

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

FORM 10-K

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

For the Fiscal Year Ended March 25, 2023

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

For the Transition Period from _____ to _____

Commission File Number 0-17795

CIRRUS LOGIC, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

800 W. 6th Street

(Address of principal executive offices)

Austin,

Texas

77-0024818

(I.R.S. Employer Identification No.)

78701

(Zip Code)

Registrant's telephone number, including area code:

(512) 851-4000

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, \$0.001 par value	CRUS	The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant’s voting and non-voting common equity held by non-affiliates was \$2,621,830,483 based upon the closing price reported on the NASDAQ Global Select Market as of September 24, 2022. Stock held by directors, officers and stockholders owning 5 percent or more of the outstanding common stock were excluded as they may be deemed affiliates. This determination of affiliate status is not a conclusive determination for any other purpose.

As of May 17, 2023, the number of outstanding shares of the registrant’s common stock, \$0.001 par value, was 54,814,364.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information contained in the registrant’s proxy statement for its annual meeting of stockholders to be held July 28, 2023 is incorporated by reference in Part II – Item 5 and Part III of this Annual Report on Form 10-K.

CIRRUS LOGIC, INC.
FORM 10-K
For The Fiscal Year Ended March 25, 2023
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PART I

Forward—Looking Statements

This Annual Report on Form 10-K and certain information incorporated herein by reference contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements included or incorporated by reference in this Annual Report on Form 10-K, other than statements that are purely historical, are forward-looking statements. In some cases, forward-looking statements are identified by words such as "expect," "anticipate," "target," "project," "believe," "goals," "estimates," "will," "would," "could," "can," "may," "plan," and "intend", and other similar types of words and expressions. Variations of these types of words and similar expressions are intended to identify these forward-looking statements. Any statements that refer to our plans, beliefs, expectations, strategies or other characterizations of future events or circumstances are forward-looking statements. Readers are cautioned that these forward-looking statements are predictions based on management's expectations as of the date of this filing and are subject to risks, uncertainties, and assumptions that are difficult to predict. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. Factors that could cause actual results to differ materially from those indicated or implied by our forward-looking statements include, but are not limited to, those discussed in *Item 1A. Risk Factors* and elsewhere in this report, as well as in the documents we file with the SEC, including our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K, and we undertake no obligation, and expressly disclaim any duty, to revise or update this information, whether as a result of new information, events or circumstances after the filing of this report with the SEC, except as required by law. We urge readers to carefully review and consider the various disclosures made in this Annual Report on Form 10-K and in other documents we file from time to time with the SEC that disclose risks and uncertainties that may affect our business. All forward-looking statements, expressed or implied, included in this Annual Report on Form 10-K and attributable to Cirrus Logic, Inc. are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we may make or persons acting on our behalf may issue.

ITEM 1. *Business*

Cirrus Logic, Inc. ("Cirrus Logic," "We," "Us," "Our," or the "Company") is a leader in low-power, high-precision mixed-signal processing solutions that create innovative user experiences for the world's top mobile and consumer applications.

We were incorporated in California in 1984, became a public company in 1989 and were reincorporated in the State of Delaware in February 1999. Our primary facility, which houses engineering, sales and marketing, and administrative functions, is located in Austin, Texas. We also have offices in various other locations in the United States, United Kingdom, the People's Republic of China, South Korea, Japan, Singapore, and Taiwan. Our common stock, which has been publicly traded since 1989, is listed on the NASDAQ's Global Select Market under the symbol CRUS.

We maintain a website with the address www.cirrus.com. We are not including the information contained on our website as a part of, or incorporating it by reference into, this Annual Report on Form 10-K. We make available free of charge through our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, and amendments to these reports, as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission (the "SEC"). We also routinely post other important information on our website, including information specifically addressed to investors. We intend for the investor relations section of our website to be a recognized channel of distribution for disseminating information to the securities marketplace for purposes of complying with our disclosure obligations under SEC Regulation Fair Disclosure. To receive a free copy of this Annual Report on Form 10-K, please forward your written request to Cirrus Logic, Inc., Attn: Investor Relations, 800 W. 6th Street, Austin, Texas 78701, or via email at Investor@cirrus.com. In addition, the SEC maintains a website at www.sec.gov that contains reports, proxy and information statements filed electronically with the SEC by Cirrus Logic.

Company Strategy

Cirrus Logic targets growing markets where we can leverage our expertise in low-power, high-precision mixed-signal processing to solve complex problems that span the analog to digital divide. The Company is committed to our three-pronged strategy for growing our business: first, maintaining our leadership position in smartphone audio; second, increasing high-performance mixed-signal ("HPMS") content in smartphones; and third, leveraging our strength in audio and HPMS to expand into additional applications and markets with new and existing components. Our approach has been to develop custom and general market components that embody our latest innovations, which we use to engage key players in a particular market or application.

Cirrus Logic focuses on building strong engineering relationships with our customers' product teams and works to develop highly differentiated components that address their technical and price requirements across product tiers. Many of our products include programmable aspects and are comprised of our best-in-class hardware which incorporates software algorithms from some combination of our own intellectual property ("IP"), our third-party partners' and customers' IP. When we have been successful with this approach, an initial design win can often lead to an opportunity to further increase our content with a customer over time through the incorporation of new features, the integration of other system components into our products, and the addition of new products.

Markets and Products

The Company's product line categories are audio and HPMS. While we continue to see new opportunities for growth with audio products in both smartphones and applications beyond smartphones, we believe the largest opportunity to drive product diversification and fuel exciting avenues of growth in the coming years is with our HPMS product line. See Note 10 - Revenues for disclosure of revenue by product line categories.

The following provides a detailed discussion regarding our audio and HPMS product lines.

Audio Products: Boosted amplifiers, codecs, smart codecs, analog-to-digital converters, digital-to-analog converters and standalone digital signal processors.

HPMS Products: Camera controllers, haptics and sensing solutions, battery and power ICs.

AUDIO PRODUCTS

Cirrus Logic is a leading supplier of low-power, low-latency, high-precision audio components that are used in a variety of applications including smartphones, tablets, laptops, AR/VR headsets, home theater systems, automotive entertainment systems and professional audio systems. We have an extensive portfolio of products: "codecs," which are components that integrate analog-to-digital converters ("ADCs") and digital-to-analog converters ("DACs") into a single integrated circuit ("IC"); "smart codecs," which are codecs with integrated digital signal processing; boosted amplifiers; and standalone digital signal processors ("DSPs"). Additionally, the Company's SoundClear® technology consists of a broad portfolio of tools, software and algorithms that help to differentiate our customers' products by improving the user experience with features such as louder, high-fidelity sound, high-quality audio playback, voice capture, and hearing augmentation.

HPMS PRODUCTS

Drawing on our extensive mixed-signal design and low-power processing expertise, Cirrus Logic has expanded beyond our traditional audio domain into new categories where we provide a range of HPMS products, including camera controllers, haptic and sensing solutions, and battery and power ICs. These products are primarily used in smartphones to help deliver a more immersive and compelling user experience while also improving battery health and performance. This product line also includes legacy industrial and energy applications such as digital utility meters, power supplies, energy control, energy measurement and energy exploration.

Customers, Marketing, and Sales

We offer products worldwide through both direct and indirect sales channels. Our major customers are among the world's leading electronics manufacturers. We target both large existing and emerging customers that obtain value from our expertise in advanced analog and mixed-signal design processing, systems-level integrated circuit engineering and embedded software development. We derive our revenues from both domestic and international sales. Our domestic sales force includes direct sales offices located primarily in California and Texas. International sales offices and staff are located in Japan, People's Republic of China, Singapore, South Korea, Taiwan, and the United Kingdom. We supplement our direct sales force with external sales representatives and distributors. We have technical support centers in China, South Korea, Taiwan and the United States. Our worldwide sales force provides geographically specific support to our customers and specialized selling of product lines with unique customer bases. See Note 20—Segment Information, of the Notes to Consolidated Financial Statements contained in Item 8 for further detail and for additional disclosure regarding sales and property, plant and equipment, net, by geographic locations.

Since the components we produce are largely proprietary and generally not available from secondary sources, we generally consider our end customer to be the entity specifying the use of our component in their design. These end customers may then purchase our products directly from us, through distributors or third-party manufacturers contracted to produce their designs. For fiscal year 2023 and each of fiscal years 2022 and 2021, our ten largest end customers, represented approximately 92 percent and 93 percent of our sales, respectively. For fiscal years 2023, 2022, and 2021, we had one end customer, Apple, Inc., who purchased through multiple contract manufacturers and represented approximately 83 percent, 79 percent, and 83

percent, of the Company's total sales, respectively. No other customer or distributor represented more than 10 percent of net sales in fiscal years 2023, 2022, or 2021.

Manufacturing

As a fabless semiconductor company, we contract with third parties for wafer fabrication and product assembly and test. We use a variety of foundries in the production of wafers, primarily supplied by GLOBALFOUNDRIES Inc., ("GlobalFoundries") and Taiwan Semiconductor Manufacturing Company, Limited ("TSMC"). In fiscal year 2022, the Company entered a Capacity Reservation and Wafer Supply Commitment Agreement with GlobalFoundries to reserve capacity and set wafer pricing for products purchased pursuant to the agreement through calendar year 2026. See Note 15 - Commitments and Contingencies of the Notes to the Consolidated Financial Statements for additional details. The Company's primary assembly and test houses include Advanced Semiconductor Engineering, Inc., Amkor Technology, Inc., STATS ChipPAC Pte. Ltd., SFA Semicon Co., Ltd., and Siliconware Precision Industries Co., Ltd. Our outsourced manufacturing strategy allows us to concentrate on our design strengths and minimize fixed costs and capital expenditures while giving us access to advanced manufacturing facilities. It also provides the flexibility to source multiple leading-edge technologies through strategic relationships. After wafer fabrication by the foundry, third-party assembly vendors package the wafer die. The finished products are then tested before shipment to our customers. While we believe we are able to mitigate certain risks in the fabrication processes by using multiple outside foundries, an interruption of supply by one or more of these foundries could materially impact the Company. We maintain business interruption insurance to help reduce the risk of wafer supply interruption; however, the impact of an interruption could exceed our insurance. Our supply chain management organization is responsible for the management of all aspects of the fabrication, assembly, and testing of our products, including process and package development, test program development, and production testing of products in accordance with our ISO-certified quality management system.

Although our products are made from basic materials (principally silicon, metals and plastics), all of which are available from a number of suppliers, capacity at wafer foundries sometimes becomes constrained. The limited availability of certain materials may impact our suppliers' ability to meet our demand needs or impact the price we are charged. The prices of certain other basic materials, such as metals, gases and chemicals used in the production of circuits can increase as demand grows for these basic commodities. In most cases, we do not procure these materials ourselves; nevertheless, we are reliant on such materials for manufacturing our products because our outside foundry and package and test subcontractors must procure them. To help mitigate risks associated with constrained capacity, we use multiple foundries and assembly and test sources.

Patents, Licenses and Trademarks

We rely on patent, copyright, trademark, and trade secret laws to protect our intellectual property, products, and technology. As of March 25, 2023, we held approximately 4,300 pending and issued patents worldwide, which include approximately 1,430 granted U.S. patents, 430 U.S. pending patent applications and various international patents and applications. Our U.S. patents expire in calendar years 2023 through 2042. While our patents are an important element of our success, our business as a whole is not dependent on any one patent or group of patents. We do not anticipate any material effect on our business due to any patents expiring in 2023, and we continue to obtain new patents through our ongoing research and development.

We have maintained U.S. federal trademark registrations for CIRRUS LOGIC, CIRRUS, Cirrus Logic logo designs, and SoundClear, among others. These U.S. registrations may be renewed as long as the marks continue to be used in interstate commerce. We have also filed or obtained foreign registration for these marks in other countries or jurisdictions where we conduct, or anticipate conducting, international business. To complement our own research and development efforts, we have also licensed and expect to continue to license, a variety of intellectual property and technologies important to our business from third parties.

Segments

We determine our operating segments in accordance with Financial Accounting Standards Board ("FASB") guidelines. Our Chief Executive Officer ("CEO") has been identified as the chief operating decision maker as defined by these guidelines.

The Company operates and tracks its results in one reportable segment, but reports revenue performance in two product lines: Audio and HPMS. Our CEO receives and uses enterprise-wide financial information to assess financial performance and allocate resources, rather than detailed information at a product line level. Additionally, our product lines have similar characteristics and customers. They share operations support functions such as sales, public relations, supply chain management, various research and development and engineering support, in addition to the general and administrative functions of human resources, legal, finance and information technology. Therefore, there is no discrete financial information maintained for these product lines.

See Note 10 - Revenues of the Notes to Consolidated Financial Statements contained in Item 8 for further details including sales by product line. See Note 20 — Segment Information, for details on sales and property, plant and equipment, net, by geographic locations.

Research and Development

We concentrate our research and development efforts on the design and development of new products for each of our principal markets. We also fund certain advanced-process technology development, as well as other emerging product opportunities. Our future success is highly dependent upon our ability to develop complex new products, transfer new products to volume production, introduce them into the marketplace in a timely fashion, and have them selected for design into products of systems manufacturers. Our future success may also depend on assisting our customers with integration of our components into their new products, including providing support from the concept stage through design, launch and production ramp.

Competition

Markets for our products are highly competitive, and we expect that competition will continue to increase. Our ability to compete effectively and to expand our business will depend on our ability to continue to recruit key engineering talent, execute on new product developments, partner with customers to create compelling products for their applications and provide cost efficient versions of existing products. We compete with other semiconductor suppliers that offer standard semiconductors, application-specific standard products and fully customized ICs, including embedded software, chip and board-level products.

While no single company competes with us across all our product lines, we face significant competition in all markets where our products are available. Cirrus Logic is a leading supplier of audio and high-performance mixed-signal processing solutions including boosted amplifiers, codecs, smart codecs, camera controllers, haptic and sensing solutions, and battery and power ICs. We expect to face additional competition from new entrants in our markets, which may include both large domestic and international IC manufacturers, as well as smaller, emerging companies. Our primary competitors include, but are not limited to, AKM Semiconductor Inc., Analog Devices Inc., Goodix Technology, Infineon Technologies, Monolithic Power Systems, Inc., Realtek Semiconductor Corporation, Renesas Electronics Corporation, Shanghai Awinic Technology Co., Ltd., Skyworks Solutions Inc., Southchip Semiconductor Technology (China), ST Microelectronics N.V., Synaptics Incorporated and Texas Instruments, Inc.

The principal competitive factors in our markets include: time to market; quality of hardware/software design and end-market systems expertise; price; product performance, features, quality and compatibility with standards; access to advanced process and packaging technologies at competitive prices; and sales and technical support, which includes assisting our customers with integration of our components into their new products and providing support from the concept stage through design, launch and production ramp.

Product life cycles may vary greatly by product category. For example, many consumer products have shorter design-in cycles; therefore, our competitors have increasingly frequent opportunities to achieve design wins in next-generation systems. Conversely, this also provides us frequent opportunities to displace competitors in products that have previously not utilized our design.

Backlog

Sales are made primarily pursuant to short-term purchase orders for delivery of products. The quantity actually ordered by the customer, as well as the shipment schedules, are frequently revised, without significant penalty, to reflect changes in the customer's needs. The majority of our backlog is typically requested for delivery within six months. In markets where the end system life cycles are relatively short, customers typically request delivery in six to twelve weeks. We believe a backlog analysis at any given time gives little indication of our future business except on a short-term basis, principally within the next 60 days.

We utilize backlog as an indicator to assist us in production planning. However, backlog is influenced by several factors including market demand, pricing, and customer order patterns in reaction to product lead times. Quantities actually purchased by customers, as well as prices, are subject to variations between booking and delivery because of changes in customer needs or industry conditions. As a result, we believe that our backlog at any given time is an incomplete indicator of future sales.

Governmental Regulations

Our business and operations around the world are subject to government regulation at the national, state or local level addressing, among other matters, applicable environmental laws, health and safety laws and regulations, and laws relating to export controls and economic sanctions.

We believe that our properties and operations comply in all material respects with applicable laws protecting the environment and worker health and safety. As a fabless semiconductor company, we do not manufacture our own products but do maintain research and laboratory space at certain of our facilities to facilitate the development, evaluation, and testing of our

products. These laboratories may maintain small quantities of hazardous materials. While we believe we are in material compliance with applicable law concerning the safeguarding of these materials and with respect to other matters relating to health, safety and the environment, the risk of liability relating to hazardous conditions or materials cannot be eliminated completely. To date, we have not incurred significant expenditures relating to environmental compliance at our facilities.

In addition to environmental and worker health and safety laws, our business is subject to various rules and regulations and executive orders relating to export controls and trade sanctions. Certain of our products are subject to the Export Administration Regulations ("EAR"), which are administered by the United States Department of Commerce's Bureau of Industry and Security ("BIS"), and we may from time to time be required to obtain an export license before we can export certain products or technology to specified countries or customers. In addition, the EAR imposes broad controls on entities listed on sanctioned persons lists, including the BIS Entity List. If one of our customers is listed on the BIS Entity List or another U.S. government sanctioned persons' list, we may be precluded from doing business with that customer. For example, certain of our Chinese customers, or their affiliated entities, have been added to the BIS Entity List in the last couple of years, which limits our ability to support these customers. We cannot guarantee that export control restrictions or sanctions imposed in the future will not prevent, or materially limit, our ability to conduct business with certain customers or in certain countries. Any failure to comply with these laws could result in governmental enforcement actions, including substantial monetary penalties and denial of export privileges.

