning and risks related to the Company’s compensation policies and practices, as described in more detail in the Compensation Practices and Risk section of the Compensation Discussion and Analysis. The Nominating, Governance and Sustainability Committee has oversight responsibility for the Company’s compliance with its corporate governance principles, CEO succession planning, policies and practices relating to initiatives and reporting of environmental, social and governance and proposes recommendations to the Board for updates to risk oversight responsibilities of the committees and the Board. The Board receives regular reports from each committee chair regarding the committee’s considerations and actions. The Board also receives regular updates from management on the Company’s business operations, financial results and strategy and, as appropriate, discusses and provides feedback with respect to risks related to these topics. Annually, the Board holds strategic planning sessions with senior management to discuss strategies, key challenges, and risks and opportunities for our business.

NXP, similar to other semiconductor companies, operates in a complex and rapidly changing environment that involves many risks. In addition to general market, research and development, and economic risks, the Company faces potential risks related to its industry; information technology and cybersecurity; data privacy; financial controls and reporting; legal, regulatory and compliance; finances and taxation; global operations; environment and social responsibility; and product portfolio and commercialization, among others. As a company committed to operating ethically and with integrity, we proactively seek to manage and, where possible, mitigate risks to help ensure compliance with applicable rules and regulations, maintain integrity and continuity in our operations and business and protect our assets. Risk management is an enterprise-wide objective subject to oversight by the Board and its committees.

It is the responsibility of management and employees to implement and administer risk-management processes to identify material risks to our business. In addition, management must assess, manage and monitor those risks, all while maintaining flexibility in how we operate. To further embed risk management and compliance into our culture, we implement relevant policies and procedures and train employees on the specifics of such policies and procedures. All of our committees have regular access to management and the Board and committees also schedule sessions without members of management present.

The Board, in turn, directly or through its committees, oversees management's implementation of risk management. We have approved a robust Code of Conduct and other related policies, and the Board and its committees rigorously review with management actual and potential significant risks at least on a quarterly basis.

Board Education

Individual members of the Board participate in director education seminars, conferences and other director education programs presented by external and internal resources, on matters that relate to, among other topics, compensation, governance, board processes, risk oversight, business, industry, audit and accounting, credit and financial, regulatory and other current issues.

How Our Directors Are Selected and Evaluated

Consideration of Director Nominees

For purposes of identifying individuals qualified to become members of the Board, the Nominating, Governance and Sustainability Committee considers the following general criteria, among others, in nominating director candidates. These criteria reflect the traits, abilities and experience that the Board looks for in determining candidates for election:

- Directors shall have relevant expertise and experience and be able to offer advice and guidance to the CEO based on that expertise and experience;
- Directors shall have the ability to exercise sound business judgment;
- Directors shall represent diverse viewpoints; the personal backgrounds and qualifications of the directors, considered as a group, should provide the Company with a significant composite mix of experience, knowledge and abilities; and
- Unless otherwise approved by the Board, directors shall not be a member of the board of directors or an officer or employee of a competitor (or an affiliate of a competitor) of the Company.

In addition to the criteria set forth above, and any others the Nominating, Governance and Sustainability Committee or the Board may consider, a majority of the Board's members must be "independent," as that term may be defined from time to time by the applicable Nasdaq listing standards, the Rules of Procedure, as well as practice 2.1.8 of the DCGC, including that an independent director must be free of any relationships which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

As needed, the Nominating, Governance and Sustainability Committee may identify new potential director nominees by, among other means, requesting current directors and executive officers and external advisors to notify it if they become aware of persons meeting the criteria described above who would be suitable candidates for service on the Board. The committee also may, as needed, engage one or more firms that specialize in identifying director candidates.

As appropriate, the Nominating, Governance and Sustainability Committee will review publicly available information regarding a potential candidate, request information from the candidate, review the candidate's experience and qualifications, including in light of any other candidates the committee might be considering, and conduct, together with other members of the Board, one or more interviews with the candidate. Committee members or their designees also may contact one or more references provided by the candidate or may contact other members of the business community or persons who may have first-hand knowledge of the candidate's talents and experience.

Evaluation

In accordance with the Rules of Procedure, once a year the Board, initiated by the Nominating, Governance and Sustainability Committee and supervised by the Chair, evaluates its performance, functioning and effectiveness. As part of this self-evaluation process, all Board members complete a relevant questionnaire, and the results of this are reviewed and discussed by the Board. In 2024, the questionnaire covered topics such as expertise and capabilities within the Board, diverse backgrounds and perspectives of the Board members, alignment and appropriate review of company strategy, interactions and relationships within the Board and between the Board and management, administration and logistics of Board meetings and communications, Board succession planning process, agility of the Board to respond and adapt to change, strategic and risk oversight, and the performance of the Board's committees. A report of the board effectiveness review is shared and discussed in private meetings of the Board. The report indicated that the Board continues to be a well-functioning board with strong leadership, appropriate expertise, diverse perspectives and positive and effective dynamic between members of the Board and with management.

Diversity

In compliance with par. 2.1.5 of the DCGC and article 2:166 of the Dutch Civil Code, the Board is committed to supporting, valuing and leveraging diversity, including gender and ethnic/cultural diversity, in its composition, among other qualities that the Board believes serve the best interests of the Company and its stakeholders. As part of these efforts and in line with Dutch corporate law, the Board, while taking into account the overall profile and selection criteria for appointments of suitable candidates, has adopted a policy that at least 30% of the seats on our Board are to be taken by men and at least 30% of the seats by women. As at December 31, 2024, 40% (4) of the seats of our Board were taken by women and 60% (6) of the seats of our Board were taken by men. The Board aims to continue in its efforts to have a diverse gender and ethnic composition as it continues its board refreshment process as described below, which process also is part of the diversity policy as referred to in par. 2.1.5 of the DCGC.

We are committed to increasing, developing, and promoting more women into technical and leadership positions within our organization to achieve a balanced ratio between the number of men and women in managerial positions throughout the organization in line with the requirements of article 2:166 of the Dutch Civil Code. To support this commitment and our general diversity, equality and inclusion approach and to demonstrate our commitment to transparency and accountability, we have established aspirational 2025 DE&I goals to improve our gender representation globally. One of the goals is to have 20% women in executive positions. To that end, we monitor gender statistics globally across all roles, and look for continuous improvements, which include an evaluation of the practices at the country level. Each country leadership team focuses on how to ensure we are making improvements, where needed.

Board Refreshment

The Board, with the support of the Nominating, Governance and Sustainability Committee, maintains an orderly, robust process for Board refreshment and succession that is aimed at maintaining an appropriate balance with respect to the expertise, experience and diversity on the Board. The Board and its Nominating, Governance and Sustainability Committee regularly evaluate the Board composition with respect to, among other matters, director independence, skills, experience, expertise, diversity and other factors to ensure the Board remains well-qualified to provide effective oversight of the Company and management. The Board and the Nominating, Governance and Sustainability Committee regularly consider the Company's strategy, performance, operations, relevant industry and market conditions, and current and anticipated needs in terms of particular areas of experience and expertise (e.g., risk oversight, industry, science), among many other factors, to inform these refreshment practices.

The Board continues its orderly Board succession and refreshment process, with the retirement from the Board of the former Chair of the Board at the end of his term at the 2023 AGM, the appointment of Julie Southern as the successor Chair and the appointment of one new non-executive board member in 2023 .

The Board also remains focused on committee composition and refreshment. In 2023, the Board refreshed the chairs and composition of all three Board committees.

Director Independence

NXP's Board has determined that all non-executive directors are independent directors under the applicable Nasdaq listing standards, the Rules of Procedure (as defined below), as well as practice 2.1.8 of the DCGC. In addition, the Chair of the Board, Ms. Julie Southern, is independent under 2.1.9 of the DCGC. The executive director, Mr. Sievers, has been appointed as our Chief Executive Officer, and is not an independent director under the above standards.

Certain Relationships and Related Transactions

Under the Rules of Procedure, a conflict of interest must be reported to the Board and the Board shall determine the consequences of such conflict, if any. In case of a conflict of interest, the director concerned is not allowed to participate in discussions or vote on such matter. If all directors have a conflict of interest, the resolution concerned will be voted on by shareholders at the general meeting of shareholders.

Other than the compensation items described in the Group Financial Statements Note 31 *Information on remuneration board of directo*rs no decisions to enter into material transactions in which there were conflicts of interest with directors occurred during the financial year 2024.

How Our Directors Are Compensated

The Human Resources and Compensation Committee has responsibility for reviewing and considering any revisions to compensation for our executive and non-executive directors. The compensation of our CEO, currently Mr. Kurt Sievers, is determined by the Human Resources and Compensation Committee under delegation of the Board, in accordance with the principles set forth in the remuneration policy for executive and non-executive directors previously approved by our general meeting of shareholders, as required under Dutch law. In determining the compensation of our CEO, specific actions are taken to ensure the direct connection of rewards to key performance outcomes aligning executive pay to short and long-term stakeholder interests. Overall, our programs are competitive in the marketplace and highly incentive-based, with a majority of compensation at-risk earned via our short- and long-term incentive programs based on overall Company and individual performance. In connection with Mr. Sievers' appointment as executive director and president/chief executive officer in 2020, Mr. Sievers and the Company entered into a management agreement (the "Management Agreement") and NXP Semiconductors Germany GmbH, a wholly owned indirect affiliate of the Company, and Mr. Sievers entered into an addendum to Mr. Sievers' existing employment agreement (the "Secondment Addendum" and together with the Management Agreement, the "CEO Agreements").

The Board reviews the Human Resources and Compensation Committee's recommendations and makes the final recommendations to the shareholders meeting regarding compensation for non-executive directors. In accordance with Dutch law, the current remuneration of the non-executive directors of the Board's committees was approved at the annual general meeting in 2024. It is our policy to reimburse all directors for reasonable expenses incurred in performing their duties as a director.

Refer to Note 31 *Information on remuneration board of directors* of the group financial statements for Directors and remuneration detail.

General Meeting of Shareholders: Procedures, Admission and Voting Rights

Introduction

General meetings of shareholders will be held in the Netherlands in the municipalities of Amsterdam, Eindhoven, Haarlemmermeer, The Hague, Rotterdam or Utrecht. A general meeting of shareholders shall be held at least once per year within the period Dutch law requires us to convene a general meeting of shareholders, which is currently once per year, no later than six months after the end of our financial year. Our board of directors may decide whether electronic voting at the general meeting of shareholders is allowed and may subject electronic voting to certain conditions.

The agenda for the annual general meeting of shareholders shall contain, inter alia, items placed on the agenda in accordance with Dutch law and our articles of association, the consideration of the annual report, the adoption of our annual accounts, the proposal to pay a dividend (if applicable), proposals relating to the composition of the board of directors, including the filling of any vacancies in the board of directors, the proposals placed on the agenda by the board of directors, including, but not limited to, a proposal to grant discharge to the directors for their management during the financial year, together with proposals made by shareholders in accordance with provisions of Dutch law and our articles of association.

Public notice of a general meeting of shareholders or an extraordinary meeting of shareholders shall be given by the board of directors, upon a term of at least such number of days prior to the day of the meeting as required by law and in accordance with the regulations of the NASDAQ stock exchange. This term is currently 15 days. The record date for each general meeting of shareholders is twenty-eight days prior to the date of the meeting. Any matter, the consideration of which has been requested by one or more shareholders, representing solely or jointly at least such part of the issued share capital as required by Dutch law, which is, set since July 1, 2013 at three percent of our issued and outstanding share capital, will be placed in the notice convening the annual general meeting of shareholders or the extraordinary meeting of shareholders, but only if we received the request to consider such matter no later than on the 60th day prior to the day of the meeting.

In accordance with the DCGC, a shareholder may exercise the right to request the inclusion of an item on the agenda only after he consulted the board of directors about this. If one or more shareholders intend to request that an item be put on the agenda that may result in a change in our strategy, for example through the dismissal of one or more of our directors, the board of directors will be given the opportunity to stipulate a reasonable period in which to respond (the “response time”). The period between the day the board of directors is informed by one or more shareholders of their intention and the day of the general meeting in which the proposal can be discussed may not exceed 180 days.

The DCGC further provides that the board of directors must use the response time for further deliberation and constructive consultation. The response time may be invoked only once for any given general meeting and may not apply to an item in respect of which the response time has been previously invoked. The response time also applies to requests of shareholders to convene an extraordinary general meeting.

Extraordinary general meetings of shareholders shall be held as frequently as they are called by the board of directors, or whenever one or more shareholders representing at least ten percent of our issued capital so request the board of directors in writing.

Without prejudice to the relevant provisions of law dealing with reduction of share capital and amendments to the articles of association, the public notice convening the meeting shall either mention the business on the agenda or state that the agenda is open to inspection by the shareholders at our offices.

Notices convening a general meeting of shareholders will contain instructions for shareholders that wish attend the general meeting of shareholders or to give a proxy to have their shares voted at the general meeting of shareholders.

Directors are authorized to attend general meetings of shareholders. They have an advisory vote. The general meeting of shareholders shall be presided over by the chair of our board of directors. In the absence of the chair, one of the other non-executive directors, and in the absence of other non-executive directors any executive director shall preside over the meeting.

Each share of common stock will confer the right to cast one vote at the general meeting of shareholders. Each shareholder may cast as many votes as he holds shares. Blank votes and invalid votes shall be regarded as not having been cast. Resolutions proposed to the general meeting of shareholders by the board of directors shall be adopted by a simple majority of votes cast, unless another majority of votes or a quorum is required by virtue of Dutch law or our articles of association. All other resolutions shall be adopted by a two thirds majority of the votes cast, provided such majority represents at least half of the issued share capital. In addition, we have authorized two series of preferred stock, each share of preferred stock confers the right to cast one vote as well.

Meetings of holders of shares of a particular class or classes shall be held as frequently and whenever such meeting is required by virtue of any statutory regulation or any regulation in our articles of association. Such meeting may be convened by the board of directors or one or more holders of shares of the relevant class, who jointly represent at least one-tenth of the capital issued and outstanding in the shares of the class concerned.

Shareholder Vote on Certain Reorganizations

Under Dutch law, the approval of our general meeting of shareholders is required for any significant change in the identity or nature of our company or business, including in the case of (i) a transfer of all or substantially all of our business to a third party, (ii) the entry into or termination by us or one of our subsidiaries of a significant long-term cooperation with another entity or (iii) the acquisition or divestment by us or one of our subsidiaries of a participating interest in the capital of a company having a value of at least one-third of the amount of our assets, as stated in our consolidated balance sheet in our latest adopted annual accounts.

Response Measures

Dutch law permits us to adopt protective measures against hostile takeovers and shareholder activism. Although we have not and do not envisage adopting any specific response measures, our board of directors may be designated by the general meeting of shareholders to issue shares and grant rights to subscribe for shares in the form of preferred stock, up to the amount of our authorized share capital.

Preferred stock can be issued in case of (the threat of) an undesired acquisition of the majority of our shares by one party or several parties acting in concert, in case of (the threat of) an undesired concentration of NXP shares with one party or several parties acting in concert and/or to prevent any undesired disruption of independent management of NXP. This protective measure, when adopted by the general meeting of shareholders, is temporary in nature and would enable NXP to judge any (hostile) situation on its merits and/or to explore alternatives. As at December 31, 2024 no preferred stock was issued.

Our preferred stock forms a separate class of shares that have both a liquidation and dividend preference over our common stock and accrue cash dividends at a fixed rate.

Audit of the financial reporting and the position of the external auditor

The annual financial statements are prepared by the board of directors upon the advice of its audit committee and taking into account the report of the external auditor. The accounts are signed by all directors and are published together with the final opinion of the external auditor. The board of directors is responsible for the quality and completeness of such publicly disclosed financial reports. The annual financial statements are presented for discussion and adoption to the annual general meeting of shareholders, to be convened subsequently. NXP, under U.S. securities regulations, separately files its annual U.S. GAAP report on Form 10K.

Going concern

In accordance with the DCGC, our management hereby states that to the best of its knowledge and belief, based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis, and the Annual Report discloses all material risks and uncertainties that are relevant regarding the expectation as to the continuity of the Company for the twelve month period after the date of issue of this Annual Report, as required per IFRS for the going concern assessment. See also *Financial Condition, Liquidity and Capital Resources* (page 19) and *Risk management* (page 45) and the included risk factors.

Internal controls and disclosure policies

Annually, our management, with the participation of our chief executive officer and chief financial officer, conducts an evaluation pursuant to Rule 13a-15(e) and 15d-15(e) of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”) of the effectiveness of the design and operation of our disclosure controls and procedures. In addition, specific IFRS matters, including a review of the financial statements are subject to a process of internal review.

As part of these procedures, a disclosure committee (the ‘committee’) has been appointed by the board of directors to oversee the Company’s disclosure activities and to assist the board of directors in fulfilling its responsibilities in this respect. The committee’s purpose is to ensure that the Company implements and maintains internal procedures for the timely collection, evaluation and disclosure, as appropriate, of information potentially subject to public disclosure under the legal, regulatory and stock exchange requirements to which the Company is subject. Such procedures are designed to capture information that is relevant to an assessment of the need to disclose developments and risks that pertain to the Company’s various businesses, and their effectiveness for this purpose will be reviewed periodically.

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15(d)-15(f) of the Exchange Act. The Company’s internal control over financial reporting is designed to provide reasonable assurance, not absolute assurance, regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2024 based on the criteria established in “Internal Control - Integrated Framework (2013)” by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This has provided sufficient insight into the risks of the Company.

The Company’s independent registered public accounting firm, EY Accountants B.V., has issued an audit report on the effectiveness of the Company’s internal control over financial reporting as of December 31, 2024.

The Company’s internal risk management and control systems have been discussed with the audit committee and non-executive directors.

It should be noted that any control system, regardless of how well it is designed and operated, can provide only reasonable, not absolute, assurance that its objectives will be met. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Auditor information

As required by Dutch law, the external auditor of the Company is appointed by the general meeting of shareholders. The audit committee and the board of directors will recommend an auditor to appoint to the general meeting of shareholders. Our shareholders in the general meeting of shareholders of May 29, 2024, upon the proposal of the board of directors and as recommended by the audit committee, appointed EY Accountants B.V. (“EY”) as the Company’s independent registered public accounting firm for the Company’s fiscal year ending December 31, 2024 under the requirements of Dutch law and as set forth in the Company’s Articles of Association.

The external auditor shall attend the annual general meeting of shareholders. Questions may be put to EY at the meeting about its report. The Audit Committee of the board of directors shall report on their dealings with the external auditor to the board of directors on an annual basis, particularly with regard to the auditor’s independence. The board of directors shall take this into account when deciding upon its nomination for the appointment of an external auditor.

The external auditor attends, in principle, all meetings of the audit committee. The findings of the external auditor, the audit approach and the risk analysis are also discussed at these meetings, as well as the report of the external auditor with respect to the audit of the annual accounts. In its audit report on the annual accounts to the board of directors, the external auditor refers to the financial reporting risks and issues that were identified during the audit, internal control matters, and any other matters, as appropriate, requiring communication under the auditing standards generally accepted in the Netherlands and the United States.

Audit committee pre-approval policies

The Audit Committee has adopted rules for the pre-approval by the Audit Committee of all services to be provided by the external auditor. Proposed services may be pre-approved at the beginning of the year by the Audit Committee (annual pre-approval) or may be pre-approved during the year in respect of a particular engagement (specific pre-approval). The pre-approval is based on a detailed, itemized list of services to be provided, designed to ensure that there is no management discretion in determining whether a service has been approved and to ensure the Audit Committee is informed of each service it is pre-approving. Unless covered by the pre-approved services, each proposed service requires specific pre-approval during the year. Any pre-approved services where the fee for the engagement is expected to exceed pre-approved cost levels or budgeted amounts will also require specific pre-approval. During 2024, there were no services provided to the Company by the external auditors which were not pre-approved by the Audit Committee.

In 2024, the external auditor attended all formal meetings of the Audit Committee. The findings of the external auditor, the audit approach and the risk analysis are also discussed at these meetings. In its audit report on the annual accounts to the Board, the external auditor refers to the financial reporting risks and issues that were identified during the audit, internal control matters, and any other matters, as appropriate, requiring communication under the auditing standards generally accepted in The Netherlands and the United States.

Compliance with the Dutch corporate governance code

We are required to state in our annual report whether we comply or will comply with the Principles and best practice provisions of the Dutch corporate governance code and, if we don't comply, to explain the reasons for this. The text that follows sets out certain statements that the Dutch corporate governance code invites us to make to our shareholders that are not included elsewhere in this annual report as well as areas of non-compliance.

- Best practice provision 2.2.2. state that (non-executive) directors are appointed for a period of four years and may then be reappointed once for another four-year period, which ultimately may be extended twice for a period of two years. We follow a different approach, whereby (executive and non-executive) directors are only appointed for a period on one year until the next general meeting of shareholders. As the Board maintains an orderly, robust process for Board refreshment and succession as explained in this report, the Board does not limit the number of times (non-executive) directors can be nominated for re-election. We feel that with this, although not strictly following the recommendation of the DCGC, our practice is in the spirit of the DCGC. It also meets U.S. practices and policies adopted by U.S. investors, and provides the opportunity to have a balanced board composition on the basis of the following four tenure categories: 0 to 3 years (new directors), 4 to 7 years (medium-tenured directors), 8 to 11 years (experienced directors), and 12 years or more (long-tenured directors).

- Best practice provision 3.1.2, section vii of the DCGC state that stock options granted to members of our board shall, in any event, not be exercised in the first three years after the date of granting and shares granted to board members without financial consideration shall be retained for a period of at least five years or until at least the end of the employment, if this period is shorter. Under our equity incentive schemes, part of the stock awards granted to our chief executive officer are exercisable one year after the date of grant, and non-executive members of our board received stock awards that are exercisable within one year from the date of grant. Board members are not required to retain all shares granted in connection with stock awards for five years; however, members of our board are subject to share ownership guidelines. Under our share ownership guidelines, our chief executive officer must maintain share ownership six times his base annual salary and non-executive board members must maintain share ownership five times their annual cash retainer, in both cases subject to transition compliance window. Although a deviation from the DCGC, we hold the view that the combination of equity incentives typical in the market and necessary to attract and retain persons with the skills and expertise required on our board with the requirements of the share ownership guidelines enhance the goal of promoting long-term investments in the Company.

- Best practice provision 3.4.1., section iv of the Dutch corporate governance code states that information about the pay ratios within the Company and its affiliated enterprise should form part of the remuneration report. In order to comply with the Dutch corporate governance code, using the data that has been published in this annual report - which will be different than the U.S. GAAP information that will be described in the Proxy Statement - NXP reports that the ratio of total remuneration of the Chief Executive Officer ($19,199,100 see also Note 31 *Information on remuneration board of directors*) versus the average of total employee remuneration ($3,485 million (see also Note 5 *Operating income - Employee benefits*) over an average of 33,280 FTE employees) is approximately 183:1 (compared to 2023 190:1, 2022 180:1, 2021 179:1, 2020 177:1 and 2019 450:1). The decrease in the ratio starting from 2020 corresponds with the CEO transition in May 2020.

- Best practice provision 3.2.3 states that the remuneration of a member of our board in the event of dismissal may not exceed one year's salary. Considering our chief executive officer being employed at NXP since 1995, currently at our German subsidiary NXP Semiconductors Germany GmbH, and he is being appointed at the annual shareholders meeting for a one-year term each time, our current chief executive shall be eligible for a severance payment of two times the gross annual base salary and a pro-rata payment of the annual cash bonus, depending on achievement of the pay-out conditions and the period in which the CEO has performed actual work for the Company. One additional element the Human Resources and Compensation Committee took into account when determining the CEO's severance arrangement was that Mr. Sievers, being employed by our German subsidiary, would be entitled to a severance amount that could be as high as four times his base salary, according to German employment law, in the absence of the lesser severance arrangements in the CEO Agreements.

- Pursuant to best practice provision 3.3.2, no equity grants should be made to our non-executive directors. Granting equity incentives to non-executive directors is in compliance with international business practice in our industry, and we consider the granting of equity incentives as an important means to attract individuals with the required skills and expertise to serve on our board of directors, while maintaining their independence.

- Pursuant to best practice provision 3.4.1., the Human Resources and Compensation Committee should prepare a remuneration report which, in a transparent manner, describes the various remuneration topics related to the Executive and Non-Executive Members of the Board. In addition to the detailed and according to Dutch law required disclosure of individual remuneration of members of the Board referred to in Note 31 *Information on remuneration board of directors* of our Group Financial Statements, detailed information of the 2024 executive compensation program for the CEO, CFO and the three highest paid executive officers of the Company other than the CEO and CFO is described in the Proxy Statement pursuant to Section 14(a) of the Securities Exchange Act of 1934 published in view of the next Annual General Meeting, and posted on the Company's website https://investors.nxp.com.

- Pursuant to best practice provision 4.3.3, a general meeting of shareholders should be empowered to cancel binding nominations of candidates for appointment to the board, and to dismiss members of the board by a simple majority of votes of those in attendance, although the Company may require that such majority represents a minimum number of outstanding shares, which number may not exceed one third of the voting rights outstanding. If a majority of those in attendance vote in favor of the proposal, but this majority does not represent the minimum number of outstanding voting rights required, a second meeting may be convened and its vote will be binding, even without any minimum requirement. Our articles of association currently state that the general meeting of shareholders may at all times overrule a binding nomination by a resolution adopted by at least a two-thirds majority of the votes cast, if such majority represents more than half of the issued share capital. Although a deviation from provision 4.3.3 of the Dutch Corporate Governance Code, we hold the view that these provisions, in conjunction with the proposed appointment of the Board members for one year, will enhance the continuity of the Company's management and policies.

- Best practice provision 4.3.2 provides that our shareholders should be given the possibility to grant a power of attorney or voting instruction to an independent third-party. We do not appoint an independent third party for these purposes; however our shareholders are free to grant a power of attorney to any third-party. As all our shares are traded on the Nasdaq stock exchange, we aim to align our voting procedures with the practice in the United States, to the extent possible.

- Best practice provision 4.2.2 states that the Company shall formulate an outline policy on bilateral contacts with the shareholders and publish this policy on its website. We do not have a formal policy, however we are continually striving to improve relations with our shareholders. We elaborate on our financial results during (public) conference calls, which are broadly accessible. We publish informative annual and quarterly reports and press releases, and inform investors via our extensive website. We are strict in our compliance with applicable rules and regulations on fair and non-selective disclosure and equal treatment of shareholders. Furthermore, we engage in bilateral communications with investors. These communications either take place at our initiative or at the initiative of individual investors. During these communications we are generally represented by our VP Investor Relations, on a number of occasions accompanied by one or more members of the management team. The subject matter of the bilateral communications ranges from single queries from investors to more elaborate discussions on the back of disclosures that we have made such as our annual and quarterly reports. In addition, our regular shareholder engagement approach includes annual outreaches by the Chair of the Board and other non-executive directors to our top investors. We believe that regular engagement with our shareholders in order to understand and respond to their feedback, questions and concerns is important. Throughout this process, we seek to gain feedback and answer questions on our business strategy, compensation practices, governance topics, and other related issues. Also on our bilateral communications with investors, we are strict in our compliance with applicable rules and regulations on fair and non-selective disclosure and equal treatment of shareholders.

Risk management

The purpose of our enterprise risk management ("ERM") has been to timely identify, evaluate, prioritize, respond to, and manage key risks impacting NXP Semiconductors' strategic objectives.

The objectives of ERM have been to:
- Identify our key risks in a timely manner, based upon quantitative and qualitative factors
- Mitigate risk and keep risk impact at acceptable levels, particularly those risks that could result in a strategic impact event
- Ensure there is an effective risk-management framework in place which covers our key risks and is supported by risk-monitoring mechanisms
- Prioritize and align risk-management efforts, to use resources effectively
- Ensure risk-management governance, including quarterly monitoring, reporting and evaluation

Key ERM activities include:
- Assessment (identification and evaluation of risks)
- Response (building capabilities, mitigation)
- Management Assurance (effective management methods, clear accountabilities)
- Monitoring (audit, inquire, verify)
- Communication (internally and externally)
- Periodically evaluate effectiveness method

The procedures plan for reasonably coverage of the potential risks but, despite the thoroughness of the process, unforeseen events that impact the strategy may occur.

Risk management governance

The Board of Directors oversees NXP's processes and procedures related to risk assessment and risk management, and reviews NXP's key risks.

The NXP Management Team oversees, identifies and manages the key risks NXP faces in executing its strategy, defines the risk appetite and manages risks accordingly.

The Enterprise Risk Management function enables management to make risk management more efficient and effective by providing and maintaining a risk management framework, as well as a risk-monitoring mechanism, and by facilitating execution of the ERM process. The framework includes a yearly risk assessment and quarterly reviews. All required to mitigate the risks to levels consistent with the risk appetite of NXP. We believe that our appetite for risk is consistent with that of our semiconductor peers and a reflection of the semiconductor industry as a whole. This risk appetite is different for the different identified risks and therefore the level of mitigation can be different. For mitigation of the operational, financial disclosure and compliance risk we merely rely on our framework of business controls, process, and authorizations.

The risk appetite for the main risk categories is shown underneath:

Risk appetite	Very Low	Low	Medium	High	Very High
Behavior towards risks	Averse	Prudent	Balanced	Considerable	Seeking
Strategic					
Operational					
Financial disclosure					
Compliance					

A risk owner performs an assessment and prioritizes the most likely and impactful risk elements and takes appropriate measures to mitigate the risk within the given appetite.

The Internal Audit function completes an annual audit plan approved by the Audit Committee of the Board of Directors. The audit plan is a component of NXP's risk management's framework.

A structured risk management process is put in place to identify and manage the key risks for NXP, taking into account both internal and external information sources. The ERM process is existing of the following elements:

- Yearly interviews with NXP MT members, starting from the strategy and seeking their insight in the most important risks for NXP
- Assessment of an extended risk list on both likelihood and impact by different layers in the organization
- Based on likelihood and impact, the top risk list is (re-)confirmed by the MT and reported to the Board of Directors
- Risk owners drive required mitigation actions to ensure the risk meets the risk specific appetite
- Corrective action are taken where necessary as a result of evaluation of the controls by internal audit and/or self-assessments
- Effectiveness of the controls are measured by specified risk indicators, updated on at least a quarterly basis
- On a quarterly basis the risk status and controls in place are discussed with the Board of Directors or with the selected Board committee.
- At least once per year, the risk process is reviewed with the Board of Directors on effectiveness and improved where needed.

Cybersecurity

NXP, similar to other semiconductor companies, operates in a complex and rapidly changing environment that involves many risks, including information and cybersecurity risks. As a leading technology company, we are committed to helping strengthen internet security and to implementing measures designed to protect our company against illicit activities, including cyberattacks and malware.

Our management is directly responsible for executing the Company's risk management processes. Our Board is responsible for overseeing these risk management processes. In exercising its oversight, the Board and, as appropriate, the relevant Board committees, assesses the material risks facing the Company and evaluate management's plans for managing material risk exposures. The Company conducts a formal annual risk assessment to identify, analyze and report on enterprise risks. The results of this risk assessment are reported to and discussed with the Board.

Our Board performs this oversight function through periodic reports from management and Board committees. While our Board generally has ultimate oversight responsibility of the Company's risk management processes, it has delegated to its committees the responsibility to oversee risk management processes associated with their respective areas of responsibility and expertise. The Audit Committee has oversight responsibility for reviewing the effectiveness of NXP's governance and management of IT risks, including those relating to business continuity, cybersecurity, malware, regulatory compliance and data management. NXP senior leadership regularly briefs the Audit Committee on cybersecurity matters and briefs the full Board on these issues at least annually or as needed.

NXP's program for Information Technology (IT) Risk Management is a component of NXP's overall process for ERM.

NXP's CISO has over 20 years of relevant experience managing cybersecurity risks and is primarily responsible for managing the cybersecurity risks identified in the ERM process. This includes performing risk assessments, prioritizing the most likely and impactful risk elements, and recommending appropriate measures to mitigate the risk.

NXP's cybersecurity initiatives focus on strengthening our Core IT infrastructure and services against external threats, securing our manufacturing operations from compromise, limiting damage through processes and controls, and protecting our intellectual property. On a day-to-day basis, NXP identifies vulnerabilities, breach attempts, and possible criminal activity by external threat actors. Additionally, NXP has a supplier security framework that helps with monitoring and accessing the security of suppliers and third-party service providers. As part of the framework, we conduct due diligence which covers topics such as data protection, confidentiality, security, business continuity and incident management. These activities are covered by our process for cybersecurity risk management under our Enterprise Risk Management ("ERM").

NXP uses a multi-layer approach to identify and mitigate information security risks. On a tactical level, NXP maintains a 24x7 Security Operating Center (SOC) that actively monitors for and identifies cyber security threats and initiates appropriate mitigation processes. The SOC reports to the Chief Information Security Officer (CISO), who can in case of an incident establish a Computer Security Incident Response Team (CSIRT). When needed, a task force containing Security, IT, Communications, Legal and Business representatives is established. This task force leads mitigation activities where the potential threat or risk is elevated. In addition to SOC, the NXP IT Service Desk and NXP employees are trained to identify Cyber Security issues and to escalate them to correct owners. Furthermore, NXP has an Identify and Access Management System integrated with HR systems which helps manage employee life cycle processes, including both onboarding and offboarding NXP workers. These systems are audited by internal and external audit teams. On a strategic level, NXP's information technology risk management program is a component of the ERM process described below.

To date, we have experienced no cybersecurity incidents that have materially affected NXP, including our business strategy, results of operations or financial condition. We do not believe that cybersecurity threats resulting from any previous cybersecurity incidents of which we are aware are reasonably likely to materially affect NXP. For additional information on certain risks associated with cybersecurity, refer to the risk factors set forth under the caption "Risks related to cybersecurity and IT systems" in the following section.

Risk Factors

We have a structured self-assessment and monitoring process in place to assess and monitor compliance related to the achievement of business objectives and critical business processes. The Company's risk factors can be summarized as follows:

Risks related to the semiconductor industry and the markets in which we participate

The semiconductor industry is highly cyclical.