For further discussion relating to the potential effects that compliance with government regulation may have upon our business, refer to "Item 1A. Risk Factors."

Human Capital

Our long-term success depends, in part, on attracting and retaining highly qualified technical, marketing, engineering and administrative talent. At Cirrus Logic, our goal is to maintain an employee-centric culture that encourages innovation, teamwork, and individual growth. The Company strives to cultivate an inclusive workplace where all employees feel they belong, diverse backgrounds and perspectives are valued, and everyone has an opportunity to reach their full potential. Additionally, we value our employees' feedback and regularly seek their input. This enables us to collect information that helps to identify and address challenges and continuously improve.

We believe that we offer competitive compensation, learning and development programs, and health and wellness benefits, designed to improve the quality of our employees' lives. Cirrus Logic prides itself on providing continuous learning and development opportunities, such as, technical training and professional development programs to support our employees' growth. Our comprehensive benefits, such as health insurance coverage and emotional well-being support are tailored for each country. Our benefits focus on family care, including fertility coverage, paid parental leave, discounts for childcare, backup care, benefits for surrogacy and adoption assistance programs, and programs for new parents. The Company also provides fitness facilities and classes at several locations, as well as other employee benefits including health screenings, COVID-19 testing and vaccinations, flu shots, free confidential mental health support, and ergonomic assessments. Cirrus Logic provides retirement planning programs with matching contributions, such as a 401(k) plan in the United States and defined contribution pension plans for our employees in other countries.

We believe that these benefits, combined with our employee-centric culture, contribute to low voluntary employee turnover. In fiscal year 2023, our voluntary turnover rate was 8 percent, below the technology industry benchmarks (2022 Aon/Radford Salary Increase and Turnover Study).

As of March 25, 2023, we had 1,702 full-time employees, of whom 71 percent were engaged in research and product development activities, 24 percent in sales, marketing, general and administrative activities, and 5 percent in manufacturing-related activities. As of March 25, 2023, 16 percent of our employees worldwide were foreign nationals and 64 percent of our total workforce reside in the U.S., with 36 percent residing offshore. We also employ individuals on a temporary basis and use the services of contractors as necessary. We have never had a work stoppage, and the majority of our employees are not represented by collective bargaining agreements.

We believe that diverse teams fuel innovation, and we are committed to creating an inclusive culture that supports all employees, regardless of gender, veteran status, race, ethnicity, or ability. As of March 25, 2023, our global workforce was 82 percent male and 18 percent female, and based on self-reported identification, our workforce in the United States was composed of 54 percent White, 33 percent Asian, 9 percent Hispanic or Latino, 2 percent Black or African American, and 2 percent Other.

Cirrus Logic is committed to promoting a safe, secure, and productive environment for our employees, customers, and visitors. Our global health and safety policy outlines our commitment to employees. Employees working in our research facilities receive specialized, role-specific health and safety training. The Company takes measures to reduce employee exposure to potential health hazards in our offices and research facilities and conducts regular inspections to maintain a safe and healthy work environment. A risk management system also provides technicians with additional data and information on the potential hazards associated with certain chemicals. In fiscal year 2023, the Company had no monetary losses as a result of legal proceedings associated with employee health and safety violations, and have not received any notices of violation related

to health and safety at our facilities, nor have we ever had a work-related fatality. Additionally, in fiscal year 2023, we reported zero recordable and lost-time incidents to the U.S. Occupational Safety and Health Administration.

Following the Covid-19 pandemic, our employees have returned to working in the office at least two days per week. We believe it is important to create opportunities for our hybrid workforce to collaborate and to make connections with their colleagues, supporting our culture of innovation.

For more information on the commitment to our employees and other Environmental, Social and Governance ("ESG") topics visit <https://www.cirrus.com/company/esg>. We are not including the information contained on our website as a part of, or incorporating it by reference into, this Annual Report on Form 10-K.

ITEM 1A. Risk Factors

Our business faces significant risks. The risk factors set forth below may not be the only risks that we face and there is a risk that we may have failed to identify all possible risk factors. Additional risks that we are not aware of yet or that currently are not material may adversely affect our business operations. You should read the following cautionary statements in conjunction with the factors discussed elsewhere in this and other Cirrus Logic filings with the SEC. These cautionary statements are intended to highlight certain factors that may affect the financial condition and results of operations of Cirrus Logic and are not meant to be an exhaustive discussion of risks that apply to companies such as ours.

Summary of Risk Factors

The following summarizes the principal factors that make an investment in the Company speculative or risky. This summary should be read in conjunction with the remainder of this "Item 1A. Risk Factors" section and should not be relied upon as an exhaustive summary of the material risks facing our business.

Business & Operational Risks

- Risks related to dependence on a limited number of customers and distributors and a lack of diversification in our revenue base, including risks related to the loss of, or a significant reduction in orders from, or pricing on products sold to, any key customer or distributor
- Risks related to third-party manufacturing and supply chain relationships
- Risks related to our long-term capacity reservation and wafer supply agreement with GlobalFoundries
- Risks related to fluctuation in sales in the consumer electronics and smartphone markets
- Risks related to global economic conditions, including economic downturns or recessions and the effects of inflationary pressures
- Risks related to our international operations, including government trade policies and delays or disruptions to our international subcontractors, which may be impacted by political/economic factors
- Risks related to system security, cyber-attacks, and data breaches
- Risks related to strong competition in the semiconductor market, including competition to attract, hire, and retain highly qualified personnel
- Risks related to our fabless business model
- Risks related to acquiring other companies or technologies
- Risks related to product concentration, difficulty in forecasting sales due to customers' ability to cancel or reschedule orders, and declining average selling prices

Strategic & Industry Risks

- Risks related to joint development or other custom product collaborations, including the development of products for specific system architectures
- Risks related to the timely development, production, and acceptance of new and advanced technologies
- Risks related to increasing complexity of our products and the potential for security vulnerabilities or other product defects and difficulties in transitioning to advanced manufacturing process technologies
- Risks related to changes in the system architecture of our customers' end products
- Risks related to our ability to protect our intellectual property rights

Financial Risks

- Risks related to exposure to tax liabilities and changes in tax laws
- Risks related to fluctuations in inventory, including risks related to our customers' ability to cancel/reschedule orders on short notice
- Risks related to fluctuations in operating results, stock price, and foreign currency exposures
- Risks related to debt obligations, including under our Second Amended Credit Agreement

Legal & General Risks

- Risks related to intellectual property claims and litigation and export control regulations
- Risks related to certain provisions of Delaware law and our Certificate of Incorporation and Bylaws
- Risks related to corporate social responsibility initiatives and ESG matters
- Risks related to owning real property

Business and Operational Risks

We depend on a limited number of customers and distributors for a substantial portion of our sales, and the loss of, or a significant reduction in orders from, or pricing on products sold to, any key customer or distributor could significantly reduce our sales and our profitability.

While we generate sales from a broad base of customers worldwide, the loss of any of our key customers, or a significant reduction in sales or selling prices to any key customer, or reductions in selling prices made to retain key customer relationships, would significantly reduce our revenue, margins, and earnings and adversely affect our business. For the twelve-month period ending March 25, 2023, and each of the twelve-month periods ending March 26, 2022, and March 27, 2021 our ten largest end customers represented approximately 92 percent and 93 percent of our sales, respectively. For the twelve-month periods ending March 25, 2023, March 26, 2022, and March 27, 2021, we had one end customer, Apple Inc., who purchased through multiple contract manufacturers and represented approximately 83 percent, 79 percent and 83 percent of the Company's total sales, respectively.

We may not be able to maintain or increase sales to certain of our key customers for a variety of reasons, including:

- most of our customers can stop incorporating our products into their own products with limited notice to us and suffer little or no penalty;
- our agreements with our customers typically do not require them to purchase a minimum quantity of our products;
- many of our customers have pre-existing or concurrent relationships with our current or potential competitors that may affect the customers' decisions to purchase our products;
- many of our customers have sufficient resources to internally develop technology solutions and semiconductor components that could replace the products that we currently supply in our customers' end products;
- our customers face intense competition from other manufacturers that do not use our products; and
- our customers regularly evaluate alternative sources of supply in order to diversify their supplier base, which increases their negotiating leverage with us and their ability to either obtain or dual source components from other suppliers.

In addition, our dependence on a limited number of key customers may make it easier for them to pressure us on price reductions or to not accept price increases resulting from unexpected or additional cost increases or fees associated with our suppliers. We have experienced pricing pressure from certain key customers and we expect that the average selling prices ("ASPs") for certain of our products will decline from time to time, potentially reducing our revenue, margins, and earnings.

Our key customer relationships often require us to develop new products that may involve significant technological challenges. Our customers frequently place considerable pressure on us to meet tight development schedules. In addition, we have entered, and may again enter in the future, into customer agreements providing for exclusivity periods during which we may only sell specified products or technology to a specific customer. Even without exclusivity periods, the products that we develop are often specific to our customer's system architecture and frequently cannot be sold to other customers. Accordingly, we have in the past and may in the future devote a substantial amount of resources to strategic relationships, which could detract from or delay our completion of other important development projects or the development of next generation products and technologies, and notwithstanding our efforts, our customers may not be obligated to purchase new products that we develop for them, which could impact our operating results, financial condition, and cash flows. For example, in April 2023, we were informed that a new product that we had developed for a key customer for introduction in the fall of calendar 2023 was no longer expected to come to market as planned.

Our reliance on certain customers may continue to increase, which could heighten the risks associated with having key

customers, including making us more vulnerable to significant reductions in revenue, margins and earnings, pricing pressure, and other adverse effects on our business.

We are dependent on third-party manufacturing and supply chain relationships for all of our products. Our reliance on third-party foundries and suppliers involves certain risks that may result in increased costs, delays in meeting our customers' demand, and loss of revenue.

We do not own or operate a semiconductor fabrication facility and do not have the resources to manufacture our products internally. We use third parties to fabricate, assemble, package, and test the vast majority of our products. As a result, we are subject to risks associated with these third parties, including:

- insufficient capacity available to meet our demand on time;
- inability for our suppliers to obtain the equipment or replacement parts necessary to fully operate their facilities or expand available manufacturing capacity;
- inadequate manufacturing yields and excessive costs;
- inability of these third parties to obtain an adequate supply of raw materials;
- extended lead times on supplies used in the manufacturing of our products;
- difficulties selecting and integrating new subcontractors;
- limited warranties on products supplied to us;
- potential increases in prices (including the cost of freight); and
- increased exposure to potential misappropriation of our intellectual property.

Outside of our long-term supply agreement for wafer fabrication supply with GlobalFoundries, our outside foundries and assembly and test suppliers generally manufacture our products on a purchase order basis, and we have few other long-term supply arrangements with these suppliers. Therefore, our third-party manufacturers and suppliers are not obligated to supply us with products for any specific period of time, quantity, or price, except as may be provided in any particular purchase order or in relation to an existing supply agreement. A manufacturing or supply disruption experienced by one or more of our outside suppliers or a disruption of our relationship with an outside foundry could negatively impact the production of certain of our products for a substantial period of time.

We have experienced the effects of industry-wide manufacturing capacity constraints. These supply challenges have impacted, and may continue to impact, our ability to fully satisfy increases in demand for some of our products. We do not typically manufacture the majority of these products at more than one foundry or more than one assembly and test subcontractor, and the costs and effort associated with the potential transfer of any portion of our supply chain to a backup supplier would likely be substantial. Therefore, if one or more of our third-party manufacturers and suppliers are not able to provide us sufficient capacity to meet our current demand, we may not be able to ship our products to customers on time and in the quantity requested, which could cause an unanticipated decline in our sales and damage our existing customer relationships and our ability to establish new customer relationships. Capacity constraints could further result in increased prices in our supply chain, which, if we are unable to increase our selling prices or if we have previously committed to pricing, could result in lower revenues and margins that could adversely affect our financial results.

In addition, difficulties associated with adapting our technology and product design to the proprietary process technology and design rules of outside foundries can lead to reduced yields of our products. Since low yields may result from either design or process technology failures, yield problems may not be effectively determined or resolved until an actual product exists that can be analyzed and tested to identify process sensitivities relating to the design rules that are used. As a result, yield problems may not be identified until well into the production process, and resolution of yield problems may require cooperation between our manufacturer and us. This risk could be compounded by the offshore location of certain of our manufacturers, increasing the effort and time required to identify, communicate, and resolve manufacturing yield problems. Manufacturing defects that we do not discover during the manufacturing or testing process may lead to costly product recalls. These risks may lead to increased costs or delayed product delivery, which would harm our profitability and customer relationships.

In some cases, our requirements may represent a small portion of the total production of the third-party suppliers. As a result, we are subject to the risk that a producer will cease production of an older or lower-volume process that it uses to produce our parts. We cannot provide any assurance that our external foundries will continue to devote resources to the production of parts for our products or continue to advance the process design technologies on which the manufacturing of our products are based. Each of these events could increase our costs, lower our gross margin, and cause us to hold more inventories, or materially impact our ability to deliver our products on time.

We have a long-term capacity reservation and wafer supply agreement with GlobalFoundries, which includes obligations to purchase wafers from GlobalFoundries through calendar year 2026. If our requirements are different from the number of wafers that we have committed to purchase from GlobalFoundries, or if GlobalFoundries is not able to satisfy our manufacturing requirements, our results of operations and financial condition could be adversely impacted.

In an effort to alleviate some of our future expected supply constraints, the Company entered into a Capacity Reservation and Wafer Supply Commitment Agreement with GlobalFoundries on July 28, 2021 to reserve capacity and set wafer pricing for products purchased pursuant to the agreement through 2026.

Although we believe this agreement is a good use of our financial resources and secures capacity for certain products through 2026, the agreement with GlobalFoundries involves certain risks that may result in excess inventory, place us at a competitive disadvantage, have a negative impact on our liquidity, or adversely affect our results of operations and financial condition. Pursuant to the agreement, the Company is required to purchase, and GlobalFoundries is required to supply, a certain number of wafers on a quarterly basis. Customers, on occasion, cancel, reschedule orders, or change future product plans on short notice, which can lead to our actual wafer requirements being less than the number of wafers required to meet the applicable wafer purchase requirements, potentially resulting in excess inventory or higher inventory unit costs, both of which may adversely impact our gross margin and our results of operations.

Additionally, the agreement sets forth pricing for wafer purchases pursuant to the agreement through 2026. If market conditions change and wafer prices in the market decrease significantly below what is contemplated in the agreement, the agreement may put us at a competitive disadvantage relative to our competitors.

Even with a long-term supply agreement, we are still subject to risks that GlobalFoundries will be unable to meet their supply commitments, achieve anticipated manufacturing yields, manufacture our products on a timely basis, or provide additional wafer capacity beyond its current contractual commitments sufficient to meet our customers' product demands. If so, we may experience delays in product launches or supply shortages for certain products, which could cause an unanticipated decline in our sales and damage our existing customer relationships and our ability to establish new customer relationships. In addition, if GlobalFoundries experiences financial difficulties or goes into bankruptcy, it could be difficult or impossible, or may require substantial time and expense, for us to recover any or all of our prepayments made as part of the agreement.

Any of the foregoing could materially harm our liquidity, financial condition and results of operations and could put us at a disadvantage relative to our competitors.

Our results may be affected by fluctuation in sales in the consumer electronics and smartphone markets.

Because we sell products primarily in the consumer electronics and smartphone markets, we are likely to be affected by any decrease in demand or unit volumes, seasonality in the sales of our products, and the cyclical nature of these markets. We have experienced, and expect to continue to experience, slowing growth in a maturing smartphone market, due to, among other factors, market saturation in developed countries, lengthening replacement cycles, and a growing market for refurbished devices. Further, a decline in consumer confidence and consumer spending relating to economic conditions, inflationary pressures, terrorist attacks, armed conflicts, oil prices, global health conditions, natural disasters, and/or the political stability of countries in which we operate or sell products could have an adverse effect on consumer demand in these markets, which would likely impact our business, operating results, and financial condition.

We may be adversely impacted by global economic conditions. As a result, our financial results and the market price of our common shares may decline.

We have been and may continue to be adversely impacted by global economic conditions. Global economic conditions could make it difficult for our customers, our suppliers, and us to accurately forecast and plan future business activities and could cause global businesses to defer or reduce spending on our products, or increase the costs of manufacturing our products.

During challenging economic times our customers and distributors may face issues gaining timely access to sufficient credit, which could impact their ability to make timely payments to us. If that were to occur, we may be required to increase our allowance for doubtful accounts and our days sales outstanding would increase. Additionally, if our own supply chain or others from whom our customers source are financially impacted and ultimately unable to deliver their required component(s), then our customers may delay or cancel their orders from us.

We cannot predict the timing, strength, or duration of any economic slowdown or subsequent economic recovery. However, recently, inflation has been a significant issue in the U.S. and overseas, resulting in rising transportation, wages, and other costs. Inflation has and may continue to increase our cost of labor, manufacturing, and other costs. If our costs continue to be subject to significant inflationary pressures, we may not be able to fully offset such higher costs with increased prices or revenues. Our inability or failure to do so could harm our business, financial condition, and results of operations. In addition, inflationary pressures could also result in a decline in consumer confidence and spending, potentially impacting demand for our customers' end products in the consumer electronics and smartphone markets. Any such decline would likely impact our business, operating results, and financial condition.