Historically, the relationship between supply and demand in the semiconductor industry has caused a high degree of cyclicality in the semiconductor market. Semiconductor supply is partly driven by manufacturing capacity, which in the past has demonstrated alternating periods of substantial capacity additions and periods in which no or limited capacity was added. As a general matter, semiconductor companies are more likely to add capacity in periods when current or expected future demand is strong and margins are, or are expected to be, high. Investments in new capacity can result in overcapacity, which can lead to a reduction in prices and margins. In response, companies typically limit further capacity additions, eventually causing the market to be relatively undersupplied. In addition, demand for semiconductors varies, which can exacerbate the effect of supply fluctuations. As a result of this cyclicality, the semiconductor industry has in the past experienced significant downturns, such as in 1997/1998, 2001/2002 and in 2008/2009, often in connection with, or in anticipation of, maturing life cycles of semiconductor companies' products and declines in general economic conditions. These downturns have been characterized by diminishing demand for end-user products, high inventory levels, under-utilization of manufacturing capacity and accelerated erosion of average selling prices. The foregoing risks have historically had, and may continue to have, a material adverse effect on our business, financial condition and results of operations.

Significantly increased volatility and instability and unfavorable economic conditions may adversely affect our business.

It is difficult for us, our customers and suppliers to forecast demand trends. We may be unable to accurately predict the extent or duration of cycles or their effect on our financial condition or result of operations and can give no assurance as to the timing, extent or duration of the current or future business cycles generally, or specific to the markets in which we participate. In the first half of 2020, demand in the automotive market steeply declined as a result of manufacturing shutdowns by automotive OEMs due to the coronavirus pandemic, resulting in an unforeseen negative impact to our results of operations. Beginning in the third quarter of 2020, demand rebounded across all end markets more quickly than anticipated and accelerated through the third quarter of 2022, resulting in our inability to fully satisfy customer demand. In 2008 and 2009, Europe, the United States and international markets experienced increased volatility and instability related to the global financial crisis. In the event of a future decline in global economic conditions, our business, financial condition and results of operations could be materially adversely affected, and the resulting economic decline might disproportionately affect the markets in which we participate, further exacerbating a decline in our results of operations.

The semiconductor industry is highly competitive. If we fail to introduce new technologies and products in a timely manner, this could adversely affect our business.

The semiconductor industry is highly competitive and characterized by constant and rapid technological change, short product lifecycles, significant price erosion and evolving standards. Accordingly, the success of our business depends to a significant extent on our ability to develop new technologies and products that are ultimately successful in the market. The costs related to the research and development necessary to develop new technologies and products are significant and subject to increase due to current and expected inflation and any reduction of our research and development budget could harm our competitiveness. Meeting evolving industry requirements, including the increasing use of AI and machine learning technologies (including the need to run complex AI-based applications on devices), and introducing new products to the market in a timely manner and at prices that are acceptable to our customers are significant factors in determining our competitiveness and success.

In addition, AI and machine learning are still in early stages, and the introduction and incorporation of AI technologies may result in unintended consequences or other new or expanded risks and liabilities. Such risks may include (i) adverse impacts from deficient, inaccurate, or biased AI recommendations, (ii) AI technologies the company develops and adopts may not meet market requirements or become obsolete earlier than planned, and there can be no assurance that the company will realize the desired or anticipated benefits, (iii) use of AI applications could increase the risk of cybersecurity incidents, such as through unintended or inadvertent transmission of proprietary or sensitive information, or (iv) any laws, regulations or industry standards adopted in response to the emergence of AI may be burdensome.

Commitments to develop new products must be made well in advance of any resulting sales, and technologies and standards may change during development, potentially rendering our products outdated or noncompetitive before their introduction. If we are unable to successfully develop new products, our revenue may decline substantially. Moreover, some of our competitors are well-established entities, are larger than us and have greater resources than we do. If these competitors increase the resources they devote to developing and marketing their products, we may not be able to compete effectively. Any consolidation among our competitors could enhance their product offerings and financial resources, further strengthening their competitive position. In addition, some of our competitors operate in narrow business areas relative to us, allowing them to concentrate their research and development efforts directly on products and services for those areas, which may give them a competitive advantage. As a result of these competitive pressures, we may face declining sales volumes or lower prevailing prices for our products, and we may not be able to reduce our total costs in line with this declining revenue. If any of these risks materialize, they could have a material adverse effect on our business, financial condition and results of operations.

The demand for our products depends to a significant degree on the demand for our customers' end products.

The vast majority of our revenue is derived from sales to manufacturers in the automotive, industrial & IoT, mobile, and communication infrastructure end markets. Demand in these markets fluctuates significantly, driven by consumer spending, consumer preferences, the development of new technologies and prevailing economic conditions. In addition, the specific products in which our semiconductors are incorporated may not be successful, or may experience price erosion or other competitive factors that affect the price manufacturers are willing to pay us. Such customers have in the past, and may in the future, vary order levels significantly from period to period, request postponements to scheduled delivery dates, modify their orders or reduce lead times. This is particularly common during periods of low demand. This can make managing our business difficult, as it limits the predictability of future revenue. It can also affect the accuracy of our financial forecasts. Furthermore, developing industry trends, such as customers' use of outsourcing and revised supply chain models, including the direct purchase of semiconductor products by end product manufacturers instead of component manufacturers, may affect our revenue, costs, customer relations and working capital requirements.

If customers do not purchase products made specifically for them, we may not be able to resell such products to other customers or may not be able to require the customers who have ordered these products to pay a cancellation fee. The foregoing risks could have a material adverse effect on our business, financial condition and results of operations.

The semiconductor industry is historically characterized by continued price erosion, especially after a product has been on the market.

One of the results of the rapid innovation in the semiconductor industry is that pricing pressure, especially on products containing older technology, can be intense. Product life cycles are relatively short, and as a result, products tend to be replaced by more technologically advanced substitutes on a regular basis.

In turn, historically demand for older technology falls, causing the price at which such products can be sold to drop, in some cases precipitously. If this trend continues, in order to continue profitably supplying these products, we must reduce our production and procurement costs in line with the lower revenue we can expect to generate per unit. Usually, this must be accomplished through improvements in process technology, production efficiencies and efficient procurement pricing. If we cannot advance our process technologies or improve our efficiencies to a degree sufficient to maintain required margins, we will no longer be able to make a profit from the sale of these products. Moreover, we may not be able to cease production of such products, either due to contractual obligations or for customer relationship reasons, and as a result may be required to bear a loss on such products. We cannot guarantee that competition in our core product markets will not lead to price erosion, lower revenue or lower margins in the future. Should reductions in our manufacturing costs fail to keep pace with reductions in market prices for the products we sell, this could have a material adverse effect on our business, financial condition and results of operations.

Risks related to our business operations

In many of the market segments in which we compete, we depend on winning selection processes, and failure to be selected could adversely affect our business in those market segments.

One of our business strategies is to participate in and win competitive bid selection processes to develop products for use in our customers' equipment and products. These selection processes can be lengthy and require us to incur significant design and development expenditures, with no guarantee of winning a contract or generating revenue. Failure to win new design projects and delays in developing new products with anticipated technological advances or in commencing volume shipments of these products may have an adverse effect on our business. This risk is particularly pronounced in markets where there are only a few potential customers and in the automotive market, where, due to the longer design cycles involved, failure to win a design-in could prevent access to a customer for several years. Our failure to win a sufficient number of these bids could result in reduced revenue and hurt our competitive position in future selection processes because we may not be perceived as being a technology or industry leader, each of which could have a material adverse effect on our business, financial condition and results of operations.

Our global business operations expose us to international business risks that could adversely affect our business.

If any of the following international business risks were to materialize or become worse, they could have a material adverse effect on our business, financial condition and results of operations:

- negative economic developments in economies around the world and the instability of governments and international trade arrangements, such as the increase of barriers to international trade including the imposition of new or increased tariffs on imports by the United States and China, enhanced export controls on certain products and sanctions on certain industry sectors and parties;
- social and political instability in a number of countries around the world, including continued hostilities in the Middle East and the armed conflict in Ukraine. The instability and any resulting sanctions, export controls or other penalties, may have a negative effect on our business, financial condition and operations via our customers and global supply chain and volatility in energy prices and the financial markets or negatively impact demand for our products;
- potential terrorist attacks;
- epidemics and pandemics, such as the coronavirus outbreak, which may adversely affect our workforce, as well as our suppliers and customers;
- geopolitical tension and disputes, as well as, resulting adverse changes in government policies, especially those affecting global trade and investment, including the imposition of new or increased tariffs. Sustained geopolitical tensions, such as the current geopolitical tensions involving China and Taiwan, could lead to long-term changes in global trade and technology supply chains and decoupling of global trade networks;
- volatility in foreign currency exchange rates, in particular with respect to the U.S. dollar, and transfer restrictions, in particular in mainland China; and
- threats that our operations or property could be subject to nationalization and expropriation.

Goodwill and other identifiable intangible assets represent a significant portion of our total assets, and we may never realize the full value of our intangible assets.

Goodwill and other identifiable intangible assets are recorded at fair value on the date of an acquisition. We review our goodwill and other intangible assets balance for impairment upon any indication of a potential impairment, and in the case of goodwill, at a minimum of once a year. Impairment may result from, among other things, a sustained decrease in share price, deterioration in performance, adverse market conditions, adverse changes in applicable laws or regulations, including changes that restrict the activities of or affect the products and services we sell, challenges to the validity of certain registered intellectual property, reduced sales of certain products incorporating intellectual property and a variety of other factors. The amount of any quantified impairment must be expensed immediately as a charge to results of operations. Depending on future circumstances, it is possible that we may never realize the full value of our intangible assets. Any future determination of impairment of goodwill or other identifiable intangible assets could have a material adverse effect on our financial position, results of operations and stockholders' equity.

In difficult market conditions, our high fixed costs combined with low revenue may negatively affect our results of operations.

The semiconductor industry is characterized by high fixed costs and, notwithstanding our utilization of third-party manufacturing capacity, our production requirements are in part met by our own manufacturing facilities. In less favorable industry environments, like we faced in the first half of 2020, we are generally faced with a decline in the utilization rates of our manufacturing facilities due to decreases in demand for our products. During such periods, our fabrication plants could operate at lower loading level, while the fixed costs associated with the full capacity continue to be incurred, resulting in lower gross profit.

We may from time to time restructure parts of our organization. Any such restructuring may impact customer satisfaction and the costs of implementation may be difficult to predict.

We have previously executed restructuring initiatives and continue to assess, restructure and make changes to parts of the processes in our organization. If the global economy remains volatile, our revenues could decline and we may be forced to take cost savings steps that could result in additional charges and materially affect our business. The costs of implementing any restructurings, changes or cost savings steps may differ from our estimates and any negative impacts on our revenues or otherwise of such restructurings, changes or steps, such as situations in which customer satisfaction is negatively impacted, may be larger than originally estimated.

If we fail to extend or renegotiate our collective bargaining agreements and social plans with our labor unions as they expire from time to time, if regular or statutory consultation processes with employee representatives such as works councils fail or are delayed, or if our unionized employees were to engage in a strike or other work stoppage, our business and operating results could be materially harmed.

We are a party to collective bargaining agreements and social plans with our labor unions. We are also required to consult with our employee representatives, such as works councils, on items such as restructurings, acquisitions and divestitures. Although we believe that our relations with our employees, employee representatives and unions are satisfactory, no assurance can be given that we will be able to successfully extend or renegotiate these agreements as they expire from time to time or to conclude the consultation processes in a timely and favorable way. The impact of future negotiations and consultation processes with employee representatives could have a material impact on our financial results. Also, if we fail to extend or renegotiate our labor agreements and social plans, if significant disputes with our unions arise, or if our unionized workers engage in a strike or other work stoppage, we could incur higher ongoing labor costs or experience a significant disruption of operations, which could have a material adverse effect on our business.

Our working capital needs are difficult to predict.

Our working capital needs are difficult to predict and may fluctuate. The comparatively long period between the time at which we commence development of a product and the time at which it may be delivered to a customer leads to high inventory and work-in-progress levels. The volatility of our customers' own businesses and the time required to manufacture products also make it difficult to manage inventory levels and require us to stockpile products across many different specifications.

Our business may be adversely affected by costs relating to product defects, and we could be faced with product liability and warranty claims.

We make highly complex electronic components and, accordingly, there is a risk that defects may occur in any of our products. Such defects can give rise to significant costs, including expenses relating to recalling products, replacing defective items, writing down defective inventory and loss of potential sales. In addition, the occurrence of such defects may give rise to product liability and warranty claims, including liability for damages caused by such defects. If we release defective products into the market, our reputation could suffer and we may lose sales opportunities and incur liability for damages. Moreover, since the cost of replacing defective semiconductor devices is often much higher than the value of the devices themselves, we may at times face damage claims from customers in excess of the amounts they pay us for our products, including consequential damages. We also face exposure to potential liability resulting from the fact that our customers typically integrate the semiconductors we sell into numerous consumer products, which are then sold into the marketplace. We are exposed to product liability claims if our semiconductors or the consumer products based on them malfunction and result in personal injury or death. We may be named in product liability claims even if there is no evidence that our products caused the damage in question, and such claims could result in significant costs and expenses relating to attorneys' fees and damages. In addition, our customers may recall their products if they prove to be defective or make compensatory payments in accordance with industry or business practice or in order to maintain good customer relationships. If such a recall or payment is caused by a defect in one of our products, our customers may seek to recover all or a portion of their losses from us. If any of these risks materialize, our reputation would be harmed and there could be a material adverse effect on our business, financial condition and results of operations.

We face risks related to security vulnerabilities in our products.

We and third parties regularly identify security vulnerabilities with respect to our products and services. The same holds for the operating systems and workloads that run on them and the components that interact with them. Components and Intellectual Property (IP) we purchase or license from third parties for use in our products, as well as industry-standard specifications we implement in our products, are also regularly subject to security vulnerabilities. As we have become a more data-centric company, our processors and other products are being used in additional and new and critical application areas that create new or increased cybersecurity, privacy or safety risks. This includes applications that gather and process large amounts of data, such as the cloud or Internet of Things, and critical infrastructure and automotive applications. We, our customers, and the users of our products do not always promptly learn of or have the ability to fully assess the magnitude or effects of a vulnerability, including the extent, if any, to which a vulnerability has been exploited. Additionally, new information can subsequently develop that may impact our assessment of a security vulnerability, including additional information learned as we develop and deploy mitigations or updates, become aware of additional variants and evaluate the competitiveness of existing and new products.

Security vulnerabilities and any limitations of, or adverse effects resulting from, mitigation techniques can adversely affect our results of operations, financial condition, sales, branding, customer relationships, share price, prospects, and reputation in a number of ways, any of which may be material.

Adverse publicity about security vulnerabilities or mitigations could damage our reputation with customers or users and reduce demand for our products and services. These effects may be greater to the extent that competing products are not susceptible to the same vulnerabilities or if vulnerabilities can be more effectively mitigated in competing products. Moreover, third parties can release information regarding potential vulnerabilities of our products before mitigations are available. This, in turn, could lead to attempted or successful exploits, adversely affect our ability to introduce mitigations, or otherwise harm our business and reputation.

Our business has suffered, and could in the future suffer, from manufacturing problems.

We manufacture, in our own factories as well as with third parties, our products using processes that are highly complex, require advanced and costly equipment and must continuously be modified to improve yields and performance. Difficulties in the production process can reduce yields or interrupt production, and, as a result of such problems, we may on occasion not be able to deliver products or do so in a timely or cost-effective or competitive manner. Such difficulties may include rationing, or other forced disruption of utility supplies such as electricity, gas or water by governments or regulators which could lead to disruptions of our operation resulting in high costs and global supply chain disruptions. As the complexity of both our products and our fabrication processes has become more advanced, manufacturing tolerances have been reduced and requirements for precision have become more demanding. As is common in the semiconductor industry, we have in the past experienced manufacturing difficulties that have given rise to delays in delivery and quality control problems. There can be no assurance that any such occurrence in the future would not materially harm our results of operations. Further, we may suffer disruptions in our manufacturing operations, either due to production difficulties such as those described above or as a result of external factors beyond our control, such as the disruption to our Austin, Texas manufacturing facilities caused by the February 2021 winter storm. We may, in the future, experience manufacturing difficulties or permanent or temporary loss of manufacturing capacity due to the preceding or other risks. Any such event could have a material adverse effect on our business, financial condition and results of operations.

We rely on the timely supply of equipment and materials and could suffer if suppliers fail to meet their delivery obligations or raise prices. Certain equipment and materials needed in our manufacturing operations are only available from a limited number of suppliers.

Our manufacturing operations depend on deliveries of equipment and materials in a timely manner and, in some cases, on a just-in-time basis. From time to time, suppliers may extend lead times, limit the amounts supplied to us or increase prices due to capacity constraints or other factors. Supply disruptions may also occur due to shortages in critical materials, such as silicon wafers or specialized chemicals. Because the equipment that we purchase is complex, it is frequently difficult or impossible for us to substitute one piece of equipment for another or replace one type of material with another. A failure by our suppliers to deliver our requirements could result in disruptions to our manufacturing operations. Our business, financial condition and results of operations could be harmed if we are unable to obtain adequate supplies of quality equipment or materials in a timely manner or if there are significant increases in the costs of equipment or materials due to current or expected inflation or other reasons and we are not able to increase the price of our products.

Failure of our third party suppliers to perform could adversely affect our results of operations.

We currently use outside suppliers for a portion of our manufacturing capacity. Outsourcing our production presents a number of risks. If our outside suppliers are unable to satisfy our demand, or experience manufacturing difficulties, delays or reduced yields, our results of operations and ability to satisfy customer demand could suffer. For example, as part of the industry-wide shortage of semiconductors during 2022 we could not obtain sufficient silicon wafers from our foundry partners to meet the demand for our products, causing us to not fully supply the demand for our products, and negatively affecting our results of operations. In addition, purchasing rather than manufacturing these products may adversely affect our gross profit margin if the purchase costs of these products are higher than our own manufacturing costs would have been or if we are not able to increase the price of our products to reflect the higher input costs. Prices for foundry products also vary depending on capacity utilization rates at our suppliers, quantities demanded, product technology and geometry. Furthermore, these outsourcing costs can vary materially from quarter to quarter and, in cases of industry shortages like we experienced in 2022, they can increase significantly, which may negatively affect our gross profit if we are not able to increase the price of our products. In addition, we have entered into long term supply agreements with certain key manufacturing partners. The failure of these suppliers to perform under these agreements or an unexpected reduction in demand for these products could result in a material adverse effect on our business, financial condition and results of operations.

Disruptions in our relationships with any one of our key customers could adversely affect our business.

A substantial portion of our revenue is derived from our top customers, including our distributors. We cannot guarantee that we will be able to generate similar levels of revenue from our largest customers in the future. If one or more of these customers substantially reduce their purchases from us, this could have a material adverse effect on our business, financial condition and results of operations.

We receive subsidies and grants in certain countries, and a reduction in the amount of governmental funding available to us or demands for repayment could increase our costs and affect our results of operations.

As is the case with other large semiconductor companies, we receive subsidies and grants from governments in some countries. These programs are subject to periodic review by the relevant governments, and if any of these programs are curtailed or discontinued, this could have a material adverse effect on our business, financial condition and results of operations. As the availability of government funding is outside our control, we cannot guarantee that we will continue to benefit from government support or that sufficient alternative funding will be available if we lose such support. Moreover, if we terminate any activities or operations, including strategic alliances or joint ventures, we may face adverse actions from the local governmental agencies providing such subsidies to us. In such event that we don't meet the subsidies grant conditions, such government agencies could seek to recover such subsidies from us and they could cancel or reduce other subsidies we receive from them. This could have a material adverse effect on our business, financial condition and results of operations.

Certain natural disasters, such as flooding, heavy precipitation, large earthquakes, volcanic eruptions or nuclear or other disasters, may negatively impact our business. Climate change may cause a rising number of natural disasters that could negatively affect our operations.

Environmental and other disasters, such as flooding, heavy precipitation large earthquakes, volcanic eruptions or nuclear or other disasters, or a combination thereof may negatively impact our business. If flooding, heavy precipitation, a large earthquake, volcanic eruption or, extreme weather event or other natural disaster were to directly damage, destroy or disrupt our manufacturing facilities, it could disrupt our operations, delay new production and shipments of existing inventory or result in costly repairs, replacements or other costs, all of which would negatively impact our business. Even if our manufacturing facilities are not directly damaged, a large natural disaster may result in disruptions in distribution channels, supply chains, movement of goods and significant increases in the prices of raw materials used for our manufacturing process. For instance, the nuclear incident following the tsunami in Japan in 2011 impacted the supply chains of our customers and suppliers. Furthermore, any disaster affecting our customers (or their respective customers) may significantly negatively impact the demand for our products and our revenues. In addition, climate change could cause certain natural disasters, such as drought, wildfires, storms, flooding or rising sea levels, to occur more frequently or with greater intensity. Such natural disasters pose physical risks to our manufacturing, IT facilities or our suppliers' facilities, or could disrupt the availability of water and utilities necessary for the operation of our manufacturing facilities or our suppliers' facilities resulting in increased operating costs and business disruption, such as the disruption to our Austin, Texas manufacturing facilities caused by the February 2021 winter storm and weather-related disruption of water and utilities to these facilities. In addition, semiconductor manufacturing is a water-intensive process. Many of our manufacturing sites and those of our suppliers are located in semi–arid regions that may become increasingly vulnerable to prolonged droughts associated with evolving changes to the climate, which may lead to water scarcity. If we and our suppliers are not able to implement adequate water recycling and conservation measures or if the water scarcity in a particular region becomes acute and restricts the availability of water necessary for the operation of our manufacturing facilities or our suppliers' facilities, our business may be significantly negatively impacted.

The impact of any such natural disasters depends on the specific geographic circumstances but could be significant, as some of our factories are located in areas with known earthquake fault zones, flood or storm risks, including but not limited to Singapore, Taiwan, Malaysia or Thailand. There is increasing concern that climate change is occurring that may cause a rising number of natural disasters with potentially dramatic effects on human activity. We cannot predict the economic impact, if any, of natural disasters or climate change.

We may engage in acquisitions and other strategic transactions or make investments, or be unable to consummate planned strategic acquisitions, which could adversely affect our results of operations.

We engage in acquisitions and other strategic transactions, including joint ventures, and make investments, which we believe are important to the future of our business. We routinely acquire businesses and other assets, including patents, technology and other intangible assets, enter into joint ventures or other strategic transactions, and purchase minority equity interests in or make loans to companies. Achieving the anticipated benefits of business acquisitions depends in part upon our ability to integrate the businesses in an efficient and effective manner and achieve anticipated synergies, and we may not be successful in these efforts. Such integration is complex and time consuming and involves significant challenges, including, among others: retaining key employees; integration of new employees, technology, products, operations, sales and distribution channels, business models, facilities and business systems; retaining customers and suppliers of the businesses; consolidating research and development operations; and consolidating corporate and administrative infrastructures. If we do not achieve the anticipated benefits of business acquisitions or other strategic activities, or if we are unable to consummate acquisitions or strategic investments that we consider important to the future of our business, our business and results of operations may be adversely affected and our growth strategy may not be successful.

We rely on joint ventures to meet our current and future manufacturing requirements. However, we often do not control these partnerships and joint ventures, and actions taken by any of our partners or the termination of these joint ventures could adversely affect our business.

As part of our hybrid manufacturing strategy, we have entered into a number of long-term strategic partnerships with other leading industry participants, and may do so again in the future. For example, we currently participate in a joint venture with Taiwan Semiconductor Manufacturing Company Limited ("TSMC") called Systems on Silicon Manufacturing Company Pte. Ltd. ("SSMC") and have recently formed a joint venture with Vanguard International Semiconductor Corporation called VisionPower Semiconductor Manufacturing Company Pte. Ltd. ("VSMC"), and a joint venture with TSMC, Robert Bosch Gmbh and Infineon Technologies AG called European Semiconductor Manufacturing Company ("ESMC") to create capability for our future manufacturing requirements. If any of our strategic partners in alliances we currently engage with or may engage with in the future were to encounter financial difficulties or change their business strategies, they may no longer be able or willing to participate in these groups or alliances, which could have a material adverse effect on our business, financial condition and results of operations. Under the terms of current or future alliances, we may have certain obligations, including funding obligations or take or pay obligations. If we do not achieve the anticipated benefits of these joint ventures, or if newly established joint ventures are not able to begin production in the expected timing or achieve expected efficiency and quality, our business and results of operations may be adversely affected.

Risks related to regulatory or legal challenges

As our business is global, we need to comply with laws and regulations in countries across the world.

We operate globally, with manufacturing, assembly and testing facilities in several continents, and we market our products globally.

As a result, we are subject to environmental, data privacy, export and sanctions, AI technologies, cybersecurity, disclosure and reporting (including reporting of ESG-related data), labor and health and safety laws and regulations in each jurisdiction in which we operate. We are also required to obtain environmental permits and other authorizations or licenses from governmental authorities for certain of our operations. In the jurisdictions where we operate, we need to comply with differing standards and varying practices of regulatory, tax, judicial and administrative bodies.

No assurance can be given that we have been or will be at all times in complete compliance with the laws and regulations to which we are subject or that we have obtained or will obtain the permits and other authorizations or licenses that we need. If we violate or fail to comply with laws, regulations, permits and other authorizations or licenses, we could be fined or otherwise sanctioned by regulators. Furthermore, if one or more of our customers are sanctioned by regulators for non-compliance with laws and regulations, we could experience a decrease in demand for our products. For example, import and export regulations, such as the U.S. Export Administration Regulations administered by the U.S. Department of Commerce and sanctions imposed by the European Union (EU) and other jurisdictions, are complex, change frequently, have generally become more stringent over time and have intensified in recent years. Our results of operations could be negatively impacted if we are required to suspend activities with certain customers or suppliers due to the current and future changes in regulations, including as a result of executive orders or policy changes pursued by the new U.S. administration. For example, in 2020, due to regulations imposed by the U.S. government, we ceased shipments of our products to Huawei pending approval of export licenses. Furthermore, global privacy legislation, enforcement, and policy activity, such as the EU General Data Privacy Regulation, are rapidly expanding and creating a complex regulatory compliance environment. Costs to comply with and implement these privacy-related and data protection measures could be significant. Even our inadvertent failure to comply with applicable privacy-related or data protection laws and regulations could result in proceedings against us by governmental entities or others. In addition, governments are increasingly imposing restrictions on cross-border investments in semiconductor businesses and technology, such as the Dutch foreign investment control regime and U.S. outbound investment rules, that may limit our ability to execute strategic acquisitions, investments and alliances, any of which could have a material adverse effect on our business. Compliance with, or changes in the interpretation of, existing regulations, the adoption of new regulations, changes in the oversight of our activities by governments or standard bodies or rulings in court, regulatory, administrative or other proceedings relating to such regulations, among others, could have an adverse effect on our business and results of operations.

Legal proceedings covering a range of matters are pending in various jurisdictions. Due to the uncertainty inherent in litigation, it is difficult to predict the final outcome. An adverse outcome might affect our results of operations.

We and certain of our businesses are involved as plaintiffs or defendants in legal proceedings in various matters. For example, we are involved in legal proceedings claiming personal injuries to the children of former employees as a result of employees' alleged exposure to chemicals used in semiconductor manufacturing clean room environments operated by us or our former parent companies, Philips and Motorola. Furthermore, because we continue to utilize these clean rooms, we may become subject to future claims alleging personal injury that may lead to additional liability. A judgment against us or material defense cost could harm our business, financial condition and results of operations.

Our manufacturing operations are subject to environmental laws and regulations and initiatives to address climate change.

We are subject to many environmental, health and safety laws and regulations in each jurisdiction in which we operate, which govern, among other things, emissions of pollutants into the air, wastewater discharges, the use and handling of hazardous substances, waste disposal, the investigation and remediation of soil and ground water contamination and the health and safety of our employees. We are also required to obtain environmental permits from governmental authorities for certain of our operations. We cannot assure you that we have been or will be at all times in complete compliance with such laws, regulations and permits. If we violate or fail to comply with these laws, regulations or permits, we could be fined or otherwise sanctioned by regulators.

As with other companies engaged in similar activities or that own or operate real property, we face inherent risks of environmental liability at our current and historical manufacturing facilities. Certain environmental laws impose strict, and in certain circumstances, joint and several liability on current or previous owners or operators of real property for the cost of investigation, removal or remediation of hazardous substances as well as liability for related damages to natural resources. Certain of these laws also assess liability on persons who arrange for hazardous substances to be sent to disposal or treatment facilities when such facilities are found to be contaminated. While we do not expect that any contamination currently known to us will have a material adverse effect on our business, we cannot assure you that this is the case or that we will not discover new facts or conditions or that environmental laws or the enforcement of such laws will not change such that our liabilities would be increased significantly. In addition, we could also be held liable for consequences arising out of human exposure to hazardous substances or other environmental damage. In summary, we cannot assure you that our costs of complying with current and future environmental and health and safety laws, or our liabilities arising from past or future releases of, or exposures to, regulated materials, will not have a material adverse effect on our business, financial conditions and results of operations.

Public and private initiatives to address climate change may result in an increase in the cost of production due to increase in the prices of energy, introduction of energy or carbon tax or the purchase of carbon offsets. A variety of regulatory developments have been introduced that focus on restricting or managing the emission of carbon dioxide, methane and other greenhouse gases. Enterprises may need to purchase at higher costs new equipment or raw materials with lower carbon footprints. Environmental laws and regulations could also require us to acquire pollution abatement or remediation equipment, modify product designs, or incur expenses. New materials that we are evaluating for use in our operations may become subject to regulation. These developments and further legislation that is likely to be enacted could affect our operations negatively. Changes in environmental regulations could increase our production and operational costs, which could adversely affect our results of operations and financial condition.

Risks related to cybersecurity and IT systems

Interruptions in our information technology systems could adversely affect our business.

We rely on the efficient and uninterrupted operation of complex information technology applications, systems and networks to operate our business. The reliability and security of our information technology infrastructure and software, and our ability to expand and continually update technologies in response to our changing needs is critical to our business. Any significant interruption in our business applications, systems or networks, including but not limited to new system implementations, computer viruses, cyberattacks, security breaches, facility issues or energy blackouts could have a material adverse impact on our business, financial condition and results of operations.

Our computer systems and networks are subject to attempted security breaches and other cybersecurity incidents, which, if successful, could adversely impact our business.

We have, from time to time, experienced cyber-attacks attempting to obtain access to and misuse our computer systems and networks. Such incidents could result in the misappropriation of our proprietary information and technology, the compromise of personal and confidential information of our employees, customers or suppliers or interrupt our business. There can be no assurance that a breach or incident will not have a material impact on our operations and financial results in the future. We believe that we have a robust cybersecurity program that is aligned to international cybersecurity frameworks, and that we leverage industry best practices across people, processes and technologies in an attempt to mitigate cybersecurity threats. However, we cannot always anticipate, detect, repel or implement fully effective preventative measures against all cybersecurity threats, particularly because the techniques used are increasingly sophisticated and constantly evolving. For example, as AI continues to evolve, cyber attackers could also use AI to develop malicious code and increasingly sophisticated phishing attempts.

In the current environment, there are numerous and evolving risks to cybersecurity and privacy, including criminal hackers, state-sponsored intrusions, industrial espionage, employee malfeasance, and human or technological error. Computer hackers and others routinely attempt to breach the security of technology products, services, and systems, and those of customers, suppliers, and some of those attempts may be successful. Such breaches could result in, for example, unauthorized access to, disclosure, misuse, loss, or destruction of our, our customer, or other third party data or systems, theft of sensitive or confidential data including personal information (including personal data about our employees, customers or other third parties) and intellectual property, system disruptions, and denial of service. In the event of such breaches, we, our customers or other third parties could be exposed to potential liability, litigation, and regulatory action, as well as the loss of existing or potential customers, damage to our reputation, and other financial loss. In addition, the cost and operational consequences of responding to breaches and implementing remediation measures could be significant. We have identified instances of employee misappropriation or theft of certain proprietary technology by individuals who are no longer employed by NXP. In some cases, such misappropriation may result in the violation of applicable export control regulations, which we report to relevant authorities as appropriate. As of the date of this filing we do not believe that any such misappropriation or theft known to us has resulted in a material adverse effect on our business or any material damage to us. However, there can be no assurance that these or other similar incidents will not have a material impact on our operations and financial results in the future. Accordingly, as these threats become increasingly sophisticated and continue to develop and grow, we are actively adapting our security measures and we continue to increase the amount we allocate to implement, maintain and/or update security systems to protect our infrastructure, intellectual property and data. As a global enterprise, we could also be impacted by existing and proposed laws and regulations, as well as government policies and practices related to cybersecurity, privacy and data protection. Additionally cyber-attacks or other catastrophic events resulting in disruptions to or failures in power, information technology, communication systems or other critical infrastructure could result in interruptions or delays to us, our customers, or other third party operations or services, financial loss, potential liability, and damage our reputation and affect our relationships with our customers and suppliers.

Risks related to intellectual property

We rely to a significant extent on proprietary intellectual property. We may not be able to protect this intellectual property against improper use by our competitors or others.