Moreover, we regularly maintain cash balances at third-party financial institutions in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit or at financial institutions located outside the U.S. where FDIC insurance does not apply. If a depository institution fails to return our deposits or if a depository institution is subject to other adverse conditions in the financial or credit markets, there is no guarantee that we have access to such uninsured deposits, which could restrict access to our cash or cash equivalents and could adversely impact our operating liquidity, financial condition, and results of operations.

The lack of diversification in our revenue and customer base increases the risk of an investment in our company, and our consolidated financial condition, results of operations, and stock price may deteriorate if we fail to diversify.

Although we continue to investigate, invest in, and try to develop opportunities to diversify our revenue and customer base, our sales, marketing, and development efforts have historically been focused on a limited number of customers and opportunities. Many companies have the ability to manage their risk by product, market, and customer diversification. However, we lack diversification, in terms of both the nature and scope of our business, which increases the risk of an investment in our company. If we cannot diversify our customer and revenue opportunities, our financial condition and results of operations could deteriorate.

Changes in government trade policies, including the imposition of tariffs and export restrictions, could have an adverse impact on our business operations and sales.

The United States or foreign governments may enact changes in government trade policies that could adversely impact our ability to sell products in certain countries. For example, the U.S. government has imposed tariffs on certain Chinese imports and, in return, the Chinese government has imposed or proposed tariffs on certain U.S. products. Additionally, export restrictions imposed by the U.S. government, including the addition of licensing requirements by the United States Department of Commerce's Bureau of Industry and Security ("BIS") through the addition of companies to the BIS Entity List, as well as trade restrictions imposed by the U.S. related to goods imported from regions in China with records of forced labor and other human rights issues, may require us to suspend our business with certain international customers and/or manufacturing entities if we conclude or are notified by the U.S. government that such business presents a risk of noncompliance with U.S. regulations. For example, on October 7, 2022, BIS issued export controls requiring licenses for the export of advanced computing items along with licensing requirements for U.S. persons associated with the support, development, and production of certain semiconductor items in China.

We cannot predict what actions may be taken with respect to tariffs or trade relations, what products may be subject to such actions, or what actions may be taken by other countries in response. It also may not be possible to anticipate the timing or duration of such tariffs, export restrictions, or other regulatory actions. These government trade policies may materially adversely affect our sales and operations with current customers as well as impede our ability to develop relationships with new customers.

While we have received licenses from the U.S. government to export certain items to companies on the BIS Entity List, there can be no assurances that we will be able to continue to obtain or maintain licenses for the manufacture or sale of future products or for other entities if the U.S. government adds other companies to the BIS Entity List and/or subjects them to additional trade restrictions. Despite our receipt of licenses, BIS Entity List restrictions may also encourage foreign customers to seek a greater supply of similar or substitute products from competitors or other third parties who are not subject to these restrictions or to develop their own solutions, especially as the Chinese government develops its domestic semiconductor

industry. If export restrictions and tariffs are sustained for a long period of time, or increased, or if other export restrictions are imposed in the future, our long-term competitiveness as a supplier, particularly in China, will likely be impacted.

There is a risk of further escalation and retaliatory actions between the U.S. and other foreign governments. If significant tariffs or other restrictions are placed on goods exported from China or any related counter-measures are taken, our revenue and results of operations may be materially harmed. These tariffs may also make our customers' products more expensive for consumers, which may reduce consumer demand.

The U.S. government also may seek to implement more protective trade measures, not just with respect to China but with respect to other countries as well. This could include new or higher tariffs and even more restrictive trade barriers, such as prohibiting certain types of, or all, sales of certain products or products sold by certain parties into the U.S. Any increased trade barriers or restrictions on global trade could have a materially adverse impact on our business and financial results.

System security and data breaches, cyber-attacks and other related cyber security incidents could disrupt our internal operations and/or supply chain, result in the loss of our, our customers', and our suppliers' proprietary and confidential information, adversely impact our reputation and business, and result in potentially significant expenses, costs, liabilities and other negative consequences, any or all of which could adversely affect results of operations and our stock price.

Despite implementing security measures, we are subject to risk, both at Cirrus Logic and through our supply chain, of attack from malicious threat actors, which could include agents of organized crime or nation-state or nation-state supported actors. We manage and store various proprietary information and sensitive or confidential data relating to our business and our employees. In addition, we manage and store a significant amount of proprietary and sensitive or confidential information from third parties, such as our customers and suppliers. Unauthorized insiders and/or third-party threat actors may be able to penetrate our security measures, evade our controls, or exploit vulnerabilities in our systems or our third-party providers' systems and misappropriate or compromise our, our customers' or our suppliers' proprietary and confidential information, including intellectual property and personal information of our current and former employees, create system disruptions, or cause shutdowns. Threat actors also may be able to develop and deploy viruses, worms, phishing attempts, ransomware, and other malicious software that attack our websites, computer systems, access to critical information, products, or otherwise exploit security vulnerabilities. The sophistication, scale and frequency of cyber-attacks has continued to increase and evolve at a rapid pace, and the risk of attack may be heightened when our employees are working remotely or as a result of geopolitical events, including Russia's invasion of Ukraine. Our prioritization of security measures and remediation of known vulnerabilities may prove inadequate and we may be unable to anticipate or protect against attacks. If an incident occurs, we may be unable to detect it for an extended period of time.

Any breach of our security measures or the loss, inadvertent disclosure, or unapproved dissemination of proprietary information or sensitive or confidential data about us, our customers, our suppliers or our employees, including the potential loss or disclosure of such information or data, could result in numerous risks and adverse consequences. Such consequences include remediation costs, litigation and potential liability for us, including as a result of U.S. or foreign governmental investigations or enforcement actions, penalties for violation of applicable laws or regulations, including laws and regulations in the United States and other jurisdictions relating to the collection, use and security of user and other personally identifiable information and data, damage to our brand and reputation, the loss of sales and customer or supplier relationships, negative impacts to our employee recruiting and retention, loss of intellectual property protection, risk of inadequate insurance coverage and increased insurance premiums, and numerous other financial, legal and business risks, any or all of which could harm our business, financial condition and results of operations and result in significant stock price volatility. In addition to our own systems, our business also is reliant upon the security of various third parties in our supply chain, and any breach of their systems and securities could result in our being subjected to the numerous risks and adverse consequences noted above.

We have significant international sales, and risks associated with these sales could harm our operating results.

International sales represented 97 percent of our net sales in fiscal year 2023 and 98 percent in each of fiscal years 2022 and 2021.

We expect international sales to continue to represent a significant portion of product sales. This reliance on international sales subjects us to certain risks, including risks associated with political and economic instability, global health conditions, currency controls, exchange rate fluctuations, changes in import/export regulations, and tariff and freight rates. For example, the political or economic instability in a given region may have an adverse impact on the financial position of end users in the region, which could affect future orders and harm our results of operations. Our international sales operations involve a number of other risks including, but not limited to:

- unexpected changes in government regulatory requirements;
- sales, VAT, or other indirect tax regulations and treaties and potential changes in regulations and treaties in the United States and in and between countries in which we manufacture or sell our products;
- changes to countries' banking and credit requirements;
- changes in diplomatic and trade relationships, including as a result of geopolitical conflict;
- delays resulting from difficulties in obtaining export licenses for technology, particularly in China;
- any changes in U.S. trade policy, including potential adoption and expansion of trade restrictions, higher tariffs, or cross border taxation by the U.S. government involving other countries, particularly China, that might impact overall customer demand for our products or affect our ability to manufacture and/or sell our products overseas;
- tariffs and other barriers and restrictions, particularly in China;
- competition with non-U.S. companies or other domestic companies entering non-U.S. markets in which we operate;
- longer sales and payment cycles;
- problems in collecting accounts receivable;
- the burdens of complying with a variety of non-U.S. laws; and
- changes to economic, social, or political conditions in countries such as China, where we have significant operations.

In addition, our competitive position may be affected by the exchange rate of the U.S. dollar against other currencies. While our sales are predominately denominated in U.S. dollars, increases in the value of the dollar would increase the price in local currencies of our products in non-U.S. markets and make our products relatively more expensive. We cannot provide assurances that regulatory, political, and other factors will not adversely affect our operations in the future or require us to modify our current business practices.

In general, our customers may cancel or reschedule orders on short notice without incurring significant penalties; therefore, our sales and operating results in any quarter are difficult to forecast.

In general, we rely on customers issuing purchase orders to buy our products rather than long-term supply contracts. Customers on occasion cancel, reschedule, or change future product plans on short notice without incurring significant penalties. Additionally, while the industry is experiencing manufacturing capacity constraints, it is possible that some customers may place orders for our products that exceed their actual demand and may cancel all or portions of their order if circumstances change. Cancellations, reductions, or delays of orders from any significant customer could have an adverse effect on our business, financial condition, and results of operations and may require us to recognize excess inventory write-off charges.

Because our expense levels to a large extent are fixed in the short term, we likely will be unable to adjust spending on a timely basis to compensate for any unexpected shortfall in sales and our operating results could be harmed in any particular quarter.

Our sales could be materially impacted by the failure of other component suppliers to deliver required parts needed in the final assembly of our customers' end products.

The products we supply our customers are typically a portion of the many components provided from multiple suppliers to complete the final assembly of an end product. If other component suppliers are unable to deliver their required component(s) for the final end product to be assembled, our customers may delay, or ultimately cancel, their orders from us.

If we fail to attract, hire and retain qualified personnel, we may not be able to develop, market, or sell our products or successfully manage our business.

Competition for highly qualified personnel in our industry, particularly for employees with technical backgrounds, is intense. The number of technology companies in the geographic areas in which we operate is greater than it has been historically. In addition, some companies in our industry have announced plans to adopt flexible remote work arrangements that further increase competition for talent. Accordingly, we expect competition for qualified personnel to intensify because there are only a limited number of individuals in the job market with the skills that we require.

There also is a risk that changes in immigration laws and regulations, or their administration or enforcement, can impair our ability to attract and retain qualified engineering personnel. In the U.S., where a significant portion of our research and development teams are located, tightening of immigration controls may adversely affect the employment status of non-U.S. engineers and other key technical employees or further impact our ability to hire new non-U.S. employees. Moreover, certain immigration policies in the U.S. may make it more difficult for us to recruit and retain highly skilled foreign national graduates of universities in the U.S., additionally limiting the pool of available talent.

There are significant costs to the Company associated with attracting and retaining qualified personnel in key technology positions. Recruiting and employee costs, such as cash and stock-based compensation, have increased relative to historic levels and may continue to increase, which could adversely affect our results of operations. Further, the loss of the services of key personnel or our inability to hire new personnel with the requisite skills or to assimilate talent could restrict our ability to develop new products or timely enhance existing products, sell products to our customers, or manage our business effectively.

Strong competition in the semiconductor market may harm our business.

Our industry is intensely competitive and is frequently characterized by rapid technological change, price erosion, technological obsolescence, and a push towards integrated circuit ("IC") component integration. Because of shortened product life cycles and even shorter design-in cycles in a number of the markets that we serve, our competitors have increasingly frequent opportunities to achieve design wins in next-generation systems. As markets mature and components become commoditized, competitors that can tolerate lower margins/operating income pose a risk to our profitability and growth. In the event that competitors succeed in supplanting our products, our market share may not be sustainable and our net sales, gross margin and operating results would be adversely affected.

We compete in a number of markets. Our principal competitors in these markets include AKM Semiconductor Inc., Analog Devices Inc., Goodix Technology, Infineon Technologies, Monolithic Power Systems, Inc., Realtek Semiconductor Corporation, Renesas Electronics Corporation, Shanghai Awinic Technology Co., Ltd., Skyworks Solutions Inc., Southchip Semiconductor Technology (China), ST Microelectronics N.V., Synaptics Incorporated and Texas Instruments, Inc. Many of these competitors have greater financial, engineering, manufacturing, marketing, technical, distribution, and other resources; broader product lines; and broader intellectual property portfolios. We also expect intensified competition from emerging companies and from customers who develop their own IC products or other technologies. In addition, some of our current and future competitors maintain their own fabrication facilities, which could benefit them in connection with cost, capacity, and technical issues.

We cannot provide assurances that we will be able to compete successfully in the future or that competitive pressures will not adversely affect our financial condition and results of operations. Competitive pressures could reduce market acceptance of our products, reduce selling prices, and increase expenses, which could adversely affect our business and financial condition.

Because we operate a fabless business model, we may not be eligible for certain U.S. government incentives and tax credits offered to promote domestic semiconductor production.

From time to time, governments may provide subsidies or make other investments that could give competitive advantages to certain semiconductor companies. For example, in 2022, the U.S. government passed the Creating Helpful Incentives to Produce Semiconductors & Sciences Act to provide \$52.7 billion of funding to U.S.-based semiconductor companies to promote domestic production. Because we operate a fabless business model, we may not be eligible for such incentives from the U.S. government at this time. However, many of our current and future competitors maintain their own

fabrication facilities and may secure such funding, which could benefit them in connection with cost, capacity, and technical issues. Additionally, to remain competitive with top talent, we may need to incur additional costs to provide certain additional benefits even though we are not receiving subsidies or other government funding. These competitive pressures could adversely affect our business, financial condition, and results of operations.

We may acquire other companies or technologies, which may create additional risks, including risks associated with our ability to successfully integrate these acquisitions into our business.

We continue to consider future acquisitions of other companies, or their technologies or products, to improve our market position, broaden our technological capabilities, and expand our product offerings. Acquiring companies or technologies involves a number of risks, including, but not limited to:

- the potential disruption of our ongoing business;
- unexpected costs or incurring unknown liabilities;
- the diversion of management resources from other strategic and operational issues;
- the inability to retain the employees of the acquired businesses;
- difficulties relating to integrating the operations and personnel of the acquired businesses;
- adverse effects on our existing customer relationships or the existing customer relationships of acquired businesses;
- the potential incompatibility of the acquired business or their business customers;
- adverse effects associated with entering into markets and acquiring technologies in areas in which we have little experience; and
- acquired intangible assets, including goodwill, becoming impaired as a result of technological advancements or worse-than-expected performance of the acquired business. For example, during the fourth quarter of fiscal year 2023, we revalued the acquired intangible assets from the acquisition of Lion Semiconductor and recorded an impairment charge of \$85.8 million related to the acquired intangible assets. For further detail, see Note 7, "Intangibles, net and Goodwill."

If we are unable to successfully address any of these risks, our business could be harmed.

Because we depend on subcontractors internationally to perform key manufacturing functions for us, we are subject to political, economic, climate and natural disaster risks that could disrupt the fabrication, assembly, packaging, or testing of our products.

We depend on third-party subcontractors, primarily in Asia, for the fabrication, assembly, packaging, and testing of most of our products. International operations may be subject to a variety of risks, including political instability, global health conditions, currency controls, exchange rate fluctuations, changes in import/export regulations, tariff and freight rates, as well as the risks of natural disasters such as earthquakes, tsunamis, and floods. The potential physical impacts of climate change, including high heat events, power or water shortages, fires, rising sea levels, changes in storm patterns or intensities, or other extreme weather conditions, are uncertain and could impact operations at our subcontractors. Any disruption to our manufacturing cycle could adversely affect our operations and financial results.

Although we seek to reduce our dependence on any one subcontractor, the substantial majority of our semiconductor wafers are manufactured by TSMC at fabs in Taiwan, and GlobalFoundries in Singapore and Germany. This concentration of subcontractors and manufacturing operations, subjects us to the risks of conducting business internationally, including associated political and economic conditions. If we experience manufacturing problems at a particular location, or a supplier is unable to continue operating due to financial difficulties, natural disasters, political or economic turmoil or conflict, or other reasons, we would be required to transfer manufacturing to a backup supplier. Transferring from a primary supplier to another facility would likely result in increased production costs and a delay in production. Further, such a transition may not be possible, particularly in a supply constrained environment. There are only a few foundries that are currently available for certain advanced processing technologies that we utilize or may utilize. As a result, delays in our production or shipping by the parties to whom we outsource these functions could reduce our sales, damage our customer relationships, and damage our reputation in the marketplace, any of which could harm our business, results of operations, and financial condition.

For example, we rely on several third-party suppliers located in Taiwan. Any deterioration in the social, political, or economic conditions in Taiwan, particularly as it relates to China-Taiwan relations, may disrupt our business operations and materially and adversely affect our results of operations. Similarly, our operations also could be harmed, and our costs could increase, if Russia's invasion of Ukraine results in a shortage of materials that our suppliers require to manufacture our products.

We are subject to risks relating to product concentration.

We derive a substantial portion of our revenues from a limited number of products, and we expect these products to represent a large percentage of our revenues in the near term. Customer acceptance of these products is critical to our future success. Our business, operating results, financial condition and cash flows could therefore be adversely affected by:

- a decline in demand for any of our more significant products;
- a decline in the average selling prices of our more significant products;
- failure of our products to achieve continued market acceptance;
- competitive products;
- new technological standards or changes to existing standards that we are unable to address with our products;
- manufacturing or supply issues that prevent us from meeting our customers' demand for these products;
- a failure to release new products or enhanced versions of our existing products on a timely basis;
- the failure of our new products to achieve market acceptance; and
- any changes to a customer's future product plans.

Our products may be subject to average selling prices that decline over time. If we are unable to maintain or increase average selling prices for existing products, increase our volumes, introduce new or enhanced products with higher selling prices, or reduce our costs, our business and operating results could be harmed.

Historically in the semiconductor industry, average selling prices of products have decreased over time. Moreover, our dependence on a limited number of key customers may make it easier for key customers to pressure us to reduce prices. Further, we have made commitments not to exceed certain pricing with some key customers on some of our products, and as a result, we may not be able to pass on any unexpected or additional costs increases or fees associated with our suppliers.