Our success and future revenue growth depends, in part, on our ability to protect our proprietary technology, our products, our proprietary designs and fabrication processes, and other intellectual property against misappropriation by others. We primarily rely on patent, copyright, trademark and trade secret laws, as well as nondisclosure agreements and other methods, to protect our intellectual property. We may have difficulty obtaining patents and other intellectual property rights to protect our proprietary products, technology and intellectual property, and the patents and other intellectual property rights we receive may be insufficient to provide us with meaningful protection or commercial advantage. We may not obtain patent protection or secure other intellectual property rights in all the countries in which we operate, and under the laws of such countries, patents and other intellectual property rights may be or become unavailable or limited in scope. Even if new patents are issued, the claims allowed may not be sufficiently broad to effectively protect our proprietary technology, processes and other intellectual property. In addition, any of our existing patents, and any future patents issued to us may be challenged, invalidated or circumvented. The protection offered by intellectual property rights may be inadequate or weakened for reasons or circumstances that are out of our control. Further, our proprietary technology, designs and processes and other intellectual property may be vulnerable to disclosure or misappropriation by employees, contractors and other persons. It is possible that competitors or other unauthorized third parties may obtain, copy, use or disclose our proprietary technologies, our products, designs, processes and other intellectual property despite our efforts to protect our intellectual property. While we hold a significant number of patents, there can be no assurances that additional patents will be issued or that any rights granted under our patents will provide meaningful protection against misappropriation of our intellectual property. Our competitors may also be able to develop similar technology independently or design around our patents. We may not have or pursue patents or pending applications in all the countries in which we operate corresponding to all of our primary patents and applications. Even if patents are granted, effective enforcement in some countries may not be available. In particular, intellectual property rights are difficult to enforce in countries where the application and enforcement of the laws governing such rights may not have reached the same level as compared to other jurisdictions where we operate. Consequently, operating in some countries may subject us to an increased risk that unauthorized parties may attempt to copy or otherwise use our intellectual property or the intellectual property of our suppliers or other parties with whom we engage. There is no assurance that we will be able to protect our intellectual property rights or have adequate legal recourse in the event that we seek legal or judicial enforcement of our intellectual property rights under the laws of such countries. Any inability on our part to adequately protect our intellectual property may have a material adverse effect on our business, financial condition and results of operations.

We may become party to intellectual property claims or litigation that could cause us to incur substantial costs, pay substantial damages or prohibit us from selling our products.

We have from time to time received, and may in the future receive, communications alleging possible infringement of patents and other intellectual property rights of others. Further, we may become involved in costly litigation brought against us regarding patents, copyrights, trademarks, trade secrets or other intellectual property rights. If any such claims are asserted against us, we may seek to obtain a license under the third party's intellectual property rights. We cannot assure you that we will be able to obtain any or all of the necessary licenses on satisfactory terms, if at all. In the event that we cannot obtain or take the view that we don't need a license, these parties may file lawsuits against us seeking damages (and potentially treble damages in the United States) or an injunction against the sale of our products that incorporate allegedly infringed intellectual property or against the operation of our business as presently conducted. Such lawsuits, if successful, could result in an increase in the costs of selling certain of our products, our having to partially or completely redesign our products or stop the sale of some of our products and could cause damage to our reputation. Any litigation could require significant financial and management resources regardless of the merits or outcome, and we cannot assure you that we would prevail in any litigation or that our intellectual property rights can be successfully asserted in the future or will not be invalidated, circumvented or challenged. The award of damages, including material royalty payments, or the entry of an injunction against the manufacture and sale of some or all of our products, could affect our ability to compete or have a material adverse effect on our business, financial condition and results of operations.

Risks related to human capital management

Loss of our key management and other personnel, or an inability to attract such management and other personnel, could affect our business.

We depend on our key management to run our business and on our senior engineers to develop new products and technologies. Our success will depend on the continued service of these individuals. The loss of any of our key personnel, whether due to departures, death, ill health or otherwise, could have a material adverse effect on our business. The market for qualified employees, including skilled engineers and other individuals with the required technical expertise to succeed in our business, is highly competitive and the loss of qualified employees or an inability to attract, retain and motivate the additional highly skilled employees required for the operation and expansion of our business could hinder our ability to successfully conduct research activities or develop marketable products. The foregoing risks could have a material adverse effect on our business.

Risks related to our corporate structure

United States civil liabilities may not be enforceable against us.

We are incorporated under the laws of the Netherlands and substantial portions of our assets are located outside of the United States. In addition, certain members of our board and officers reside outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or such other persons residing outside the United States, or to enforce outside the United States judgments obtained against such persons in U.S. courts in any action. In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the United States, rights predicated upon the U.S. laws.

In the absence of an applicable treaty for the mutual recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters to which the United States and the Netherlands are a party, a judgment obtained against the Company in the courts of the United States, whether or not predicated solely upon the U.S. federal securities laws, including a judgment predicated upon the civil liability provisions of the U.S. securities law or securities laws of any State or territory within the United States, will not be directly enforceable in the Netherlands.

In order to obtain a judgment which is enforceable in the Netherlands, the claim must be relitigated before a competent court of the Netherlands; the relevant Netherlands court has discretion to attach such weight to a judgment of the courts of the United States as it deems appropriate; based on case law, the courts of the Netherlands may be expected to recognize and grant permission for enforcement of a judgment of a court of competent jurisdiction in the United States without re-examination or relitigation of the substantive matters adjudicated thereby, provided that (i) the relevant court in the United States had jurisdiction in the matter in accordance with standards which are generally accepted internationally; (ii) the proceedings before that court complied with principles of proper procedure; (iii) recognition and/or enforcement of that judgment does not conflict with the public policy of the Netherlands; and (iv) recognition and/or enforcement of that judgment is not irreconcilable with a decision of a Dutch court rendered between the same parties or with an earlier decision of a foreign court rendered between the same parties in a dispute that is about the same subject matter and that is based on the same cause, provided that earlier decision can be recognized in the Netherlands.

Based on the foregoing, there can be no assurance that U.S. investors will be able to enforce against us or members of our board of directors or officers who are residents of the Netherlands or countries other than the United States any judgments obtained in U.S. courts in civil and commercial matters.

In addition, there is doubt as to whether a Dutch court would impose civil liability on us, the members of our board of directors, our officers or certain experts named herein in an original action predicated solely upon the U.S. laws brought in a court of competent jurisdiction in the Netherlands against us or such members, officers or experts, respectively.

We are a Dutch public company with limited liability. The rights of our stockholders may be different from the rights of stockholders governed by the laws of U.S. jurisdictions.

We are a Dutch public company with limited liability *(naamloze vennootschap)*. Our corporate affairs are governed by our articles of association and by the laws governing companies incorporated in the Netherlands. The rights of stockholders and the responsibilities of members of our board of directors may be different from the rights and obligations of stockholders in companies governed by the laws of U.S. jurisdictions. In the performance of its duties, our board of directors is required by Dutch law to consider the interests of our company, its stockholders, its employees and other stakeholders, in all cases with due observation of the principles of reasonableness and fairness. It is possible that some of these parties will have interests that are different from, or in addition to, your interests as a stockholder.

Risks related to our indebtedness

Our debt obligations expose us to risks that could adversely affect our financial condition, which could adversely affect our results of operations.

As of December 31, 2024, we had outstanding indebtedness with an aggregate principal amount of $10,920 million. Our substantial indebtedness could have a material adverse effect on our business by:

- increasing our vulnerability to adverse economic, industry or competitive developments;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- exposing us to the risk of increased interest rates in the event we have borrowings under our $2,500 million revolving credit facility agreement (the "RCF Agreement") because loans under the RCF Agreement may bear interest at a variable rate;
- making it more difficult for us to satisfy our obligations with respect to our indebtedness and any failure to comply with the obligations of any our debt instruments, including restrictive covenants and borrowing conditions, could result in an event default under the indentures governing our notes and agreements governing other indebtedness;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- limiting our ability to obtain additional financial for working capital, capital expenditures, restructurings, product development, research and development, debt service requirements, investments, acquisitions and general corporate or other purposes; and
- limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who therefore, may be able to take advantage of opportunities that our leverage prevents us from exploiting.

Despite our level of indebtedness, we may still incur significantly more debt, which could further exacerbate the risks described above and affect our ability to service and repay our debt.

If we do not comply with the covenants in our debt agreements or fail to generate sufficient cash to service and repay our debt, it could adversely affect our operating results and our financial condition.

The RCF Agreement and the indentures governing our unsecured notes or any other debt arrangements that we may have require us to comply with various covenants. If there were an event of default under any of our debt instruments that was not cured or waived, the holders of the defaulted debt could terminate commitments to lend and cause all amounts outstanding with respect to the debt to be due and payable immediately, which in turn could result in cross defaults under our other debt instruments. Our assets and cash flow may not be sufficient to fully repay borrowings under all of our outstanding debt instruments if some or all of these instruments are accelerated upon an event of default.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital, restructure or refinance our indebtedness or reduce or delay capital expenditures, strategic acquisitions, investments and alliances, any of which could have a material adverse effect on our business. We cannot guarantee that we will be able to obtain enough capital to service our debt and fund our planned capital expenditures and business plan. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

The rating of our debt by major rating agencies may further improve or deteriorate, which could affect our additional borrowing capacity and financing costs.

The major debt rating agencies routinely evaluate our debt. These ratings are based on current information furnished to the ratings agencies by us and information obtained by the ratings agencies from other sources. An explanation of the significance of such rating may be obtained from such rating agency. There can be no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency's judgment, circumstances so warrant. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect our market value and/or increase our corporate borrowing costs.

General risk factors

The price of our common stock historically has been volatile. The price of our common stock may fluctuate significantly.

The stock market in recent years has experienced significant price and volume fluctuations that have often been unrelated to the operating performance of companies. The market price for our common stock has varied between a high of $296.08 on July 17, 2024 and a low of $204.72 on December 20, 2024 in the twelve-month period ending on December 31, 2024. The market price of our common stock is likely to continue to be volatile and subject to significant price and volume fluctuations for many reasons, including in response to the risks described in this section, changes in our dividend or share repurchase policies, variations between our actual financial results or guidance and expectations of securities analysts or investors or for reasons unrelated to our operations, such as reports by industry analysts, investor perceptions or negative announcements by our customers, competitors, peer companies or suppliers regarding their own performance, or announcements by our competitors of significant contracts, strategic partnerships, joint ventures, joint marketing relationships or capital commitments, the passage of legislation or other regulatory developments affecting us or our industry, as well as industry conditions and general financial, economic and political instability. In the past, following periods of market volatility, shareholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation.

We may have fluctuations in the amount and frequency of our stock repurchases.

The amount, timing, and execution of our stock repurchases may fluctuate based on our priorities for the use of cash for other purposes—such as investing in our business, including operational spending, capital spending, and acquisitions, and returning cash to our stockholders as dividend payments—and because of changes in cash flows, tax laws, and the market price of our common stock.

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

Our board of directors has adopted a dividend policy pursuant to which we currently pay a cash dividend on our ordinary shares on a quarterly basis. The declaration and payment of any dividend is subject to the approval of our board and our dividend may be discontinued or reduced at any time. There can be no assurance that we will declare cash dividends in the future in any particular amounts, or at all.

Future dividends, if any, and their timing and amount, may be affected by, among other factors: management's views on potential future capital requirements for strategic transactions, including acquisitions; earnings levels; contractual restrictions; cash position and overall financial condition; and changes to our business model. The payment of cash dividends is restricted by applicable law, contractual restrictions and our corporate structure.

The impact of a negative performance of financial markets and demographic trends on our defined benefit pension liabilities and costs cannot be predicted.

We sponsor defined benefit pension plans in a number of countries and a significant number of our employees are covered by our defined benefit pension plans. As of December 31, 2024, we had recognized a net accrued benefit liability of $360 million, representing the unfunded benefit obligations of our defined pension plans. The funding status and the liabilities and costs of maintaining these defined benefit pension plans may be impacted by financial market developments. For example, the accounting for such plans requires determining discount rates, expected rates of compensation and expected returns on plan assets, and any changes in these variables can have a significant impact on the projected benefit obligations and net periodic pension costs. Negative performance of the financial markets could also have a material impact on funding requirements and net periodic pension costs. Our defined benefit pension plans may also be subject to demographic trends. Accordingly, our costs to meet pension liabilities going forward may be significantly higher than they are today, which could have a material adverse impact on our financial condition.

Future changes to Dutch, U.S. and other foreign tax laws could adversely affect us.

The European Commission, U.S. Congress and Treasury Department, the Organization for Economic Co-operation and Development (OECD), and other government agencies in jurisdictions where we and our affiliates do business have had an extended focus on issues related to the taxation of multinational corporations, particularly payments made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. As a result, the tax laws in the European Union, U.S. and other countries in which we and our affiliates do business could change on a prospective or retroactive basis, and any such changes could adversely affect us and our affiliates.

Recent examples include the OECD's initiatives to revise profit allocation and nexus rules to allocate more taxing rights to countries where companies have their markets and to establish a minimum tax rate on a global basis. As part of the OECD framework to implement a minimum tax rate, the EU has adopted a directive on ensuring a global minimum level of taxation for multinational companies, also known as Pillar 2, to become effective in 2024. The Dutch government has enacted new legislation in response to and based on such EU directive. It is anticipated that other countries will also introduce Pillar 2 legislation. These initiatives include recommendations and proposals that, if enacted in countries in which we and our affiliates do business, could adversely affect us and our affiliates. In addition, the U.S. may enact legislation that would allow a tax payer to deduct domestic R&D expenses in the year that they are expensed, which would adversely affect our tax rate, while beneficial for our cash position.

We are exposed to a number of different tax uncertainties, which could have an impact on our results.

We are required to pay taxes in multiple jurisdictions. We determine the taxes we are required to pay based on our interpretation of the applicable tax laws and regulations in the jurisdictions in which we operate. We may be subject to unfavorable changes in the respective tax laws and regulations to which we are subject. Tax controls, audits, change in controls and changes in tax laws or regulations or the interpretation given to them may expose us to negative tax consequences, including interest payments and potentially penalties. We have issued transfer-pricing directives in the areas of goods, services and financing, which are in accordance with OECD guidelines. As transfer pricing has a cross border effect, the focus of local tax authorities on implemented transfer pricing procedures in a country may have an impact on results in another country.

Transfer pricing uncertainties can also result from disputes with local tax authorities about transfer pricing of internal deliveries of goods and services or related to financing, acquisitions and divestments, the use of tax credits and permanent establishments, and tax losses carried forward. These uncertainties may have a significant impact on local tax results. We also have various tax assets resulting from acquisitions. Tax assets can also result from the generation of tax losses in certain legal entities. Tax authorities may challenge these tax assets. In addition, the value of the tax assets resulting from tax losses carried forward depends on having sufficient taxable profits in the future.

Sustainability Statements

Overview

Our sustainability strategy is aligned with and incorporated into the company's long-term business strategy. We have set multiple goals that enable us to be accountable for making sustainable advancement. Our goals for 2024 can be seen below in the "Sustainability Scorecard" table. These goals are approved by our Board of Directors, and the Sustainability Management Board. The Sustainability Management Board monitors the progress towards our goals and execution of goal-related activities.

NXP's Board of Directors has ultimate oversight responsibility for sustainability matters. The full Board focuses on significant sustainability matters, with Board Committees undertaking oversight of sustainability issues relevant to their responsibilities. Sustainability Program oversight is delegated to the Nominating, Governance and Sustainability Committee, which oversees integration of a broad set of sustainability considerations into business functions. Specific aspects of sustainability oversight are delegated to the Audit and Human Resources Compensation Committees for sustainability matters within their core areas of expertise. NXP's Sustainability Management Board, which is comprised of Management Team members and other senior leaders, oversees the implementation of sustainability strategy and policy and ensures appropriate resourcing. The Nominating, Governance and Sustainability Committee receives quarterly updates from representatives of the Sustainability Management Board and, in turn, reports on these efforts in plenary meetings of NXP’s Board of Directors.

We have, since 2022, connected our sustainability efforts to employee remuneration by adding a sustainability component to our short-term Annual Incentive Plan (AIP). The sustainability component of the AIP contains multiple metrics and targets that support measurable year-on-year progress toward our long-term environmental and people-related aspirations. The target weighting of the sustainability component is set at 20% of our AIP.

The following table lists the goals identified in our 2024 annual sustainability scorecard. It explains why we chose each goal and describes the progress we've made toward meeting each one within the past twelve months.

2024 Sustainability Scorecard Goal	Why Chosen	2024 Performance
Women in the Workforce Increase representation of women in our overall indirect labor ("IDL") population by year-end 2024	Women are underrepresented in our broader industry and within NXP and we therefore established an aspiration for 2024 to improve the representation of women in our overall IDL population by year-end 2024.	Goal not achieved
Retention Retain global team members at a high level worldwide by year-end 2024 based on voluntary attrition rates	NXP promotes stability and continuity of our talent by measuring team member retention. This continuity leads to increased innovation, productivity and efficiency and reflects a positive work culture.	Goal achieved
Team Member Engagement Achieve an IDL team member engagement index ≥75th percentile of technology benchmark	Engaging our team members is a key aspect of how NXP creates long-term value for our stakeholders. We use results from our global Winning Culture Survey to assess the level of team member engagement and compare that with an external technology benchmark.	Goal achieved
Energy Efficiency Reduce carbon emissions by end of 2024 corrected for loading (using a baseline factory utilization rate of 85%)	Our roadmap to carbon neutrality includes annual emission-reduction targets that put NXP on a path to improve energy efficiency and reduce emissions in line with our stated mid-term and long-term goals.	Goal achieved
Water Efficiency Recycle water in manufacturing	Water is an important part of our production processes. In order to conserve and withdraw less water, we have focused on increasing our water recycling rate.	Goal achieved
Scope 3 Emissions Program Calculate emissions of sold products in a harmonized manner	We understand that our impact extends beyond our direct operations and recognize the importance of addressing emissions along the entire value chain.	Goal not achieved

We will continue to adjust our sustainability strategy over time to improve our performance and create sustainable long-term value. NXP will be to performing regular materiality assessments to assess financial risks and opportunities related to sustainability, as well as the impact of NXP’s actions on its stakeholders, communities, and the environment. NXP has identified several key stakeholders including investors, employees, customers, suppliers, representatives from governments, non-governmental organizations (NGOs) and industry associations. Examples of processes we take to facilitate stakeholder dialogue include meetings, surveys, conferences, multi-stakeholder projects, working groups and audits. We also monitor NXP's positive and negative impact on the environment and people. When a negative impact occurs, such as an incident of forced labor in our supply chain, we work efficiently to provide remedy and/or remediation.

NXP is within the scope of emerging sustainability reporting regulatory requirements including the current EU Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy Regulation. We are closely monitoring the developments on the CSRD and EU Taxonomy evolution as well as other emerging sustainability requirements, such as those related to the California State and US Securities and Exchange Commission (SEC) Climate disclosure rules. NXP is preparing to be compliant by the respective reporting deadlines for the impacted external reports.

For more information about our sustainability governance, goals, impacts, relevant stakeholders, and other related information, please see our Corporate Sustainability Report[1]. The content in the remainder of this sustainability statement includes information on our ESG programs and the actions we are taking to improve our practices and minimize our impact.

Sustainable Product Solutions

We understand that smart, innovative technologies can help enable a more sustainable future. We develop solutions aimed at major global needs – from energy efficiency and greener mobility to food security. This section highlights some of the ways we've addressed these global needs, by introducing innovations across key markets.

- *Automotive – Battery passport and tire tracking*

  Our NCJ37x battery passport and tire-tracking technologies drive sustainability by maximizing resource efficiency and reducing waste. The battery passport tracks components, ensures transparent lifecycle data and supports informed decisions, promoting a circular economy. Tire tracking, using UCODE tags and SubGHz technology, monitors tire pressure and temperature, enabling refurbishment, improving fuel efficiency and reducing CO2 emissions.

- *Smart Home – Smarter and more sustainable buildings with Honeywell*

  NXP's i.MX chipsets technology drive smarter, more sustainable buildings by enhancing energy efficiency and safety. AI-powered analytics in Honeywell's systems optimize energy use by predicting needs and automating adjustments to heating, cooling and lighting. Ultra Wideband (UWB) solutions also enable precise energy-saving controls, efficient evacuations and vital sign monitoring, while boosting sustainability and safety.

- *Smart City – Smart supply chain / logistics management*

  Our energy-management solutions cut e-waste and CO2 emissions in IoT, gaming and telecom. UCODE tags reduce single-use packaging by enabling reuse, while NFC tags improve medication safety, adherence and supply-chain integrity.

- Industrial and IoT– UCODE and NFC tags

  Our energy-management solutions cut e-waste and CO_2 emissions in IoT, gaming and telecom. UCODE tags reduce single-use packaging by enabling reuse, while NFC tags improve medication safety, adherence and supply-chain integrity.

- *Mobile – i.MX RT*

  Our i.MX RT crossover microprocessors balance high performance with power efficiency and offer as much as three weeks of battery life on a single charge. Wireless charging through NFC makes battery recharging intuitive and efficient, and at the same time marks the arrival of sleeker, more streamlined

[1] Our Corporate Sustainability Report, along with all past reports can be found at https://www.nxp.com/company/about-nxp/sustainability-and-esg/esg-documentation-archive:NXP-ESG-DOCUMENTATION

and more sustainable devices. Devices can adjust and control the characteristics of the charge pad, so each charge uses the most efficient profile while also helping to extend battery life.

Taxation

Since our founding, NXP has applied a tax strategy that is sustainable, transparent and fully aligned with well-known and widely recognized international tax principles. The approach described below encompasses all taxes, and it applies worldwide to all NXP group members.
NXP is a responsible and accountable taxpayer. Transparency helps us offer insights for a well-informed public debate, invites public examination and helps us contribute to the overall welfare of society.

To further enhance sustainability, we disclose below how we manage our tax obligations and summarize NXP's quantitative tax effects in NXP's financial disclosures. Moreover, we will soon disclose country-specific tax information.

Approach to Tax

NXP's tax strategy – that is, the way we approach, manage and assess the risk of taxation – is grounded in the corporate objective to act as a socially responsible company. The NXP Code of Conduct serves as an ethical framework for taxes and is effectively embedded within the tax strategy and across the tax organization. Hence, NXP's tax strategy also governs NXP's relationships with employees, customers and contractors.

NXP aims to support stable, transparent and predictable tax systems that incentivize long-term investments and economic growth. NXP is committed to complying with the letter, the intent and the spirit of the applicable tax laws of the jurisdictions where we operate.

NXP's tax structure is based on global standards and frameworks supported by the Organisation for Economic Co-operation and Development (OECD). We believe that operating within this framework creates a constant contribution to the advancement of the UN Sustainable Development Goals (SDGs). After a business acquisition, NXP's Tax Team ensures that the acquired structure will fully adhere to NXP's Transfer Pricing tax Policy strategy and OECD global standards, further reinforcing our commitment to these principles.

NXP invests in R&D, manufacturing and go-to-market activities using a cross-functional model, leveraged by multiple organizations globally. The resulting supply chain and product development form the foundation of NXP's structure for transfer pricing.

Regarding our product-development framework, NXP leverages the available tax incentives and tax regulations in the various jurisdictions where we operate. The most important tax incentives NXP is eligible for are the ones that drive and promote innovation and R&D activities. For example, as a Dutch multinational focused on R&D, NXP qualifies for the innovation box regime, provided by Dutch tax law, which reduces the nominal tax rate for qualified income associated with R&D from 25.8% to 9%. The effective Dutch tax rate for NXP is above 15%.

Approach to Transfer Pricing

NXP operates globally across numerous tax jurisdictions and regularly engages in intragroup cross-border transactions. NXP's transfer pricing policy is grounded in the "arm's length" principle, ensuring that all affiliated entities are fairly and appropriately remunerated. Compensation is determined by considering the specific functions each entity performs, the risks it assumes, manages, and controls, and the assets it employs in conducting its activities, reflecting the economic contributions and value creation of each party within the group.

NXP annually reviews and updates its transfer pricing policies to maintain alignment with the value creation within its commercial activities. To ensure compliance with the arm's-length standard, NXP benchmarks and compares intragroup transfer prices to confirm they reflect market rates that would apply if the parties were unrelated.

Product Stewardship

Minimizing the environmental and social impact of each product designed and produced.

- *Eliminating Hazardous Substances from Our Products*

  We aim to eliminate hazardous substances from our products, and we go beyond what is required by local, regional and global laws in doing so. Included in our scope are directives and regulations such as the Restriction on Hazardous Substances in Electrical and Electronic Equipment (RoHS) directive, the Registration, Evaluation and Authorisation of Chemical substances (REACH) regulation, Waste from Electrical and Electronic Equipment (WEEE) directive and the End of Life Vehicle (ELV) directive. Changes in legislation, updates to the list of exemptions and the arrival of new chemical substances make compliance a moving target. We maintain a catalog of restricted substances and product compliance data that is made available to our customers upon request. We regularly participate in industry-wide reviews and discussions to assist in leading the development of industry standards. We report the most current information on our website[2].

- *Responsible Mineral Sourcing*

  Our policy is to ethically source minerals from responsible suppliers to ensure our supply chain does not contribute to human rights abuses. Our products may contain tin, tantalum, tungsten and/or gold (referred to collectively as the 3TG), because they are necessary to the functionality or production of our products. We have implemented due-diligence measures to conform to the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. We have established strong management systems for 3TG supply-chain due diligence, identified and assessed 3TG risks in our supply chain, designed and implemented strategies to respond to identified risks, and report on 3TG supply due-diligence activities annually. All smelters identified with a third-party audit program are either: 1) conformant (100%), 2) actively engaged in the audit program to become conformant (0%), or 3) recently removed from conformant status (0%), in which case NXP actively pursues removal from our supply chain[3]. For the years 2017-2020 and 2022-2023, all smelters within our supply chain were certified conflict-free. In 2021, we reported three active smelters. We have extended the scope of our due-diligence procedures to include cobalt, and publicly report report the list of cobalt smelters in our supply chain following the industry standard Cobalt Reporting Template (CRT) or Extended Mineral Reporting Template (EMRT).

Human Rights

As part of our commitment to respect and protect human rights, we seek to uphold the highest standards in our labor practices and have made this a key corporate initiative throughout our own operations and across our supply chain. NXP adheres to all applicable local labor laws that are 1) consistent with both the United Nations Global Compact and the International Labor Organization (ILO) core labor principles and 2) conform to the NXP Auditable Standards, which are stricter than the Responsible Business Alliance (RBA) Code of Conduct. Our commitment to human rights includes clear declarations regarding labor and human rights, in which state we do not tolerate harassment in the workplace, involuntary labor, child labor, payment of fees, withholding of personal documentation or excessive working hours. We conduct annual risk assessments in our manufacturing sites to identify and mitigate labor and human-rights risks that may arise. In addition, we use third-party internal audits to ensure policies and practices are aligned with local legislation and the NXP Auditable Standards. We also look to foster open communication and provide employees access to the NXP Global Speak-Up hotline.

NXP has a standalone Human Rights Policy[4] and a Human Rights Due Diligence Management System. The management system helps ensure NXP implements a human-rights and environmental due-diligence program that will continually identify and address the salient human-rights risks of NXP's business and operations, as well as the risks of our value chain. In 2024, NXP also completed a living wage gap analysis for all employees of NXP.

---

[2] www.nxp.com/company/about-nxp/sustainability/environmental-compliance-organization:ECO-PRODUCTS
[3] As of date of publication. Smelters/Refiners are continuously being evaluated, added, and removed.
[4] https://www.nxp.com/docs/en/supporting-information/Labor-and-Human-Rights-Commitment.pdf

- *Human Rights and our Supply chain*

  To ensure integrity throughout our supply chain, we require key, high-risk suppliers, as well as select indirect suppliers, to undergo the NXP audit process for suppliers.

  After a decade of auditing our supply chain, and finding thousands of nonconformances, we are able to identify those nonconformance categories, such as Freely Chosen Employment, with the highest rates of recurrence.

Protecting our Environment

Protecting the environment is a key pillar in our Sustainability Policy and corporate strategy because we recognize the need to conserve the earth's natural resources and reduce emissions. In support of this, we set company-wide aspirational targets intended to optimize our use of resources, minimize waste and continuously improve. See Corporate Governance, Risk Factors for a discussion of potential global environmental risks that may adversely affect our business operations, such as climate change or natural disasters.

We drive continuous improvement of our processes to protect the environment by designing, implementing and maintaining management systems and programs to reduce our environmental footprint. All of our manufacturing facilities are certified to the ISO 14001 Environmental Management System.

- Emissions – We measure our carbon emissions as follows: Scope 1 emissions are all direct emissions, Scope 2 emissions are indirect emissions from electricity purchased and consumed by NXP and Scope 3 emissions are other indirect emissions.

- Energy – The utility grid is the primary source of energy for our manufacturing, testing and office locations. We purchase renewable energy in jurisdictions where it's available and continue to focus on increasing our renewable-energy consumption.

- Water – Semiconductor manufacturing, especially wafer fabrication, is a water-intensive process. Our sites research and manage ways to reduce consumption and increase our water recycling.

Additional information about our environmental strategy, targets and metrics is included in our Corporate Sustainability Report, and can be found on our website[5].

Compliance with the Dutch Corporate Governance Code

In accordance with the governmental Decree of August 30, 2023, the Company fully complies with the Dutch Corporate Governance Code and applies all its principles and best practice provisions that are addressed to the board of directors, and where needed explaining it deviations from the Code in this report. The full text of the Dutch Corporate Governance Code can be found at the website of the Monitoring Commission Corporate Governance Code (www.commissiecorporategovernance.nl).

Audit Committee Report

Audit Committee

All members of the Audit Committee are independent directors, as defined in the applicable Nasdaq listing standards, applicable SEC rules and the DCGC. Our Audit Committee is a separately-designated standing committee established in accordance with Section 3(a)(58)(A) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), and currently (as of December 31, 2024) consists of Mr. Sundström (Chair), Ms. Clayton, Mr. Gu, and Ms. Staiblin, each of whom are independent for purposes of the Nasdaq listing standards, our Rules of Procedure and Rule 10A-3 of the Exchange Act.

---

[5] The contents of our website, our Corporate Sustainability Report, and our Sustainability Policy are referenced for general information only and are not incorporated by reference in this IFRS annual report.

Subject to the requirement under Dutch law that independent auditors be appointed by the shareholders at a general meeting of shareholders, the Audit Committee has ultimate authority and direct responsibility to appoint, compensate, retain, oversee, evaluate and, where appropriate, replace the independent auditors. In addition, the Audit Committee reviews the performance and independence of the independent auditors and also oversees internal audit activities, compliance with the Code of Conduct and legal matters, including intellectual property litigation.

Our Audit Committee reviews our annual audited financial statements and quarterly unaudited financial statements and certain other public disclosures prior to publication. The Audit Committee also meets periodically with senior management to discuss risk assessment and risk management policies.

The Board has determined that all Audit Committee members are able to read and understand fundamental financial statements in accordance with Nasdaq listing standards and that all Audit Committee members meet the SEC's definition of "audit committee financial expert" as that term is defined in Item 407(d) of Regulation S-K. As noted above, all Audit Committee members are independent for purposes of Nasdaq listing standards, our Rules of Procedure, and Rule 10A-3 of the Exchange Act. For a description of the education and experience of each of the members of the Board's Audit Committee please refer to the "Nominees for Director" section above.

The Audit Committee meets at least quarterly, and as often as it deems necessary to fulfill its responsibilities.

Number of meetings in 2024: 9.

This committee operates under a written charter adopted by our Board. The charter complies with SEC regulations and Nasdaq listing standards. The charter is reviewed and reassessed regularly to ensure continued compliance with these requirements. The charter is available for public viewing on our website at *http://investors.nxp.com*, under the "Corporate Governance" section.

The Audit Committee has reviewed and discussed the audited financial statements with NXP's management and its independent auditor, EY. The Audit Committee has also discussed with EY the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board ("PCAOB") and the U.S. Securities and Exchange Commission (SEC). In addition, EY provided the Audit Committee with the written disclosures and the letter required by applicable requirements of the PCAOB regarding the independent accountant's communications with the audit committee concerning independence, and the Audit Committee discussed with EY its independence from NXP and its management. The Audit Committee has also considered whether the provision of other non-audit services by EY to NXP is compatible with the auditors' independence and has concluded that it is.

Human Resources and Compensation Committee Report

Human Resources and Compensation Committee

Members of the Human Resources and Compensation Committee are independent directors, as defined in the applicable Nasdaq listing standards, applicable SEC rules and the DCGC. Our Human Resources and Compensation Committee as of December 31, 2024 consists of Mr. Summe (Chair), Ms. Clayton, Mr. Gavrielov, Ms. Olving and Mr. Sundström. Our Board has determined that all of the members of the Human Resources and Compensation Committee are independent for purposes of Nasdaq listing standards, our Rules of Procedure and Rule 10C-1 of the Exchange Act. Pursuant to its charter and the authority delegated to it by our Board, the Human Resources and Compensation Committee is responsible for overseeing our compensation and employee benefit plans and practices, including formulating, evaluating and approving the compensation of our executive officers, including the compensation of our Chief Executive Officer, and for overseeing all compensation programs involving the issuance of our equity securities. Refer to Note 31 *Information on remuneration board of director*s of our Group Financial Statements for Directors and Executives remuneration detail. In determining the compensation for our Board members and executive officers, the Human Resources and Compensation Committee, advised by an independent compensation consultant, carried out and considered scenario analyses in relation to the offered incentive schemes as referred to in 3.1.2.ii of the DCGC.

In addition to the detailed and according to Dutch law required disclosure of individual remuneration of members of the Board of Directors of NXP Semiconductors N.V., refer to Note 31 *Information on remuneration* *board of directors* of our Group Financial Statements, the Human Resources and Compensation Committee of the Board of Directors of NXP Semiconductors N.V., review and discuss the Compensation Discussion & Analysis (CD&A) with management of the Company. The CD&A provides detailed information of the 2023 executive compensation program for the CEO, CFO and three highest paid executive officers of the Company other than the CEO and CFO and will be included in the proxy statement pursuant to Section 14(a) of the Securities Exchange Act of 1934 to be published in view of the next Annual General Meeting.

The Human Resources and Compensation Committee meets as often as it deems necessary, but not less than four times a year.

Number of meetings in 2024: 7

This committee operates under a written charter adopted by our Board. The charter complies with SEC regulations and Nasdaq listing standards. The charter is reviewed and reassessed regularly to ensure continued compliance with these requirements. The charter is available for public viewing on our website at *http://investors.nxp.com*, under the "Corporate Governance" section.