If the average selling price of any of our products declines or we are unable to pass on increased supply costs to our customers, and we are unable to increase our unit volumes, introduce new or enhanced products with higher margins, and/or reduce manufacturing costs to offset anticipated decreases in the prices of our existing products, our operating results may be adversely affected.

In addition, because of procurement lead times, we are limited in our ability to reduce total costs quickly in response to any reductions in prices or sales shortfalls. Because of these factors, we may experience adverse fluctuations in our future operating results on a quarterly or annual basis.

Our international operations subject our business to additional political and economic risks that could have an adverse impact on our business.

In addition to international sales constituting a large portion of our net sales, we maintain international operations, sales, and technical support personnel. International expansion has required, and will continue to require, significant management attention and resources. There are risks inherent in expanding our presence into non-U.S. regions, including, but not limited to:

- difficulties in staffing and managing non-U.S. operations, including compliance with local employment regulations;

- failure in non-U.S. regions to adequately protect our intellectual property, patent, trademarks, copyrights, know-how, and other proprietary rights and the risk of potential theft or compromise of our intellectual property;
- global health conditions and potential natural disasters, including those resulting from climate change;
- power or water shortages or other operational disruptions, including those resulting from extreme weather conditions;
- political, social and economic instability in international regions, including wars;
- international currency controls and exchange rate fluctuations;
- financial accounting and reporting burdens and complexities;
- vulnerability to terrorist groups targeting U.S. interests abroad;
- legal uncertainty regarding liability and compliance with non-U.S. laws and regulatory requirements; and
- changing U.S. regulation of foreign operations, including potential sanctions.

If we are unable to successfully manage the demands of our international operations, it may have an adverse effect on our business, financial condition, or results of operations.

Strategic and Industry Risks

We have entered into, and may enter into in the future, joint development agreements, custom product arrangements, and strategic relationships with some of our largest customers. These arrangements subject us to a number of risks, and any failure to execute on any of these arrangements could have a material adverse effect on our business, results of operations, and financial condition.

We have entered into, and may enter into in the future, joint development, product collaboration and technology licensing arrangements with some of our largest customers, and we expect to enter into new strategic arrangements of these kinds from time to time in the future. Such arrangements can magnify several risks for us, including loss of control over the development and development timeline of jointly developed products, risks associated with the ownership of the intellectual property developed pursuant to such arrangements, and increased risk that our joint development activities may result in products that are not commercially successful or that are not available in a timely fashion. In addition, any third party with whom we enter into a joint development, product collaboration, or technology licensing arrangement may fail to commit sufficient resources to the project, change its policies or priorities, or abandon or fail to perform its obligations related to such arrangement. We have previously and may in the future enter into customer product arrangements that provide for exclusivity periods during which we may only sell specified products or technologies to that particular customer. Any failure to timely develop commercially successful products through our joint development activities as a result of any of these and other challenges could have a material adverse effect on our business, results of operations, and financial condition.

Our failure to develop and ramp new products into production in a timely manner could harm our operating results.

Our success depends upon our ability to develop new products for new and existing customers, and to introduce these products in a timely and cost-effective manner. The development of new products involves significant investment and is highly complex. From time-to-time, we have experienced delays in developing and introducing these new products. Successful product development and introduction depend on a number of factors including, but not limited to:

- proper new product definition;
- timely completion of design and testing of new products;
- assisting our customers with integration of our components into their new products, including providing support from the concept stage through design, launch and production ramp;

- successfully developing and implementing software necessary to integrate our products into our customers' products;
- achievement of acceptable manufacturing yields;
- availability of wafer fabrication, assembly, and test capacity; and
- market acceptance of our products and the products of our customers.

Both sales and/or margins may be materially affected if new product introductions are delayed, or if our products are not designed into successive generations of new or existing customers' products. Our failure to develop and introduce new products successfully could harm our business and operating results.

In addition, difficulties associated with adapting our technology and product design to the proprietary process technology and design rules of new foundries can lead to complications resulting in delays and/or reduced yields of our products. Since low yields may result from either design or process technology failures, yield problems may not be effectively determined or resolved until an actual product exists that can be analyzed and tested to identify process sensitivities relating to the design rules that are used. As a result, yield problems may not be identified until well into the production process, and resolution of yield problems may require cooperation between our manufacturer and us. This risk could be compounded by the offshore location of certain of our manufacturers, increasing the effort and time required to identify, communicate, and resolve manufacturing yield problems. Manufacturing defects that we do not discover during the manufacturing or testing process may lead to costly product recalls. These risks may lead to increased costs or delayed product delivery, which would harm our profitability and customer relationships.

We continue to invest in research and development efforts for several new markets. If we are unable to commercialize these technologies, our future results and profits could be negatively affected.

Our investments into new markets subject us to additional risks. We may have limited or no experience in these markets, and our customers may not adopt our new offerings. These new offerings may present new and difficult challenges, including risks related to technology, customers, competitors, product cycles, customer demand, terms and conditions and other industry specific issues which could negatively affect our operating results. These developing products and market segments may not grow as significantly or as quickly as projected, or at all, and we may not realize an adequate return on our investments or may be required to write-down the value of certain tangible and intangible assets.

Our products are increasingly complex and could contain defects, which could result in material costs to us.

Product development in the markets we serve is becoming more focused on the integration of multiple functions on individual devices. There is a general trend towards increasingly complex products, including software or firmware developed by us and/or third parties. The greater integration of functions and complexity of operations of our products increases the risk that we or our customers or end users could discover latent defects or subtle faults after volumes of product have been shipped. Quality and reliability issues could result in material costs and other adverse consequences to us, including, but not limited to:

- reduced margins;
- damage to our reputation;
- replacement costs for product warranty and support;
- payments to our customers related to recall claims, or the delivery of product replacements as part of a recall claim, as a result of various industry or business practices, contractual requirements, or in order to maintain good customer relationships;
- an adverse impact to our customer relationships by the occurrence of significant defects;
- a delay in recognition or loss of revenues, loss of market share, or failure to achieve market acceptance;
- writing off or reserving the value of inventory of such products; and
- a diversion of the attention of our engineering personnel from our product development efforts.

In addition, any defects or other problems with our products could result in financial losses or other damages to our customers who could seek damages from us for their losses. A product liability or warranty claim brought against us, even if unsuccessful, would likely be time consuming and costly to defend. In particular, the sale of systems and components that are incorporated into certain applications for the automotive industry involves a high degree of risk that such claims may be made.

While we believe that we are reasonably insured against some of these risks and that we have attempted to contractually limit our financial exposure with many of our customers, a warranty or product liability claim against us in excess of our available insurance coverage and established reserves, or a requirement that we participate in a customer product recall, could have material adverse effects on our business, results of operations, and financial condition.

We may experience difficulties developing and transitioning to advanced manufacturing process technologies, which could materially adversely affect our results.

Our future success depends in part on our ability to expand our manufacturing capacity and transition our current development and production efforts to advanced manufacturing process technologies. We are currently making a significant investment to transition our products and intellectual property to next-generation circuit geometries, for example 22 nanometers. If we are unable to reliably model behaviors required for circuit design and product requirements, then our product development may be adversely impacted. To the extent that we do not timely develop or transition to smaller geometries, experience difficulties in shifting to smaller geometries, or have significant quality or reliability issues at these smaller geometries, our results could be materially adversely affected. Further, if there are delays from such development or transition, we may have insufficient capacity to meet customer demand, which may impact our future operating results.

Security vulnerabilities may exist in our products, which could expose us to significant costs and damage our business.

Our hardware and software products, including software tools deployed by our customers, may be vulnerable to cyber-attacks. An attack could disrupt the proper functioning of our products, disrupt or cause errors in our customers' products, allow unauthorized access to our or our customers' proprietary information, or cause other destructive outcomes. A failure to prevent or mitigate such an attack could harm our business reputation, diminish our competitive position in the market, and expose us to significant expense and liability.

The costs to eliminate or alleviate cyber or other security problems, bugs, viruses, worms, phishing attempts, ransomware, malicious software programs and security vulnerabilities could be significant, and our efforts to address these problems may not succeed and could result in interruptions, delays, an inability to access information, cessation of service and loss of existing or potential customers that may impede our sales, manufacturing, distribution or other critical functions.

We frequently develop our products for the specific system architecture of our customers' end products. If our customers were to change system architectures, develop competing technologies and integrated circuits, incorporate some of the functionality of our products into other parts of the system, or eliminate certain functionality that our products provide in their future end products, we risk the potential loss of revenue and reduced average selling prices.

Our customers, particularly in the portable market, could potentially transition to different audio and system architectures, develop their own competing technologies and ICs, integrate the functionality that our ICs and software have historically provided into other components in their systems, or eliminate certain functionality that our products provide in their future end products. For example, some of the audio and voice functionality that we have historically provided in smartphones could be performed outside of our customers' end product. If our customers were to transition to these different system architectures or to eliminate certain functionality in their future end products, our results of operations could be adversely affected, resulting in reduced average selling prices for our components and loss of revenue.

We may be unable to protect our intellectual property rights.

Our success depends in part on our ability to obtain patents and to preserve our other intellectual property rights covering our products. We seek patent protection for those inventions and technologies for which we believe such protection is suitable and is likely to provide a competitive advantage to us. We also rely on trade secrets, proprietary technology, non-disclosure and other contractual terms, and technical measures to protect our technology and manufacturing knowledge. We actively work to foster continuing technological innovation to maintain and protect our competitive position. We cannot provide assurances that steps taken by us to protect our intellectual property will be adequate, that our competitors will not independently develop or design around our patents, or that our intellectual property will not be misappropriated. In addition, the laws of some non-U.S. countries may not protect our intellectual property as well as the laws of the United States.

Any of these events could materially and adversely affect our business, operating results, or financial condition. Policing infringement of our technology is difficult, and litigation may be necessary in the future to enforce our intellectual property rights. Any such litigation could be expensive, take significant time, and divert management's attention.

Financial Risks

We could be subject to changes in tax laws, the adoption of new U.S. or international tax legislation or exposure to additional tax liabilities.

We are subject to taxes in the U.S. and numerous foreign jurisdictions, including the United Kingdom, where a number of our subsidiaries are organized. Due to economic and political conditions, tax laws in various jurisdictions may be subject to significant change. Changes in tax laws and regulations may impact both our international and domestic tax liabilities and result in increased complexity and costs. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation, including in the U.S. and the United Kingdom.

Significant judgment is required in the calculation of our tax provision and the resulting tax liabilities. Our estimates of future taxable income and the regional mix of this income can change as new information becomes available. Any such changes in our estimates or assumptions can significantly impact our tax provision in a given period. For discussion of our income taxes, see Note 19, "Income Taxes."

We are also subject to the examination of our tax returns and other tax matters by the U.S Internal Revenue Service ("IRS") and other tax authorities and governmental bodies. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, particularly in the U.S. or the United Kingdom, or if the ultimate determination of taxes owed is for an amount in excess of amounts previously accrued, our operating results, cash flows, and financial condition could be adversely affected.

The Company's fiscal year 2017, 2018, and 2019 federal income tax returns are under examination by the IRS. The IRS has proposed adjustments that would increase U.S. taxable income related to transfer pricing matters with respect to our U.S. and U.K. affiliated companies and on May 17, 2022, the IRS issued a Revenue Agent's Report asserting additional tax of approximately \$170.5 million, plus interest and imposing penalties of approximately \$63.7 million. We do not agree with the IRS's positions and we intend to vigorously dispute the proposed adjustments. We intend to pursue resolution through the administrative process with the IRS Independent Office of Appeals and, if necessary, through judicial remedies. We expect it could take a number of years to reach resolution on these matters. Although the final resolution of these matters is uncertain, the Company believes adequate amounts have been reserved for any adjustments to the provision for income taxes that may ultimately result. However, if the IRS prevails in these matters, the assessed tax, interest, and penalties, if any, could have an adverse impact on our financial position, results of operations, and cash flows in future periods.

If certain tax credits or incentives we receive change or cease to be in effect or applicable for any reason, or if our assumptions and interpretations regarding tax laws and incentives prove to be incorrect, our financial results could be adversely impacted.

Our operations are currently structured to benefit from various incentives available to us in various jurisdictions to encourage research and development investment. For example, we receive a research and development expenditure credit in the United Kingdom ("RDEC"), which is recorded for accounting purposes as an offset to research and development expenses in the Company's consolidated income statement and resulted in a benefit of \$26.2 million in fiscal year 2023. The Company makes estimates of the RDEC receivable as of each balance sheet date, based upon facts known at the time. Although the Company does not expect its estimates to be materially different from the amounts ultimately recognized, its estimates could differ from actual results. To date, there have not been any material adjustments to the Company's prior estimates of RDEC receivables. Changes to the RDEC regime were recently enacted that increase the incentive rate for qualifying expenditures beginning in our fiscal year 2024. If such credit is modified or rescinded, or we are no longer eligible for such credit, our financial results could be adversely impacted, including increasing our R&D expenses, decreasing our profitability, and adversely affecting our cash flows. See further discussion of the research and development expenditure credit in the U.K. in Note 2, "Government Assistance."

Shifts in industry-wide capacity and our practice of ordering and purchasing our products based on sales forecasts may result in significant fluctuations in inventory and our quarterly and annual operating results.

Shifts in industry-wide capacity from shortages to oversupply, or from oversupply to shortages, may result in significant fluctuations in our quarterly and annual operating results. In addition, we may order wafers and build inventory in advance of receiving purchase orders from our customers. Because our industry is highly cyclical and is subject to significant downturns resulting from excess capacity, overproduction, reduced demand, order cancellations, or technological obsolescence, there is a risk that we will forecast inaccurately and produce excess inventories of particular products. Customers may on occasion cancel, reschedule orders, or change future product plans on short notice, leaving us with the potential for excess inventory. In addition, if we experience supply constraints or manufacturing problems at a particular supplier, we may seek to switch suppliers or qualify additional suppliers. Other suppliers may not be available at the time we seek to switch or qualify additional suppliers. Even if additional capacity is available elsewhere, the switching and/or qualifying of additional suppliers could be an expensive process and could take as long as six to twelve months to complete, which could result in material adverse fluctuations to our operating results.

Due to the product manufacturing cycle characteristic of IC manufacturing and the inherent imprecision in the accuracy of our customers' forecasts, product inventories may not always correspond to product demand, leading to shortages or surpluses of certain products. As a result of such inventory imbalances, future inventory write-downs and charges to gross margin may occur due to lower of cost or market accounting, excess inventory, and inventory obsolescence.

We have historically experienced fluctuations in our operating results and expect these fluctuations to continue.

Our quarterly and annual operating results are affected by a wide variety of factors that could materially and adversely affect our net sales, gross margin, and operating results. If our operating results fall below expectations of market analysts or investors, the market price of our common stock could decrease significantly. We are subject to business cycles and it is difficult to predict the timing, length, or volatility of these cycles. These business cycles may create pressure on our sales, gross margin, and/or operating results and make it difficult for us to predict operating results as between subsequent fiscal quarters.

Factors that could cause fluctuations and materially and adversely affect our net sales, gross margin and/or operating results include, but are not limited to:

- the volume and timing of orders received;
- changes in the mix of our products sold;
- market acceptance of our products and the products of our customers;
- excess or obsolete inventory;
- pricing pressures from competitors and key customers;
- our ability to introduce new products on a timely basis;
- the timing and extent of our research and development expenses;
- the failure to anticipate changing customer product requirements;
- disruption in the supply of wafers, assembly, or test services;
- reduction of manufacturing yields;
- certain production and other risks associated with using independent manufacturers, assembly houses, and testers; and
- product obsolescence, price erosion, competitive developments, and other competitive factors.

Our stock price has been and is likely to continue to be volatile.

The market price of our common stock fluctuates significantly. This fluctuation has been or may be the result of numerous factors, including, but not limited to:

- actual or anticipated fluctuations in our operating results;
- announcements concerning our business or those of our competitors, customers, or suppliers;
- loss of a significant customer, or customers;
- changes in financial estimates by securities analysts or our failure to perform as anticipated by the analysts;
- news, commentary, and rumors emanating from the media relating to our customers, the industry, or us. These reports may be unrelated to the actual operating performance of the Company, and in some cases, may be potentially misleading or incorrect;
- announcements regarding technological innovations or new products by us or our competitors;
- announcements by us of significant acquisitions, strategic partnerships, joint ventures, or capital commitments;
- announcements by us of significant divestitures or sale of certain assets or intellectual property;
- litigation arising out of a wide variety of matters, including, employment matters and intellectual property matters;
- departure of key personnel;
- a significant stockholder selling for any reason;
- general conditions in the IC industry; and
- general market conditions and interest rates.

Our foreign currency exposures may change over time as the level of activity in foreign markets grows and could have an adverse impact upon financial results.

As a global enterprise, we face exposure to adverse movements in foreign currency exchange rates. Certain of our assets, including certain bank accounts, exist in non-U.S. dollar-denominated currencies, which are sensitive to foreign currency exchange rate fluctuations. The non-U.S. dollar-denominated currencies are principally the British Pound Sterling. We also have a significant number of employees that are paid in foreign currency, the largest group being United Kingdom-based employees who are paid in British Pounds Sterling.

If the value of the U.S. dollar weakens relative to these specific currencies, the cost of doing business in terms of U.S. dollars rises. With the growth of our international business, our foreign currency exposures may grow and under certain circumstances, could harm our business.

If we do not hedge against these risks, or our attempts to hedge against these risks are not successful, our financial condition and results of operations could be adversely affected.