Nominating, Governance and Sustainability Committee Report

Nominating, Governance and Sustainability Committee

Members of the Nominating, Governance and Sustainability Committee are independent directors, as defined in the applicable Nasdaq listing standards, applicable SEC rules and the DCGC. Our Nominating, Governance and Sustainability Committee as of December 31, 2024 consists of Mr. Fox (Chair), Mr. Gavrielov, Ms. Southern and Mr. Summe. Our Board has determined that all of the members of the Nominating, Governance and Sustainability Committee are independent for purposes of Nasdaq listing standards and our Rules of Procedure. Pursuant to its charter and the authority delegated to it by our Board, the Nominating, Governance and Sustainability Committee is responsible for determining selection criteria and appointment procedures for members of our Board, periodically assessing the scope and composition of our Board and evaluating the performance of its individual members.

In identifying and evaluating candidates, the Nominating, Governance and Sustainability Committee may take into account all of the factors it considers appropriate, which may include: (i) whether the candidate is independent in accordance with any applicable independence requirements of Nasdaq and our Rules of Procedure; (ii) the structure and membership of the Board; (iii) specific qualifications, expertise or experiences that would complement the existing Board members including education, financial expertise, and industry experience; (iv) a candidate's personal traits such as mature judgment, diverse background, age, professional relationships, strength of character, level of integrity, ethical standards and other intangibles that would make the candidate a positive addition to the Board and its committees; and (v) special skills, expertise, and background that add to and complement the range of skills, expertise, and background of the existing members of the Board. When the committee considers diversity, it will consider diversity of experience, skills, viewpoints, race and gender, as it deems appropriate. While the committee has not established any specific minimum qualifications for director nominees, the committee believes that demonstrated leadership, as well as significant years of service, in an area of endeavor such as business, law, public service, related industry or academia is a desirable qualification for service as a director of NXP.

The Nominating, Governance and Sustainability Committee will consider timely written proposals for nomination from shareholders and will evaluate a shareholder's prospective board nominee in the same manner that it evaluates other nominees, but only if it receives the request to consider such matter no later than on the 60th day prior to the day of the Annual General Meeting. The Nominating, Governance and Sustainability Committee may engage consultants or third-party search firms to assist in identifying and evaluating potential nominees. A shareholder who wishes to recommend a prospective Board nominee for the committee's consideration may write to us at NXP Semiconductors N.V., High Tech Campus 60, 5656 AG, Eindhoven, The Netherlands, Attention: Secretary.

The Nominating, Governance and Sustainability Committee meets as often as it deems necessary to fulfill its responsibilities, but not less than four times a year.

Number of meetings in 2024: 4.

This committee operates under a written charter adopted by our Board. The charter complies with SEC regulations and Nasdaq listing standards. The charter is reviewed and reassessed regularly to ensure continued compliance with these requirements. The charter is available for public viewing on our website at *http://investors.nxp.com*, under the "Corporate Governance" section.

Audited financial statements

The consolidated financial statements of the Company for the year ended December 31, 2024 included in this Annual Report, as presented by the board of directors, have been audited by EY Accountants B.V., an independent registered public accounting firm. The report of the independent registered public accounting firm appears at the end of this Annual Report under *Other information*. The board of directors has approved these financial statements.

Eindhoven, March 6, 2025

Board of directors

Group Financial Statements

Consolidated statement of operations of NXP Semiconductors N.V. for the years ended December 31,

Note	$ in millions, unless otherwise stated	2024	2023
5	Revenue	**12,614**	13,276
	Cost of revenue	**(5,494)**	(5,717)
	Gross profit	**7,120**	7,559
	Selling, general and administrative expenses:	**(1,204)**	(1,188)
	a. Amortization of acquisition related intangible assets	**(45)**	(45)
	b. Other SG&A	**(1,159)**	(1,143)
	Research and development expenses:	**(1,983)**	(2,070)
	a. Amortization of acquisition related intangible assets	**(91)**	(255)
	b. Other R&D	**(1,892)**	(1,815)
	Other income	**15**	10
	Other expense	**(70)**	(25)
5,6	**Operating income**	**3,878**	4,286
7	Financial income	**160**	187
7	Financial expense	**(471)**	(495)
	Income before income taxes	**3,567**	3,978
8	Income tax (expense) benefit	**(680)**	(663)
	Income after income taxes	**2,887**	3,315
9	Results relating to equity-accounted investees	**(12)**	(7)
	Net income	**2,875**	3,308
	Attribution of net income:		
	Net income attributable to shareholders of NXP	**2,843**	3,283
10	Net income attributable to non-controlling interests	**32**	25
	Net income	**2,875**	3,308
11	**Earnings per share data:**		
	Net income (loss) per common share attributable to shareholders of NXP in $:		
	- Basic	**11.14**	12.71
	- Diluted	**11.00**	12.52
	Weighted average number of shares of common stock outstanding during the year (in thousands)		
	• Basic	**255,208**	258.381
	• Diluted	**258,518**	262.118

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income of NXP Semiconductors N.V. for the years ended December 31,

	$ in millions, unless otherwise stated	2024	2023
Note	**Net income**	**2,875**	3,308
	Other comprehensive income items that will not be reclassified to profit or loss:		
	— Remeasurements defined benefits	**13**	(42)
	— Related income taxes	**(4)**	13
	Total of items that will not be reclassified to profit of loss	**9**	(29)
	Other comprehensive income items that are or may be reclassified to profit or loss :		
	— Currency translation adjustments (“CTA”)	**(111)**	43
	— Cash flow hedging	**(18)**	(14)
	— Cash flow hedging - income tax	**2**	(1)
	— Cash flow hedging reclassified to profit or loss	**10**	17
	Total of items that are or may be reclassified to profit of loss	**(117)**	45
	Other comprehensive income (loss)	**(108)**	16
	Total comprehensive income	**2,767**	3,324
	Attributable to:		
	Shareholders of NXP	**2,735**	3,299
10	Non-controlling interests	**32**	25
	Total comprehensive income	**2,767**	3,324

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheet of NXP Semiconductors N.V.

Assets

	$ in millions, unless otherwise stated	December 31,	
		2024	2023
Note	**Non-current assets**		
12	Property, plant and equipment	**3,534**	3,572
13	Goodwill	**9,967**	9,993
14	Intangible assets	**5,474**	5,109
9	Equity-accounted investees	**300**	101
8	Deferred tax assets	**665**	502
15	Financial assets	**413**	279
15	Other non-current assets	**819**	666
	Total non-current assets	**21,172**	20,222
	Current assets		
16	Inventories	**2,356**	2,134
17	Other current assets	**473**	449
8	Income tax receivables	**59**	35
18	Trade and other receivables	**1,106**	960
	Short-term deposits	**—**	409
19	Cash and cash equivalents	**3,292**	3,862
	Total current assets	**7,286**	7,849
	Total assets	**28,458**	28,071

The accompanying notes are an integral part of these consolidated financial statements.

Equity and liabilities

	$ in millions, unless otherwise stated	December 31, 2024	2023
Note	**Equity**		
20	Shareholders' equity:		
	Share capital		
	Preferred stock, par value €0.20 per share:		
	Authorized: shares 645,754,500 (2023: 645,754,500)		
	Issued: none		
	Common stock, par value €0.20 per share:		
	Authorized: 430,503,000 shares (2023: 430,503,000)		
	Issued and fully paid: 274,519,638 shares (2023: 274,519,638 shares)	**56**	56
	Capital in excess of par value	**16,198**	15,715
	Treasury shares	**(4,004)**	(3,210)
	Accumulated surplus (deficit)	**1,844**	532
	Other comprehensive income (loss)	**(1,116)**	(1,008)
	Total shareholders' equity	**12,978**	12,085
10	Non-controlling interests	**352**	320
	Total equity	**13,330**	12,405
	Non-current liabilities		
21	Long-term debt	**10,354**	10,175
23	Post-employment benefits	**357**	391
22	Long-term provisions	**375**	202
8	Deferred tax liabilities	**417**	388
24	Other non-current liabilities	**620**	467
	Total non-current liabilities	**12,123**	11,623
	Current liabilities		
21	Short-term debt	**500**	1,000
	Accounts payable	**1,017**	1,164
25	Accrued liabilities	**751**	1,162
22,28	Short-term provisions	**69**	35
8	Income tax liabilities	**127**	186
23	Post-employment benefits	**12**	11
26	Other current liabilities	**529**	485
	Total current liabilities	**3,005**	4,043
	Total equity and liabilities	**28,458**	28,071

The accompanying notes are an integral part of these consolidated financial statements.

Group Financial Statements

Consolidated statement of cash flows of NXP Semiconductors N.V.
for the years ended December 31,

$ in millions, unless otherwise stated	2024	2023
Cash flows from operating activities:		
Net income	**2,875**	3,308
Adjustments to reconcile net income to net cash generated by operating activities:		
Depreciation, amortization and impairment	**1,811**	1,857
Share-based payments	**471**	435
(Gain) loss on sale of assets	**(3)**	(1)
Results relating to equity-accounted investees	**12**	7
(Gain) loss on equity securities, net	**18**	(1)
Net interest expense	**248**	261
Income tax expense/(benefit)	**680**	663
Changes in operating assets and liabilities:		
(Increase) decrease in receivables and other current assets	**(203)**	(127)
(Increase) decrease in inventories	**(222)**	(353)
Increase (decrease) in accounts payable and accrued liabilities	**(381)**	(182)
Decrease (increase) in other non-current assets	**(306)**	16
Increase (decrease) in provisions	**232**	126
Exchange differences	**14**	22
Other items	**(3)**	(3)
Net cash generated by operations	**5,243**	6,028
Interest paid	**(418)**	(459)
Interest received	**160**	187
Income taxes paid	**(867)**	(919)
Net cash provided by operating activities	**4,118**	4,837
Cash flows from investing activities:		
Purchase of intangible assets	**(149)**	(179)
Capital expenditures on development assets	**(1,279)**	(1,266)
Capital expenditures on property, plant and equipment	**(727)**	(827)
Proceeds from disposals of property, plant and equipment	**4**	1
Advance payment from sale of property, plant and equipment	**30**	—
Insurance recoveries received for equipment damage	**2**	—
Investment in short-term deposits	—	(409)
Purchase of investments	**(260)**	(94)
Proceeds from short-term deposits	**409**	—
Proceeds from the sale of investments	**5**	—
Net cash used for investing activities	**(1,965)**	(2,774)
Cash flows from financing activities:		
Repurchase of long-term debt	**(1,000)**	—
Proceeds from the issuance of long-term debt	**670**	—
Cash paid for debt issuance costs	**(1)**	—
Payments of lease liabilities	**(57)**	(58)
Dividends paid to common shareholders	**(1,038)**	(1,006)
Proceeds from issuance of common stock through stock plans	**82**	71
Purchase of treasury shares and restricted stock unit withholdings	**(1,373)**	(1,053)
Other, net	**(2)**	(2)
Net cash provided by (used for) financing activities	**(2,719)**	(2,048)

Consolidated statement of cash flows of NXP Semiconductors N.V.
for the years ended December 31,

$ in millions, unless otherwise stated	2024	2023
Effect of changes in exchange rates on cash positions	**(4)**	2
Increase (decrease) in cash and cash equivalents	**(570)**	17
Cash and cash equivalents at beginning of period	**3,862**	3,845
Cash and cash equivalents as reported	**3,292**	3,862

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity of NXP Semiconductors N.V. as of December 31, 2024

$ in millions, unless otherwise stated						Other comprehensive income (loss)						
	Outstanding number of shares (in thousands)	Share capital	Capital in excess of par value	Treasury shares reserve	Accumulated deficit	Currency translation reserve*	Cash flow hedging reserve	Remeasurements defined benefits	Total other comprehensive income (loss)	Total shareholders' equity	Non-controlling interests	Total equity
Balance as of December 31, 2022	259,463	56	15,261	(2,799)	(1,136)	(965)	(1)	(58)	(1,024)	10,358	295	10,653
Net income					3,283					3,283	25	3,308
Other comprehensive income (loss):												
- Current period change						43	(14)	(42)	(13)	(13)		(13)
- Reclassification to income (loss)							17		17	17		17
- Income tax on current period changes							(1)	13	12	12		12
Total comprehensive income (loss)					3,283	43	2	(29)	16	3,299	25	3,324
Share-based compensation plans			434							434		434
Excess tax benefits from SBC plans			20							20		20
Dividends common stock					(1,048)					(1,048)		(1,048)
Transactions with owners of the Company recognized directly in equity:												
- Purchase of treasury shares	(5,460)			(1,049)						(1,049)		(1,049)
- Re-issuance of treasury shares	3,187			638	(567)					71		71
Balance as of December 31, 2023	**257,190**	**56**	**15,715**	**(3,210)**	**532**	**(922)**	**1**	**(87)**	**(1,008)**	**12,085**	**320**	**12,405**
Net income					**2,843**					**2,843**	**32**	**2,875**
Other comprehensive income (loss):												
- Current period change						**(111)**	**(18)**	**13**	**(116)**	**(116)**		**(116)**
- Reclassification to income (loss)							**10**		**10**	**10**		**10**
- Income tax on current period changes							**2**	**(4)**	**(2)**	**(2)**		**(2)**
Total comprehensive income (loss)					**2,843**	**(111)**	**(6)**	**9**	**(108)**	**2,735**	**32**	**2,767**
Share-based compensation plans			**471**							**471**		**471**
Excess tax benefits from SBC plans			**12**							**12**		**12**
Dividends common stock					**(1,034)**					**(1,034)**		**(1,034)**
Transactions with owners of the Company recognized directly in equity:												—
- Purchase of treasury shares	**(5,727)**			**(1,373)**						**(1,373)**		**(1,373)**
- Re-issuance of treasury shares	**2,861**			**579**	**(497)**					**82**		**82**
Balance as of December 31, 2024	**254,324**	**56**	**16,198**	**(4,004)**	**1,844**	**(1,033)**	**(5)**	**(78)**	**(1,116)**	**12,978**	**352**	**13,330**

* Currency translation reserve includes $ (513) million related to a dedesignated hedge relationship of a net investment hedge in a foreign operation.

Notes to the consolidated financial statements of NXP Semiconductors N.V.

All amounts in millions of $ unless otherwise stated

1. Company overview

NXP Semiconductors N.V. is a global semiconductor company and a long-standing supplier in the industry, with over 70 years of innovation and operating history. For the year ended December 31, 2024, we generated revenue of $12,614 million, compared to $13,276 million for the year ended December 31, 2023.

We provide leading solutions that leverage our combined portfolio of intellectual property, deep application knowledge, process technology and manufacturing expertise in the domains of cryptography-security, high-speed interface, radio frequency (RF), mixed-signal analog-digital (mixed A/D), power management, digital signal processing and embedded system design.

Our product solutions are used in a wide range of end market applications including: automotive, industrial & Internet of Things (IoT), mobile, and communication infrastructure. We engage with leading global original equipment manufacturers (OEMs) and sell products in all major geographic regions.

Our legal name is NXP Semiconductors N.V. and our commercial name is “NXP” or “NXP Semiconductors.” We were incorporated in the Netherlands in 2006 and are a Dutch public company with limited liability (naamloze vennootschap).

We are a holding company (the “Holding Company”) whose only material assets are the direct ownership of 100% of the shares of NXP B.V., a Dutch private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid). Unless otherwise required, all references herein to “we”, “our”, “us”, “NXP” and the “Company” are to NXP Semiconductors N.V. and its consolidated subsidiaries.

Our corporate seat is in Eindhoven, the Netherlands. Our principal executive office is at High Tech Campus 60, 5656 AG Eindhoven, the Netherlands, and our telephone number is +31 40 2729999. We are registered at the office of the Commercial Register in Eindhoven, Netherlands (file no. 34253298).

2. Material accounting policies and new accounting standards to be adopted after 2024

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. NXP did not apply any European carve-outs from IFRS meaning that our financials fully comply with IFRS. The Company has not applied early any new IFRS requirements that are not yet effective in 2024. The financial statements were authorized for issue by the board of directors on March 6, 2025.

Throughout the notes to the consolidated financial statements, reference to "statement of operations" means the consolidated statement of operations.

The statement of operations of the separate financial statements of NXP Semiconductors N.V. (refer to Company Financial Statements of this report) has been prepared in accordance with Section 402 Part 9 of Book 2 of the Netherlands Civil Code which allows a simplified statement of operations in the event that a comprehensive statement of operations is included in the consolidated group financial statements.

Basis of measurement

Historical cost is used as the measurement basis unless otherwise indicated. The material accounting policies are set out below.

Basis of consolidation

The consolidated financial statements include the accounts of NXP Semiconductors N.V. (NXP N.V. or the Company) and all subsidiaries that are controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intercompany balances and transactions have been eliminated in the consolidated financial statements. The non-controlling interests are disclosed separately in the consolidated statement of operations and statement of comprehensive income as part of profit allocation and in the consolidated balance sheet as a separate component of equity.

Segment reporting

For internal and external reporting purposes, NXP follows accounting principles generally accepted in the United States of America ("U.S. GAAP"), U.S. GAAP is NXP's primary accounting standard for the Company's setting of financial and operational performance targets. Consequently, the reportable segment information is presented on a U.S. GAAP basis, with a reconciling item to the IFRS basis.

NXP has multiple business lines that each contain different product groups. In accordance with the IFRS 8 *Operating Segments* criteria, it was assessed that the multiple business lines represent one operating segment since they have similar economic characteristics that start from the same base product, an integrated circuit, for which the underlying intellectual property, technology, manufacturing and sales resources are managed centrally, and shared across the business lines.

The strategy of the Company is best understood by investors in the format of end-markets, which are essentially the way in how the world looks at the use of the semiconductor chips that we sell. As such, we disclose revenue by end-market (Automotive, Industrial and the Internet of Things, Mobile and Communications Infrastructure & Other). The end-market information is only constructed and reviewed at the level of revenue within the Company and therefore do not represent operating nor reportable segments.

Revenue recognition

The Company recognizes revenue under the core principle to depict the transfer of control to customers in an amount reflecting the consideration to which the Company expects to be entitled. In order to achieve that core principle, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when a performance obligation is satisfied.

The vast majority of the Company's revenue is derived from the sale of semiconductor products to distributors, Original Equipment Manufacturers ("OEMs") and similar customers. In determining the transaction price, the Company evaluates whether the price is subject to refund or adjustment to determine the consideration to which the Company expects to be entitled. Variable consideration is estimated and includes the impact of discounts, price protection, product returns and distributor incentive programs. The estimate of variable consideration is dependent on a variety of factors, including contractual terms, analysis of historical data, current economic conditions, industry demand and both the current and forecasted pricing environments. The process of evaluating these factors is subjective and requires estimates including, but not limited to, forecasted demand, returns, pricing assumptions and inventory levels. The estimate of variable consideration is not typically constrained because the Company has extensive experience with these contracts.

Revenue is recognized when control of the product is transferred to the customer (i.e., when the Company's performance obligation is satisfied), which typically occurs at shipment. In determining whether control has transferred, the Company considers if there is a present right to payment and legal title, and whether risks and rewards of ownership having transferred to the customer.

The Company applies the practical expedient to not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which the Company recognizes revenue at the amount to which the Company has the right to invoice for services performed. The Company applies the practical expedient to expense sales commissions when incurred because the amortization period would have been one year or less.

For sales to distributors, revenue is recognized upon transfer of control to the distributor. For some distributors, contractual arrangements are in place which allow these distributors to return products if certain conditions are met. These conditions generally relate to the time period during which a return is allowed and reflect customary conditions in the particular geographic market. Other return conditions relate to circumstances arising at the end of a product life cycle, when certain distributors are permitted to return products purchased during a pre-defined period after the Company has announced a product's pending discontinuance. These return rights are a form of variable consideration and are estimated using the most likely method based on historical return rates in order to reduce revenues recognized. However, long notice periods associated with these announcements prevent significant amounts of product from being returned. For sales where return rights exist, the Company has determined, based on historical data, that only a small percentage of the sales of this type to distributors is actually returned. Repurchase agreements with OEMs or distributors are not entered into by the Company.

Sales to most distributors are made under programs common in the semiconductor industry whereby distributors receive certain price adjustments to meet individual competitive opportunities. These programs may include credits granted to distributors, or allow distributors to return or scrap a limited amount of product in accordance with contractual terms agreed upon with the distributor, or receive price protection credits when our standard published prices are lowered from the price the distributor paid for product still in its inventory. In determining the transaction price, the Company considers the price adjustments from these programs to be variable consideration that reduce the amount of revenue recognized. The Company's policy is to estimate such price adjustments using the most likely amount method based on rolling historical experience rates, as well as pricing in the distribution channel for distributors who participate in our volume rebate incentive program. We continually monitor the actual claimed allowances against our estimates, and we adjust our estimates as appropriate to reflect trends in pricing environments and inventory levels. The estimates are also adjusted when recent historical data does not represent anticipated future activity. Historically, actual price adjustments for these programs relative to those estimated have not materially differed.

Cash and cash equivalents

Cash and cash equivalents include all cash balances and short-term highly liquid investments with a maturity of three months or less at acquisition that are readily convertible into known amounts of cash. Cash and cash equivalents are stated at face value which approximates fair value. Short-term deposits representing cash equivalents with original maturity beyond three months are reported as current assets in the line "Short-term deposits" of the consolidated balance sheets.

Receivables

Receivables are held under the business model hold to collect. The cash flows exist solely of payments of principal and interest. Receivables are carried at amortized cost, net of allowances for credit loss and net of rebates and other contingent discounts granted to distributors. When circumstances indicate a specific customer's ability to meet its financial obligation to us is impaired, we record an allowance against amounts due and value the receivable at the amount reasonably expected to be collected. For all other customers, we evaluate our trade accounts receivable risk of credit loss based on numerous factors including historical loss rates, credit-risk concentration, and specific circumstances such as serious adverse economic conditions in a specific country or region. Receivables are offset and the net amount reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Inventories

Inventories are stated at the lower of cost or net realizable value. The cost of inventories is determined using the first-in, first-out (FIFO) method. An allowance is made for the estimated losses due to obsolescence. This allowance is determined for groups of products based on purchases in the recent past and/or expected future demand and market conditions. Abnormal amounts of idle facility expense and waste are not capitalized in inventory. The allocation of fixed production overheads to the inventory cost is based on the normal capacity of the production facilities.

Government assistance

Government grants, other than those relating to purchases of assets, are recognized as a reduction of expenditure as qualified expenditures are made.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Government investment grants are deducted from the cost of the related asset. Depreciation is calculated using the straight-line method over the expected economic life of the asset. Depreciation of special tooling is also based on the straight-line method unless a depreciation method other than the straight-line method better represents the consumption pattern. The useful lives and residual values are evaluated every year to determine whether events and circumstances warrant a revision of the remaining useful lives or the residual values. Gains and losses on the sale of property, plant and equipment are included in the respective line items Other income and Other expense.

Leases

We determine if an arrangement is a lease at inception of the arrangement. Once it is determined that an arrangement is, or contains, a lease, that determination should only be reassessed if the legal arrangement is modified. Changes to assumptions such as market-based factors do not trigger a reassessment. Determining whether a contract contains a lease requires judgement. In general, arrangements are considered to be a lease when all of the following apply:

- It conveys the right to control the use of an identified asset for a period of time in exchange for consideration;
- We have substantially all economic benefits from the use of the asset; and
- We can direct the use of the identified asset

Lease assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at January 1, 2019, the date of the adoption of IFRS 16, or commencement date, if later, in determining the present value of future payments. The lease payments that are included in the lease liability are comprised of fixed payments (including in-substance fixed payments), less any lease incentives receivable; variable lease payments that depend on an index or rate; amounts expected to be payable by the lessee under residual value guarantees; the exercise price of a purchase option that the lessee is reasonably certain to exercise; and payments for terminating the lease unless it is reasonably certain that early termination will not occur.

The lease ROU asset includes any lease payment made and initial direct costs incurred. Our lease terms include the non-cancelable period for which a lessee has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and the periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise the option. RoU assets are depreciated on a straight-line basis over the shorter of the lease term or the estimated useful life of the asset while the related interest expense is included in financial expense.

We have lease agreements with lease and non-lease components. Except for gas and chemical contracts, NXP did not make the election to treat the lease and non-lease components as a single component, and considers the non-lease components as a separate unit of account.

Equity-accounted investees

NXP’s investments over which it has significant influence, but not control are accounted for using the equity method. Under the equity method, the investment is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the NXP’s share of net assets of the equity-accounted investee since the acquisition date. NXP’s share of the results of operations of the equity-accounted investees are recognized in ‘Results relating to equity-accounted investees’ on a one-quarter lag.

We monitor our equity method investments and non-marketable equity securities for events or changes in circumstances which may indicate the investments are impaired. If an assessment indicates an investment is impaired, we recognize a charge for the difference between the recoverable amount and the carrying value.

Financial assets

All marketable and non-marketable equity investments, other than equity-method investments, in unconsolidated entities are measured at fair value through profit or loss in the statement of operations on a recurring basis. Gains and losses on these investments, realized and unrealized, are presented under *Financial income (expense)*.

Business combinations

We allocate the purchase price paid for assets acquired and liabilities assumed in connection with our acquisitions based on their estimated fair values at the time of acquisition. This allocation involves a number of assumptions, estimates and judgments that could materially affect the timing or amounts recognized in our financial statements.

Significant judgment is required in estimating the fair value of acquired intangible assets, including the valuation methodology, estimations of future cash flows, discount rates, market segment growth rates, and our assumed market segment share, as well as the estimated useful life of intangible assets. Further judgment is required in estimating the fair values of deferred revenue, inventory, property, plant and equipment, pre-existing liabilities or legal claims and contingent consideration, each as may be applicable.

The fair value estimates are based on available historical information and on future expectations and assumptions deemed reasonable by management but are inherently uncertain. Our assumptions and estimates are based upon comparable market data and information obtained from our management and the management of the acquired companies as well as the amount and timing of future cash flows (including expected revenue growth rates and profitability), the underlying product or technology life cycles, the economic barriers to entry and the discount rate applied to the cash flows. As such, acquired tangible and identified intangible assets are classified as Level 3 assets. Unanticipated market or macroeconomic events and circumstances may occur that could affect the accuracy or validity of the estimates and assumptions.
.

Goodwill

The Company initially measures the amount of goodwill as the excess of the considerations transferred to acquire an entity over the fair value of the identifiable assets and liabilities assumed at the acquisition date. Goodwill is not amortized but tested for impairment annually in the fourth quarter or more frequently if events and circumstances indicate that goodwill may be impaired. Reflecting the way in which our chief operating decision maker executes operating decisions, allocates resources, manages the growth and profitability of the Company and our Board monitors goodwill, the cash flows at the entity level as a whole are considered substantially independent. Consequently, the entity as a whole is a cash generating unit for goodwill impairment testing. A goodwill impairment loss is recognized in the statement of operations whenever and to the extent the carrying amount of a cash generating unit exceeds the recoverable amount of that unit. The recoverable amount is the higher of value in use and fair value less costs of disposal. The recoverable amount of the cash generating unit of the Company is determined on the basis of fair value. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. An impairment loss in respect of goodwill is not reversed.

Intangible assets

Intangible assets are amortized over their useful lives using the straight-line method. Amortization begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Remaining useful lives are evaluated every year to determine whether events and circumstances warrant a revision to the remaining period of amortization. There are currently no intangible assets with indefinite lives. Software and intangible development assets are generally amortized over a period of 3-13 years. Patents, trademarks and other intangible assets acquired from third parties are capitalized and amortized over their remaining useful lives.

Expenditures on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized as an internally developed intangible asset (referred to as *product development assets*) if development costs can be measured reliably, if the product or process is technically and commercially feasible, future economic benefits are probable, the Group has sufficient resources and the intention to complete development and to use or sell the asset. The development expenditure capitalized includes the cost of materials, direct labor and an appropriate proportion of overheads. Other development expenditure and expenditure on research activities are recognized in the statement of operations as an expense as incurred. Capitalized development expenditure is stated at costs less accumulated amortization and impairment losses. Amortization of capitalized development expenditure is charged to the statement of operations on a straight-line basis over the estimated useful lives of the intangible assets. Product development assets that are not yet in use are tested for impairment at least annually or more frequently if events and circumstances indicate that the related product development asset may be impaired.

Costs relating to the development and purchase of software for internal use are capitalized and subsequently amortized over the estimated useful life of the software.

Impairment or disposal of intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment (including right-of-use assets) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is assessed by a comparison of the carrying amount of an asset with the greater of its value in use and its fair value less cost of disposal. Value in use is measured as the present value of future cash flows expected to be generated by the asset. Fair value is measured based on externally acquired or available information. If the carrying amount of an asset is not recoverable, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the recoverable amount. The review for impairment is carried out at the level of the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The evaluation of intangible assets and property, plant and equipment for impairment is carried out at a Corporate level as the majority of our assets are used jointly or managed at Corporate level. Assets held for sale are reported at the lower of the carrying amount or fair value less costs of disposal.

An impairment loss related to intangible assets or property, plant and equipment is reversed if and to the extent there has been a change in the estimates used to determine the recoverable amount. The loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Reversals of impairment are recognized in the statement of operations.

Fair value measurements

Fair value is the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for an identical asset or liability, we develop assumptions based on market observable data and, in the absence of such data, utilize internal information that we consider to be consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. Priority is given to observable inputs. These two types of inputs form the basis for the following fair value hierarchy.

- Level 1: Quoted prices for identical assets or liabilities in active markets.
- Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for similar or identical assets or liabilities in markets that are not active; and valuations based on models where the inputs or significant value drivers are observable, either directly or indirectly.
- Level 3: Significant inputs to the valuation model are unobservable.

Foreign currencies

The Company uses the U.S. dollar as its reporting currency. The functional currency of the Company is the U.S. dollar. For consolidation purposes, the financial statements of the entities within the Company with a functional currency other than the U.S. dollar, are translated into U.S. dollars. Assets and liabilities are translated using the exchange rates on the applicable balance sheet dates. Income and expense items in the statements of operations, statements of comprehensive income and statements of cash flows are translated at monthly exchange rates in the periods involved.

The effects of translating the financial position and results of operations from functional currencies to reporting currency are recognized in other comprehensive income and presented as a separate component of accumulated other comprehensive income (loss) within shareholders' equity. If the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is recorded under non-controlling interests.

The following table sets out the exchange rates for U.S. dollars from euros applicable for translation of NXP's financial statements for the periods specified.

	$ per € 1			
	period end	**average(1)**	**high**	**low**
Year-ended December 31, 2024	1.0404	1.0811	1.0551	1.1144
Year-ended December 31, 2023	1.1073	1.0829	1.0540	1.1073

(1) The average of the noon-buying rate at the end of each fiscal month during the period presented.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction or the date of valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of operations, except when the foreign exchange exposure is part of a qualifying cash flow or net investment hedge accounting relationship, in which case the related foreign exchange gains and losses are recognized directly in other comprehensive income to the extent that the hedge is effective and presented as a separate component of accumulated other comprehensive income (loss) within shareholders' equity. To the extent that the hedge is ineffective, such differences are recognized in the statement of operations. Currency gains and losses on intercompany loans that have the nature of a permanent investment are recognized as translation differences in other comprehensive income and are presented as a separate component of accumulated other comprehensive income (loss) within equity.

Derivative financial instruments including hedge accounting

The Company uses derivative financial instruments in the management of its foreign currency risks and the input costs of gold for a portion of our anticipated purchases within the next 12 months.

The Company measures all derivative financial instruments based on fair values derived from market prices of the instruments or from option pricing models, as appropriate, and records these as assets or liabilities in the balance sheet. Changes in the fair values are immediately recognized in the statement of operations unless cash flow hedge accounting is applied. The cash flows associated with these derivative instruments are classified in the consolidated statements of cash flows in the same category as the hedged transaction.

Changes in the fair value of a derivative that is highly effective and designated and qualifies as a cash flow hedge are recorded in accumulated other comprehensive income (loss), until earnings are affected by the variability in cash flows of the designated hedged item. The cash flows associated with these derivative instruments are classified in the consolidated statements of cash flows in the same category as the hedged transaction. The application of cash flow hedge accounting for foreign currency risks is limited to transactions that represent a substantial currency risk that could materially affect the financial position of the Company.

Foreign currency gains or losses arising from the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized directly in other comprehensive income, to the extent that the hedge is effective, and are presented as a separate component of accumulated other comprehensive income (loss) within shareholders' equity.

To the extent that a hedge is ineffective, the ineffective portion of the fair value change is recognized in the Consolidated Statements of Operations. When the hedged net investment is disposed of, the corresponding amount in the accumulated other comprehensive income is transferred to the statement of operations as part of the profit or loss on disposal.

On initial designation of the hedge relationship between the hedging instrument and hedged item, the Company documents this relationship, including the risk management objectives, strategy in undertaking the hedge transaction and the hedged risk, and the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk.

When cash flow hedge accounting is discontinued because it is not probable that a forecasted transaction will occur within a period of two months from the originally forecasted transaction date, the Company continues to carry the derivative on the Consolidated Balance Sheets at its fair value, and gains and losses that were accumulated in other comprehensive income are recognized immediately in earnings. In situations in which hedge accounting is discontinued, the Company continues to carry the derivative at its fair value on the Consolidated Balance Sheets and recognizes any changes in its fair value in earnings.

Dividends to shareholders

Dividends to the Company's shareholders are charged to retained earnings when the dividends are approved.

Share repurchases and retirement

For each repurchase of common shares, the number of shares and the acquisition price for those shares is added to the existing treasury shares count and total value. When treasury shares are retired, the Company's policy is to allocate the excess of the repurchase price over the par value of shares acquired to both equity captions *Capital in excess of par value* and *Accumulated deficit*. The portion allocated to *Capital in excess of par value* is calculated by applying a percentage, determined by dividing the number of shares to be retired by the number of shares issued, to the balance of *Capital in excess of par value* as of the retirement date.

Research and development

Costs of research and development (R&D) are expensed in the period in which they are incurred, except when they meet the requirements to be capitalized and subsequently amortized as intangible assets (refer to section *intangible assets* above).

Debt issuance costs

Direct costs incurred to obtain financings are capitalized and subsequently amortized over the term of the debt using the effective interest rate method. Upon extinguishment of any related debt, any unamortized debt issuance costs are expensed immediately.