Our debt obligations may be a burden on our future cash flows and cash resources.

On July 8, 2021, the Company entered into a second amended and restated credit agreement (the “Second Amended Credit Agreement”) which provides for a \$300 million senior secured revolving credit facility (the “Revolving Credit Facility”). The Revolving Credit Facility matures on July 8, 2026 (the “Maturity Date”). As of March 25, 2023, the Company did not have an outstanding balance under the Revolving Credit Facility. To the extent the Company has an outstanding balance, our ability to repay the principal of, to pay interest on, or to refinance our indebtedness, depends on our future performance, which is subject to economic, financial, competitive, regulatory, and other factors, some of which are beyond our control. Our

business may not generate cash flow from operations in the future sufficient to satisfy our obligations or to make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as reducing or delaying investments or capital expenditures, selling assets, or refinancing or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance any indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on the Second Amended Credit Agreement.

Our Second Amended Credit Agreement contains restrictions that could limit our flexibility in operating our business.

Our Second Amended Credit Agreement contains various covenants that could limit our ability to engage in specified types of transactions under certain conditions. These covenants could limit our ability to, among other things:

- pay dividends on, repurchase, or make distributions in respect of our capital stock or make other restricted payments;
- incur additional indebtedness or issue certain preferred shares;
- make certain investments;
- sell certain assets;
- create liens;
- consolidate, merge, sell, or otherwise dispose of all or substantially all of our assets; and
- enter into certain transactions with our affiliates.

A breach of any of these covenants could result in a default under the Second Amended Credit Agreement. In the event of a default under the Second Amended Credit Agreement, the lenders could elect to declare all amounts outstanding to be immediately due and payable. If our lenders accelerate the repayment of borrowings, we may not be able to repay our debt obligations. If we were unable to repay amounts due to the lenders under our credit facility, those lenders could proceed against the collateral granted to them to secure that indebtedness.

Legal and Regulatory Risks

We are subject to the export control regulations of the U.S. Department of State and the Department of Commerce. A violation of these export control regulations could have a material adverse effect on our business or our results of operations, cash flows, or financial position.

The nature of our international business subjects us to the export control regulations of the U.S. Department of State and the Department of Commerce. Any changes regarding such regulations or U.S. trade policy more generally, including potential adoption and expansion of trade restrictions or export controls, particularly with respect to China, may impact overall customer demand for our products or affect our ability to manufacture and/or sell our products overseas. Additionally, in response to Russia's invasion of Ukraine, the U.S. government has imposed numerous export controls and sanctions related to Russia.

Although we currently have licenses to export certain products and technologies, particularly to China, and we have historically had limited sales to companies in Russia, any alleged violation could expose us to significant cost, with any final determination of a violation of these export control regulations potentially resulting in monetary penalties and denial of export privileges. Although we are not aware of any violation of any export control regulations, a failure to comply with any of these regulations could have an adverse effect on our business.

Potential intellectual property claims and litigation could subject us to significant liability for damages and could invalidate our proprietary rights.

The IC industry is characterized by frequent litigation regarding patent and other intellectual property rights. We may find it necessary to initiate lawsuits to assert our patent or other intellectual property rights. These legal proceedings could be expensive, take significant time, and divert management's attention. We cannot provide assurances that we will ultimately be

successful in any lawsuit, nor can we provide assurances that any patent owned by us will not be invalidated, circumvented, or challenged. We cannot provide assurances that rights granted under our patents will provide competitive advantages to us, or that any of our pending or future patent applications will be issued with the scope of the claims sought by us, if at all.

As is typical in the IC industry, our customers and we have, from time to time, received and may in the future receive, communications from third parties asserting patents, mask work rights, or copyrights. In the event third parties were to make a valid intellectual property claim and a license was not available on commercially reasonable terms, our operating results could be harmed. Litigation, which could result in substantial cost to us and diversion of our management, technical and financial resources, may also be necessary to defend us against claimed infringement of the rights of others. An unfavorable outcome in any such litigation could have an adverse effect on our future operations and/or liquidity.

We have provisions in our Certificate of Incorporation and Bylaws, and are subject to certain provisions of Delaware law, which could prevent, delay, or impede a change of control of our company. These provisions could affect the market price of our stock.

Certain provisions of Delaware law and of our Certificate of Incorporation and Bylaws could make it more difficult for a third party to acquire us, even if our stockholders support the acquisition. These provisions include, but are not limited to:

- the inability of stockholders to call a special meeting of stockholders;

- a prohibition on stockholder action by written consent; and

- a requirement that stockholders provide advance notice of any stockholder nominations of directors or any proposal of new business to be considered at any meeting of stockholders.

We are also subject to the anti-takeover laws of Delaware that may prevent, delay, or impede a third party from acquiring or merging with us, which may adversely affect the market price of our common stock.

Our Bylaws include a forum selection provision that could increase costs to bring a claim, discourage claims, or limit the ability of the Company's stockholders to bring a claim in a judicial forum viewed by the stockholders as more favorable for disputes with the Company or the Company's directors, officers, or other employees.

Our Bylaws provide, to the fullest extent permitted by law, that, unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware or, if the Court of Chancery does not have jurisdiction, a state court located within the State of Delaware or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware, will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for certain legal actions between the Company and its stockholders. In addition, our Bylaws provide that the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended. The exclusive forum clauses described above do not apply to suits brought to enforce a duty or liability created by the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and consented to, the provisions of our Bylaws described in the preceding sentences. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation or bylaws has been challenged in legal proceedings and there is uncertainty as to whether a court would enforce such provisions. In addition, investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. This forum selection provision may increase costs to bring a claim, discourage claims, or limit a stockholder's ability to bring a claim in a judicial forum that such stockholder finds favorable for disputes with the Company or the Company's directors, officers, or other employees, which may discourage such lawsuits against the Company or the Company's directors, officers, and other employees. Alternatively, if a court were to find the forum selection provision contained in the Company's Bylaws to be inapplicable or unenforceable in an action, the Company could incur additional costs associated with resolving such action in other jurisdictions.

General Risks

Corporate social responsibility initiatives, specifically related to environmental, social and governance ("ESG") matters, may impose additional costs and expose us to emerging areas of risk.

Providing public disclosures regarding ESG matters, for example sustainability reporting, is becoming more broadly expected by investors, shareholders, existing and potential employees, customers, and other third parties. Certain organizations currently, and other organizations may in the future, use such disclosures to evaluate companies regarding ESG activities and publish scores or ratings based upon ESG or "sustainability" metrics. Potential and current investors may use the Company's ESG ratings to guide their investment strategies and may decrease or withdraw investment, or alternatively increase investment in our competitors, if our ESG performance is perceived to be lagging. The qualitative and quantitative criteria regarding ESG may continue to evolve and we may need to modify our practices and/or incur additional or unexpected costs to satisfy these expectations. We may communicate certain goals or initiatives regarding our ESG activities from time to time, including goals relating to our carbon footprint, and if we are unable to meet those goals or they are perceived to be inadequate, we could be exposed to reputational damage and other emerging areas of risk.

In addition, one or more of our customers have also requested, and other customers may in the future request, that we achieve certain carbon emission reductions and/or commit to the use of renewable energy in the manufacture of our goods. Such requests may require us to modify our supply chain practices, make capital investments to modify certain aspects of our operations, or increase our operating costs. There can be no assurance of the extent to which any of our climate goals or the goals of our customers will be achieved or that any future investments that we make in furtherance of achieving our climate goals or the goals of our customers will produce the expected results or meet increasing stakeholder environmental, social and governance expectations. If we do not meet these goals, we could incur adverse publicity and reaction or the loss of business from certain of our customers, which could adversely impact our reputation, and in turn adversely impact our results of operations.

Further, we are subject to increased government laws, regulations, and other standards that impose operational and reporting requirements related to ESG matters, and we will likely be subject to further evolving ESG reporting standards in the future. For example, the SEC has proposed rule changes that would require registrants to include certain climate-related disclosures in their registration statements and periodic reports, including information about climate-related risks that are reasonably likely to have a material impact on their business, results of operations, or financial condition, and certain climate-related financial statement metrics in a note to their audited financial statements. Collecting, measuring, and reporting ESG information and metrics in response to these increased requirements can be costly, difficult, and time consuming. With these additional regulations and disclosures, we may see our legal compliance, financial reporting, and auditing costs increase along with the emergence of risks associated with the collection, data assurance, and disclosure related to such ESG information.

As we carry only limited insurance coverage, uninsured or under-insured losses could adversely affect our financial condition and results of operations.

Our insurance policies may not be adequate to fully offset losses from covered incidents, and we do not have coverage for certain losses. For example, there is limited coverage available with respect to the services provided by our third-party foundries and assembly and test subcontractors. Although we believe that our existing insurance coverage is consistent with common practices of companies in our industry, our insurance coverage may be inadequate to protect us against product recalls, natural disasters, cybersecurity and/or information security breaches, and other unforeseen catastrophes that could adversely affect our financial condition and results of operations.

We are subject to the risks of owning real property.

We currently own our U.S. headquarters and research facility in Austin, Texas. The ownership of our U.S. properties subjects us to the risks of owning real property, which may include:

- the possibility of environmental contamination and the costs associated with correcting any environmental problems;
- adverse changes in the value of these properties, due to interest rate changes, changes in the neighborhood in which the property is located, or other factors; and
- the risk of financial loss in excess of amounts covered by insurance, or uninsured risks, such as the loss caused by damage to

the buildings as a result of fire, floods, or other natural disasters.

ITEM 1B. *Unresolved Staff Comments*

None.

ITEM 2. *Properties*

As of March 25, 2023, our principal facilities are located in Austin, Texas and Edinburgh, Scotland, United Kingdom. The Austin facilities, which we own, consist of approximately 155,000 square feet of office space and are primarily occupied by research and development personnel and testing equipment. In addition, our failure analysis and reliability facility occupies approximately 27,000 square feet.

Additionally, we have various leased facilities in Austin, Texas, consisting of approximately 281,000 square feet, which includes approximately 275,000 square feet of leased space that houses a mixture of administrative personnel as well as research and development personnel.

Additionally, we lease approximately 110,000 square feet of office space and 27,000 square feet of high quality lab space in Edinburgh, Scotland, United Kingdom. See further details below in Results of Operation.

Below is a detailed schedule that identifies our principal locations of occupied leased and owned property as of March 25, 2023, with various contractual lease terms through calendar year 2033. We believe that these facilities are suitable and adequate to meet our current operating needs.

<u>Design Centers</u>	<u>Sales Support Offices – International</u>
Austin, Texas	Beijing, China
Mesa, Arizona	Shanghai, China
Cupertino, California	Shenzhen, China
Edinburgh, Scotland, United Kingdom	Tokyo, Japan
Newbury, England, United Kingdom	Singapore
	Seoul, South Korea
	Taipei, Taiwan

See Note 11 — Leases of the Notes to Consolidated Financial Statements contained in Item 8 for further detail.

ITEM 3. *Legal Proceedings*

From time to time, we are involved in legal proceedings concerning matters arising in connection with the conduct of our business activities. We regularly evaluate the status of legal proceedings in which we are involved to assess whether a loss is probable or there is a reasonable possibility that a loss or additional loss may have been incurred and to determine if accruals are appropriate. We further evaluate each legal proceeding to assess whether an estimate of possible loss or range of loss can be made.

Based on current knowledge, management does not believe that there are any pending matters that could potentially have a material adverse effect on our business, financial condition, results of operations or cash flows. However, we are engaged in various legal actions in the normal course of business. While there can be no assurances in light of the inherent uncertainties involved in any potential legal proceedings, some of which are beyond our control, an adverse outcome in any legal proceeding could be material to our results of operations or cash flows for any particular reporting period.

ITEM 4. *Mine Safety Disclosures*

Not applicable.

PART II

ITEM 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Our common stock is traded on the NASDAQ's Global Select Market under the symbol CRUS.

As of May 17, 2023, there were approximately 344 holders of record of our common stock.

The information under the caption “Equity Compensation Plan Information” in the proxy statement to be delivered to stockholders in connection with our Annual Meeting of Stockholders to be held on July 28, 2023 (the “Proxy Statement”) is incorporated herein by reference.

Dividend Policy

We have not paid any dividends on our capital stock. We do not anticipate declaring or paying in the foreseeable future any dividends on our capital stock. Any future determination to pay dividends will be made at the discretion of our board of directors, subject to applicable laws, and will depend upon our results of operations, financial condition, contractual restrictions, capital requirements, and other factors. Our future ability to pay dividends on our capital stock may be limited by the terms of any future debt that we may incur or any preferred securities that we may issue in the future.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information about purchases of equity securities that are registered by us pursuant to Section 12 of the Exchange Act during the three months ended March 25, 2023 (in thousands, except per share amounts):

Monthly Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (1)
December 25, 2022 - January 21, 2023	—	\$ —	—	\$ 536,131
January 22, 2023 - February 18, 2023	134	105.45	134	521,979
February 19, 2023 - March 25, 2023	203	102.54	203	501,131
Total	337	\$ 103.70	337	\$ 501,131

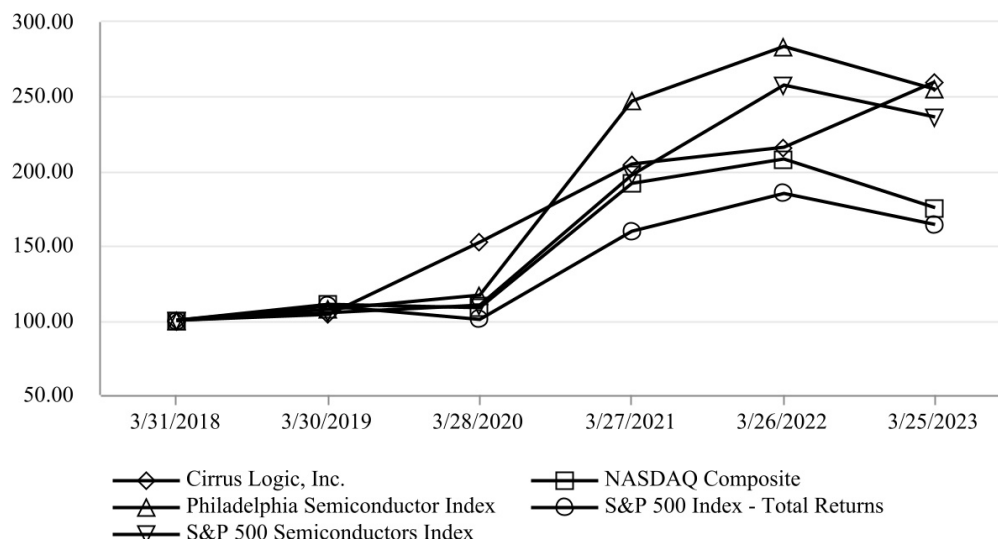
(1) The Company currently has two active share repurchase authorizations: \$350 million in share repurchases authorized by the Board of Directors in January 2021 and \$500 million in share repurchases authorized by the Board of Directors in July 2022. The repurchases are to be funded from existing cash and intended to be effected from time to time in accordance with applicable securities laws through the open market, including pursuant to a Rule 10b5-1 trading plan, or in privately negotiated transactions. The timing of the repurchases and the actual amount purchased depend on a variety of factors including general market and economic conditions and other corporate considerations. The program does not have an expiration date, does not obligate the Company to repurchase any particular amount of common stock, and may be modified or suspended at any time at the Company's discretion. The Company repurchased 0.3 million shares of its common stock for \$35.0 million during the fourth quarter of fiscal year 2023. All shares of our common stock that were repurchased were retired as of March 25, 2023.

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act, which, among other things, implemented a 1 percent excise tax on net stock repurchases. Based on our analysis of this provision, we do not believe that this legislation will have a material impact on our financial statements.

Stock Price Performance Graph

The following graph and table show a comparison of the five-year cumulative total stockholder return ("TSR"), calculated on a dividend reinvestment basis, for Cirrus Logic, the NASDAQ Composite, the Philadelphia Semiconductor Index, the Standard & Poor's 500 Composite Index (the "S&P 500 Index"), and the Semiconductor Subgroup of the Standard & Poor's Electronics Index (the "S&P 500 Semiconductors Index").

Comparison of 5 Year Cumulative Total Return
Assumes Initial Investment of \$100
March 2023



	3/31/2018	3/30/2019	3/28/2020	3/27/2021	3/26/2022	3/25/2023
Cirrus Logic, Inc.	100.00	103.54	152.40	204.30	215.82	259.84
NASDAQ Composite Index	100.00	110.63	108.51	191.57	207.95	175.09
Philadelphia Semiconductor Index	100.00	107.11	116.51	246.76	283.42	254.78
S&P 500 Index	100.00	109.50	100.13	159.29	184.65	164.18
S&P 500 Semiconductors Index	100.00	104.83	109.75	196.98	257.74	236.23

- (1) The graph assumes that \$100 was invested in our common stock and in each index at the market close on March 31, 2018, and that all dividends were reinvested. No cash dividends were declared on our common stock during the periods presented.
- (2) Stockholder returns over the indicated period should not be considered indicative of future stockholder returns.
- (3) Prior to fiscal year 2023, the Company presented the S&P 500 Index and the S&P 500 Semiconductors Index, included above. The change in indices in the current fiscal year was made to include: (i) the Nasdaq Composite Index - the exchange where the Company's equity securities are traded; and (ii) the Philadelphia Semiconductor Index, a published semiconductor industry index used to determine certain components of the Company's compensation to executives.

The information in this Annual Report on Form 10-K appearing under the heading "Stock Price Performance Graph" is being "furnished" pursuant to Item 201(e) of Regulation S-K under the Securities Act of 1933, as amended, and shall not be deemed to be "soliciting material" or "filed" with the Securities and Exchange Commission or subject to Regulation 14A or 14C, other than as provided in Item 201(e) of Regulation S-K, or to the liabilities of Section 18 of the Exchange Act.

ITEM 6. [Reserved]

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Please read the following discussion in conjunction with our audited historical consolidated financial statements and notes thereto, which are included elsewhere in this Form 10-K. Management's Discussion and Analysis of Financial Condition and Results of Operations contains statements that are forward-looking. These statements are based on current expectations and assumptions that are subject to risk, uncertainties and other factors. Actual results could differ materially because of the factors discussed in Part I, Item 1A. "Risk Factors" of this Form 10-K and elsewhere in this report, as well as in the documents we file with the SEC, including our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Critical Accounting Estimates

Our discussion and analysis of the Company's financial condition and results of operations are based upon the consolidated financial statements included in this report, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts. We evaluate the estimates on an on-going basis. We base these estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. Our accounting policies are more fully described in Note 2 - Summary of Significant Accounting Policies of the Notes to Consolidated Financial Statements contained in Item 8.

The Company considers the following accounting policies to involve the highest degree of judgment in the preparation of the consolidated financial statements:

Inventory Valuation

Inventories are stated at the lower of cost or net realizable value, with cost being determined on a first-in, first-out basis. The Company writes down inventories to net realizable value based on forecasted customer unit demand while taking into account product release schedules and product life cycles. The Company also reviews and writes down inventory, as appropriate, based on the age and condition of the inventory. Actual demand and market conditions may be different from those projected by management, which could have a material effect on our operating results and financial position.

Uncertain Tax Positions

The calculation of our tax liabilities involves assessing uncertainties with respect to the application of complex tax rules. Uncertain tax positions must meet a more likely than not threshold to be recognized in the financial statements and the tax benefits recognized are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon final settlement. The ultimate settlement of uncertain tax positions may differ from our estimates, which could result in the recognition of a tax benefit or an additional charge to the income tax provision in the relevant period. See Note 19 — Income Taxes of the Notes to Consolidated Financial Statements contained in Item 8 for additional details.

Recently Adopted Accounting Pronouncements

For a discussion of recently adopted accounting pronouncements, refer to Note 2 of the Notes to the Consolidated Financial Statements.

Overview

Cirrus Logic develops low-power, high-precision mixed-signal processing solutions for a broad range of customers. We track operating results in one reportable segment, but report revenue performance by product line: audio and HPMS products. In fiscal year 2023, the Company delivered record revenue, driven by higher sales of products shipping in smartphones. This past year, we believe that we made excellent progress in many areas of our long-term growth strategy. The Company remained a leader in our foundational business of smartphone audio, with a number of customers launching flagship devices using our components. Moreover, our team began design of our next-generation boosted amplifier and smart codec, both of which are in advanced stages of development today and are expected to extend our market leadership and deliver significant revenue for many years following their introduction. Additionally, the Company completed the successful production qualification for our next-generation camera controller for introduction in fiscal year 2024.

In the past year the Company saw both our R&D investment and the number of opportunities in high-performance mixed-signal ("HPMS") increase. Among the HPMS opportunities we have previously discussed in shareholder communications, a new product previously scheduled for introduction this fall is no longer expected to come to market as planned. Our customer

relationship remains very strong and we continue to collaborate on a range of technologies and products in the HPMS space. We continue to believe that the HPMS product line represents a significant opportunity to grow and diversify revenue.

Fiscal Year 2023

Fiscal year 2023 net sales of \$1.90 billion represented an increase over fiscal year 2022 net sales of \$1.78 billion. HPMS product line sales of \$725.6 million represented a 22.1 percent increase from fiscal year 2022 sales of \$594.3 million, primarily attributable to content gains in smartphones and higher ASPs. Audio product line sales of \$1.17 billion in fiscal year 2023 decreased from fiscal year 2022 sales of \$1.19 billion. The most significant drivers of the decrease were the softening in general market and smartphone demand, partially offset by ASP increases during fiscal year 2023.

Overall, gross margin for fiscal year 2023 was 50.4 percent. The decrease in gross margin for fiscal year 2023 was primarily attributable to an increase in supply chain costs, partially offset by higher ASPs and the absence of the purchase price fair value adjustment to inventory, which was a one-time event in the second quarter of fiscal year 2022, as a result of the Lion Semiconductor, Inc. ("Lion") acquisition (the "Acquisition"). The Company's number of employees increased to 1,702 as of March 25, 2023. The Company achieved net income of \$176.7 million in fiscal year 2023, which included an income tax provision in the amount of \$78.0 million.

Fiscal Year 2022

Fiscal year 2022 net sales of \$1.78 billion represented an increase over fiscal year 2021 net sales of \$1.37 billion. HPMS product line sales of \$594.3 million represented a 124.1 percent increase from fiscal year 2021 sales of \$265.2 million, primarily attributable to content gains in smartphones and, to a lesser extent, higher sales of general market battery and power products. Audio product line sales of \$1.19 billion in fiscal year 2022 increased from fiscal year 2021 sales of \$1.10 billion. The most significant driver of the increase was higher sales of audio products in laptops.

Overall, gross margin for fiscal year 2022 was 51.8 percent. The increase in gross margin for fiscal year 2022 was primarily attributable to the impact of higher ASPs, which were mostly offset by increased supply chain costs. The Company's number of employees increased to 1,591 as of March 26, 2022. The Company achieved net income of \$326.4 million in fiscal year 2022, which included an income tax provision in the amount of \$42.3 million.

Results of Operations

The following table summarizes the results of our operations for each of the past three fiscal years as a percentage of net sales. All percentage amounts were calculated using the underlying data, in thousands:

	Fiscal Years Ended		
	March 25, 2023	March 26, 2022	March 27, 2021
Net sales	100 %	100 %	100 %
Gross margin	50 %	52 %	52 %
Research and development	24 %	23 %	25 %
Selling, general and administrative	8 %	8 %	10 %
Lease impairments and restructuring	1 %	— %	— %
Intangibles impairment	4 %	— %	— %
Income from operations	13 %	21 %	17 %
Interest income	— %	— %	1 %
Interest expense	— %	— %	— %
Other expense	— %	— %	— %
Income before income taxes	13 %	21 %	18 %
Provision for income taxes	4 %	3 %	2 %
Net income	9 %	18 %	16 %

Net Sales

We report sales in two product categories: audio products and HPMS products. Our sales by product line are shown in the table below (in thousands).

	Fiscal Years Ended		
	March 25, 2023	March 26, 2022	March 27, 2021
Audio Products	\$ 1,172,007	\$ 1,187,126	\$ 1,104,060
HPMS Products	725,610	594,334	265,170
	<u>\$ 1,897,617</u>	<u>\$ 1,781,460</u>	<u>\$ 1,369,230</u>

Net sales for fiscal year 2023 increased by 6.5 percent, to \$1.90 billion from \$1.78 billion in fiscal year 2022. The increase in net sales reflects a \$131.3 million increase in HPMS product sales, or 22.1 percent, from fiscal year 2022 sales of \$594.3 million, which was primarily attributable to content gains in smartphones and higher ASPs. Audio product sales decreased \$15.1 million in fiscal year 2023. The most significant drivers of the decrease were the softening in general market and smartphone demand, partially offset by ASP increases versus the prior fiscal year.

Net sales for fiscal year 2022 increased by 30.1 percent, to \$1.78 billion from \$1.37 billion in fiscal year 2021. The increase in net sales reflects a \$329.2 million increase in HPMS product sales, or 124.1 percent, from fiscal year 2021 sales of \$265.2 million, which was primarily attributable to content gains in smartphones, and to a lesser extent, higher sales of general market battery and power products. Additionally, audio product sales increased \$83.1 million in fiscal year 2022. The most significant driver of the increase was higher sales of audio products in laptops.

International sales, including sales to U.S.-based end customers that manufacture products through contract manufacturers or plants located overseas, were approximately \$1.8 billion in each of fiscal years 2023 and 2022, and \$1.3 billion in fiscal year 2021, representing 97 percent of net sales in fiscal year 2023, and 98 percent in fiscal years 2022 and 2021. Our sales are denominated primarily in U.S. dollars.

Gross Margin

Overall gross margin of 50.4 percent for fiscal year 2023 reflects a decrease from fiscal year 2022 gross margin of 51.8 percent. The decrease reflects an increase in supply chain costs, partially offset by higher ASPs and the absence of the purchase price fair value adjustment to inventory, as a result of the Acquisition. Changes in excess and obsolete inventory charges, including scrapped inventory, and sales of product written down in prior periods did not have a material impact on margin in fiscal year 2023.

Overall gross margin of 51.8 percent for fiscal year 2022 reflects a slight increase from fiscal year 2021 gross margin of 51.7 percent. The increase was primarily attributable to the impact of higher ASPs, which were mostly offset by increased supply chain costs. Changes in excess and obsolete inventory charges, including scrapped inventory, and sales of product written down in prior periods did not have a material impact on margin in fiscal year 2022.

Research and Development Expenses

Fiscal year 2023 research and development expenses of \$458.4 million reflect an increase of \$52.1 million, or 12.8 percent, from fiscal year 2022. The increase was attributable to increased stock-based compensation, product development costs, employee-related expenses, primarily driven by a 7.0 percent increase in total R&D headcount, facilities-related costs, amortization of acquisition intangibles, and acquisition-related expenses, partially offset by reduced variable compensation and increased R&D incentives compared to the prior fiscal year. See Note 2 - Summary of Significant Accounting Policies / Government Assistance for additional details relating to R&D incentives.

Fiscal year 2022 research and development expenses of \$406.3 million reflect an increase of \$63.5 million, or 18.5 percent, from fiscal year 2021. The increase was attributable to increased employee-related expenses, primarily driven by a 9.0 percent increase in total R&D headcount, amortization of acquisition intangibles, variable compensation, acquisition-related, stock-based compensation, and facilities-related costs, offset by increased R&D incentives and reduced product development costs.

Selling, General and Administrative Expenses

Fiscal year 2023 selling, general and administrative expenses of \$153.1 million reflect an increase of \$2.1 million, or 1.4 percent, compared to fiscal year 2022. The increase was primarily attributable to increased employee-related and stock-based compensation costs, partially offset by reduced variable compensation costs in fiscal year 2023.

Fiscal year 2022 selling, general and administrative expenses of \$151.0 million reflect an increase of \$24.0 million, or 18.9 percent, compared to fiscal year 2021. The increase was primarily attributable to increased employee-related expenses, professional services, variable compensation and stock-based compensation costs in fiscal year 2022.

Lease Impairments and Restructuring

During the fourth quarter of fiscal year 2023, as part of our strategy to improve operational efficiency, the Company abandoned or subleased office space at various properties to align our real property lease arrangements with our anticipated operating needs. The Company recorded lease impairments and restructuring costs of \$10.6 million related to impairment of right-of-use lease assets and leasehold improvements of \$6.9 million, as well as other related charges of \$3.7 million. See Note 12 - Lease Impairments and Restructuring for additional details.

Intangibles Impairment

Due to the prolonged weakness in the China smartphone market, the sales of our general market battery and power products associated with the Acquisition were adversely affected. As a result, the Company revalued the acquired intangible assets recorded in purchase accounting. In the fourth quarter of fiscal year 2023, the Company impaired the related acquired intangible assets by \$85.8 million. See additional details in Note 7 - Intangibles, net and Goodwill.

Interest Income

Interest income in fiscal years 2023, 2022, and 2021, was \$10.0 million, \$1.6 million, and \$6.3 million, respectively. The fluctuations in interest income in fiscal year 2023 and 2022 versus prior years were a function of earnings on average cash, cash equivalent, and marketable securities balances throughout the year.

Interest Expense

The Company reported interest expense of \$0.9 million, \$0.9 million and \$1.1 million for fiscal years 2023, 2022, and 2021, respectively, primarily as a result of the Revolving Credit Facility, described in Note 9.

Other Income (Expense)

In fiscal years 2023, 2022, and 2021 the Company reported \$(3.4) million, \$1.7 million, and \$2.8 million respectively, in other income (expense), related to remeasurement on foreign currency denominated monetary assets and liabilities and other non-operating income and expenses. Additionally, in fiscal year 2023, the Company recorded a \$2.7 million write down related to a technology start-up equity investment.

Provision for Income Taxes

We recorded income tax expense of \$78.0 million in fiscal year 2023 on pre-tax income of \$254.7 million, yielding an effective tax rate of 30.6 percent. Our effective tax rate was higher than the U.S. statutory rate of 21.0 percent, primarily due to an increase in U.S. tax paid on our foreign earnings. A provision in the Tax Cuts and Jobs Act of 2017 requires research and development expenditures incurred in tax years beginning after December 31, 2021 to be capitalized and amortized ratably over five or fifteen years depending on the location in which the research activities are conducted, resulting in higher global intangible low-taxed income (GILTI), which is treated as a period cost. In addition, U.S. tax rules introduced in fiscal year 2023 related to refundable tax credits, including R&D expenditure credits available to us in the United Kingdom, reduce the amount of foreign tax credits available to offset GILTI.

We recorded income tax expense of \$42.3 million in fiscal year 2022 on pre-tax income of \$368.7 million, yielding an effective tax rate of 11.5 percent. Our effective tax rate was lower than the U.S. statutory rate of 21.0 percent, primarily due to the effect of income earned in certain foreign jurisdictions that is taxed below the federal statutory rate and excess tax benefits from stock-based compensation.

We recorded income tax expense of \$27.9 million in fiscal year 2021 on pre-tax income of \$245.2 million, yielding an effective tax provision rate of 11.4 percent. Our effective tax rate was lower than the U.S. statutory rate of 21.0 percent, primarily due to the effect of income earned in certain foreign jurisdictions that is taxed below the federal statutory rate, the release of prior year unrecognized tax benefits during fiscal year 2021, and excess tax benefits from stock-based compensation.

For additional discussion about our income taxes, see Note 19 - Income Taxes.

Liquidity and Capital Resources

Operating Activities

In fiscal year 2023, cash flow from operations was \$339.6 million. Operating cash flow during fiscal year 2023 was related to the cash components of our net income and a \$55.6 million unfavorable change in working capital. The unfavorable

change in working capital was driven primarily by an increase in inventory and decreases in accounts payable and other accrued liabilities, partially offset by a decrease in accounts receivable. In fiscal year 2022, cash flow from operations was \$124.8 million. Operating cash flow during fiscal year 2022 was related to the cash components of our net income and a \$316.1 million unfavorable change in working capital, primarily as a result of increases in long-term prepaid wafers associated with terms of the Capacity Reservation Agreement with GlobalFoundries (discussed further in Note 15 - Commitments and Contingencies of the Notes to the Consolidated Financial Statements), accounts receivables and other assets (a portion of which resulted from terms of the Capacity Reservation Agreement with GlobalFoundries), partially offset by increases in acquisition-related liabilities and decreases in inventory for the period. In fiscal year 2021, cash flow from operations was \$348.9 million. Operating cash flow during fiscal year 2021 was related to the cash components of our net income, offset by a \$33.2 million favorable change in working capital. The favorable change in working capital was driven primarily by a decrease in accounts receivable and an increase in accounts payable, partially offset by an increase in inventories.

Investing Activities

In fiscal year 2023, the Company used \$33.3 million in cash for investing activities primarily related to capital expenditures and technology investments of \$36.7 million and \$3.4 million in net sales of marketable securities. In fiscal year 2022, the Company used approximately \$18.4 million in cash for investing activities principally related to \$276.9 million associated with the acquisition of Lion and capital expenditures and technology investments of \$30.0 million, partially offset by \$288.5 million in net sales of marketable securities. In fiscal year 2021, the Company used approximately \$77.7 million in cash for investing activities primarily related to \$57.2 million in net purchases of marketable securities, and capital expenditures and technology investments of \$20.5 million.

Financing Activities

In fiscal years 2023, 2022, and 2021, the Company used \$230.3 million, \$178.7 million, and \$121.2 million, respectively, related to financing activities. In fiscal years 2023, 2022, and 2021, the Company utilized approximately \$191.4 million, \$167.5 million, and \$110.0 million, respectively, in cash to repurchase and retire portions of its outstanding common stock. See Note 17 - Stockholders' Equity for a description of our share repurchase authorization.

Revolving Credit Facility

On July 8, 2021, the Company entered into a second amended and restated credit agreement (the "Second Amended Credit Agreement") with Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto. The Second Amended Credit Agreement provides for a \$300 million senior secured revolving credit facility (the "Revolving Credit Facility"). The Revolving Credit Facility matures on July 8, 2026 (the "Maturity Date"). The Revolving Credit Facility is required to be guaranteed by all of Cirrus Logic's material domestic subsidiaries (the "Subsidiary Guarantors"). The Revolving Credit Facility is secured by substantially all the assets of Cirrus Logic and any Subsidiary Guarantors, except for certain excluded assets.

On March 20, 2023, the Company, entered into the First Amendment (the "Amendment") to its Second Amended Credit Agreement, with the lending institutions party thereto and Wells Fargo Bank, National Association, as administrative agent. The Amendment updates the benchmark interest rate provisions to replace the London interbank offered rate ("LIBOR") with the forward-looking secured overnight financing rate ("Term SOFR"), for the purposes of calculating interest under the terms of the Second Amended Credit Agreement.