Provisions and accruals

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions of a long-term nature are measured at present value when the amount and timing of related cash payments are fixed or reliably determinable using a pre-tax discount rate. Short-term provisions are stated at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

The Group accrues for losses associated with environmental obligations when such losses are probable and reliably estimable. Measurement of liabilities is based on current legal requirements and existing technology.

Liabilities and virtually certain insurance recoveries, if any, are recorded separately. The carrying amount of liabilities is regularly reviewed and adjusted for new facts or changes in law or technology. Insurance recoveries are recognized when they have been received or when receipt is virtually certain.

Restructuring

The provision for restructuring relates to the estimated costs of initiated reorganizations that have been approved by the management team and which involve the realignment of certain parts of the industrial and commercial organization. When such reorganizations require discontinuance and/or closure of lines of activities, the anticipated costs of closure or discontinuance are included in restructuring provisions. A provision is recognized for those costs only when the Group has a detailed formal plan for the restructuring and has raised a valid expectation with those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Other income and other expenses

Other income (expense) primarily consists of gains and losses related to divestment of activities and subsidiaries, as well as gains and losses related to the sale of long-lived assets and other non-core operating items. This includes income derived from manufacturing service arrangements ("MSA") and transitional service arrangements ("TSA") that are put in place when we divest a business or activity as well as related expenditures.

Financial income and expense

Financial income and expense is comprised of interest income on cash and cash equivalent balances, the interest expense on borrowings, the accretion of the discount or premium on issued debt, the gain or loss on the disposal of financial assets, impairment losses on financial assets and gains or losses on hedging instruments recognized in the statement of operations.

Borrowing costs that are not directly attributable to the acquisition, construction or production of property, plant and equipment are recognized in the statement of operations using the effective interest method.

Income taxes

Income tax comprises current and deferred tax and are accounted for under the asset and liability method. Income tax is recognized in the statement of operations except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantially enacted at the period end date, and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities are recognized, using the balance sheet liability method, for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is not recognized for temporary differences arising from the initial recognition of goodwill or the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Measurement of deferred tax assets and liabilities is based upon the enacted or substantially enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets, including assets arising from loss carry forwards, are recognized if it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit or a portion thereof will be realized. Deferred tax assets and liabilities are not discounted.

Deferred tax liabilities for withholding taxes are recognized for subsidiaries in situations where the income is to be paid out as dividends in the foreseeable future, and for undistributed earnings of equity-accounted investees to the extent that these withholding taxes are not expected to be refundable or deductible.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, which intend either to settle current tax liabilities and assets on a net basis or realize the tax assets and settle the liabilities simultaneously.

Changes in tax rates are reflected in the period when the change has been enacted or substantively enacted by the period end date.

In determining the amount of current and deferred taxes, NXP takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Employee benefits

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the statement of operations in the periods during which services are rendered by employees. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group employees participate in pension and other post-employment benefit plans in many countries. The costs of pension and other post-employment benefits and related assets and liabilities with respect to the Group employees participating in defined benefit plans have been recognized in the financial statements based upon actuarial valuations.

Some of the Group's defined benefit pension plans are funded with plan assets that have been segregated and restricted in a trust, foundation or insurance company to provide for the pension benefits to which the Group has committed itself.

The net pension liability or asset recognized in the balance sheet in respect of defined benefit pension plans is the present value of the projected defined benefit obligation less the fair value of plan assets at the period end date. Most of our plans result in a pension provision (in case the plan is unfunded) or a net pension liability (for funded plans). The projected defined benefit obligation is calculated annually by qualified actuaries using the projected unit credit method.

For the Group's major plans, the discount rate is derived from market yields on high quality corporate bonds. Plans in countries without a deep corporate bond market use a discount rate based on the local government bond rates.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in Other Comprehensive Income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans, including service costs net of employee contributions, are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs. In certain countries, the Group also provides post-employment benefits other than pensions. The cost relating to such plans consists primarily of the present value of the benefits attributed on an equal basis to each year of service and interest cost on the accumulated post-employment benefit obligation, which is a discounted amount.

Share-based compensation

We recognize compensation expense for all share-based awards based on the grant-date estimated fair values, net of an estimated forfeiture rate. NXP's grants through the incentive plan are equity settled. Share-based compensation cost for restricted share units ("RSU"s) with time-based vesting is measured based on the closing fair market value of our common stock on the date of the grant, reduced by the present value of the estimated expected future dividends, and then multiplied by the number of RSUs granted. Share-based compensation cost for performance-based share units ("PSU"s) granted with performance or market conditions is measured using a Monte-Carlo simulation model on the date of grant.

The value of the portion of the award that is ultimately expected to vest is recognized as expense ratably over the service periods in our Consolidated Statements of Operations. For stock options, PSUs and RSUs, the grant-date value, less estimated pre-vest forfeitures, is expensed based on a graded vesting schedule. The vesting period for stock options is generally four years, for RSUs and PSUs it is generally three years.

Earnings per share

Basic earnings per share attributable to shareholders is calculated by dividing net income or loss attributable to shareholders of the Company by the weighted average number of common shares outstanding during the period. To determine diluted share count, we apply the treasury stock method to determine the dilutive effect of outstanding stock option shares, RSUs, PSUs, Employee Stock Purchase Plan ("ESPP") shares and MT Annual Incentive Plan. Under the treasury stock method, the amount the employee must pay for exercising share-based awards and the amount of compensation cost for future service that the Company has not yet recognized are assumed to be used to repurchase shares.

Use of estimates and judgments

The preparation of financial statements requires management to make estimates, judgments and assumptions that affect amounts reported in the consolidated financial statements in order to conform to IFRS. Management bases its estimates and judgments on historical experience, current economic and industry conditions and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from estimates under different assumptions or conditions. If actual results differ significantly from management's estimates, there could be a material effect on reported amounts of revenue and expenses during the reporting period, the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements.

Estimates significantly impact goodwill (see also Note 13 *Goodwill*) and intangible assets acquired and related impairments (see also Note 14 *Intangible assets*), valuation of inventories (see also Note 16 *Inventories*), liabilities from employee benefit plans (see also Note 23 *Post-employment benefits*) , other provisions (see also Note 22 *Provisions*), recoverability of capitalized development costs (see also Note 14 *Intangible assets*), fair value of derivatives (see also Note 32 *Fair value of financial instruments*), useful lives of property, plant and equipment (see also Note 12 *Property, plant and equipment*), income taxes (see also Note 8 *Income taxes*) and other contingencies (see also Note 28 *Contingencies*). The fair values of acquired identifiable intangibles are based on an assessment of future discounted cash flows. Impairment analysis of goodwill is performed annually and whenever a triggering event has occurred to determine whether the carrying value exceeds the recoverable amount. These analyses are based on estimates of future cash flows.

Accounting standards adopted in 2024

No new accounting standards or amendments were adopted during 2024 that had a material impact on the financial statements.

New accounting standards after 2024

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued *IFRS 18 Presentation and Disclosure in Financial Statements*, which replaces *IAS 1 Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1

with limited changes, IFRS 18 introduces new requirements for presentation within the statement of operations, including specified totals and subtotals. It also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. IFRS 18 and all consequential amendments are effective for reporting periods beginning on or after 1 January 2027. NXP is in the process of assessing the impact of IFRS 18 on its financial statements.

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. Segments and geographical information

Our revenue is primarily the sum of our direct sales to OEMs, EMSs plus our distributors' resale of NXP products. Avnet accounted for 22% of our revenue in 2024 and 21% in 2023. No other distributor accounted for greater than 10% of our revenue. No OEM for which we had direct sales to accounted for more than 10% of our revenue in 2024 or 2023.

For internal and external reporting purposes, NXP follows accounting principles generally accepted in the United States of America ("U.S. GAAP"). U.S. GAAP is NXP's primary accounting standard for the Company's setting of financial and operational performance targets. Consequently, the segment and geographical information is presented on a U.S. GAAP basis, with a reconciling item to the IFRS basis.

Revenue attributed to geographic areas is based on the customer's shipped-to location. These locations are not necessarily indicative of the geographic location of our end customers or the country in which our end customers sell devices containing our products.

	Revenue	
	2024	2023
China [1]	**4,556**	4,366
United States	**1,354**	1,437
Germany	**899**	988
Japan	**1,096**	912
Singapore	**593**	884
South Korea	**658**	845
Mexico	**409**	599
Netherlands	**472**	552
Taiwan	**469**	365
Other countries	**2,108**	2,328
	12,614	13,276

[1] China includes Mainland China and Hong Kong

The geographical information with regard to Property, plant and equipment relates to the physical location of the assets as of the end of each year.

	Property, plant and equipment	
	2024	2023
United States	**1,058**	992
Singapore [1]	**583**	549
China [2]	**296**	386
Netherlands	**371**	340
Malaysia	**328**	327
Thailand	**225**	278
Taiwan	**235**	275
Other countries	**171**	176
Subtotal	**3,267**	3,323
Adjustments to reconcile to IFRS	**267**	249
Total	**3,534**	3,572

[1] Mainly consists of property and equipment of SSMC, our consolidated joint venture with TSMC
[2] China includes Mainland China and Hong Kong

The adjustments to reconcile to IFRS with regard to *Property, plant and equipment* relate to lease accounting since under U.S. GAAP operating leases are not classified under *Property, plant and equipment* but rather under *Other non-current assets*.

Total non-current assets, excluding financial assets and deferred taxes amount to $19,793 million (2023: $19,346 million). These are located primarily in the Netherlands, amounting to $3,697 million (2023: $3,523 million) and in the United States, amounting to $12,638 million (2023: $12,389 million).

4. Acquisitions, divestments and Assets held for sale

On December 17, 2024, NXP entered into a definitive agreement to acquire Aviva Links for $242.5 million in cash. Subject to customary closing conditions, including regulatory approvals, the transaction is expected to close in the first half of 2025.

On January 7, 2025, NXP entered into a definitive agreement to acquire TTTech Auto for $625 million in cash. Subject to customary closing conditions, including regulatory approvals, the transaction is expected to close in the second half of 2025 with a possibility for an accelerated closing timeline.

On February 10, 2025, NXP entered into a definitive agreement to acquire Kinara, Inc. for $307 million in cash. Subject to customary closing conditions, including regulatory approvals, the transaction is expected to close in the first half of 2025.

2024

There were no material acquisitions or divestments during 2024.

2023

There were no material acquisitions or divestments during 2023.

5. Operating income

Disaggregation of revenue

Revenue by end-market was as follows:

	2024	2023
Automotive	**7,151**	7,484
Industrial & IoT	**2,269**	2,351
Mobile	**1,497**	1,327
Communication Infrastructure & Other	**1,697**	2,114
	12,614	13,276

Revenue by sales channel was as follows:

	2024	2023
Distributors	**7,203**	7,195
Original Equipment Manufacturers and Electronic Manufacturing Services	**5,291**	5,963
Other	**120**	118
	12,614	13,276

For information related to revenue on a geographical basis, see Note 3 *Segments and geographical information*.

Employee benefits

	2024	2023
Salaries and wages (including share-based compensation)	**2,975**	3,000
Pension and other post-employment costs	**126**	124
Social security and similar charges	**384**	370
	3,485	3,494

Salaries and wages in 2024 include $100 million (2023: $19 million) relating to restructuring charges - see also Note 6 *Restructuring*. Pension and other post-employment costs include the costs of pension benefits, and other post-employment benefits. Part of salaries and wages were capitalized as product development assets.

As of December 31, 2024 we had 32,703 full-time equivalent employees compared to 33,857 at December 31, 2023. The following table indicates the % of full–time equivalent employees per geographic area:

	% as of December 31,	
	2024	2023
The Netherlands	**7 %**	7 %
Rest of Europe and Africa	**15 %**	14 %
Americas	**16 %**	17 %
Asia	**62 %**	62 %
Total :	**100 %**	100 %

See Note 23 *Post-employment benefits* for further information regarding pension and other post-employment benefits and Notes 30 *Share-based compensation* and 31 *Information on remuneration board of directors* for further information about remuneration and share-based payments to executives and non-executives.

Government assistance

The Company primarily benefits from country specific R&D tax credits ("RTC") (for the period ending December 31, 2024: $82 million; 2023: $80 million) as well as direct grants in different jurisdictions (for the period ending December 31, 2024: $100 million; 2023: $43 million).

The grants recorded in operating income are included in the following line items in the statement of operations:

	2024	2023
Cost of Revenue	**4**	5
Research & Development	**175**	116
Selling, General and Administrative	**3**	2
	182	123

The classification of the grants' related assets and liabilities in the balance sheet is as follows:

	2024	2023
Other current assets	**94**	95
Other non-current assets	**69**	71
Accrued liabilities	**9**	25
Other current liabilities	**5**	—
Long-term provisions	**8**	4

The duration of our RTC is indefinite while subject to future policy changes in the respective countries. RTC amounts received are subject to regular audits by the relevant governments. RTC receivables are, depending on their jurisdiction, settled against income or payroll taxes, or paid in cash within a maximum period of three years.

Our direct grants include those awarded under the European 2nd Important Project of Common European Interest on Microelectronics and Communication Technologies (“IPCEI ME/CT”). During the years ended December 31, 2024 and December 31, 2023, the Company was granted IPCEI ME/CT government assistance in multiple EU member states. The duration of the IPCEI ME/CT grants is planned to run until the end of 2029. The conditions to receive the IPCEI ME/CT government assistance include restrictions on eligible expenditures, employment retention, annual budget appropriations by the member states, compliance with member states’ regulations and project objectives and results, as well as repayment conditions.

Depreciation, amortization and impairment

Depreciation, amortization and impairment charges can be detailed as follows:

	2024	2023
Depreciation of property, plant and equipment - owned	**580**	645
Depreciation of property, plant and equipment - leased	**63**	66
Amortization of product development assets	**706**	667
Amortization of other intangible assets	**295**	454
Impairment intangible assets	**122**	24
Impairment property, plant and equipment	**46**	—
Other	**(1)**	1
	1,811	1,857

Depreciation of property, plant and equipment is primarily included in *Cost of revenue*. Amortization of intangible assets is primarily reported under *Research and development expenses*.

Impairments

During the year, impairment events for intangible assets resulted in a total impairment charge of $122 million, which is included under *Research and development expenses* (2023: $24 million) – see also Note 14 *Intangible assets*. Impairment events for property, plant and equipment resulted in a total impairment charge of $46 million, which is included under cost of revenue (2023: nil) – see also Note 12 *Property, Plant and Equipment - 'Movements in exchange rates & other'*.

Research and development expenses

The 2024 research and development expenses, excluding amortization of acquisition related intangible assets, amounted to $1,892 million (2023: $1,815 million).

6. 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 restructuring charges for 2024 primarily consist of $104 million for personnel related costs for specific targeted actions, offset by a $4 million release for earlier programs. The restructuring charges for 2023 consist of $27 million for personnel related costs for specific targeted actions under new global restructuring programs, offset by an $8 million release for an earlier program.

The 2024 changes in the provision and accrued liabilities for restructuring are as follows:

$ in millions	**Balance January 1, 2024**	**Additions**	**Utilized**	**Released**	**Other changes**	**Balance December 31, 2024**
Restructuring Liabilities	**22**	**104**	**(68)**	**(4)**	**(1)**	**53**

The total restructuring liability as of December 31, 2024 of $53 million is classified in the balance sheet under short-term provisions. The utilization of the restructuring liabilities mainly reflects the execution of ongoing restructuring programs.

The following table presents the changes in the provision and accrued liabilities for restructuring in 2023:

$ in millions	Balance January 1, 2023	Additions	Utilized	Released	Other changes	Balance December 31, 2023
Restructuring Liabilities	20	27	(16)	(8)	(1)	22

The total restructuring liability as of December 31, 2023 of $22 million is classified in the balance sheet under short-term provisions. The utilization of the restructuring liabilities mainly reflects the execution of ongoing restructuring programs.

The components of restructuring charges less releases recorded in the liabilities in 2024 and 2023 are as follows:

	2024	2023
Personnel lay-off costs	**103**	25
Other exit costs	**1**	2
Release of provisions/accruals	**(4)**	(8)
Net restructuring charges	**100**	19

The restructuring charges less releases recorded in operating income are included in the following line items in the consolidated statement of operations:

	2024	2023
Cost of revenue	**23**	1
Selling, general and administrative expenses	**31**	5
Research and development expenses	**46**	13
Net restructuring charges	**100**	19

7. Financial income (expense)

	2024	2023
Interest income	**160**	187
Total financial income	**160**	187
Interest expense	**(408)**	(448)
Other financial expense	**(63)**	(47)
Total financial expense	**(471)**	(495)
Total financial income (expense)	**(311)**	(308)

Financial income (expense) was an expense of $311 million in 2024, compared to an expense of $308 million in 2023 The change in financial income (expense) is attributable to a decrease in interest income of $27 million as a result of lower cash level in 2024, partially offset by higher interest rates. Interest expense decreased by $40 million as a result of redemption of debt. Other financial expenses increased due to adjustments in our investments as well as interest related to prior tax positions. The 2024 foreign exchange rate results include a currency hedging loss of $90 million (2023: $23 million gain). Note 21 *Long-term debt* contains detailed information on our outstanding debt and related interest rates.

8. Income taxes

The tax expense on the income before income taxes recognized in the consolidated statement of operations amounted to $680 million (2023: $663 million). The components of income tax (expense) benefit are as follows:

	2024	2023
Current taxes		
Netherlands:	**(316)**	(281)
Foreign:	**(520)**	(529)
	(836)	(810)
Deferred taxes		
Netherlands:	**(23)**	(24)
Foreign:	**179**	171
	156	147
Income tax (expense) benefit	**(680)**	(663)

The Company's operations are subject to income taxes in various jurisdictions. Excluding certain tax incentives, the statutory income tax rates vary from 9% to 34%.

The current tax expense consists of the following items:

	2024	2023
Current year	**(775)**	(838)
Pillar 2 taxes	**(22)**	0
Adjustments for prior years	**(39)**	28
	(836)	(810)

The deferred tax (expense) benefit of 2024 and 2023 recognized in the statement of operations consists of the following items:

	2024	2023
Origination and reversal of temporary differences	**141**	164
Changes in recognition of deferred tax assets	**4**	9
Tax rate and law change	**1**	(2)
Prior year adjustments and other	**10**	(24)
	156	**147**

The tax expense relating to continued and discontinued operations is as follows:

	2024	2023
Income tax (expense) benefit from continuing operations	**(680)**	(663)
Income tax (expense) benefit from discontinued operations	**—**	—

The reconciliation of the statutory income tax rate in the Netherlands with the effective income tax rate can be summarized as follows:

	2024		2023	
	million	**%**	million	**%**
Income before taxes	**3,567**		3,978	
Income tax expense (benefit)	**680**		663	
Income after tax	**2,887**		3,315	
Statutory income tax in the Netherlands	**920**	**25.8 %**	1,026	25.8 %
Rate differential local statutory rates versus statutory rate of the Netherlands	**(69)**	**(1.9)%**	(100)	(2.5)%
Loss carry forwards for which deferred tax assets were not recognized in the year of loss	**3**	**0.1 %**	—	— %
Changes in estimates of prior years' income taxes	**12**	**0.3 %**	(17)	(0.4)%
Non-taxable income	**(1)**	**0.0 %**	(1)	0.0 %
Non-tax-deductible expenses	**70**	**2.0 %**	60	1.5 %
Other taxes and tax rate and legislation changes	**(1)**	**0.0 %**	(1)	0.0 %
Pillar 2 income taxes	**22**	**0.6 %**	—	0.0 %
Other permanent differences	**20**	**0.6 %**	30	0.7 %
Withholding and other taxes	**9**	**0.3 %**	13	0.3 %
Unrecognized Tax benefits	**26**	**0.7 %**	24	0.6 %
Tax incentives	**(331)**	**(9.3)%**	(371)	(9.3)%
Effective tax rate	**680**	**19.1 %**	663	16.7 %

We recorded an income tax expense of $680 million in 2024, which reflects an effective tax rate of 19.1% compared to an income tax expense of $663 million in 2023, which reflects an effective tax rate of 16.7% The effective tax rate reflects the impact of tax incentives, a portion of our earnings being taxed in foreign jurisdictions at rates different than the Netherlands statutory tax rate, changes in estimates of prior years' income taxes, non-deductible expenses, pillar 2 income taxes, unrecognized tax benefits and withholding taxes. The impact of these items results in offsetting factors that attribute to the change in the effective tax rate between the two periods, with the significant drivers outlined below:

- The Company benefits from certain tax incentives, which reduce the effective tax rate. The dollar amount of the incentive in any given year is commensurate with the taxable income in that same period. In 2024, the foreign tax incentives are lower compared to 2023 primarily due to less qualifying income.
- As from 2024 a new alternative minimum tax law is applicable in The Netherlands, which is based on the OECD global anti-base erosion model rules (also known as Pillar Two). In accordance with this law, NXP N.V. recorded an additional tax expense in 2024.
- The higher favorable changes in estimates of prior years' income taxes in 2023 is 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.
- The other differences are mainly relating to excess tax benefits, unrecognized tax benefits, FX-effects and taxes due on Global Intangible Low-Taxed Income (GILTI) inclusions in the U.S. GILTI is recognized as a current period expense when incurred.

The Company benefits from income tax holidays in certain jurisdictions which provide that we pay reduced income taxes in those jurisdictions for a fixed period of time that varies depending on the jurisdiction. The predominant income tax holiday is expected to expire at the end of 2026.

The liability for uncertain tax positions excluding interest and penalties as per December 31, 2024 amounted to $203 million (2023: $186 million) - see also note 24 *Other non-current liabilities*.

Deferred tax assets and liabilities

Deferred tax assets and liabilities for 2024 and 2023 relate to the following balance sheet captions:

	Balance January 1, 2024	Recognized in income	Acquisitions/ disposals	Other[1)]	Balance December 31, 2024
Intangible assets	**(376)**	**74**		**2**	**(300)**
Property, plant and equipment	**(56)**	**(4)**		**(1)**	**(61)**
Inventories	**42**	**(13)**			**29**
Receivables	**118**	**(18)**		**(10)**	**90**
Other assets	**—**				**—**
Post-employment benefits	**63**	**(5)**		**(5)**	**53**
Provisions:					
– Restructuring	**5**				**5**
– Disallowed interest and tax incentive carryforwards	**31**	**5**		**1**	**37**
– Other	**(11)**	**11**		**1**	**1**
Long-term debt					**0**
Other liabilities	**164**	**117**			**281**
Share-based payments	**40**	**2**		**(4)**	**38**
Undistributed earnings subsidiaries	**(36)**			**1**	**(35)**
Tax loss carry forward (including tax credit carry forwards)	**130**	**(13)**		**(7)**	**110**
Net deferred tax assets (liabilities)	**114**	**156**	**—**	**(22)**	**248**

1) Other includes the effect of currency translation differences and the deferred taxes recorded directly in equity.

	Balance January 1, 2023	Recognized in income	Acquisitions/ disposals	Other[1)]	Balance December 31, 2023
Intangible assets	(508)	134		(2)	(376)
Property, plant and equipment	(82)	23		3	(56)
Inventories	30	12			42
Receivables	126	(2)		(6)	118
Other assets	0				—
Post-employment benefits	51	(1)		13	63
Provisions:					
– Restructuring	3	2			5
– Disallowed interest and tax incentive carryforwards	41	(8)		(2)	31
– Other	(9)	(2)			(11)
Long-term debt					0
Other liabilities	169	(5)			164
Share-based payments	26	4		10	40
Undistributed earnings subsidiaries	(33)	(3)			(36)
Tax loss carry forward (including tax credit carry forwards)	134	(7)		3	130
Net deferred tax assets (liabilities)	(52)	147	—	19	114

1) Other includes the effect of currency translation differences and the deferred taxes recorded directly in equity.

The gross amounts of deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2024	2023	**2024**	2023	**2024**	2023
Intangible assets			**(300)**	(376)	**(300)**	(376)
Property, plant and equipment			**(61)**	(56)	**(61)**	(56)
Inventories	**29**	42			**29**	42
Receivables	**90**	118			**90**	118
Other assets						
Post-employment benefits	**53**	63			**53**	63
Provisions:						
– Restructuring	**5**	5			**5**	5
– Disallowed interest and tax incentive carryforwards	**37**	31			**37**	31
– Other	**1**			(11)	**1**	(11)
Long-term debt						
Other liabilities	**281**	164			**281**	164
Share-based payments	**38**	40			**38**	40
Undistributed earnings subsidiaries			**(35)**	(36)	**(35)**	(36)
Tax loss carry forward (including tax credit carry forwards)	**110**	130			**110**	130
Deferred taxes	**644**	593	**(396)**	(479)	**248**	114
Offsetting between assets and liabilities	**21**	(91)	**(21)**	91		
Net deferred taxes recognized	**665**	502	**(417)**	(388)	**248**	114

The Company has significant deferred tax assets resulting from net operating loss carryforwards, tax credit carryforwards and deductible temporary differences that may reduce taxable income in future periods. The realization of our deferred tax assets depends on our ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. The following possible sources of taxable income have been considered when assessing the realization of our deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;
- Taxable income in prior carryback years; and
- Tax-planning strategies.

In assessing the Company's ability to realize deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will not be realized. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax strategies in making this assessment. In order to fully realize the deferred tax asset, the Company will need to generate future taxable income in the countries where the net operating losses were incurred (mainly Germany and USA). Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is probable that the Company will realize all aforementioned benefits.

At December 31, 2024 the amounts of deductible temporary differences, unused tax losses and tax credits for which no deferred tax asset is recognized are as follows:

	2024	2023
Deductible temporary differences	—	4
Tax losses	**52**	49
Tax credits	**160**	162

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits there from.

The unused tax losses for which no deferred tax asset is recognized expire as follows:

Total	2025	2026	2027	2028	2029	2030-2034	later	unlimited
52	7	1	4	—	—	16	—	24

The unused tax credits for which no deferred tax asset is recognized expire as follows:

Total	2025	2026	2027	2028	2029	2030-2034	later	unlimited
160	11	16	5	5	6	37	35	45

The net income tax payable as of December 31, 2024 amounted to $289 million (2023: payable $323 million). It includes amounts directly payable to or receivable from tax authorities, the effect of unrecognized tax benefits on income taxes payable to tax authorities and non-current income tax receivable - see also Note 24 *Other non-current liabilities*.

The Company does not reinvest the majority of the undistributed earnings of its subsidiaries for the foreseeable future. Consequently, the Company has recognized a deferred tax liability of $35 million at December 31, 2024 (2023: $36 million) for the additional income taxes and withholding taxes payable upon the future remittances of these earnings of foreign subsidiaries. The Company considers $773 million of the undistributed earnings reinvested for the foreseeable future although the timing of the reversal can be controlled. Upon repatriation of those earnings the Company would be subject to tax of $67 million which is not recognized as deferred tax liability at December 31, 2024.

The Company files income tax returns in the Netherlands, the USA and in various other foreign jurisdictions. Tax filings of our subsidiaries are routinely audited in the normal course of business by tax authorities around the world. Tax years that remain subject to examination by major tax jurisdictions: the Netherlands (2018, 2020-2023), Germany (2017-2023), USA (2005-2023), China (2014-2023), Taiwan (2019-2023), Thailand (2019-2023), Malaysia (2017-2023) and India (2004, 2006-2023).

9. Equity-accounted investees

The carrying value of equity-accounted investees as of December 31, can be summarized as follows:

	2024		2023	
	Shareholding %	**Amount**	Shareholding %	Amount
VisionPower Semiconductor Manufacturing Company Pte. Ltd. (VSMC)	**40.0 %**	**134**		
European Semiconductor Manufacturing Company (ESMC) GmbH	**10.0 %**	**77**		
SMART Growth Fund, L.P.	**8.4 %**	**39**	8.4 %	42
SigmaSense, LLC	**10.6 %**	**28**	10.6 %	33
Others	**—**	**22**	—	26
		300		101

Results related to equity-accounted investees for each reporting period are as follows:

	2024	2023
Share of result of equity-accounted investees	**(13)**	(7)
Other results	**1**	—
	(12)	(7)

The changes in the carrying value of equity-accounted investees are as follows:

	2024	2023
Balance as of January 1,	**101**	71
Changes:		
Investments	**221**	37
Share in income (loss)	**(12)**	(7)
Other	**(10)**	—
Balance as of December 31,	**300**	101

10. Subsidiaries and non-controlling interests

NXP Semiconductors N.V.'s material wholly owned (unless indicated differently) subsidiaries as of December 31, 2024:

Country of incorporation	Legal entity name
Austria	NXP Semiconductors Austria GmbH
Austria	NXP Semiconductors Austria GmbH & Co KG
Belgium	NXP Semiconductors Belgium N.V.
Brazil	NXP Semicondutores Brasil Ltda.
Canada	NXP Canada Inc.
Cayman Islands	Brightstar Merger Sub, Inc.
China	NXP (China) Management Ltd.
China	NXP (Chongqing) Semiconductors Co. Ltd.
China	NXP Qiangxin (Tianjin) IC Design Co. Ltd. (51.0%)
China	NXP Semiconductors (Shanghai) Co., Ltd.
China	NXP Semiconductors (Tianjin) Ltd.
Czech Republic	NXP Semiconductors Czech Republic s.r.o
Denmark	NXP Semiconductors Denmark ApS
France	NXP Semiconductors France SAS
Germany	Catena Germany GmbH
Germany	NXP Semiconductors Germany GmbH
Germany	SMST Unterstützungskasse GmbH
Hong Kong	NXP Semiconductors Asia Hong Kong Limited
Hungary	NXP Semiconductors Hungary Ltd.
India	Intoto Software India Private Limited
India	NXP India Pvt. Ltd.
Israel	Freescale Semiconductor Israel Limited
Israel	NXP Israel Ltd.
Israel	NXP Semiconductors Israel Limited
Japan	NXP Japan Ltd.
Korea	NXP Semiconductors Korea Ltd.
Malaysia	NXP Malaysia Sdn. Bhd
Mexico	NXP Semiconductors Mexico, S. de R.L. de C.V.
Netherlands	NXP B.V.
Netherlands	NXP Semiconductors Netherlands B.V.
Philippines	NXP Philippines Inc.
Romania	NXP Semiconductors Romania SRL
Singapore	NXP Semiconductors Singapore Pte. Ltd.
Singapore	Systems on Silicon Manufacturing Company Pte Ltd (61.2%)
Spain	NXP Semiconductors Spain S.L.U.
Sweden	NXP Semiconductors Nordic AB
Switzerland	NXP Semiconductors Switzerland SA
Taiwan	NXP Semiconductors Taiwan Ltd
Thailand	NXP Manufacturing (Thailand) Ltd.
Turkey	NXP Semiconductors Elektronik Ticaret A.S.
United Kingdom	NXP Laboratories UK Ltd.
US	Freescale Semiconductor Holding Limited Liability Company
US	Freescale Semiconductor Holdings V, Inc.
US	Intoto LLC
US	NXP Funding LLC
US	NXP USA, Inc.
US	OmniPHY Inc.
Vietnam	NXP Semiconductors Vietnam Co., Ltd.

The consolidated financial statements include the financial statements of our 61.2% owned subsidiary *Systems on Silicon Manufacturing Company Pte. Ltd.* ("SSMC"); incorporated in Singapore.

The financial information for SSMC, prepared in accordance with IFRS, including fair value adjustments on acquisition and before inter-company eliminations, can be summarized as follows:

	2024	2023
Revenue	**495**	474
Net income	**50**	65
Net income attributable to NCI	**32**	25
Total comprehensive income	**50**	65
Total comprehensive income attributable to NCI	**32**	25
Non-current assets	**618**	589
Current assets	**435**	389
	1,053	978
Non-current liabilities	**(42)**	(35)
Current liabilities	**(99)**	(112)
	(141)	(147)
Net assets	**912**	831
Net assets attributable to NCI	**346**	314
Cash flows from operating activities	**139**	157
Cash flows from investing activities	**(90)**	(169)
Cash flows from financing activities	**(2)**	(2)
Net increase in cash and cash equivalents	**47**	(14)

The share of non-controlling interests in the results of the Company amounted to a profit of $32 million in 2024 which relates predominantly to SSMC (2023: profit of $25 million which relates predominantly to SSMC). As of December 31, 2024, non-controlling interests in equity totaled $352 million of which $346 million relates to SSMC (2023: $320 million of which $314 million relates to SSMC).

At December 31, 2024 the Company had the following branches:

NXP (China) Management Ltd., various branches in China

NXP Semiconductors (Shanghai) Co., Ltd., various branches in China

NXP Semiconductors Hungary Ltd., Swiss branch

NXP Semiconductors Netherlands B.V., Finland branch

NXP Semiconductors Netherlands B.V., Italy branch

NXP Semiconductors Singapore Pte. Ltd., Australia branch

11. Earnings per share

	2024	2023
Net income	**2,875**	3,308
Less: Net income attributable to non-controlling interests	**31**	25
Income attributable to shareholders of NXP	**2,844**	3,283
Weighted average number of shares outstanding (in thousands)	**255,208**	258,381
Plus incremental shares from assumed conversion of:		
Options [1)]	**140**	185
Restrictive Share Units, Performance Share Units and Equity Rights [2)]	**3,170**	3,552
Dilutive potential common shares	**3,310**	3,737
Adjusted weighted average number of shares outstanding during the year (in thousands)	**258,518**	262,118
EPS attributable to shareholders of NXP in $:		
Basic net income	**11.14**	12.70
Diluted net income [1)]	**11.00**	12.52

1) There were no stock options to purchase shares of NXP's common stock that were outstanding in 2024 (2023: none;) 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 was greater than the weighted average number of shares underlying outstanding stock options.

2) There were 0.1 million unvested RSU's, PSU's and equity rights that were outstanding in 2024 (2023: none) 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 was greater than the weighted average number of outstanding unvested RSU's, PSU's and equity rights or the performance goal has not been met.