As of March 25, 2023, the Company had no amounts outstanding under the Revolving Credit Facility and was in compliance with all covenants under the Second Amended Credit Agreement.

See Note 9 — Revolving Credit Facility for additional information including material terms and related covenants.

Capital Requirements

Our future capital requirements will depend on many factors, including the rate of sales growth, market acceptance of our products, the timing and extent of research and development projects, and potential future acquisitions of companies or technologies, commitments under the Capacity Reservation Agreement with GlobalFoundries (discussed further in Note 15 - Commitments and Contingencies of the Notes to the Consolidated Financial Statements and Item 1A. Risk Factors) and the expansion of our sales and marketing activities. We believe our expected future cash earnings, existing cash, cash equivalents, investment balances, and available borrowings under our Revolving Credit Facility will be sufficient to meet our capital requirements both domestically and internationally, in the short-term (i.e. the next 12 months) and in the long-term, although we could be required, or could elect, to seek additional funding prior to that time. As of March 25, 2023, the Company did not have any off-balance-sheet arrangements, that were reasonably likely to have a material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Contractual Cash Obligations

In our business activities, we incur certain commitments to make future payments under contracts such as debt agreements, purchase orders, operating leases and other long-term contracts. See Part II, Item 8 Notes to Consolidated Financial Statements Note 9 - Revolving Credit Facility, Note 11 - Leases and Note 15 - Commitments and Contingencies for additional information related to these contractual obligations.

ITEM 7A. *Quantitative and Qualitative Disclosures about Market Risk*

We are exposed to market risks associated with interest rates on drawn balances of our Revolving Credit Facility and marketable securities, and to currency movements on non-functional currency assets and liabilities. We assess these risks on a regular basis and have established policies that are designed to protect against the adverse effects of these and other potential exposures. All of the potential changes noted below are based on sensitivity analyses as of March 25, 2023. Actual results may differ materially.

Interest Rate Risk

Our primary financial instruments include cash equivalents, marketable securities, accounts receivable, accounts payable, and accrued liabilities. The Company's investments are managed by outside professional managers within investment guidelines set by the Company. These guidelines include security type, credit quality, and maturity, and are intended to limit market risk by restricting the Company's investments to high quality debt instruments with relatively short-term maturities. The Company does not currently use derivative financial instruments in its investment portfolio. Due to the short-term nature of our investment portfolio, our downside exposure to interest rate risk is minimal.

To provide a meaningful assessment of the interest rate risk associated with our investment portfolio, the Company performed a sensitivity analysis to determine the impact a change in interest rates would have on the value of the investment portfolio assuming a 100 basis point parallel shift in the yield curve. Based on investment positions as of March 25, 2023 and March 26, 2022, a hypothetical 100 basis point increase in interest rates across all maturities would result in a \$0.8 million and \$1.1 million decline in the fair market value of the portfolio, respectively. Such losses would only be realized if the Company sold the investments prior to maturity.

Foreign Currency Exchange Risk

Our revenue and spending is transacted primarily in U.S. dollars; however, in fiscal years 2023, 2022, and 2021, we entered into routine transactions in other currencies to fund the operating needs of certain legal entities outside of the U.S. Our balance sheet also reflects monetary assets and liabilities in certain entities which are remeasured to each entity's functional currency. We use forward contracts to manage exposure to foreign currency exchange risk attributable to certain non-functional currency balance sheet exposures. Gains and losses from these foreign currency forward contracts are recognized currently in earnings along with the gains and losses resulting from remeasuring the underlying exposures. Because most of the aggregate balance sheet exposure is hedged by forward currency exchange contracts, at the end of any fiscal period a hypothetical 10 percent fluctuation in exchange rates relative to the U.S. dollar would result in an immaterial pretax currency exchange gain or loss. See Note 5 - Derivative Financial Instruments for additional information related to our hedging activities.

ITEM 8. *Financial Statements and Supplementary Data*

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Cirrus Logic, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Cirrus Logic, Inc. (the Company) as of March 25, 2023 and March 26, 2022, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three fiscal years in the period ended March 25, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at March 25, 2023 and March 26, 2022, and the results of its operations and its cash flows for each of the three fiscal years in the period ended March 25, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of March 25, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated May 19, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Inventory valuation

Description of the Matter

At March 25, 2023, the Company's inventory balance was \$233.5 million. As discussed in Note 2 of the financial statements, inventories are stated at the lower of cost or net realizable value, which includes considerations for inventory becoming obsolete or in excess of management's forecasted customer unit demand. The Company writes down inventories to net realizable value based on forecasted customer unit demand while taking into account product release schedules and product life cycles. The Company also writes down inventory, as appropriate, based on the age and condition of the inventory.

Auditing management's estimate of excess and obsolete inventory involved subjective auditor judgment because management's determination of whether a write down is warranted is judgmental and the estimate is sensitive to changes in assumptions, including management's assumptions over forecasted demand which may be impacted by, among other things, future market and economic conditions outside of the Company's control.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls that address the risks of material misstatement relating to the valuation of inventory. For example, we tested controls over management's review of forecasted demand, the significant assumptions, and the data underlying the excess and obsolete inventory valuation estimate.

Among other audit procedures performed, we evaluated the significant assumptions discussed above, including the forecasted customer unit demand utilized in the estimate, and tested the completeness and accuracy of the underlying data used in management's calculation. We evaluated adjustments to forecasted demand for specific product considerations, assessed the historical accuracy of management's estimates by performing a retrospective analysis comparing prior period forecasted demand to actual historical sales and inspected historical gross margins to assess whether any items were being sold at a loss.

Uncertain tax positions

Description of the Matter

As described in Note 19 to the consolidated financial statements, the Company has recorded accrued liabilities relating to unrecognized tax benefits resulting from uncertain tax positions of \$32.9 million as of March 25, 2023. The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax in multiple state and foreign jurisdictions. Furthermore, the Company's fiscal years 2017 to 2023 remain open to examination by the major taxing jurisdictions.

Auditing management's analysis of the uncertainties in its tax positions was complex and judgmental because the Company's evaluation and measurement of each tax position involves assessing uncertainties with respect to the application of complex tax rules, which are subject to interpretation. The Company uses significant judgment in determining whether a tax position is more likely than not to be sustained and measuring the amount of tax benefit that qualifies for recognition.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls that address the risks of material misstatement relating to the measurement of the benefit of uncertain tax positions. For example, we tested controls over management's review of the technical merits of tax positions, the events and information that impacted tax positions, the estimate of the most likely outcome, and the data utilized in the estimate.

To test the valuation of uncertain tax positions, our audit procedures included, among others, analyzing the Company's assumptions and data used to determine the amount of tax benefit to recognize and testing the accuracy of the calculations. In considering the measurement criteria, we involved our tax professionals to assess the technical merits of the Company's tax positions. This included assessing the Company's correspondence with the relevant tax authorities and evaluating income tax opinions or other third-party advice obtained by the Company. We also used our knowledge of, and experience with, the application of international and local income tax laws by the relevant income tax authorities to evaluate the Company's accounting for those tax positions. We also evaluated the Company's income tax disclosures included in Note 19 to the consolidated financial statements in relation to these matters.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1984.
Austin, Texas
May 19, 2023

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Cirrus Logic, Inc.

Opinion on Internal Control over Financial Reporting

We have audited Cirrus Logic, Inc.'s internal control over financial reporting as of March 25, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Cirrus Logic, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of March 25, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of March 25, 2023 and March 26, 2022, the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three fiscal years in the period ended March 25, 2023, and the related notes and our report dated May 19, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, 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.

/s/ Ernst & Young LLP

Austin, Texas
May 19, 2023

CIRRUS LOGIC, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	March 25, 2023	March 26, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 445,784	\$ 369,814
Marketable securities	34,978	10,601
Accounts receivable, net	150,473	240,264
Inventories	233,450	138,436
Prepaid assets	35,507	40,822
Prepaid wafers	60,638	—
Other current assets	57,026	40,078
Total current assets	1,017,856	840,015
Long-term marketable securities	36,509	63,749
Right-of-use lease assets	128,145	171,003
Property and equipment, net	162,972	157,077
Intangibles, net	38,876	158,145
Goodwill	435,936	435,791
Deferred tax assets	35,580	11,068
Long-term prepaid wafers	134,363	195,000
Other assets	73,729	91,552
Total assets	\$ 2,063,966	\$ 2,123,400
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 81,462	\$ 115,417
Accrued salaries and benefits	50,606	65,261
Software license agreements	20,948	21,736
Current lease liabilities	18,442	14,680
Acquisition-related liabilities	21,361	30,964
Other accrued liabilities	23,521	16,725
Total current liabilities	216,340	264,783
Long-term liabilities:		
Non-current lease liabilities	122,631	163,162
Non-current income taxes	59,013	73,383
Long-term acquisition-related liabilities	—	8,692
Other long-term liabilities	7,700	13,563
Total long-term liabilities	189,344	258,800
Stockholders' equity:		
Preferred stock, 5.0 million shares authorized but unissued	—	—
Common stock, \$0.001 par value, 280,000 shares authorized, 55,098 shares and 56,596 shares issued and outstanding at March 25, 2023 and March 26, 2022, respectively	55	57
Additional paid-in capital	1,670,086	1,578,370
Accumulated earnings (deficit)	(9,320)	23,435
Accumulated other comprehensive loss	(2,539)	(2,045)
Total stockholders' equity	1,658,282	1,599,817
Total liabilities and stockholders' equity	\$ 2,063,966	\$ 2,123,400

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

CIRRUS LOGIC, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)

	Fiscal Years Ended		
	March 25, 2023	March 26, 2022	March 27, 2021
Net sales	\$ 1,897,617	\$ 1,781,460	\$ 1,369,230
Cost of sales	940,638	857,819	661,929
Gross profit	956,979	923,641	707,301
Operating expenses			
Research and development	458,412	406,307	342,759
Selling, general and administrative	153,144	150,996	127,008
Lease impairments and restructuring	10,632	—	352
Intangibles impairment	85,760	—	—
Total operating expenses	707,948	557,303	470,119
Income from operations	249,031	366,338	237,182
Interest income	9,985	1,563	6,281
Interest expense	(898)	(948)	(1,057)
Other income (expense)	(3,379)	1,710	2,840
Income before income taxes	254,739	368,663	245,246
Provision for income taxes	78,036	42,308	27,902
Net income	176,703	326,355	217,344
Basic earnings per share	\$ 3.18	\$ 5.70	\$ 3.74
Diluted earnings per share	\$ 3.09	\$ 5.52	\$ 3.62
Basic weighted average common shares outstanding	55,614	57,278	58,106
Diluted weighted average common shares outstanding	57,226	59,143	60,060

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

CIRRUS LOGIC, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Fiscal Years Ended		
	March 25, 2023	March 26, 2022	March 27, 2021
Net income	\$ 176,703	\$ 326,355	\$ 217,344
Other comprehensive income (loss), before tax			
Foreign currency translation gain (loss)	(834)	(507)	1,862
Unrealized gain (loss) on marketable securities	430	(5,587)	5,673
Benefit (provision) for income taxes	(90)	1,174	(1,191)
Comprehensive income	\$ 176,209	\$ 321,435	\$ 223,688

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

CIRRUS LOGIC, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Fiscal Years Ended		
	March 25, 2023	March 26, 2022	March 27, 2021
Cash flows from operating activities:			
Net income	\$ 176,703	\$ 326,355	\$ 217,344
Adjustments to net cash provided by operating activities:			
Depreciation and amortization	71,202	62,061	47,083
Stock-based compensation expense	81,641	66,392	56,762
Deferred income taxes	(34,513)	(15,002)	(5,581)
Loss on retirement or write-off of long-lived assets	656	642	371
Other non-cash (gains) / charges	3,102	370	(622)
Lease impairments and restructuring	10,632	—	352
Intangibles impairment	85,760	—	—
Net change in operating assets and liabilities:			
Accounts receivable, net	89,791	(124,826)	45,286
Inventories	(95,014)	42,502	(26,538)
Prepaid wafers	—	(195,000)	—
Other assets	1,852	(92,584)	843
Accounts payable	(34,307)	10,529	21,104
Accrued salaries and benefits	(15,108)	10,049	12,410
Income taxes payable	(6,019)	(804)	(18,185)
Acquisition-related liabilities	12,654	39,656	—
Other accrued liabilities	(9,464)	(5,587)	(1,684)
Net cash provided by operating activities	339,568	124,753	348,945
Cash flows from investing activities:			
Maturities and sales of available-for-sale marketable securities	18,683	371,545	168,328
Purchases of available-for-sale marketable securities	(15,299)	(83,023)	(225,528)
Purchases of property, equipment and software	(35,090)	(26,139)	(18,253)
Investments in technology	(1,624)	(3,871)	(2,222)
Acquisition of business, net of cash obtained	—	(276,884)	—
Net cash used in investing activities	(33,330)	(18,372)	(77,675)
Cash flows from financing activities:			
Debt issuance costs	—	(1,718)	—
Payment of acquisition-related holdback	(30,949)	—	—
Issuance of common stock, net of shares withheld for taxes	10,145	13,220	7,128
Repurchase of stock to satisfy employee tax withholding obligations	(18,082)	(22,732)	(18,367)
Repurchase and retirement of common stock	(191,382)	(167,501)	(109,986)
Net cash used in financing activities	(230,268)	(178,731)	(121,225)
Net increase (decrease) in cash and cash equivalents	75,970	(72,350)	150,045
Cash and cash equivalents at beginning of period	369,814	442,164	292,119
Cash and cash equivalents at end of period	\$ 445,784	\$ 369,814	\$ 442,164
Supplemental disclosures of cash flow information			
Cash payments during the year for:			
Income taxes	\$ 91,955	\$ 35,693	\$ 28,988
Interest	537	572	610

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

CIRRUS LOGIC, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Common Stock		Additional Paid-In Capital	Accumulated Earnings (Deficit)	Accumulated Other Comprehensive Income / (Loss)	Total
	Shares	Amount				
Balance, March 28, 2020	58,242	\$ 58	\$ 1,434,871	\$ (201,681)	\$ (3,469)	\$ 1,229,779
Net income	—	—	—	217,344	—	217,344
Change in unrealized gain (loss) on marketable securities, net of tax	—	—	—	—	4,482	4,482
Change in foreign currency translation adjustments	—	—	—	—	1,862	1,862
Issuance of stock under stock option plans and other, net of shares withheld for employee taxes	862	1	7,128	(18,367)	—	(11,238)
Repurchase and retirement of common stock	(1,452)	(1)	—	(109,985)	—	(109,986)
Amortization of deferred stock compensation	—	—	56,762	—	—	56,762
Balance, March 27, 2021	57,652	\$ 58	\$ 1,498,761	\$ (112,689)	\$ 2,875	\$ 1,389,005
Net income	—	—	—	326,355	—	326,355
Change in unrealized gain (loss) on marketable securities, net of tax	—	—	—	—	(4,413)	(4,413)
Change in foreign currency translation adjustments	—	—	—	—	(507)	(507)
Issuance of stock under stock option plans and other, net of shares withheld for employee taxes	1,008	1	13,217	(22,732)	—	(9,514)
Repurchase and retirement of common stock	(2,064)	(2)	—	(167,499)	—	(167,501)
Amortization of deferred stock compensation	—	—	66,392	—	—	66,392
Balance, March 26, 2022	56,596	\$ 57	\$ 1,578,370	\$ 23,435	\$ (2,045)	\$ 1,599,817
Net income	—	—	—	176,703	—	176,703
Change in unrealized gain (loss) on marketable securities, net of tax	—	—	—	—	340	340
Change in foreign currency translation adjustments	—	—	—	—	(834)	(834)
Issuance of stock under stock option plans and other, net of shares withheld for employee taxes	861	1	10,141	(18,078)	—	(7,936)
Repurchase and retirement of common stock	(2,359)	(3)	—	(191,380)	—	(191,383)
Amortization of deferred stock compensation	—	—	81,575	—	—	81,575
Balance, March 25, 2023	55,098	\$ 55	\$ 1,670,086	\$ (9,320)	\$ (2,539)	\$ 1,658,282

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

CIRRUS LOGIC, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business

Description of Business

Cirrus Logic, Inc. ("Cirrus Logic," "We," "Us," "Our," or the "Company") is a leader in low-power, high-precision mixed-signal processing solutions that create innovative user experiences for the world's top mobile and consumer applications.

We were incorporated in California in 1984, became a public company in 1989, and were reincorporated in the State of Delaware in February 1999. Our primary facility housing engineering, sales and marketing, and administration functions is located in Austin, Texas. We also have offices in various other locations in the United States, United Kingdom, and Asia, including the People's Republic of China, South Korea, Japan, Singapore, and Taiwan. Our common stock, which has been publicly traded since 1989, is listed on the NASDAQ's Global Select Market under the symbol CRUS.

Basis of Presentation

We prepare financial statements on a 52- or 53-week year that ends on the last Saturday in March. Fiscal years 2023, 2022, and 2021 were 52-week years. The next 53-week year will be fiscal year 2024.

Principles of Consolidation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

Reclassifications

Certain reclassifications have been made to prior year balances in order to conform to the current year's presentation of financial information.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires the use of management estimates. These estimates are subjective in nature and involve judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at fiscal year-end and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of money market funds, commercial paper, and U.S. Government Treasury and Agency instruments with original maturities of three months or less at the date of purchase.