12. Property, plant and equipment

Property, plant and equipment comprises owned and leased assets as follows:

	December 31,	
	2024	2023
Property, plant and equipment owned	**3,208**	3,262
Property, plant and equipment leased (right-of-use assets)	**326**	310
Total :	**3,534**	3,572

The changes in owned property, plant and equipment in 2024 and 2023 can be summarized as follows:

	Total	**Land and buildings**	**Machinery and installations**	**Other equipment**	**Prepayments and construction in progress**
Balance as of January 1, 2024:					
Cost	**8,900**	**1,886**	**5,271**	**985**	**758**
Accumulated depreciation and impairments	**(5,638)**	**(1,085)**	**(3,919)**	**(634)**	**—**
Book value	**3,262**	**801**	**1,352**	**351**	**758**
Changes in book value:					
Capital expenditures	**585**	**—**	**—**	**—**	**585**
Transfer assets put into use	**—**	**145**	**319**	**99**	**(563)**
Depreciation	**(580)**	**(76)**	**(408)**	**(96)**	**—**
Movements in exchange rates & other	**(59)**	**3**	**(2)**	**(13)**	**(47)**
Total changes	**(54)**	**72**	**(91)**	**(10)**	**(25)**
Balance as of December 31, 2024:					
Cost	**9,330**	**2,024**	**5,545**	**1,028**	**733**
Accumulated depreciation and impairments	**(6,122)**	**(1,151)**	**(4,284)**	**(687)**	**—**
Book value	**3,208**	**873**	**1,261**	**341**	**733**

	Total	Land and buildings	Machinery and installations	Other equipment	Prepayments and construction in progress
Balance as of January 1, 2023:					
Cost	8,238	1,666	5,013	895	664
Accumulated depreciation and impairments	(5,196)	(1,023)	(3,603)	(570)	—
Book value	3,042	643	1,410	325	664
Changes in book value:					
Capital expenditures	876	—	—	—	876
Transfer assets put into use	—	223	442	118	(783)
Depreciation	(645)	(66)	(487)	(92)	—
Movements in exchange rates & other	(11)	1	(13)	—	1
Total changes	220	158	(58)	26	94
Balance as of December 31, 2023:					
Cost	8,900	1,886	5,271	985	758
Accumulated depreciation and impairments	(5,638)	(1,085)	(3,919)	(634)	—
Book value	3,262	801	1,352	351	758

The useful lives of property, plant and equipment as of December 31, 2024 are as follows:

	Useful Life (in years)
Buildings	**9 to 50**
Machinery and installations	**2 to 10**
Other Equipment	**1 to 5**

Property, plant and equipment leased

Right-of-use assets relate to buildings (corporate offices, research and development and manufacturing facilities), land, machinery and installations and other equipment (vehicles and certain office equipment). These leases, except land leases, have remaining lease terms of 1 to 17 years (land leases 4 to 65 years), some of which may include options to extend the leases for up to 6 years, and some of which may include options to terminate the leases within 1 year.

The changes in property, plant and equipment leased by the Company (right-of-use assets) were as follows :

	Total	**Land and buildings**	**Machinery and installations**	**Other equipment**
Balance as of January 1, 2024:				
Cost	**590**	**443**	**135**	**12**
Accumulated depreciation and impairments	**(280)**	**(208)**	**(69)**	**(3)**
Book value	**310**	**235**	**66**	**9**
Changes in book value:				
Additions	**86**	**80**	**2**	**4**
Depreciation	**(63)**	**(48)**	**(13)**	**(2)**
Movements in exchange rates & other	**(7)**	**(7)**	**—**	**—**
Total changes	**16**	**25**	**(11)**	**2**
Balance as of December 31, 2024:				
Cost	**625**	**480**	**132**	**13**
Accumulated depreciation and impairments	**(299)**	**(220)**	**(77)**	**(2)**
Book value	**326**	**260**	**55**	**11**

	Total	Land and buildings	Machinery and installations	Other equipment
Balance as of January 1, 2023:				
Cost	530	393	126	11
Accumulated depreciation and impairments	(218)	(159)	(56)	(3)
Book value	312	234	70	8
Changes in book value:				
Additions	61	48	9	4
Depreciation	(66)	(50)	(13)	(3)
Movements in exchange rates & other	3	3	—	—
Total changes	(2)	1	(4)	1
Balance as of December 31, 2023:				
Cost	590	443	135	12
Accumulated depreciation and impairments	(280)	(208)	(69)	(3)
Book value	310	235	66	9

Information on the related lease liabilities is reported in Note 24 *Other non-current liabilities*.

13. Goodwill

The changes in goodwill during 2024 and 2023 were as follows:

	2024	2023
Balance as of January 1, 2024		
Cost	**10,229**	10,216
Accumulated impairment	**(236)**	(236)
Book value	**9,993**	9,980
Changes in book value:		
Effect of movements in exchange rates	**(25)**	13
Total changes	**(25)**	13
Balance as of December 31, 2024		
Cost	**10,203**	10,229
Accumulated impairment	**(236)**	(236)
Book value	**9,967**	9,993

At December 31, 2024 the goodwill mainly relates to the acquisition of Freescale in 2015 ($7,503 million) and the 2019 Marvell acquisition ($1,149 million).

No goodwill impairment was identified in 2024 or 2023 and the recoverable amounts substantially exceeded the carrying amount of the cash generating unit.

Based on analysis of the 2024 events and circumstances, NXP assessed at the end of 2024 that the likelihood that the recoverable amount determination would be less than the current carrying amount of the cash-generating unit was remote. As the assets and liabilities making up the cash-generating unit have not changed significantly since the most recent recoverable amount calculations in 2019, and those calculations resulted in an amount that exceeded the carrying amount of the unit by a substantial margin, these calculations were used in the 2024 goodwill impairment testing.

The key assumptions used in the 2019 calculation included: a) cash flows based on financial projections for periods ranging from 2019 through 2024 and which were extrapolated until 2029 based on a 3% growth rate, (b) terminal values based on terminal growth rates of 3.0% and (c) a pre-tax discount rate of 10.0%.

The determination of the recoverable amount of the cash-generating unit requires us to make significant judgments and estimates, including projections of future cash flows from the business. We base our estimates on assumptions we believe to be reasonable; based on past experience or, if appropriate, consistent with external sources of information, but they are unpredictable and inherently uncertain.

14. Intangible assets

The changes in intangible assets during 2024 and 2023 can be summarized as follows:

	Total	**Other intangible assets**	**Product development assets**	**Product development assets**
			In use	***Under development***
Balance as of January 1, 2024:				
Cost	**8,192**	**2,264**	**3,736**	**2,192**
Accumulated amortization and impairments	**(3,083)**	**(1,342)**	**(1,738)**	**(3)**
Book value	**5,109**	**922**	**1,998**	**2,189**
Changes in book value:				
Additions from internal development	**1,279**	**—**	**—**	**1,279**
Transfer assets put in use	**—**	**—**	**772**	**(772)**
Additions from separate acquisitions	**210**	**210**	**—**	**—**
Amortization	**(1,001)**	**(295)**	**(706)**	**—**
Impairment	**(122)**	**—**	**—**	**(122)**
Movements in exchange rates and other	**(1)**	**(1)**	**—**	**—**
Total changes	**365**	**(86)**	**66**	**385**
Balance as of December 31, 2024:				
Cost	**8,285**	**1,873**	**3,838**	**2,574**
Accumulated amortization and impairments	**(2,811)**	**(1,037)**	**(1,774)**	
Book value	**5,474**	**836**	**2,064**	**2,574**

	Total	Other intangible assets	Product development assets	Product development assets
			In use	*Under development*
Balance as of January 1, 2023:				
Cost	8,212	3,194	3,364	1,654
Accumulated amortization and impairments	(3,290)	(1,883)	(1,407)	—
Book value	4,922	1,311	1,957	1,654
Changes in book value:				
Additions from internal development	1,266	—	—	1,266
Transfer assets put in use	—	—	708	(708)
Additions from separate acquisitions	64	64		—
Amortization	(1,121)	(454)	(667)	—
Impairment	(24)	—	—	(24)
Movements in exchange rates and other	2	1	—	**1**
Total changes	187	(389)	41	535
Balance as of December 31, 2023:				
Cost	8,192	2,264	3,736	2,192
Accumulated amortization and impairments	(3,083)	(1,342)	(1,738)	(3)
Book value	5,109	922	1,998	2,189

Intangible assets as of December 31 consist of:

	2024		2023	
	Gross	**Accumulated amortization**	Gross	Accumulated amortization
IPR&D	**24**	**—**	70	—
Customer-related	**790**	**(400)**	788	(352)
Technology-based	**7,471**	**(2,411)**	7,334	(2,731)
	8,285	**(2,811)**	8,192	(3,083)

Amortization expenses are primarily presented under *Research and development expenses* in the statement of operations.

During 2024 there were impairments totaling $122 million (2023: $24 million). These charges are typically triggered by our annual fundamental review of our business portfolio and our related new product and technology development opportunities; accordingly triggering changes in the allocation of our research and development resources.

The useful lives of other intangible assets and the internally generated product development assets ranges respectively from 1 to 9 years and 5 to 6 years as of December 31, 2024.

15. Financial and other non-current assets

Financial assets

Financial assets consist of the following :

	2024	2023
Marketable equity investments at fair value through profit or loss	**1**	12
Non-marketable equity investments at fair value through profit or loss	**71**	55
Long-term deposits	**66**	108
Other financial assets	**276**	104
	413	279

Other financial assets mainly relates to insurance reimbursement, see also Note 28 *Contingencies - litigation.*

Other non-current assets

Other non-current assets consist of the following :

	2024	2023
Prepaid expenses and accrued income	**698**	523
Government grants to collect	**69**	71
Non-current income tax receivable	**5**	5
Other	**47**	67
	819	666

Prepaid expenses and accrued income is primarily related to prepayments to secure long-term production supply with multiple vendors. *Other* includes $8 million (2023: $8 million) pension plan assets, see also Note 23 *Post-employment benefits.*

16. Inventories

Inventories are summarized as follows:

	2024	2023
Raw materials	**109**	113
Work in process	**1,576**	1,633
Finished goods	**671**	388
	2,356	2,134

The amounts recorded above are net of an allowance for obsolescence of $150 million as of December 31, 2024 (2023 : $189 million).

The portion of finished goods stored at customer locations under consignment amounted to $20 million as of December 31, 2024 (2023: $11 million).

The changes in the allowance for obsolescence inventories are as follows:

	2024	2023
Balance as of January 1	**189**	125
Additions charged to income	**29**	108
Deductions from allowance	**(68)**	(44)
Balance as of December 31	**150**	189

17. Other current assets

Other current assets consist of the following :

	2024	2023
Prepaid expenses and accrued income	**291**	269
Government grants to collect	**94**	95
Contract assets	**33**	40
Other current assets	**55**	45
	473	449

The increase in prepaid expenses and accrued income is primarily related to prepayments to secure long-term production supply with multiple vendors that became current.

18. Trade and other receivables

Receivables can be summarized as follows:

	2024	2023
Accounts receivable from third parties	**1,032**	894
Less: allowance for credit losses	**—**	—
Other receivables	**74**	66
	1,106	960

The aging of accounts receivable from third parties that were not impaired at the reporting date was as follows:

	2024	2023
Not past due	**1,022**	878
1-15 days past due	**10**	16
more than 16 days past due	**—**	—
	1,032	894

The following table presents accounts receivable, disaggregated by sales channel:

	2024	2023
Distributors	**119**	18
Original Equipment Manufacturers and Electronic Manufacturing Services	**894**	847
Other	**19**	29
	1,032	894

The following table shows the amounts recognized and offset related to our trade and other receivables and accrued liabilities, which are subject to offsetting arrangements. For the relative balances NXP has a legal right to set off the balances and intends to settle on a net basis.

	2024	2023
Gross amounts of recognized trade and other receivables	**2,389**	2,409
Gross amounts of recognized accrued liabilities set off	**(1,283)**	(1,449)
Net amounts of trade and other receivables	**1,106**	960
Gross amounts of recognized accrued liabilities	**2,034**	2,611
Gross amounts of recognized accrued liabilities set off	**(1,283)**	(1,449)
Net amounts of accrued liabilities	**751**	1,162

19. Cash and cash equivalents

At December 31, 2024 and December 31, 2023, our cash balance was $3,292 million and $3,862 million, respectively, of which $261 million and $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 2024 and 2023, no dividend was paid by SSMC.

20. Shareholders' equity

The share capital of the Company as of December 31, 2024 consists of 1,076,257,500 authorized shares, including 430,503,000 authorized shares of common stock, and 645,754,500 authorized but unissued shares of preferred stock.

For repurchases of shares in 2022, 2023 and 2024, the board of directors of NXP ("the Board") made use of the authorizations renewed by the annual general meeting of shareholders on May 26, 2021, June 1, 2022, May 24, 2023 and May 29, 2024 respectively. The 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"). In August 2024, the Board approved the repurchase of shares up to a maximum of $2 billion (the "2024 Share Repurchase Program").

During the fiscal year ended December 31, 2024, NXP repurchased 5.7 million shares, for a total of approximately $1.4 billion, and during the year ended December 31, 2023, NXP repurchased 5.5 million shares, for a total of approximately $1.0 billion. As approved by the board of directors, on December 15, 2020, NXP canceled some 26 million shares and on November 30, 2021, NXP canceled 15 million shares. As a result, the number of issued NXP shares as per December 31, 2022 is 274,519,638 shares and as per December 31, 2024, the Company has issued and paid up 274,519,638 shares of common stock each having a par value of €0.20 or a nominal stock capital of €55 million (2023: €55 million).

Cash dividends

The following dividends were declared in 2024 and 2023 under NXP's quarterly dividend program which was introduced as of the third quarter of 2018:

	2024	2023
Dividends declared (in millions)	**1,035**	1,048
Dividends declared (per share)	**4.056**	4.056

Share-based awards

The Company has granted share-based awards to the members of our board of directors, management team, our other executives, selected other key employees/talents of NXP and selected new hires to receive the Company's shares in the future (see also Note 30 *Share-based compensation*).

Treasury shares

From time to time, last on May 29, 2024, the General Meeting of Shareholders authorizes the Board of Directors to repurchase shares of our common stock. On that basis, the Board of Directors has approved various share repurchase programs. In accordance with the Company's policy to provide share-based awards from its treasury share inventory, shares which have been repurchased and are held in treasury for delivery upon exercise of options and under restricted and performance share programs, are accounted for as a reduction of shareholders' equity. Treasury shares are recorded at cost, representing the market price on the acquisition date. When issued, shares are removed from treasury shares on a first-in, first-out (FIFO) basis.

Differences between the cost and the proceeds received when treasury shares are reissued, are recorded in capital in excess of par value. Deficiencies in excess of net gains arising from previous treasury share issuances are charged to retained earnings.

The following transactions took place resulting from employee option and share plans:

	2024	2023
Total shares in treasury at beginning of year	**17,329,585**	15,056,232
Total cost	**3,210**	2,799
Shares acquired under repurchase program	**5,726,770**	5,460,135
Average price in $ per share	**239.74**	192.16
Total cost of repurchases	**1,373**	1,049
Shares delivered	**2,861,344**	3,186,782
Average price in $ per share	**202.22**	200.38
Amount received	**82**	71
Shares retired	**—**	—
Total shares in treasury at end of year	**20,195,011**	17,329,585
Total cost	**4,004**	3,210

Shareholder tax on repurchased shares

Under Dutch tax law, the repurchase of a company's shares by an entity in the Netherlands is a taxable event (unless exemptions apply). The tax on the repurchased shares is attributed to the shareholders, with NXP making the payment on the shareholders' behalf. As such, the tax on the repurchased shares is accounted for within shareholders' equity.

21. Long-term debt

Commercial Paper
We have a $2 billion commercial paper program to support general corporate purposes. As of December 31, 2024, we had no commercial paper outstanding.

The following table summarizes the outstanding long-term debt as of December 31, 2024 and 2023:

		2024		2023	
	Maturities	**Amount**	**Interest rate**	Amount	Interest rate
Fixed-rate 4.875% senior unsecured notes	Mar, 2024	**—**	**4.875**	1,000	4.875
Fixed-rate 2.7% senior unsecured notes	May, 2025	**500**	**2.700**	500	2.700
Fixed-rate 5.35% senior unsecured notes	Mar, 2026	**500**	**5.350**	500	5.350
Fixed-rate 3.875% senior unsecured notes	Jun, 2026	**750**	**3.875**	750	3.875
Fixed-rate 3.15% senior unsecured notes	May, 2027	**500**	**3.150**	500	3.150
Fixed-rate 4.40% senior unsecured notes	Jun, 2027	**500**	**4.400**	500	4.400
Fixed-rate 5.55% senior unsecured notes	Dec, 2028	**500**	**5.550**	500	5.550
Fixed-rate 4.3% senior unsecured notes	Jun, 2029	**1,000**	**4.300**	1,000	4.300
Fixed-rate 3.4% senior unsecured notes	May, 2030	**1,000**	**3.400**	1,000	3.400
Fixed-rate 2.5% senior unsecured notes	May, 2031	**1,000**	**2.500**	1,000	2.500
Fixed-rate 2.65% senior unsecured notes	Feb, 2032	**1,000**	**2.650**	1,000	2.650
Fixed-rate 5.0% senior unsecured notes	Jan, 2033	**1,000**	**5.000**	1,000	5.000
Fixed-rate 3.25% senior unsecured notes	May, 2041	**1,000**	**3.250**	1,000	3.250
Fixed-rate 3.125% senior unsecured notes	Feb, 2042	**500**	**3.125**	500	3.125
Fixed-rate 3.25% senior unsecured notes	Nov, 2051	**500**	**3.250**	500	3.250
Floating-rate revolving credit facility (RCF)	Aug, 2027	**—**	**—**	—	—
Fixed-rate 4.45% EIB Facility A Loan	Dec, 2030	**670**	**4.450**	—	—
Total principal		**10,920**		11,250	
Unamortized discounts, premiums and debt issuance costs		**(66)**		(75)	
Total debt, including unamortized discounts, premiums, debt issuance costs and fair value adjustments		**10,854**		11,175	
Current portion of long-term debt		**(500)**		(1,000)	
Long-term debt		**10,354**		10,175	

	Range of interest rates	**Average rate of interest**	**Principal amount outstanding 2024**	**Due in 2025**	**Due after 2025**	**Due after 2029**	**Average remaining term (in years)**	**Principal amount outstanding 2023**
USD notes	2.50%-5.55%	3.7 %	10,250	500	9,750	6,000	7.40	11,250
Revolving Credit Facility (RCF)[1)]	— %	— %	—	—	—	—	—	—
Bank borrowings	4.5 %	4.5 %	670	—	670	670	5.90	—
			10,920	500	10,420	6,670	7.30	11,250

[1)] We do not have any borrowings under the $2,500 million RCF as of December 31, 2024.

As of December 31, 2024, the following principal amounts of long-term debt are due in the next 5 years:

2025	500
2026	1,250
2027	1,000
2028	500
2029	1,000
Due after 5 years	6,670
	10,920

As of December 31, 2024, the book value of our outstanding long-term debt was 10,920, less debt issuance costs of $38 million and original issuance/debt discount of $28 million.

As of December 31, 2024, we had no aggregate principal amount of variable interest rate indebtedness under our loan agreements. The remaining tenor of unsecured debt is on average 7.3 years.

Accrued interest as of December 31, 2024 is $76 million (December 31, 2023: $90 million).

2024 Financing Activities

On November 21, 2024, NXP B.V., NXP Funding and NXP USA entered into definitive documentation to establish an unsecured Commercial Paper Program (the “CP Program”) under which, on a joint and several basis, short-term, unsecured commercial paper notes (the “CP Notes”) may be issued. Amounts available under the CP Program may be borrowed, repaid, and re-borrowed from time to time, with the aggregate principal amount of CP Notes outstanding under the CP Program at any time not to exceed $2,000 million. The net proceeds of issuances of the CP Notes are expected to be used for general corporate purposes.

On November 22, 2024, NXP B.V. entered into a facility agreement with the European Investment Bank, (“EIB Facility A”), which provides for a €640 million unsecured senior loan facility. The proceeds from borrowings under the EIB Facility A are expected to be used, together with proceeds from a second €360 million facility agreement (“EIB Facility B”) concluded in January 2025, to fund the research, development and innovation of semiconductor devices, technologies and solutions in five European countries. Borrowings on these facilities may be denominated in Euro or U.S. Dollar.

2023 Financing Activities

There were no significant financing activities during 2023.

Certain terms and Covenants

The Company is not required to make mandatory redemption payments or sinking fund payments with respect to the notes and facilities.

The indentures governing the notes and facilities contain covenants that, among other things, limit the Company’s ability and that of restricted subsidiaries to incur additional indebtedness, create liens, pay dividends, redeem capital stock or make certain other restricted payments or investments; enter into agreements that restrict dividends from restricted subsidiaries; sell assets, including capital stock of restricted subsidiaries; engage in transactions with affiliates; and effect a consolidation or merger. The Company has been in compliance with any such indentures and financing covenants.

No portion of long-term and short-term debt as of December 31, 2024 and December 31, 2023 has been secured by collateral on substantially all of the Company’s assets and of certain of its subsidiaries.

We are in compliance with all covenants under our debt agreements as of December 31, 2024.

22. Provisions

Provisions can be summarized as follows:

	2024		2023	
	Long-term	**Short-term**	Long-term	Short-term
Restructuring	**—**	**53**	—	22
Environmental and other provisions	**375**	**16**	202	13
Total	**375**	**69**	202	35

Restructuring

The restructuring provision covers the following:

- benefits provided to former or inactive employees after employment but before retirement, including salary continuation, supplemental unemployment benefits and disability-related benefits;
- the Company's commitment to pay employees a lump sum upon the employee's dismissal or resignation. In the event that a former employee has passed away, in certain circumstances the Company pays a lump sum to the deceased employee's relatives.

Further details with regard to restructuring liabilities are disclosed in Note 6 *Restructuring*.

Environmental and other provisions

The environmental and other provisions as of December 31, 2024 include primarily provisions for environmental remediation costs of $95 million (2023: $90 million) as well as litigation costs totaling $281 million (2023: $112 million) – see also Note 28 *Contingencies*.

The changes in environmental and other provisions are as follows:

	2024	2023
Balance as of January 1,	**215**	149
Changes:		
Additions	**202**	79
Utilizations	**(22)**	(3)
Releases	**(5)**	(9)
Effect of movements in exchange rates and other	**1**	(1)
Balance as of December 31,	**391**	215

23. Post-employment benefits

Amounts recognized in the balance sheet with regard to post-employment benefits can be summarized as follows:

	2024		2023	
	Long-term	**Short-term**	Long-term	Short-term
1. Unfunded defined benefit pension plans	**(222)**	**(11)**	(235)	(11)
2. Unfunded other post-employment benefits	**(1)**	**—**	(2)	—
3. Accrued pension costs-underfunded plans	**(134)**	**(1)**	(154)	—
Post-employment benefits - liabilities :	**(357)**	**(12)**	**(391)**	**(11)**
4. Overfunded pension plans - assets *)	**8**	**—**	8	—
Net balance :	**(349)**	**(12)**	**(383)**	**(11)**

*) Included in prepaid pension costs as part of the other non-current assets see Note 15 *Other non-current assets.*

The sum of items 1, 3 and 4 represents our net defined benefit pension liability of $360 million at December 31, 2024 (2023: $392 million) for which a reconciliation from the opening balance to the closing balance is provided below.

Pensions

Our employees participate in employee pension plans in accordance with legal requirements, customs and the related matters in the respective countries. These are defined benefit pension plans, defined contribution plans and multi-employer plans.

The Company’s employees in The Netherlands participate in a multi-employer plan, implemented for the employees of the Metal and Electrical Engineering Industry ("Bedrijfstakpensioenfonds Metalektro" or "PME") in accordance with the mandatory affiliation to PME effective for the industry in which NXP operates. As this affiliation is a legal requirement for the Metal and Electrical Engineering Industry, it has no expiration date. This PME multi-employer plan (a career average plan) covers 1,533 companies and 623,900 participants. The plan monitors its risk on an aggregate basis, not by company or participant and can therefore not be accounted for as a defined benefit plan. The pension fund rules state that the only obligation for affiliated companies will be to pay the annual plan contributions. There is no obligation for affiliated companies to fund plan deficits. Affiliated companies are also not entitled to any possible surpluses in the pension fund.

Every participating company contributes the same fixed percentage of its total pension base, being pensionable salary minus an individual offset. The Company’s pension cost for any period is the amount of contributions due for that period.

The contribution rate for the mandatory scheme will remain 27.98% in 2025; the same as in 2024.

PME multi-employer plan	**2024**	2023
NXP's contributions to the plan	**38**	38
(including employees' contributions)	**7**	8
Average number of NXP's active employees participating in the plan	**2,351**	2,338
NXP's contribution to the plan exceeded more than 5 percent of the total contribution (as of December 31 of the plan's year-end)	**No**	No

The amounts included in the statement of operations for all post-employment pension plans are as follows:

	2024	2023
Defined benefit plans	**27**	25
Defined contribution plans excluding multi-employer plans	**67**	69
Multi-employer plans	**31**	30
	125	124

Defined benefit plans

The benefits provided by defined benefit plans are based on employees' years of service and compensation levels. Contributions are made by the Company, as necessary, to provide assets sufficient to meet the benefits payable to defined benefit pension plan participants.

These contributions are determined based upon various factors, including funded status, legal and tax considerations as well as local customs. The Company funds certain defined benefit pension plans as claims are incurred.

The following table shows a reconciliation from the opening balance to the closing balance of our net defined benefit pension liability and its components.

	Defined benefit obligation		*Fair value of plan assets*		*Net defined benefit liability*	
	2024	2023	**2024**	2023	**2024**	2023
Balance at January 1	**(605)**	(537)	**213**	202	**(392)**	(335)
Included in profit or loss						
Current service cost	**(14)**	(12)		—	**(14)**	(12)
Interest (cost) income	**(18)**	(18)	**6**	6	**(12)**	(12)
	(32)	(30)	**6**	6	**(26)**	(24)
Included in OCI						
Remeasurement (loss) gain:						
– Actuarial (loss) gain arising from:						
- financial assumptions	**17**	(19)		—	**17**	(19)
- experience adjustment	**(6)**	(27)		—	**(6)**	(27)
- Return on plan assets excl. interest income		—		3	**—**	3
Effect of movements in exchange rates	**35**	(12)	**(15)**	2	**20**	(10)
	46	(58)	**(15)**	5	**31**	(53)
Other						
Contributions paid by the Company		—	**26**	20	**26**	20
Benefits paid	**30**	**20**	**(29)**	**(20)**	**1**	**—**
Settlement payments				—	**—**	—
	30	20	**(3)**	—	**27**	20
Balance at December 31,	**(561)**	(605)	**201**	213	**(360)**	(392)

The expense of post-employment pension plans is recognized in the following line items of the consolidated statement of operations:

	2024	2023
Cost of revenue	**6**	5
Selling, general and administrative expenses	**8**	8
Research and development expenses	**13**	12
Net periodic pension cost	**27**	25

The weighted average assumptions used to calculate the projected benefit obligations as of December 31, were as follows:

	2024	2023
Discount rate	**3.3 %**	3.2 %
Expected rate of salary increase	**2.2 %**	2.2 %

At December 31, 2024 the weighted-average duration of the defined benefit obligation was 12 years (2023: 13 years).

For the Company's major plans, the discount rate used is based on high quality corporate bonds (iBoxx Corporate Euro AA 10+).

The mortality tables used in the actuarial valuations of the Company's most significant plans are:

- Germany: Richttafelen 2018 G by K. Heubeck;
- Taiwan: Taiwan Standard Ordinary Mortality Table of 2021;
- Thailand: Thailand TMO 17 table; and
- Japan: Japan MHLW 2020 table.

A sensitivity analysis shows that if the discount rate increases by 1% from the level of December 31, 2024, with all other variables held constant, the defined benefit obligation would decrease by $61 million. If the discount rate decreases by 1% from the level of December 31, 2024, with all other variables held constant, the defined benefit obligation would increase by $74 million.

A sensitivity analysis shows that if the assumption of salary increases by 1% from the level of December 31, 2024, with all other variables held constant, the defined benefit obligation would increase by $13 million. If the assumption of salary increase decreases by 1% from the level of December 31, 2024, with all other variables held constant, the defined benefit obligation would decrease by $12 million.

Calculations show that in case the assumed rates of mortality decrease with 10% (equivalent to improvement of life expectancy by about 1 year) from the level of December 31, 2024, with all other variables held constant, the defined benefit obligation for our German plans would increase with $14 million.

Estimated future pension benefit payments

The following benefit payments are expected to be made (including those for funded plans):

2025	**25**
2026	**25**
2027	**26**
2028	**28**
2029	**28**
Years 2030-2034	**161**

Plan assets

The actual post-employment plan asset allocation at December 31, 2024 and 2023 is as follows:

	2024	2023
Asset Category:		
Equity securities	**55**	55
Debt securities	**70**	81
Insurance contracts	**13**	14
Other	**63**	63
	201	213

We met our target plan asset allocation. The investment objectives for the pension plan assets are designed to generate returns that, along with the future contributions, will enable the pension plans to meet their future obligations. The investments in our major defined benefit plans largely consist of government bonds, "Level 2" Corporate Bonds and cash to mitigate the risk of interest fluctuations. The asset mix of equity, bonds, cash and other categories is evaluated by an asset-liability modeling study for our largest plan. The assets of funded plans in other countries mostly have a large proportion of fixed income securities with return characteristics that are aligned with changes in the liabilities caused by discount rate volatility. Total pension plan assets of $201 million include $161 million related to the German and Japanese pension funds.

The following table summarizes the classification of these assets.

	2024			2023		
	Level I	**Level II**	**Level III**	Level I	Level II	Level III
Equity securities	—	48	—	—	49	—
Debt securities	11	33	—	18	38	—
Insurance contracts	—	13	—	—	14	—
Other	7	26	23	4	27	25
	18	120	23	22	128	25

Cash flow 2025

The Company currently expects to make $14 million of employer contributions to defined benefit pension plans and $11 million of expected cash payments in relation to unfunded pension plans in 2025.

24. Other non-current liabilities

Other non-current liabilities are summarized as follows:

	2024	2023
Accrued expenses	**35**	30
Income tax	**226**	177
Lease liabilities	**248**	228
Licenses payable	**103**	24
Other	**8**	8
	620	467

In determining the amounts of current income tax positions the Company takes into account the impact of uncertain tax positions (both current and non-current) and whether additional taxes and interest may be due - see also Note 8 *Income taxes.*

Lease liabilities are split between current and non-current as follows:

	December 31,	
	2024	2023
Other current liabilities	**53**	60
Other non-current liabilities	**248**	228
Total :	**301**	288

The maturity profile of our lease liabilities as of December 31, 2024 is as follows:

	Leases
2025	**66**
2026	**60**
2027	**51**
2028	**43**
2029	**36**
Thereafter	**94**
Total future lease payments	**350**
Less imputed interest	**49**
Total lease liabilities	**301**

Rent expense amounted to $12 million in 2024 (containing only services related to leased assets as well as short-term leases) compared to $11 million in 2023.

The related Right-of-use assets are disclosed in Note 12 *Property, plant and equipment*. Payments of lease liabilities amounted to $57 million (2023: $58 million) - see also *Consolidated statement of cash flows*.

25. Accrued liabilities

Accrued liabilities can be summarized as follows:

	2024	2023
Personnel - Salaries and wages	**172**	292
Personnel - Accrued vacation entitlements	**82**	83
Personnel - Other personnel	**67**	72
Customer programs	**131**	280
Sales & Distribution	**40**	46
Purchases	**31**	34
Communication & IT	**7**	69
Utilities, rent and other	**41**	94
Interest accruals	**88**	96
Other accrued liabilities*	**90**	96
	751	1,162

* Other accrued liabilities consist of various smaller items.

Certain accrued liabilities related to our distributors are offset with receivable balances from these distributors. Refer to Note 18 *Trade and other receivables*.

26. Other current liabilities

Other current liabilities are summarized as follows:

	2024	2023
Dividends payable	**258**	261
Lease liabilities[1)]	**53**	60
Licenses payable	**79**	68
Social security contribution payable	**49**	53
Other short-term liabilities	**90**	42
	529	485

1) See also Note 24 *Other non-current liabilities*

27. Contractual obligations

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 December 31, 2024, other than commitments directly with our foundry joint ventures, the Company had purchase commitments of $3,046 million (2023: $4,184 million), which are due through 2044.

Foundry Joint Venture Commitments

Driven by our investment in VSMC, NXP has committed to invest an additional $1,460 million in equity through 2026. NXP has committed to contribute an additional $925 million to support the long-term capacity infrastructure that is expected to be paid through 2026. In addition, NXP has an agreed purchase commitment with VSMC that over the lifetime of the factory the minimal loading will be between 80% - 90%, resulting in a total purchase commitment of approximately $14,242 million that is expected to be purchased over 37 years once wafer production starts.

Related to our investment in European Semiconductor Manufacturing Company (ESMC) GmbH, NXP has committed to invest an additional $442 million in equity through 2028.

28. Contingencies

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 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

On March 13, 2024, the Company and Impinj, Inc. (“Impinj”) 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 across the various patent infringement litigations and not to file any additional action for legal or equitable relief. Prior to the settlement, Impinj had initiated a number of lawsuits alleging infringement of their IP rights by certain of our products and we initiated a lawsuit and countersuit alleging infringement of our IP rights by certain products of Impinj.

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 21 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 $281 million accrued for potential and current legal proceedings pending as of December 31, 2024, compared to $112 million accrued at December 31, 2023 (without reduction for any related insurance reimbursements). The accruals are included in Note 22 - *Provisions* As of December 31, 2024, the Company's balance related to insurance reimbursements was $259 million (December 31, 2023: $67 million) and is included in Note 15 - *Financial assets and 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 December 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 million and $280 million compared to 2023: $0 million and $100 million. Based upon our past experience with these matters, the Company would expect to receive additional insurance reimbursement of up to $262 million on certain of these claims that would partially offset the potential aggregate exposure to loss in excess of the amount accrued (2023: $70 million).

Environmental remediation

In each jurisdiction in which we operate, we are subject to many environmental, health and safety laws and regulations that govern, among other things, emissions of pollutants into the air, wastewater discharges, the use and handling of hazardous substances, waste disposal, the investigation and remediation of soil and ground water contamination and the health and safety of our employees. We are also required to obtain environmental permits from governmental authorities for certain of our operations.

As with other companies engaged in similar activities or that own or operate real property, the Company faces inherent risks of environmental liability at our current and legacy manufacturing facilities. Certain environmental laws impose liability on current or previous owners or operators of real property for the cost of removal or remediation of hazardous substances. Some specific laws also assess liability on persons who arrange for hazardous substances to be sent to disposal or treatment facilities when such facilities are found to be a contributor or responsible party for environmental contamination.

Soil and groundwater contamination has been identified at our property near Phoenix, Arizona, United States. The remediation processes at this location are expected to continue for many years. As of December 31, 2024, we have recorded $95 million (2023: $90 million) for environmental remediation costs, which are primarily included in *Long-term provisions* in the accompanying consolidated balance sheet. This amount was determined as the higher of the amount that would be recognized in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the fair value amount recognized at the acquisition date; with regard to the future cash flows of our estimated share of costs incurred in environmental cleanup sites without considering recovery of costs from any other party or insurer, since in most cases potentially responsible parties other than us may exist and be held responsible.

29. Related-party transactions

The Company's related parties are the members of the board of directors of NXP Semiconductors N.V., the members of the management team of NXP Semiconductors N.V., equity-accounted investees and post-employment benefit plans.

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:

	2024	2023
Revenue and other income	**4**	4
Purchase of goods and services	**4**	3

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

	2024	2023
Receivables	**1**	1
Payables	**3**	7

Driven by our investment in VSMC, NXP has committed to contribute $1,200 million to support the long-term capacity infrastructure, and in exchange NXP secures a capacity commitment over the lifetime of the factory. Through the year ended December 31, 2024, NXP has contributed $275 million, which is recorded in other non-current assets.

Refer to Note 9- Equity accounted investees for information on the total carrying value of investments in equity-accounted investees, and to Note 27 - Commitments and Contingencies for NXP's related party commitments.

For transactions with post-employment benefit plans we refer to Note 23 *Post-employment benefits.* For disclosures of transactions with key management personnel we refer to Note 31 *Information on remuneration board of directors*.

30. Share-based compensation

Share-based compensation expense is included in the following line items in our consolidated statement of operations:

	2024	2023
Cost of revenue	**60**	56
Research and development	**238**	224
Selling, general and administrative	**173**	155
	471	435

Long Term Incentive Plan (LTIP)

The LTIP was introduced in 2010 and is a broad-based long-term retention program to attract, retain and motivate talented employees as well as align stockholder and employee interests. The LTIP provides share-based compensation ("awards") to both our eligible employees and non-employee directors. Awards that may be granted include performance shares, stock options and restricted shares. Awards granted generally will become fully vested upon a termination event occurring within one year following a change in control, as defined. A termination event is defined as either termination of employment or services other than for cause or constructive termination resulting from a significant reduction in either the nature or scope of duties and responsibilities, a reduction in compensation or a required relocation. The number of shares authorized and available for awards at December 31, 2024 was 16.0 million.

A charge of $458 million was recorded in 2024 for the LTIP (2023: $422 million). A summary of the activity for our LTIP's during 2024 and 2023 is presented below.

Stock options

	2024		2023	
	Stock options	**Weighted average exercise price in USD**	Stock options	Weighted average exercise price in USD
Outstanding at January 1,	**255,579**	**70.71**	346,202	66.72
Granted	—		—	—
Exercised	**111,712**	**66.46**	90,623	55.49
Forfeited	—		—	—
Outstanding at December 31,	**143,867**	**74.01**	255,579	70.71
Exercisable at December 31,	**143,867**	**74.01**	255,579	70.71

No options were granted in 2024 and 2023. The intrinsic value of the exercised options was $21 million (2023: $13 million), whereas the amount received by NXP was $7 million (2023: $5 million).

The weighted average share price at the date of exercise for share options exercised in 2024 was $250.67 (2023: $195.33). For stock options outstanding at the end of the reporting period the range of the exercise prices was USD 73.00 to USD 86.25. The weighted average contractual life is 0.9 years.

At December 31, 2024, there were no (2023: none) unrecognized compensation cost related to non-vested stock options.

Performance share units - Market performance conditions

The Company grants PSU awards to certain executives of the Company with a performance measure of Relative Total Shareholder Return (“Relative TSR”). Each PSU, which generally cliff vests on the third anniversary of the date of grant, entitles the grant recipient to receive from 0 to 2 common shares for each of the target units awarded based on the Relative TSR of the Company's share price as compared to a set of peer companies.

The fair value of the PSUs is calculated using a Monte Carlo valuation model, utilizing assumptions underlying the Black-Scholes methodology:

PSU grant assumptions	2024	2023
Expected life (years)	3	3
Risk-free interest rate	4.07%	4.59%
Dividend yield	1.8%	2.2%
NXP share price volatility	39%	39%
Initial TSR	(5.7)%	(0.2)%

	2024		2023	
	Shares	**Weighted average grant date fair value in USD**	Shares	Weighted average grant date fair value in USD
Outstanding at January 1,	**900,168**	**214.60**	861,922	200.06
Granted	**300,108**	**258.20**	340,757	214.02
Performance based adjustment [1)]	**(50,788)**	**256.79**	193,678	167.81
Vested	**214,458**	**256.79**	456,547	167.81
Forfeited	**66,258**	**245.72**	39,642	203.64
Outstanding at December 31,	**970,348**	**218.85**	900,168	214.60

1) The amount shown represents performance adjustments for performance-based awards granted on October 27, 2020. These units vested at 76.32% during 2024 based on the achievement of Relative TSR performance conditions.

In 2024, the fair value of the performance share units at the time of vesting was $38 million (2023: $83 million). At December 31, 2024, there was a total of $118 million (2023: $109 million) of unrecognized compensation cost related to non-vested performance share units based on market conditions. This cost is expected to be recognized over a weighted-average period of 1.8 years (2023: 2.0 years).

Restricted share units

	2024		2023	
	Shares	**Weighted average grant date fair value in USD**	Shares	Weighted average grant date fair value in USD
Outstanding at January 1,	**4,861,516**	**169.36**	4,779,274	157.36
Granted	**2,013,506**	**218.60**	2,482,405	178.69
Vested	**2,240,497**	**171.38**	2,234,706	154.74
Forfeited	**222,885**	**170.31**	165,457	160.11
Outstanding at December 31,	**4,411,640**	**190.76**	4,861,516	169.36

The weighted average grant date fair value of restricted share units granted in 2024 was $218.60 (2023: $178.69). The fair value of the restricted share units at the time of vesting was $526 million (2023: $372 million).

At December 31, 2024, there was a total of $513 million (2023: $509 million) of unrecognized compensation cost related to non-vested restricted share units. This cost is expected to be recognized over a weighted-average period of 1.4 years (2023: 1.5 years).

31. Information on remuneration board of directors

In accordance with Dutch law, our shareholders have adopted a compensation policy for the board of directors. The remuneration of our non-executive directors is determined at the general meeting of shareholders and the remuneration of our executive directors is resolved upon by our board of directors, with due observance of our compensation policy. Our chief executive officer is our only executive director. The executive director does not participate in the discussions of our board of directors on his compensation, nor does the chief executive officer vote on such a matter. To the extent the stockholders at a future shareholders meeting do not adopt the proposal of the board, the board must prepare a new proposal. After adoption of a proposal, only subsequent amendments will require shareholders approval.

Compensation Policy and Objectives

We operate globally and our executives are located in multiple countries. As a result, our pay philosophy considers both the overall importance of consistency across the world and specific competitive pay practices in the local country where our executive talent resides. Our overarching pay strategy is to: pay for performance-delivering highly competitive overall pay for market leading performance.

Our executive compensation program is designed to:

- Align to stakeholder interests, including shareholders, customers, employees, suppliers, as well as local and international communities where we operate, by delivering short and long term strategic goals
- Enable NXP to attract, retain, motivate and grow highly qualified talent with competitive and comprehensive programs
- Hire, develop and reward our dedicated, hard-working and innovative executive and management team
- Reward both collective and individual performance
- Ensure fiscally sound practices while maximizing the value of the various compensation programs to individuals and NXP
- Align to and reward demonstration of our values in support of our strong culture
- Focus our innovations and rewards on our commitment to sustainability

Overall, our compensation programs are competitive in the marketplace and highly incentive-based, with a majority of compensation at-risk which can be earned via our short and long term incentive programs based on overall Company performance.

Our executive compensation package therefore includes a significant variable part, consisting of an annual cash incentive, restricted stock units and performance-based restricted stock units. Performance targets are determined at the beginning of the performance period, and assessed once the financial performance of the performance period is known by, respectively, our Human Resources and Compensation Committee, our executive director or the other members of our management team. The compensation package for our board of directors, including our chief executive officer, the other members of our management team and our key employees is benchmarked on a regular basis against other companies in the high-tech and semiconductors industry.

Shareowner Engagement and Results of 2024 Advisory Vote on Executive Compensation

At our annual general meeting of shareholders held on May 29, 2024 (2024 AGM), we received approximately 96% of the votes in favor of the proposal to approve the compensation of our named executive officers ("NEOs"), on a non-binding, advisory basis. We recognize the importance of engaging with our shareholders to ensure that we understand their perspectives about our compensation program philosophy and design to maintain our high shareholder support. Our investor outreach efforts were aimed at supporting two major goals. First, we maintained a consistent, proactive and timely engagement with current and potential shareholders to present our long-term strategy, the tangible proof points and measurement of our execution and our resulting financial performance. These engagements are undertaken throughout the year by a combination of our CEO, CFO and other executives. Second, we facilitated on-going dialogue with the governance and stewardship groups of our major shareholders. These discussions focused on our executive compensation programs, company management oversight, corporate governance, human capital management and sustainability topics.

Base Salary

Base salary represents annual fixed compensation and is a standard element of our executive compensation program we believe is necessary to attract and retain talent. The Human Resources and Compensation Committee ("HRCC") reviews and approves our executive director’s and other NEOs base salary after assessing the following:

- An individual’s role, performance and contributions, experience, leadership abilities and internal equity considerations relative to other executives with similar level roles and responsibilities;
- The competitive landscape, including the compensation practices of the companies in our Peer Group (and where appropriate, survey data from a broader index of comparable public companies); and
- Our business strategy and compensation philosophy.

After thoughtful consideration of these factors, the HRCC approved the base salary increase of our chief executive officer, Mr. Sievers, from €1,123,200 to €1,213,056 effective July 1, 2024.

During 2024, we paid the chair of our board of directors an annual fixed fee of €275,000. Prior to the 2024 AGM, the other non-executive directors receive an annual fixed fee of $85,000. Members of the Audit Committee, HRCC and Nominating, Governance and Sustainability Committee receive an additional annual fixed fee of $15,000 and the Chairs of each of these committees receive an additional annual fixed fee of $15,000. At the 2024 annual general meeting of shareholders (2024 AGM), at the recommendation of the Board, shareholders approved the following amendments to the remuneration of the non-executive directors, to be effective as of the date of the 2024 AGM:

- to increase the annual cash compensation to non-executive directors other than the Chair of the Board to $100,000;
- to increase the Audit Committee annual fixed chair fee to $25,000; and
- to increase the HRCC annual fixed chair fee to $20,000

No further changes in cash remuneration or equity grant amounts to non-executive members of the Board were made.

Detailed information on the 2024 compensation for Messrs. Sievers, Betz and the additional three most highly compensated executive officers of the Company will be described in the proxy statement pursuant to Section 14(a) of the U.S. Securities Exchange Act of 1934 in advance of the next Annual General Meeting.

Annual Incentive

Our chief executive officer, the other NEO's and members of our management team and our other key employees can qualify to earn a variable cash incentive under the Annual Incentive Plan (“AIP”), subject to whether certain specific and challenging performance targets have been met. The AIP focuses on the financial performance metrics revenue and adjusted gross margin targets, which are critical to NXP’s success. These are measured on a six-month performance period. Starting in 2022 a sustainability component focusing on environmental and people metrics measured over an annual performance period linked to our sustainability commitments. The sustainability component is in the form of a sustainability scorecard which contains multiple metrics and targets that support measurable year-on-year progress towards our long-term environmental and people related aspirations. The financial metrics and goals and their associated performance ranges are established by the HRCC near the start of each six-month performance period. The sustainability goals and associated performance ranges are approved by the HRCC near the start of the annual performance period. The HRCC also reviews and approves the AIP program taking into consideration:

- Each executive officer's role, experience and expected contributions
- The competitive market for determining targets as a percentage of base salary
- What measures best reflect the performance expectations for the performance period and their alignment to shareholder interests

For Mr. Sievers, the 2024 AIP target was set at 170% of his base salary and the maximum annual incentive opportunity equal to 200% of the at target incentive opportunity, unchanged from the previous year. For our NEOs including our CEO, 2024 AIP cash incentive cash payouts will be made in the second quarter 2025 after the HRCC certifies the results of the 2H 2024 Performance Period against the pre-established metrics and approves the AIP payments in relation to agreed targets. Results of the 1H 2024 Performance Period were previously approved in July.

For 2024, Mr. Sievers' annual AIP realization is comprised of five equally weighted components and is the average of the following measure realizations: 1H revenue at 33%; 1H adjusted gross margin at 116.4%, 2H revenue at 0%; 2H adjusted gross margin at 57.4%; and the sustainability scorecard performance at 100%; making the annual AIP 2024 payout factor 61.4%. The HRCC determines Mr. Sievers' annual cash payment by multiplying the annual AIP 2024 payout factor by his base salary as of December 31, 2024 and his individual AIP target. The amount they have approved is €1,266,188 ($1,368,876) and thus this amount has been accrued as an annual incentive cash payment for our chief executive officer for our performance in 2024. Based on our performance in previous years an annual bonus of €2,340,973 ($2,535,040) and €2,329,560 ($2,459,782) was earned in 2023 and 2022, respectively.

Share Based Compensation Plans

The purpose of our share based compensation plans, is to align the interests of directors and management with those of our shareholders by providing additional incentives to improve our medium and long term performance, by offering the participants an opportunity to share in the success of NXP.

Since 2010, we have maintained annual Long Term Incentive Plans, under which performance stock, restricted stock and stock options were granted to the members of our board of directors, NEOs, management team, our other executives, selected other key employees/talents of NXP and selected new hires. Under these Long Term Incentive Plans, equity incentives may be granted on, or the first full Nasdaq trading day after NXP publishes its quarterly financials.

Performance stock units and restricted stock units vest over a period of one to three years, subject to relevant performance criteria being met in the case of performance stock units, and stock options vest over four years. Since 2016, no stock options are granted anymore. In the annual general meeting of shareholders held in June 2019, our shareholders approved the 2019 Omnibus Incentive Plan which provides for parameters of cash and equity-based incentive awards for employees including our chief executive officer, the other members of the board of directors and our management team.

Since this 2019 Omnibus Incentive Plan, restrictive stock units granted to the non-executive directors in our board vest over a period until the next annual general meeting of shareholders. As of July 26, 2018, we granted performance stock units (“PSU’s”) awards to our executive director and other executives with a performance measure of Relative Total Shareholder Return (“Relative TSR”). Each PSU, which cliff vests on the third anniversary of the date of grant, entitles the grant recipient to receive from 0 to 2 common shares for each of the target units awarded based on the Relative TSR of the Company's share price as compared to a set of peer companies. The final number of PSUs earned will be capped at 100% of target if NXP’s total shareholder return for the performance period is negative, regardless of the Company’s relative performance compared to the peer group. Awards granted generally will become fully vested upon a termination event occurring within one year following a change in control, as defined. A termination event is defined as either termination of employment or services other than for cause or constructive termination of resulting from a significant reduction in either the nature or scope of duties and responsibilities, a reduction in compensation or a required relocation.

As of December 31, 2024, under the above equity plans, a total amount of 143,867 stock options, 970,348 performance stock units and 4,411,640 restricted stock units were outstanding, in total representing 5,525,855 shares of common stock.

Shares to be delivered under any equity program may be newly issued, for up to 10% of our share capital, or they may come out of treasury stock or be purchased from time to time upon the decision of our board of directors.
As of December 31, 2024, the following stock options, restricted stock, performance stock and shares of common stock were outstanding with members of our board of directors:

Kurt Sievers, CEO

As of December 31, 2024, our chief executive officer held 207,467 shares of common stock and had been granted the following unvested stock options, restricted stock units and performance stock units, which were outstanding:

Series	Number of Restricted Stock Units	Number of Restricted Stock Units per vesting schedule		
		11/05/25	11/05/26	11/05/27
2024/November	21,901	7,300	7,300	7,301

Series	Number of Restricted Stock Units		
		11/07/25	11/07/26
2023/November	16,578	8,288	8,290

Series	Number of Restricted Stock Units	
		11/01/25
2022/November	9,748	9,748

Series	Number of Performance Stock Units	Number of Performance Stock Units per vesting schedule
		Maximum 200% pay-out 11/4/2027
2024/November	51,102	102,204

Series	Number of Performance Stock Units	Number of Performance Stock Units per vesting schedule
		Maximum 200% pay-out 11/6/2026
2023/November	58,020	116,040

Series	Number of Performance Stock Units	Number of Performance Stock Units per vesting schedule
		Maximum 200% pay-out 10/31/2025
2022/November	68,226	136,452

Other members of our board of directors

As of December 31, 2024, the other members of our board of directors held the following number of shares of common stock:

- Ms. Clayton: 2,471 from vested stock units
- Mr. Foxx: 2,471 from vested stock units
- Mr. Gavrielov 680 from vested stock units
- Mr. Gu: 1,759 from vested stock units
- Mrs. Olving: 3,550 from vested stock units
- Ms. Southern: 11,297 from vested stock units and acquisitions in the open market
- Mrs. Staiblin: 6,094 from vested stock units and acquisitions in the open market
- Mr. Summe: 7,708 from vested stock units and acquisitions in the open market
- Mr. Sundström: 3,556 from vested stock units

To each of the non-executive members of our board of directors, the following restricted stock units had been granted and were outstanding as of December 31, 2024:

Series	Number of Restricted Stock Units	Number of Stock Units per vesting schedule
		2025 AGM
2024 /May	822	822

Additional Arrangements

In connection with Mr. Sievers' nomination as executive director and president/chief executive officer, Mr. Sievers and the Company entered into a management agreement (the "Management Agreement") and NXP Semiconductors Germany GmbH, a wholly owned indirect affiliate of the Company, and Mr. Sievers entered into an addendum to Mr. Sievers' existing employment agreement (the "Secondment Addendum" and together with the Management Agreement, the "CEO Agreements"). A copy of the CEO Agreements can be found on Form 8-K filed by the Company on March 9, 2020.

The CEO Agreements provide that effective May 27, 2020 Mr. Sievers serves as Executive Director and President/CEO until the date of the following annual general meeting, and will be extended if NXP's general meeting reappoints Mr. Sievers as Executive Director and President/CEO of NXP. Under the CEO Agreements, Mr. Sievers receives a gross annual base salary and a target cash incentive under the AIP as described above. The CEO Agreements provide that in the event that Mr. Sievers' employment is terminated at the initiative of the Company and other than for cause, Mr. Sievers will be entitled to a severance amount of two times the gross annual base salary and a pro-rata payment of the annual cash bonus, depending on achievement of the pay-out conditions and the period in which Mr. Sievers has performed actual work for the Company. Mr. Sievers is subject to non-competition provisions that remain in effect for a period of one year following the termination of his employment agreement. The main elements of any new employment contract that we will enter into with a member of the board of directors will be made public no later than the date of the public notice convening the general meeting of stockholders at which the appointment of such member of the board of directors will be proposed. Non-executive directors of our board do not have a contract of employment.

In addition to the main conditions of employment, a number of additional arrangements apply to our chief executive officer; these arrangements do not apply to the non-executive members of our board of directors. These additional arrangements, such as medical insurance, accident insurance, company car arrangements, are broadly in line with those for the NXP executives globally. In the event of disablement, our chief executive officer is entitled to benefits in line with those for other NXP executives. In the event of our chief executive officer's death while in the service of NXP, any unvested equity awards (including any performance stock units and restricted stock units) will vest. In line with regulatory requirements, the Company's policy forbids personal loans, guarantees or similar arrangements to members of our board, and consequently no loans, guarantees or similar arrangements were granted to such members since 2010, nor were any such loans outstanding as of December 31, 2024.

Unless the law provides otherwise, the members of our board of directors are expected to be reimbursed by us for various costs and expenses, such as reasonable costs of defending claims, as formalized in the articles of association. Under certain circumstances, described in the articles of association, such as an act or failure to act by a member of our board of directors that can be characterized as intentional (*opzettelijk*), intentionally reckless (*bewust roekeloos*) or seriously culpable (*ernstig verwijtbaar*), there will be no entitlement to this reimbursement.

Pensions

The following table sets forth certain information with respect to the potential benefits to our chief executive officer, Mr. Sievers, as of December 31, 2024. No other board members or NEO participates in a Company-sponsored defined benefit pension plan.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
Kurt Sievers	Germany DBP	26	3,954,408	-

In connection with Mr. Sievers' employment by our German subsidiary, NXP Semiconductors Germany GmbH, he participates in the Defined Benefit Plan offered through that subsidiary (the "Germany DBP"). This Germany DBP is closed to new employees but was available to all eligible employees of that subsidiary until December 31, 2006. The value in this table has been converted from Euros using the rate of 1.0811, the average Euro to U.S. dollar conversation rate for 2024.

Under the Germany DBP, participants receive notional contributions that are credited to their personal pension accounts in an amount of 11% of monthly base salary in excess of a calculated social security contribution ceiling that does not factor in the 2003 exceptional adjustment step (leading to a 2024 ceiling value of €6,800/month), less the additional contribution paid by the employer in the staff pension insurance. Contributions and returns on investments accumulated at retirement (normal retirement age is defined as between 60 – 67) are converted into an annuity based on fixed standard actuarial factors as mentioned in the plan rules. The Germany DBP also provides for certain disability, widow(er) and orphan beneficiary pension benefits.

In calculating the amounts shown in the column titled "Present Value of Accumulated Benefit" in the table above, we calculated the amounts reflected for Mr. Sievers using the following assumptions: a calculation date of December 31, 2024, a 3.45% discount rate, a 2.0% pension increase rate, retirement occurring at age 63, and applicability of the "Heubeck-Richttafeln 2018 G" mortality table.

Summary Compensation Table – key management remuneration

The following table summarizes the total compensation paid to our chief executive officer and to each member of our board of directors, in each of the years presented. Any amounts that are paid to individuals in Euros are presented in U.S. dollars, where the average exchange rate for the year was used for conversion. In connection with the disclosure requirements of IAS 24 *Related Party Disclosures*, we consider the board of directors as our key management personnel.

Name and Principal Position	Year	Salary	Non-equity Incentive Plan Compensation	Performance and Restricted Share Units	Stock Options	Cost of Share and Option Awards	Other Compensation, Pension Costs, Pension Allowances	Total Costs
		($)	($) 1)	(#) 2)	(#) 3)	($) 4)	($) 5)	($) 4)
Kurt Sievers	2024 6)	1,262,863	1,368,876	73,003	—	16,454,812	112,549	19,199,100
Executive director, President and CEO	2023 6)	1,192,923	2,535,040	82,886	—	15,194,852	543,239	19,466,054
	2022 6)	1,098,136	2,459,782	97,466	—	14,130,806	94,916	17,783,640
Sir Peter Bonfield	2024	—	—	—	—	—	—	—
former non-executive director and board chair	2023 7)	130,414	—	—	—	156,209	—	286,623
	2022	320,373	—	1,482	—	218,351	—	538,724
Annette Clayton	2024	123,871	—	822	—	288,509	—	412,380
Non-executive director	2023	107,875	—	1,211	—	212,097	—	319,972
	2022	100,000	—	1,482	—	218,351	—	318,351
Anthony Foxx	2024	123,871	—	822	—	288,509	—	412,380
Non-executive director	2023	107,875	—	1,211	—	212,097	—	319,972
	2022	100,000	—	1,482	—	218,351	—	318,351
Moshe Gavrielov	2024	123,871	—	822	—	288,509	—	412,380
Non-executive director	2023 8)	67,161	—	1,211	—	55,887	1,003	124,051
	2022	—	—	—	—	—	—	—
Kenneth A. Goldman	2024	—	—	—	—	—	—	—
former non-executive director	2023	—	—	—	—	—	—	—
	2022 9)	41,944	—	—	—	158,692	—	200,636
Chunyuan Gu	2024	108,871		822	—	288,509	—	397,380
Non-executive director	2023	100,000		1,211	—	212,097	—	312,097
	2022 10)	58,333		1,482	—	59,659	1,002	118,994
Josef Kaeser	2024	—	—	—	—	—	—	—
former non-executive director	2023	—	—	—	—	—	—	—
	2022 9)	41,944	—	—	—	158,692	—	200,636
Lena Olving	2024	108,871	—	822	—	288,509	—	397,380
Non-executive director	2023	100,000	—	1,211	—	212,097	—	312,097
	2022	100,000	—	1,482	—	218,351	—	318,351
Peter Smitham	2024	—	—	—	—	—	—	—
former non-executive director	2023	—	—	—	—	—	—	—
	2022 9)	48,236	—	—	—	158,692	—	206,928
Julie Southern	2024	312,303	—	822	—	288,509	—	600,812
Non-executive director and board chair	2023	235,833	—	1,211	—	212,097	—	447,930
	2022	115,000	—	1,482	—	218,351	—	333,351
Jasmin Staiblin	2024	108,871	—	822	—	288,509	—	397,380
Non-executive director	2023	100,000	—	1,211	—	212,097	—	312,097
	2022	100,000	—	1,482	—	218,351	—	318,351
Gregory L. Summe	2024	141,828	—	822	—	288,509	—	430,337
Non-executive director	2023	122,875	—	1,211	—	212,097	—	334,972
	2022	115,000	—	1,482	—	218,351	—	333,351
Karl-Henrik Sundström	2024	144,785	—	822	—	288,509	—	433,294
Non-executive director	2023	130,000	—	1,211	—	212,097	—	342,097
	2022	123,750	—	1,482	—	218,351	—	342,101
Total	2024	2,560,005	1,368,876			19,051,394	112,549	23,092,824
	2023	2,394,956	2,535,040			17,103,721	544,242	22,577,959
	2022	2,362,716	2,459,782			16,413,349	95,918	21,331,765

1) The annual incentive amount is related to the performance in the year reported, which is then paid to the individual in the subsequent year. The amounts reported are the amounts that have been accrued as annual incentive bonus for our chief executive officer for our performance in the respective years.
2) Represents the number of Performance and Restricted share units granted to the individual in the year reported. See also Note 30 Share-based Compensation for additional information regarding our long-term incentive plans.
3) Represents the number of Stock Options granted to the individual in the year reported. See also Note 30 Share-based Compensation for additional information regarding our long-term incentive plans.
4) Amounts reflect the costs of Performance and Restricted share units and Stock Options in accordance with IFRS 2 *Share-based Payment*. These amounts do not represent the actual amounts paid to or realized by the individuals in the year reported, but represent amounts charged to the income of the year.
5) The amounts for Mr. Sievers consist of the year over year change of pension value (2024: 0, 2023: \$420,849, 2022: \$0) and the value of other benefits that Mr. Sievers receives (2024: \$112,549, 2023: \$122,390, 2022: \$94,916, 2021: \$83,358). Based on the actuarial assumptions, primarily the discount rate, used to value Mr. Sievers' accumulated benefit in 2024, the value of Mr. Sievers's pension decreased by \$224,446 from 2023. The amounts reflected for Mr. Gu and Mr. Gavrielov represent the amount paid in relation to obtaining their tax number and Dutch tax gross up costs.
6) Certain amounts payable to Mr. Sievers were paid in euros, including his annual salary. The exchange rate used for the purpose of the table above is the average monthly rates for the full year: (i) 1.0811 for 2024, (ii) 1.0829 for 2023, and (iii) 1.0559 for 2022. In 2024, Mr. Sievers received no performance share units that had financial performance conditions, 51,102 performance share units that had market performance conditions and 21,901 restricted share units. In 2023, Mr. Sievers received no performance share units that had financial performance conditions, 58,020 performance share units that had market performance conditions and 24,866 restricted share units. In 2022, Mr. Sievers received no performance share units that had financial performance conditions, 68,226 performance share units that had market performance conditions and 29,240 restricted share units.
7) The term of director expired at the annual meeting of shareholders on May 24, 2023 for Sir Peter Bonfield. He did not stand for re-election to the board of directors and resigned as chair.
8) Mr. Gavrielov was appointed as non-executive director effective May 24, 2023.
9) The term of director expired at the annual meeting of shareholders on June 1, 2022 for Mr. Goldman, Mr. Kaeser and Mr. Smitham. They did not stand for re-election to the board of directors.
10) Mr. Gu was appointed as non-executive director effective June 1, 2022.

The tables below give an overview of the vesting of performance shares, restricted shares and stock options held by the members of the board of directors.

Performance shares (holdings) in number of shares and US\$ - 2024

	1-Jan-24	Awarded 2024	Grant Date Share Price	Vested in 2024	Vesting dates in 2024	Vesting Date Share price	Vesting in 2025 or later
Kurt Sievers	47,444			36,209*	Nov 11, 2024	233.89	
	68,226						68,226
	58,020						58,020
		51,102	224.65				51,102

*The amount shown represents performance adjustments for the performance-based award granted on November 2, 2021. These units vested at 76.32% during 2024 based on the achievement of relative TSR performance conditions.

Performance shares (holdings) in number of shares and US\$ - 2023

	1-Jan-23	Awarded 2023	Grant Date Share Price	Vested in 2023	Vesting dates in 2023	Vesting Date Share price	Vesting in 2024 or later
Kurt Sievers	57,795			100,378*	Nov 6, 2023	181.55	
	47,444						47,444
	68,226						68,226
		58,020	185.80				58,020

*The amount shown represents performance adjustments for the performance-based award granted on October 27, 2020. These units vested at 173.68% during 2023 based on the achievement of relative TSR performance conditions.

Restricted shares (holdings) in number of shares and US$ - 2024

	1-Jan-24	Awarded 2024	Grant Date Share Price	Vested in 2024	Vesting Date Share Price	Vesting date	Vesting in 2025 or later
Kurt Sievers	6,778			6,778	238.59	Nov 2, 2024	
	19,494			9,746	234.50	Nov 1, 2024	
	24,866			8,288	231.38	Nov 7, 2024	
		21,901	224.65				21,901
Annette Clayton	1,211			1,211	279.63	May 29, 2024	
		822	273.83				822
Anthony Foxx	1,211			1,211	279.63	May 29, 2024	
		822	273.83				822
Moshe Gavrielov	1,211			1,211	279.63	May 29, 2024	
		822	273.83				822
Chunyuan Gu	1,211			1,211	279.63	May 29, 2024	
		822	273.83				822
Lena Olving	1,211			1,211	279.63	May 29, 2024	
		822	273.83				822
Julie Southern	1,211			1,211	279.63	May 29, 2024	
		822	273.83				822
Jasmin Staiblin	1,211			1,211	279.63	May 29, 2024	
		822	273.83				822
Gregory Summe	1,211			1,211	279.63	May 29, 2024	
		822	273.83				822
Karl-Henrik Sundström	1,211			1,211	279.63	May 29, 2024	
		822	273.83				822

Restricted shares (holdings) in number of shares and US$ - 2023

	1-Jan-23	Awarded 2023	Grant Date Share Price	Vested in 2023	Vesting Date Share Price	Vesting date	Vesting in 2024 or later
Kurt Sievers	2,604			2,604	221.79	Jul 28, 2023	
	8,258			8,258	179.56	Oct 27, 2023	
	13,556			6,778	172.52	Nov 2, 2023	6,778
	29,240			9,746	172.43	Nov 1, 2023	19,494
		24,866	185.80				24,866
Sir Peter Bonfield	1,482			1,482	175.06	May 24, 2023	
Annette Clayton	1,482			1,482	175.06	May 24, 2023	
		1,211	185.80				1,211
Anthony Foxx	1,482			1,482	175.06	May 24, 2023	
		1,211	185.80				1,211
Moshe Gavrielov	0						
		1211	185.80				1,211
Chunyuan Gu	1,482			1,482	175.06	May 24, 2023	
		1,211	185.80				1,211
Lena Olving	1,482			1,482	175.06	May 24, 2023	
		1211	185.80				1,211
Julie Southern	1,482			1,482	175.06	May 24, 2023	
		1,211	185.80				1,211
Jasmin Staiblin	1,482			1,482	175.06	May 24, 2023	
		1,211	185.80				1,211
Gregory Summe	1,482			1,482	175.06	May 24, 2023	
		1,211	185.80				1,211
Karl-Henrik Sundström	1,482			1,482	175.06	May 24, 2023	
		1,211	185.80				1,211

32. Fair value of financial instruments

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 hierarchy	**December 31, 2024**	December 31, 2023
Assets:			
Short-term deposits	**1**	**—**	409
Money market funds	**1**	**2,398**	3,137
Marketable equity securities	**1**	**2**	12
Derivative instruments-assets	**2**	**2**	12
Liabilities:			
Derivative instruments-liabilities	**2**	**(10)**	(3)

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 market funds (as part of our cash and cash equivalents) and marketable equity securities (as part of financial assets) have fair value measurements which are all based on quoted prices in active markets for identical assets or liabilities. For non-marketable equity securities, the fair value is estimated based on recent transactions, net asset value information or in the absence of reliable observable information, at cost. 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 equity method investments and non-financial assets, such as intangible assets and property, plant and equipment, at the recoverable amount when an impairment charge is required. The recoverable amount is the higher of value in use and fair value less costs of disposal.

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

Financial instruments not recorded at fair value on a recurring basis include equity method investments that have not been remeasured or impaired in the current period and debt. As of December 31, 2024, the estimated fair value of current and non-current debt was $9.8 billion ($10.3 billion as of 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.

33. Financial risk management and concentration of risk

We conduct business in diverse markets around the world and employ a variety of risk management strategies and techniques to manage foreign currency exchange rate and interest rate risks. Our risk management program focuses on the unpredictability of financial markets and seeks to minimize the potentially adverse effects that the volatility of these markets may have on our operating results. One way we achieve this is through the active hedging of risks through the selective use of derivative instruments.

Derivatives are recorded on our consolidated balance sheet at fair value which fluctuates based on changing market conditions. The Company does not purchase or hold financial derivative instruments for trading purposes.

The aim of the capital management strategy of NXP is to secure the Company's continued business operations, to enhance its enterprise value and to create solid capital resources for financing its profitable growth. When analyzing NXP's capital structure the Company uses the same debt/equity classifications as applied in the IFRS reporting.
In managing capital we seek to:

- maintain sufficient financial strength to support our business growth as well as satisfy the requirements of our regulators and other stakeholders, giving both our customers and shareholders assurance of our financial stability;
- optimize our overall debt to equity structure to enhance our returns to shareholders, subject to our capital risk appetite and balancing the requirements of the range of stakeholders;
- retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.

Market risk

We are exposed to changes in interest rates and foreign currency exchange rates because we finance certain operations through fixed and variable rate debt instruments and denominate our transactions in a variety of foreign currencies. Changes in these rates may have an impact on future cash flow and earnings. We manage these risks through normal operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. We do not enter into financial instruments for trading or speculative purposes.

By using derivative instruments, we are subject to credit and market risk. The fair market value of the derivative instruments is determined by using valuation models whose inputs are derived using market observable inputs, including interest rate yield curves, as well as foreign exchange and commodity spot and forward rates, and reflects the asset or liability position as of the end of each reporting period. When the fair value of a derivative contract is positive, the counterparty owes us, thus creating a receivable risk for us. We are exposed to counterparty credit risk in the event of non-performance by counterparties to our derivative agreements. We minimize counterparty credit (or repayment) risk by entering into transactions with major financial institutions of investment grade credit rating. Our exposure to market risk is not hedged in a manner that completely eliminates the effects of changing market conditions on earnings or cash flow.

Interest rate risk

Our RCF Agreement has a $2,500 million borrowing capacity with a floating rate interest. As there are currently no borrowings under this facility, a hypothetical increase in interest rates would not have caused any change to our interest expense on our floating rate debt. Additional information regarding our notes is provided in Note 21 *Long-term debt.*

Currency risk

The Company's transactions are denominated in a variety of currencies. The Company uses financial instruments to reduce its exposure to the effects of currency fluctuations. Accordingly, the Company's organizations identify and measure their exposures from transactions denominated in other than their own functional currency. We calculate our net exposure on a cash flow basis considering balance sheet items, actual orders received or made and anticipated revenue and expenses. The Company generally hedges foreign currency exposures in relation to transaction exposures, such as receivables/payables resulting from such transactions and part of anticipated sales and purchases. The Company generally uses forwards to hedge these exposures. As of January 1, 2016, as a result of the acquisition of Freescale, NXP concluded that the functional currency of the Company is USD. Beginning from January 1, 2016, our U.S. dollar-denominated notes and short term loans no longer needed to be re-measured. Prior to January 1, 2016, the U.S. dollar-denominated debt held by our Dutch subsidiary (which had at that time a euro functional currency) could have generated adverse currency results in financial income and expenses depending on the exchange rate movement between the euro and the U.S. dollar. The U.S. dollar exposure of the net investment in U.S. dollar functional currency subsidiaries was hedged by certain of our U.S. dollar denominated debt. The hedging relationship was assumed to be highly effective. Foreign currency gains or losses on this U.S. dollar debt that were recorded in a euro functional currency entity that were designated as, and to the extent they were effective, as a hedge of the net investment in our U.S. dollar foreign entities, were reported as a translation adjustment in other comprehensive income within equity, and offset in whole or in part the foreign currency changes to the net investment that were also reported in other comprehensive income. Absent the application of net investment hedging, these amounts would have been recorded as a loss within financial income (expense) in the statement of operations.

In the below table we have summarized how the quarterly change in the EUR/USD exchange rate during 2024 impacted the foreign exchange result in the statement of operations as well as the currency translation reserve in equity:

Volatility ($ in millions)			**Statement of operations**	**Statement of changes in equity**
	EUR/USD opening-closing rate	change in %	foreign exchange gain/(loss)	currency translation gain/(loss)
Q1 2024	**1.1073 - 1.0789**	**(3)%**	**(1)**	**(38)**
Q2 2024	**1.0789 - 1.0697**	**(1)%**	**(4)**	**(16)**
Q3 2024	**1.0697 - 1.1144**	**4 %**	**(12)**	**59**
Q4 2024	**1.1144 - 1.0404**	**(7)%**	**6**	**(116)**

The gross notional amounts of the Company's foreign currency derivatives by currency for the years ended December 31, 2024 and December 31, 2023 were as follows:

	2024	2023
Euro	**922**	926
Chinese renminbi	**221**	252
Indian rupee	**53**	33
Japanese yen	**40**	17
Malaysian ringgit	**90**	117
Romanian leu	**31**	34
Singapore dollar	**20**	110
Swiss franc	**33**	34
Taiwan dollar	**170**	211
Thai baht	**110**	110
Other	**85**	70

See also Note 7 *Financial income (expense)* as well as Note 32 *Fair value of financial instruments* for the effect that hedge accounting has had on our statement of operations and balance sheet.

Liquidity risk

From time to time, we engage in discussions with third parties regarding potential acquisitions of, or investments in, businesses, technologies and product lines. Any such transaction could require significant use of our cash and cash equivalents, or require us to arrange for new debt and equity financing to fund the transaction. Our ability to make scheduled payments or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions. In the future, we may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay principal, premium, if any, and interest on our indebtedness. Our business may not generate sufficient cash flow from operations, or we may not have enough capacity under the RCF Agreement, EIB Facility Agreements, Commercial Paper Program, or from other sources in an amount sufficient to enable us to repay our indebtedness, including outstanding commercial paper notes, and borrowings under the EIB Facility and RCF Agreements, the unsecured notes or to fund our other liquidity needs, including working capital and capital expenditure requirements. In any such case, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness.

Concentration of risk

Financial instruments, including derivative financial instruments, that may potentially subject NXP to concentrations of credit risk, consist principally of cash and cash equivalents, short-term deposits, short-term investments, long-term investments, accounts receivable and forward contracts.

We sell our products to OEMs and to distributors in various markets, who resell these products to OEMs or to their subcontract manufacturers. One of our distributors accounted for 22% of our revenue in 2024 and 21% in 2023.No other distributor accounted for greater than 10% of our revenue for 2024 or 2023. No individual OEM for which we had direct sales to accounted for more than 10% of our revenue for 2024 or 2023.

Credit exposure related to NXP's foreign currency forward contracts is limited to the realized and unrealized gains on these contracts.

The Company uses outside suppliers or foundries for a portion of its manufacturing capacity.

We have operations in Europe and Asia subject to collective bargaining agreements which could pose a risk to the Company but we do not expect that our operations will be disrupted if such is the case.

The Company's risk factors are summarized in the Report of the Directors under the *Governance* chapter.

34. Subsequent events

The Company performed a review of events subsequent to the balance sheet date through the date the financial statements were authorized for issue by the board of directors and determined that there were no such events requiring recognition or disclosure in the financial statements.

Company Financial Statements

Balance sheet of NXP Semiconductors N.V.

The balance sheet is presented after appropriation of profit.

	$ in millions, unless otherwise stated	December 31,	
		2024	2023
	Assets		
2	Equity -accounted investees	**11,672**	10,767
	Non-current assets	**11,672**	10,767
3	Loan receivable from subsidiary	**1,586**	1,579
	Current assets	**1,586**	1,579
	Total assets	**13,258**	12,346
	Liabilities and shareholders' equity		
	Dividend payable	**258**	261
	Current liabilities	**258**	261
	Current assets less current liabilities	**1,328**	1,318
	Total assets less current liabilities	**13,000**	12,085
	Non-current liabilities	**22**	—
4	**Shareholders' equity:**		
	Share capital		
	Preferred stock, par value €0.20 per share:		
	Authorized: 645,754,500 shares (2023: 645,754,500 shares)		
	Issued: none		
	Common stock, par value €0.20 per share:		
	Authorized: 430,503,000 shares (2023: 430,503,000 shares)		
	Issued and fully paid: 274,519,638 shares (2023: 274,519,638 shares)	**58**	61
	Capital in excess of par value	**16,198**	15,715
	Legal reserves: currency translation differences	**(1,033)**	(922)
	Legal reserves: hedging	**(5)**	1
	Legal reserves: participating interests	**2,167**	2,024
	Retained earnings: treasury shares	**(4,004)**	(3,210)
	Retained earnings: accumulated deficit	**(403)**	(1,584)
		12,978	12,085
	Total equity and liabilities	**13,258**	12,346

Shareholders' equity corresponds with the shareholders' equity of NXP as disclosed in the consolidated balance sheet.

Statement of operations of NXP Semiconductors N.V.

$ in millions, unless otherwise stated	**2024**	2023
Income from equity accounted investees	**2,830**	3,262
Other income (expense)	**13**	21
Net income	**2,843**	3,283

Other income (expense) includes $36 million interest income (2023: $21 million interest income), offset by $22 million income tax expenses related to Pillar 2 taxation (2023: no accrual as this is new legislation since 2024).

The net income corresponds with the net income attributable to shareholders of NXP as disclosed in the consolidated statements of operations.

Notes to the Company financial statements for the year ended December 31, 2024

$ in millions, unless otherwise stated

1. Basis of preparation and summary of material accounting policies

NXP Semiconductors N.V.'s company financial statements in this section have been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code on a going concern basis. In accordance with subsection 8 of section 362, Book 2 of the Netherlands Civil Code, the recognition and measurement principles applied in the Company financial statements are since 2011 the same as those applied in the consolidated financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method. Dutch law allows companies that apply IFRS as endorsed by the European Union in their consolidated financial statements to use the same accounting principles in the parent company financial statements. Company financial statements that are based on this provision qualify as financial statements under Dutch law.

The accounting principles are explained in Note 2 *Material accounting policies and new accounting standards to be adopted after 2024 of th*e consolidated financial statements of this Annual report.

The loan receivable from subsidiary is carried at amortized cost using the effective interest method.

The Company is 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. With the members of the Dutch fiscal unity it was agreed to fully allocate the corporate income tax expenses to NXP Semiconductors Netherlands BV which also pays the corporate income tax liabilities of the Dutch fiscal unity. Hence, NXP Semiconductors N.V. has not recognized a corporate income tax expense regarding the other income (expense) which amounts to $9 million (2023: an income of $5 million). Although the Company has recognized a Pillar 2 tax expense of $22 million due to new legislation applicable since 2024. Next to that, NXP Semiconductors Netherlands BV has a corporate income tax payable of $24 million (2023: corporate income tax receivable of $5 million). For more information on income taxes, see Note 8 *Income taxes* of the consolidated financial statements.

The legal reserve for participating interests pertains to participating interests that are measured using the equity method. The reserve is equal to the share in the results and direct changes in equity (both calculated on the basis of the Company's accounting policies) of the participating interests since the first measurement using the equity method, less the distributions that the Company has been entitled to since the first measurement using the equity method, and less distributions that the Company may effect without restrictions. As to the latter share, this takes into account any profits that may not be distributable by participating interests that are Dutch limited companies based on the distribution tests to be performed by the management of those companies. The legal reserve is determined on an individual basis.

The legal reserve for hedging pertains to cash flow hedge accounting, measured in accordance with IFRS. The legal reserve for currency translation is determined in accordance with the IFRS requirements for currency translation reserve.

Income from equity accounted investees relates to the share of the Company in the results of its participating interests.

Presentation of Company financial statements

The statement of operations has been prepared in accordance with Section 402 Part 9 of Book 2 of the Netherlands Civil Code which allows a simplified statement of operations in the event that a comprehensive statement of operations is included in the consolidated group financial statements. The Company financial statements only contain an abbreviated statement of operations.

2. Equity-accounted investees

Equity-accounted investees (including goodwill) are measured using the equity method in accordance with the IFRS accounting policies used in the consolidated financial statements.

Movements in the book value of the equity-accounted investees are as follows:

	2024	2023
Balance as of January 1,	**10,767**	9,588
Changes in book value:		
Share-based payments	**468**	440
Net income	**2,830**	3,262
Currency translation differences	**(111)**	43
Hedge accounting	**(6)**	2
Treasury shares used by NXP B.V. and its subsidiaries	**(483)**	(536)
Net actuarial gains/(losses)	**9**	(29)
Dividend paid	**(1,800)**	(2,000)
Other	**(2)**	(3)
Balance as of December 31,	**11,672**	10,767

A list of subsidiaries and affiliated companies, prepared in accordance with the relevant legal requirements (Netherlands Civil Code, Book 2, Sections 379 and 414), is deposited at the office of the Commercial Register in Eindhoven, Netherlands.

3. Loan receivable from subsidiary

The loan receivable from NXP B.V. increased during the year from $1,579 million at December 31, 2023 to $1,586 million at December 31, 2024. The increase is primarily explained by the 2024 financing of NXP B.V. with regard to treasury shares used by NXP B.V. and its subsidiaries for a total amount of $483 million and the dividend paid by NXP B.V. of $1,800 million; partially offset by the financing by NXP B.V. of the Company's purchase of treasury shares (including taxes) of $1,291 million and dividends paid of $1,035 million. Furthermore, the loan receivable consists of the settlement of assets and liabilities between NXP Semiconductors N.V. and NXP B.V. related to the ordinary course of business. The applicable interest rate is SFOR plus a margin equal to the credit spread for the NXP B.V.'s Revolving Credit Facility.

4. Shareholders' equity

$ in millions, unless otherwise stated			Legal reserves			Retained earnings		
	Share capital	Capital in excess of par value	Currency translation differences ***	Hedging ***	Participating interests*	Treasury shares	Accumu-lated deficit	Total Share-holders' equity
Balance as of December 31, 2022	59	15,261	(965)	(1)	1,860	(2,799)	(3,057)	10,358
Net income (loss)							3,283	3,283
Allocation to legal reserve							(164)	(164)
Current period change			43	(15)	164			192
Reclassifications to income				17				17
Share-based compensation plans		454						454
Retirement treasury shares								—
Remeasurements defined benefits							(29)	(29)
Treasury shares transactions						(411)	(567)	(978)
Dividends common stock							(1,048)	(1,048)
Revaluation share capital**	2						(2)	—
Change in investments							(3)	—
Balance as of December 31, 2023	**61**	**15,715**	**(922)**	**1**	**2,024**	**(3,210)**	**(1,584)**	**12,085**
Net income (loss)							**2,843**	**2,843**
Allocation to legal reserves							**(143)**	**(143)**
Current period change			**(111)**	**(16)**	**143**			**16**
Reclassifications to income				**10**				**10**
Share-based compensation plans		**483**						**483**
Remeasurements defined benefits							**9**	**9**
Treasury shares transactions						**(794)**	**(497)**	**(1,291)**
Dividends common stock							**(1,034)**	**(1,034)**
Revaluation share capital**	**(3)**						**3**	**—**
Balance as of December 31, 2024	**58**	**16,198**	**(1,033)**	**(5)**	**2,167**	**(4,004)**	**(403)**	**12,978**

* The Participating interests reserve includes the legal reserve related to capitalized development expenses of the Dutch principal.

** Revaluation of share capital has taken place against year-end closing rates ($ per 1 € of 2024:1.0404 2023:1.1073)

*** Currency translation differences include dedesignated hedge relationship of net investment hedge in foreign operation.

The net income for the year 2024 of $2,843 million has been appropriated to the accumulated deficit in accordance with Article 34.5 of the Company's articles of association.

Under our Quarterly Dividend Program, interim dividends of $1.014 per ordinary share were paid on April 10, 2024 ($260 million), dividends of $1.014 per ordinary share were paid on July 10, 2024 ($259 million), dividends of $1.014 per ordinary share were paid on October 9, 2024 ($258 million) and dividends of $1.014 per ordinary share were paid on January 8, 2025 ($258 million).

We also refer to the consolidated statements of changes in equity of the consolidated financial statements.

5. Employees

The number of persons having a contract with the Company at the year-end 2024 was 1 (2023: 1). This relates to Mr. Sievers who had a management services contract in both 2024 and 2023.

Detailed information of the 2024 executive compensation program for the CEO, CFO and three highest paid officers of the Company other than the CEO and CFO will be described in the Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 to be published in view of the next Annual General Meeting.

6. Contingent liabilities

General guarantees as referred to in Section 403, Book 2, of the Dutch Civil Code, have been given by the Company for to the following group companies in the Netherlands:

- NXP B.V.
- NXP Semiconductors Netherlands B.V.

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 Funding 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.

7. Audit fees

$ in millions	EY Accountants B.V.		Other EY network		Total	
	2024	2023	**2024**	2023	**2024**	2023
Audit of the financial statements	**4.9**	5.4	**0.6**	0.9	**5.5**	6.3
Total	**4.9**	5.4	**0.6**	0.9	**5.5**	6.3

Audit fees consist of fees for the examination of both the consolidated and statutory financial statements. Other audit engagements also include fees that only our independent auditor can reasonably provide such as comfort letters and review of documents filed with the SEC. The above mentioned fees exclude out of pocket expenses of $0.4 million (2023: $0.4 million).

The fees mentioned in the table for the audit of the financial statements relate to the total fees for the audit of the financial statements 2024 (2023), irrespective of whether the activities have been performed during the financial year 2024 (2023).

8. Related parties

Reference is made to Note 29 *Related-party transactions* of the consolidated financial statements. The Company maintains a General Service Agreement contract with NXP B.V. that stipulates that certain third party consultancy costs and other services, which are due by the Company (including salary costs of the Executive Officers), are paid by NXP B.V.

9. Subsequent events

For the subsequent events, we refer to Note 34 *Subsequent events* of the consolidated financial statements.

March 6, 2025

Board of directors

Other Information

Independent auditor’s report

To: The shareholders and the board of directors of NXP Semiconductors N.V.

Report on the audit of the financial statements 2024 included in the annual report

Our opinion

We have audited the accompanying financial statements 2024 of NXP Semiconductors N.V. based in Eindhoven, the Netherlands. The financial statements comprise the group financial statements and the company financial statements.

In our opinion:

- The group financial statements give a true and fair view of the financial position of NXP Semiconductors N.V. as at December 31, 2024, and of its result and its cash flows for 2024 in accordance with International Financial Reporting Standards as adopted in the European Union (EU-IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code
- The company financial statements give a true and fair view of the financial position of NXP Semiconductors N.V. as at December 31, 2024, and of its result for 2024 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The group financial statements comprise:

- The consolidated balance sheet as at December 31, 2024
- The following statements for the year ended December 31, 2024: the consolidated statements of operations, comprehensive income, changes in equity and cash flows
- The notes comprising material accounting policy information and other explanatory information

The company financial statements comprise:

- The balance sheet as at December 31, 2024
- The statement of operations for 2024
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of NXP Semiconductors N.V. in accordance with the “Wet toezicht accountantsorganisaties” (Wta, Audit firms supervision act), the “Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten” (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the “Verordening gedrags- en beroepsregels accountants” (VGBA, Dutch Code of Ethics for professional accountants).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business
NXP Semiconductors N.V. (“the company”, and, together with its consolidated subsidiaries, “the group”) is a global semiconductor manufacturer operating in a broad range of markets. The group is structured in operating reporting units (components) and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	USD 150 million (2023: USD 120 million)
Benchmark applied	4% of income before income taxes for 2024 (2023: 2.75% of EBITDA)
Explanation	We selected income before income taxes to benchmark materiality as in our professional judgement, users of the financial statements of listed, mature and profit-orientated companies primarily focus on earnings-based measures. We initially planned our audit with a materiality based on 5% of the anticipated income before income taxes for 2024 and did not revise the materiality amount (USD 150 million) as our audit progressed. In prior years we used EBITDA as a benchmark to adjust for volatility as a result of specific cost charges.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the audit committee of the board of directors that misstatements in excess of USD 7.5 million, which are identified during the audit, would be reported to the board of directors, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit
NXP Semiconductors N.V. is at the head of a group of entities. The financial information of this group is included in the financial statements.

We are responsible for planning and performing the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision, review and evaluation of the audit work performed for purposes of the group audit. We bear the full responsibility for the auditor’s report.

Based on our understanding of the group and its environment, the applicable financial framework and the group’s system of internal control, we identified and assessed risks of material misstatement of the financial statements and the significant accounts and disclosures. Based on this risk assessment, we determined the nature, timing and extent of audit work performed, including the entities or business units within the group (components) at which to perform audit work. For this determination we considered the nature of the relevant events and conditions underlying the identified risks of material misstatements for the financial statements, the association of these risks to components and the materiality or financial size of the components relative to the group.

We communicated the audit work to be performed and identified risks through instructions for component auditors as well as requesting component auditors to communicate matters related to the financial information of the component that is relevant to identifying and assessing risks.

We performed audit work ourselves on accounting areas managed centrally, such as the key audit matters related to revenue recognition and income taxes, and we performed the majority of the audit work on the US and Dutch components and other centralized accounts. We used the audit work of component auditors from EY Global member firms working under our supervision for components in China, Malaysia, Singapore and Taiwan; and we performed specific audit procedures at other components ourselves.

This resulted in a coverage of 100% of revenue, 94% of income before income taxes and 99% of total assets. For other components, we performed analytical procedures to corroborate that our risk assessment and scoping remained appropriate throughout the audit.

We performed site visits to meet with local management and component teams, observe the component operations, discuss the group risk assessment and the risks of material misstatements for the components in the United States, the Netherlands, China, Malaysia, Singapore and Taiwan. We reviewed and evaluated the adequacy of the deliverables from component auditors and reviewed key working papers for selected components to address the risks of material misstatement. We held planning meetings, key meetings required based on circumstances and we attended closing meetings with local management and component teams. During these meetings and calls, amongst others, the planning, procedures performed based on risk assessments, findings and observations were discussed and any further work deemed necessary by the primary or component team was then performed.

By performing the audit work mentioned above at the entities or business units within the group, together with additional work at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the financial statements.

Teaming and use of specialists
We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the semiconductor industry. We included specialists in the areas of IT audit, forensics, share based payments, income tax, and transfer pricing and have made use of our own actuaries.

Our focus on climate-related risks and the energy transition
Climate change and the energy transition are high on the public agenda. Issues such as CO_2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO_2 footprint.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition are taken into account in estimates and significant assumptions. Furthermore, we read the Report of the Directors and considered whether there is any material inconsistency between the non-financial information and the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting judgements, estimates or significant assumptions as at December 31, 2024.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility
Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks
We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the board of directors' process for responding to the risks of fraud and monitoring the system of internal control and how the audit committee of the board of directors exercises oversight, as well as the outcomes.

We refer to Section 'Risk Management' of the Report of Directors for the board of directors' risk assessment after consideration of potential fraud risks.

Other Information

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all organizations. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 2 to the consolidated financial statements under ‘Use of estimates and judgments’. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

The following fraud risks identified required significant attention during our audit.

Presumed risks of fraud in revenue recognition	
Fraud risk	We presumed that there are risks of fraud in revenue recognition. We evaluated that manual journal entries affecting revenues or management’s estimate of the variable consideration under the distributor incentive program in particular give rise to such risks.
Our audit approach	We describe the audit procedures responsive to the presumed risk of fraud in revenue recognition in the description of our audit approach for the key audit matter ‘Revenue recognition’.

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance, human resources and regional directors and the audit committee of the board of directors.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations
The group operates globally and, as a result, is subject to environmental, data privacy, export and sanctions, labor and health and safety laws and regulations in jurisdictions around the world.

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers’ letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern
As stated in section ‘Going Concern’ of the Report of the Directors and disclosed in section ‘Basis of preparation and summary of material accounting policies’ in Note 1 to the company financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the board of directors made a specific assessment of the company’s ability to continue as a going concern and to continue its operations for the next twelve months.

We discussed and evaluated the specific assessment with the board of directors exercising professional judgment and maintaining professional skepticism.

We considered whether the board of directors' going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to audit committee of the board of directors. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, the nature of our key audit matters did not change.

Revenue recognition	
Risk	As discussed in Note 5 to the consolidated financial statements, net revenues for the year ended December 31, 2024, amounted to USD 12,614 million. Management focuses on revenue as a key performance measure. This could create an incentive for improper revenue recognition due to the pressure management may feel to achieve desired targets. We consider the fraud risk related to revenue recognition a key audit matter specifically relating to the risk of management override, which could occur via manual journal entries affecting revenues or via management's estimate of the variable consideration under the distributor incentive programs. As described in Note 2 to the consolidated financial statements under 'Revenue recognition', revenue is recorded for customers based on the amount reflecting the consideration to which the Company expects to be entitled, which considers whether the transaction price is subject to a refund or adjustment. This variable consideration is estimated and reflects the impact of distributor incentive programs. The company's policy is to estimate such variable consideration using the most likely amount method, which takes into account the contractual terms, historical experience of rebate rates, and pricing for distributors who participate in a distributor incentive program. Auditing management's estimate of variable consideration under the distributor incentive programs is complex, due to the uncertainty inherent to the estimate, the application of management judgment, and the significant assumptions as noted above utilized in estimating the variable consideration.

Our audit approach	As part of our audit procedures, we evaluated the appropriateness of the Group's revenue recognition accounting policies in accordance with IFRS 15 'Revenue from Contracts with Customers'. We obtained an understanding, evaluated the control design and tested the operating effectiveness of the company's controls relating to revenues. This included the testing of controls related to manual journal entries and the distributor incentive accrual. For example, we tested controls over management's review of the assumptions used, results of calculations and assessment of the underlying data. We also performed procedures to evaluate the design and operating effectiveness of IT processes, including testing of application controls and the data and reports used in the execution of key controls. We used data-analytics to audit key risk areas and identify exceptional or unusual revenue activity and patterns, with specific focus on manual journal entries impacting revenue. To test management's estimate of the variable consideration of the distributor incentive programs, our audit procedures included, among others, evaluating the estimation methodology used, the significant assumptions described above, and the underlying data used by the company. We evaluated the estimation methodology used by management against the requirements of IFRS 15. To evaluate the significant assumptions used by management, we compared them to the historical results and practices of the company. Our audit procedures to test the completeness and accuracy of data inputs used by the company included vouching distributor inventory on hand, rebate rates used and amounts of unclaimed distributor resales to contractual agreements, external confirmations and historical price and claim data, as appropriate. We recalculated the estimate using management's model. We also assessed the accuracy of management's estimates by testing a sample of actual claimed allowances subsequent to year-end, against the period-end estimate. In addition, we evaluated the adequacy of the company's revenue related disclosures.
Key observations	We consider the Company's accounting policies related to revenues appropriate. Furthermore, we did not identify any material misstatement in the revenues reported within the financial statements.

Income taxes	
Risk	Income tax positions are significant to our audit because the assessment process is complex, includes a certain level of estimation uncertainty and the amounts involved are material to the financial statements as a whole. The Company's operations are subject to income taxes in various jurisdictions which results in complexities of transfer pricing and the applicability of various tax legislations. As disclosed in Note 2 to the consolidated financial statements under 'Income taxes', the company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. As included in Note 8 to the consolidated financial statements per December 31, 2024 the net deferred tax asset amounts to USD 248 million. The liability for uncertain tax positions excluding interest and penalties amount to USD 203 million per December 31, 2024.

Our audit approach	As part of our audit procedures, we evaluated the appropriateness of the group’s accounting policies in accordance with IAS 12 ‘Income Taxes’ and IFRIC 13 ‘Uncertainty of Income tax treatments’. We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company’s process to account for income taxes. We have, amongst others, performed audit procedures on the completeness and accuracy of the amounts recognized as current and deferred tax, including testing the accuracy of the calculations, the assessment of correspondence with tax authorities, corroboration of assumptions and judgments about future events, with supporting evidence and the evaluation of tax exposures. In those components determined to be part of jurisdictions with a higher tax risk, we involved our tax professionals with specialized skills and knowledge to analyze the tax positions and to challenge the assumptions used to determine the tax positions, including any uncertain tax positions. We also evaluated the Company’s income tax disclosures in the consolidated financial statements.
Key observations	We consider the Company’s accounting policies related to income taxes appropriate. Furthermore, we did not identify any material misstatement in the income taxes reported within the financial statements.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor’s report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the general meeting of shareholders as auditor of NXP Semiconductors N.V. on 27 May 2020, as of the audit for the year 2020 and have operated as statutory auditor ever since that date.

Description of responsibilities regarding the financial statements

Responsibilities of the board of directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRSs and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company’s ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The audit committee of the board of directors is the board of director's principal agent in fulfilling its oversights responsibilities for the integrity of the company's financial statements and its accounting and financial reporting processes.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material misstatements, whether due to fraud or error during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the audit committee of the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the audit committee of the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee of the board of directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Eindhoven, March 6, 2025

EY Accountants B.V.
P.J.A. Gabriëls

Statutory rules concerning appropriation of profit

Distributions.

Article 34.

34.1. The Board will keep a separate share premium account for each class of shares to which only the holders of the class of shares in question are entitled.
The amount or the value of the share premium paid on a specific class of shares issued by the Company will be booked separately on the share premium account in question.

34.2. The Company may make distributions on shares only to the extent that its shareholders' equity exceeds the sum of the paid-up and called-up part of the capital and the reserves which must be maintained by law.

34.3. Distributions of profit, meaning the net earnings after taxes shown by the adopted annual accounts, shall be made after the determining of the annual accounts from which it appears that they are justified, entirely without prejudice to any of the other provisions of the Articles of Association.

34.4. a. A dividend shall be paid out of the profit, if available for distribution, first of all on the preferred shares series PA in accordance with this paragraph. Subsequently, a dividend shall be paid out of the profit, if possible, on the preferred shares series PB in accordance with this paragraph.

b. The dividend paid on the preferred shares shall be based on the percentage, mentioned immediately below, of the amount called up and paid-up on those shares. The percentage referred to in the previous sentence shall be equal to the average of the EURIBOR interest charged for cash loans with a term of twelve months as set by the European Central Bank - weighted by the number of days to which this interest was applicable - during the financial year for which this distribution is made, increased by a maximum margin of three hundred (300) basis points to be fixed upon issue by the Board; EURIBOR shall mean the euro Interbank Offered Rate, which margin may vary per with each individual series.

c. If in the financial year over which the aforesaid dividend is paid the amount called up and paid-up on the preferred shares has been reduced or, pursuant to a resolution to make a further call on said shares, has been increased, the dividend shall be reduced or, if possible, increased by an amount equal to the aforesaid percentage of the amount of such reduction or increase, as the case may be, calculated from the date of the reduction or, as the case may be, from the date when the further call on the shares was made.

d. If and to the extent that the profit is not sufficient to pay in full the dividend referred to under a of this paragraph, the deficit shall be paid to the debit of the reserves, provided that doing so shall not be in violation of paragraph 2 of this article.
If and to the extent that the dividend referred to under a of this paragraph cannot be paid to the debit of the reserves either, the profits earned in subsequent years shall be applied first towards making to the holders of preferred shares such payment as will fully clear the deficit, before the provisions of the following paragraphs of this article can be applied. No further dividends on the preferred shares shall be paid than as stipulated in this article, in article 35 and in article 37. Interim dividends paid over any financial year in accordance with article 35 shall be deducted from the dividend paid by virtue of this paragraph 4.

e. If the profit earned in any financial year has been determined and in that financial year one (1) or more preferred shares have been cancelled against repayment, the persons who were the holders of those shares shall have an inalienable right to payment of dividend as described below. The amount of profit, if available for distribution, to be distributed to the aforesaid persons shall be equal to the amount of the dividend to which by virtue of the provision under a of this paragraph they would be entitled if on the date of determination of the profit they had still been the holders of the aforesaid preferred shares, calculated on the basis of the period during which in the financial year concerned said persons were holders of said shares, this dividend to be reduced by the amount of any interim dividend paid in accordance with article 35.

f. If in the course of any financial year preferred shares have been issued, with respect to that financial year the dividend to be paid on the shares concerned shall be reduced pro rata to the day of issue of said shares.

g. If the dividend percentage has been adjusted in the course of a financial year, then for the purposes of calculating the dividend over that financial year the applicable rate until the date of adjustment shall be the percentage in force prior to that adjustment and the applicable rate after the date of adjustment shall be the altered percentage.

34.5. Any amount remaining out of the profit, after application of paragraph 4, shall be carried to reserve as the Board may deem necessary.

34.6. The profit remaining after application of paragraphs 4 and 5 shall be at the disposal of the General Meeting, which may resolve to carry it to reserve or to distribute it among the holders of common shares.

34.7. On a proposal of the Board, the General Meeting may resolve to distribute to the holders of common shares a dividend in the form of common shares in the capital of the Company.

34.8. Subject to the other provisions of this article the General Meeting may, on a proposal made by the Board, resolve to make distributions to the holders of common shares to the debit of one (1) or several reserves which the Company is not prohibited from distributing by virtue of the law.

34.9. No dividends shall be paid to the Company on shares held by the Company or where the Company holds the depositary receipts issued for such shares, unless such shares or depositary receipts are encumbered with a right of usufruct or pledge.

34.10. Any change to an addition as referred to in paragraph 4 under b and g in relation to an addition previously determined by the Board shall require the approval of the meeting of holders of preferred shares of the series concerned. If the approval is withheld the previously determined addition shall remain in force.

Special statutory voting rights

There are no special statutory voting rights.

Investor Information

Corporate seat and head office

We were incorporated in the Netherlands in 2006 and are a Dutch public company with limited liability (naamloze vennootschap). Our corporate seat is in Eindhoven, The Netherlands, and the statutory list of all subsidiaries and affiliated companies, prepared in accordance with the relevant legal requirements (Netherlands Civil Code, Part 9 of Book 2, Sections 379 and 414), forms part of the notes to the consolidated financial statements and is deposited at the office of the Commercial Register in Eindhoven, Netherlands (file no. 34253298).

Our registered office is:
NXP Semiconductors N.V.
High Tech Campus 60,
5656 AG Eindhoven
The Netherlands
Switchboard telephone: +31 40 2729999