Business Combinations

We account for business combinations using the acquisition method of accounting and allocate the fair value of acquisition consideration to the assets acquired and liabilities assumed based on their fair values at the acquisition date. The excess of the fair value of purchase consideration over the fair value of the assets acquired and liabilities assumed is recorded as goodwill. The results of operations of the business acquired is included in our consolidated statements of income beginning on the date of the acquisition.

Leases

We account for leases under ASC 842, *Leases*. Our leases generally contain fixed rental payments, with additional variable payments linked to actual common area maintenance costs incurred by the landlord. These variable payments are not included within the lease liability and right-of-use ("ROU") asset, but are recognized as an expense when incurred. As our leases typically do not provide an implicit rate, the Company determines the Incremental Borrowing Rate ("IBR") for each lease based on the information available at the commencement date, taking into consideration necessary adjustments for collateral, currency, and lease term.

Operating leases in excess of 12 months are recognized on the balance sheet, with future lease payments recognized as a liability, measured at present value, and the ROU asset recognized for the lease term. Lease expense is recognized in the income statement over the lease term.

Inventories

We use the lower of cost or net realizable value to value our inventories, with cost being determined on a first-in, first-out basis. One of the factors we consistently evaluate in the application of this method is the extent to which products are accepted into the marketplace. By policy, we evaluate market acceptance based on known business factors and conditions by comparing forecasted customer unit demand for our products over a specific future period, or demand horizon, to quantities on hand at the end of each accounting period.

On a quarterly and annual basis, we analyze inventories on a part-by-part basis. Product life cycles and the competitive nature of the industry are factors considered in the evaluation of customer unit demand at the end of each quarterly accounting period. Inventory on-hand in excess of forecasted demand is considered to have reduced market value and, therefore, the cost basis is adjusted to the lower of cost or net realizable value. Typically, market values for excess or obsolete inventories are considered to be zero. Inventory charges recorded for excess and obsolete inventory, including scrapped inventory, were \$9.9 million and \$6.5 million, in fiscal year 2023 and 2022, respectively. Inventory charges in fiscal year 2023 and 2022 related to a combination of quality issues and inventory exceeding demand.

Inventories were comprised of the following (in thousands):

	March 25, 2023	March 26, 2022
Work in process	\$ 116,088	\$ 95,188
Finished goods	117,362	43,248
	<u>\$ 233,450</u>	<u>\$ 138,436</u>

Property, Plant and Equipment, net

Property, plant and equipment is recorded at cost, net of depreciation and amortization. Depreciation and amortization is calculated on a straight-line basis over estimated economic lives, ranging from 3 to 39 years. Leasehold improvements are depreciated over the shorter of the term of the lease or the estimated useful life. Furniture, fixtures, machinery, and equipment are all depreciated over a useful life of 3 to 10 years, while buildings are depreciated over a period of up to 39 years. In general, our capitalized software is amortized over a useful life of 3 years, with capitalized enterprise resource planning software being amortized over a useful life of 10 years. Gains or losses related to retirements or dispositions of fixed assets are recognized in the period incurred. Additionally, if impairment indicators exist, the Company will assess the carrying value in relation to the calculated fair value of the associated asset. The Company recorded \$1.3 million of property, plant and equipment charges during fiscal year 2023, related to restructuring. See Note 12 — Lease Impairments and Restructuring for further detail. There were no additional material disposal charges for property, plant and equipment in fiscal years 2023, 2022 or 2021.

Property, plant and equipment was comprised of the following (in thousands):

	March 25, 2023	March 26, 2022
Land	\$ 23,853	\$ 23,853
Buildings	64,056	63,730
Furniture and fixtures	23,909	24,122
Leasehold improvements	55,733	53,611
Machinery and equipment	188,403	175,966
Capitalized software	26,889	26,491
Construction in progress and other	14,350	5,566
Total property, plant and equipment	397,193	373,339
Less: Accumulated depreciation and amortization	(234,221)	(216,262)
Property, plant and equipment, net	<u>\$ 162,972</u>	<u>\$ 157,077</u>

Depreciation and amortization expense on property, plant, and equipment for fiscal years 2023, 2022, and 2021 was \$27.1 million, \$24.8 million, and \$24.9 million, respectively.

Goodwill

Goodwill is recorded at the time of an acquisition and is calculated as the difference between the aggregate consideration paid for an acquisition and the fair value of the net tangible and intangible assets acquired. The Company tests goodwill for impairment on an annual basis or more frequently if the Company believes indicators of impairment exist. Impairment evaluations involve management's assessment of qualitative factors to determine whether it is more likely than not that goodwill is impaired. If management concludes from its assessment of qualitative factors that it is more likely than not that impairment exists, then a quantitative impairment test will be performed involving management estimates of future cash flows. Significant management judgment is required in the forecasts of future operating results that are used in these evaluations. Following the quantitative test, an impairment charge would be recorded for the amount the carrying value exceeds the calculated fair value. The Company has recorded no goodwill impairment in fiscal years 2023, 2022, and 2021.

Long-Lived Assets

Intangible assets include purchased technology licenses and patents that are reported at cost and are amortized on a straight-line basis over their useful lives, generally ranging from 1 to 5 years. Acquired intangibles include existing technology, core technology or patents, license agreements, in-process research & development, trademarks, tradenames, customer relationships, and non-compete agreements. These assets are amortized on a straight-line basis over lives ranging from 1 to 15 years.

We regularly review whether facts or circumstances exist that indicate the carrying values of property, plant and equipment or other long-lived assets, including intangible assets, are impaired. We assess the recoverability of assets by comparing the projected undiscounted net cash flows associated with those assets to their respective carrying amounts. We measure any impairment loss by comparing the fair value of the asset to its carrying amount. We estimate fair value based on discounted future cash flows, quoted market prices, or independent appraisals. During the fourth quarter of fiscal year 2023, the Company recorded \$85.8 million of acquired intangible asset impairment charges. See Note 7 — Intangibles, net and Goodwill for further detail. There were no other material intangible asset impairments recorded in fiscal years 2023, 2022, and 2021.

Foreign Currency Translation

Some of the Company's subsidiaries utilize the local currency as the functional currency. The Company's main entities, including the entities that generate the majority of sales and employ the majority of employees, are U.S. dollar functional.

Concentration of Credit Risk

Financial instruments that potentially subject us to material concentrations of credit risk consist primarily of cash equivalents, marketable securities, long-term marketable securities, and trade accounts receivable. We are exposed to credit risk to the extent of the amounts recorded on the balance sheet. By policy, our cash equivalents, marketable securities, and long-term marketable securities are subject to certain nationally recognized credit standards, issuer concentrations, sovereign risk, and marketability or liquidity considerations.

In evaluating our trade receivables, we perform credit evaluations of our major customers' financial condition and monitor closely all of our receivables to limit our financial exposure by limiting the length of time and amount of credit extended. In certain situations, we may require payment in advance or utilize letters of credit to reduce credit risk. By policy, we establish a reserve for trade accounts receivable based on the type of business in which a customer is engaged, the length of time a trade account receivable is outstanding, and other knowledge that we may possess relating to the probability that a trade receivable is at risk for non-payment.

We had three contract manufacturers aggregated at their parent level, Foxconn, Pegatron and Luxshare Precision, who represented 35 percent, 16 percent, 11 percent, respectively, of our consolidated gross trade accounts receivable as of the end of fiscal year 2023. We had two contract manufacturers aggregated at their parent level, Foxconn and Pegatron, who represented 49 percent and 17 percent, respectively, of our consolidated gross trade accounts receivable as of the end of fiscal year 2022. No other distributor or contract manufacturer had receivable balances that represented more than 10 percent of consolidated gross trade accounts receivable as of the end of fiscal year 2023 or 2022.

Since the components we produce are largely proprietary and generally not available from second sources, we consider our end customer to be the entity specifying the use of our component in their design. These end customers may then purchase our products directly from us, from a distributor, or through a third-party manufacturer contracted to produce their end product. For fiscal year 2023, our ten largest end customers represented approximately 92 percent and for each of fiscal years 2022 and 2021, our ten largest end customers represented 93 percent of our sales. For fiscal years 2023, 2022, and 2021, we had one end customer, Apple Inc., who purchased through multiple contract manufacturers and represented approximately 83 percent, 79 percent, and 83 percent, of the Company's total sales, respectively. No other customer or distributor represented more than 10 percent of net sales in fiscal years 2023, 2022, or 2021.

Revenue Recognition

We recognize revenue upon the transfer of promised goods or services to customers, in an amount that reflects the consideration the Company expects to be entitled in exchange for those goods or services.

Performance Obligations

The Company's single performance obligation is the delivery of promised goods to the customer. The promised goods are explicitly stated in the customer contract and are comprised of a single type of good. This performance obligation is satisfied upon transfer of control of the promised goods to the customer, as defined per the shipping terms within the customer's contract. The vast majority of the Company's contracts with customers have an original expected term of one year or less. As allowed by ASC 606, the Company has not disclosed the value of any unsatisfied performance obligations related to these contracts.

Contract balances

Payments are typically due within 30 to 60 days of invoicing and terms do not include a significant financing component or noncash consideration. There have been no material impairment losses on accounts receivable. There are no material contract assets or contract liabilities recorded on the consolidated balance sheets.

Transaction price

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods to the customer. Fixed pricing is the consideration that is agreed upon in the customer contract. Variable pricing includes rights of return, price protection and stock rotation. Rights of return costs are estimated using the "most likely amount" method by reviewing historical returns to determine the most likely customer return rate and applying materiality thresholds. Price protection includes price adjustments available to certain distributors based upon established book price and a stated adjustment period. Stock rotation is also available to certain distributors based on a stated maximum of prior billings.

The Company estimates all variable consideration at the most likely amount which it expects to be entitled. The estimate is based on current and historical information available to the Company, including recent sales activity and pricing. Variable consideration is only included in the transaction price to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. The Company defers all variable consideration that does not meet the revenue recognition criteria.

Shipping Costs

Our shipping and handling costs are included in cost of sales for all periods presented in the consolidated statements of income.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were \$0.5 million, \$0.9 million, and \$0.9 million, in fiscal years 2023, 2022, and 2021, respectively.

Stock-Based Compensation

Stock-based compensation is measured at the grant date based on the grant-date fair value of the awards and is recognized as an expense, on a ratable basis, over the vesting period, which is generally between 1 and 4 years. Determining the amount of stock-based compensation to be recorded requires the Company to develop estimates used in calculating the grant-date fair value of stock options and performance awards (also called market stock units). The Company calculates the grant-date fair value for stock options and market stock units using the Black-Scholes valuation model and the Monte Carlo simulation, respectively. The use of valuation models requires the Company to make estimates of assumptions such as expected volatility, expected term, risk-free interest rate, expected dividend yield, and forfeiture rates. The grant-date fair value of restricted stock units is the market value at grant date multiplied by the number of units.

Income Taxes

We are required to calculate income taxes in each of the jurisdictions in which we operate. This process involves calculating the actual current tax liability as well as assessing temporary differences in the recognition of income or loss for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in our consolidated balance sheet. We record a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company evaluates the ability to realize its deferred tax assets based on all the facts and circumstances, including projections of future taxable income and expiration dates of carryover tax attributes.

The calculation of our tax liabilities involves assessing uncertainties with respect to the application of complex tax rules and the potential for future adjustment of our uncertain tax positions by the U.S. Internal Revenue Service or other taxing jurisdiction. We recognize liabilities for uncertain tax positions based on the required two-step process. The first step requires us to determine if the weight of available evidence indicates that the tax position has met the threshold for recognition; therefore, we must evaluate whether it is more likely than not that the position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step requires us to measure the tax benefit of the tax position taken, or expected to be taken, in an income tax return as the largest amount that is more than 50 percent likely of being realized upon ultimate settlement. We reevaluate the uncertain tax positions each quarter based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, expirations of statutes of limitation, effectively settled issues under audit, and new audit activity. A change in the recognition step or measurement step would result in the recognition of a tax benefit or an additional charge to the tax provision in the period.

Although we believe the measurement of our liabilities for uncertain tax positions is reasonable, we cannot assure that the final outcome of these matters will not be different than what is reflected in the historical income tax provisions and accruals. If additional taxes are assessed as a result of an audit or litigation, it could have a material effect on our income tax provision and net income in the period or periods for which that determination is made. We operate within multiple taxing jurisdictions and are subject to audit in these jurisdictions. These audits can involve complex issues which may require an extended period of time to resolve and could result in additional assessments of income tax. We believe adequate provisions for income taxes have been made for all periods. See Note 19 - Income Taxes for further detail.

Government Assistance

The Company benefits from the Research and Development Expenditure Credit ("RDEC") program in the United Kingdom. The RDEC is recorded as an offset to research and development expenses in the consolidated statements of income, \$26.2 million and \$23.2 million in fiscal years 2023 and 2022, respectively. RDEC receivables are first settled against the Company's United Kingdom income taxes with the remainder paid in cash on an annual basis. RDEC receivables as of March 25, 2023, totaled \$47.0 million, presented within "Other current Assets" and "Other assets" on the consolidated balance sheet. While the duration of RDEC benefits is indefinite, the program is subject to future policy changes and RDEC claims are subject to regular audits by the United Kingdom government.

Net Income Per Share

Basic net income per share is based on the weighted effect of common shares issued and outstanding and is calculated by dividing net income by the basic weighted average shares outstanding during the period. Diluted net income per share is calculated by dividing net income by the weighted average number of common shares used in the basic net income per share calculation, plus the equivalent number of common shares that would be issued assuming exercise or conversion of all potentially dilutive common shares outstanding. These potentially dilutive items consist primarily of outstanding stock options and restricted stock grants.

The following table details the calculation of basic and diluted earnings per share for fiscal years 2023, 2022, and 2021, (in thousands, except per share amounts):

	Fiscal Years Ended		
	March 25, 2023	March 26, 2022	March 27, 2021
Numerator:			
Net income	\$ 176,703	\$ 326,355	\$ 217,344
Denominator:			
Weighted average shares outstanding	55,614	57,278	58,106
Effect of dilutive securities	1,612	1,865	1,954
Weighted average diluted shares	57,226	59,143	60,060
Basic earnings per share	\$ 3.18	\$ 5.70	\$ 3.74
Diluted earnings per share	\$ 3.09	\$ 5.52	\$ 3.62

The weighted outstanding shares excluded from our diluted calculation for the years ended March 25, 2023, March 26, 2022, and March 27, 2021 were 268 thousand, 113 thousand, and 187 thousand, respectively, as the exercise price of certain outstanding stock options exceeded the average market price during the period.

Accumulated Other Comprehensive Loss

Our accumulated other comprehensive loss is comprised of foreign currency translation adjustments and unrealized gains and losses on investments classified as available-for-sale. See Note 18 — Accumulated Other Comprehensive Income (Loss) for additional discussion.

Recently Adopted Accounting Pronouncements

In November 2021, the FASB issued ASU No. 2021-10, Government Assistance (Topic 832) – Disclosures by Business Entities about Government Assistance, which requires annual disclosures about transactions with a government that are accounted for by applying a grant or contribution type accounting model. The disclosures requires information about the nature and related policy used for the transactions, the line items on the balance sheet and income statement that are affected and the amounts applicable to each financial statement line item, and significant terms and conditions of the transactions. This ASU is effective for financial statements issued for annual periods beginning after December 15, 2021. The Company adopted this ASU in the fourth quarter of fiscal year 2023 on a prospective basis. See related policy discussion above.

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805) – Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which requires contract assets and contract liabilities acquired in a business combination to be recognized and measured at the acquisition date in accordance with *Revenue from Contracts with Customers (Topic 606)* as if the acquirer had originated the contracts. Prior to the issuance of this ASU, contract assets and liabilities were recognized at fair value on the acquisition date. This ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within that fiscal year, with early adoption permitted, and should be applied on a prospective basis. The Company early adopted this ASU in the fourth quarter of fiscal year 2023 with no material impact to the financial statements.

3. Marketable Securities

The Company's investments have been classified as available-for-sale securities in accordance with U.S. GAAP. Marketable securities are categorized on the consolidated balance sheet as "Marketable securities" within the short-term or long-term classification, as appropriate.

The following table is a summary of available-for-sale securities (in thousands):

<i>As of March 25, 2023</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value (Net Carrying Amount)
Corporate debt securities	\$ 66,753	\$ 91	\$ (1,825)	\$ 65,019
Non-U.S. government securities	510	—	(3)	507
U.S. Treasury securities	5,728	17	(151)	5,594
Agency discount notes	385	—	(18)	367
Total securities	<u>\$ 73,376</u>	<u>\$ 108</u>	<u>\$ (1,997)</u>	<u>\$ 71,487</u>

The Company typically invests in highly-rated securities with original maturities generally ranging from one to three years. The Company's specifically identified gross unrealized losses of \$2.0 million related to securities with total amortized costs of approximately \$64.0 million at March 25, 2023. Securities in a continuous unrealized loss position for more than 12 months as of March 25, 2023 had an aggregate amortized cost of \$56.3 million and an aggregate unrealized loss of \$1.9 million. The Company may sell certain of its marketable securities prior to their stated maturities for strategic reasons including, but not limited to, anticipated or actual changes in credit rating and duration management. The Company records an allowance for credit loss when a decline in investment market value is due to credit-related factors. When evaluating an investment for impairment, the Company reviews factors including the length of time and extent to which fair value has been below cost basis, the financial condition of the issuer, changes in market interest rates and whether it is more likely than not the Company will be required to sell the investment before recovery of the investment's cost basis. As of March 25, 2023, the Company does not consider any of its investments to be impaired.

<i>As of March 26, 2022</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value (Net Carrying Amount)
Corporate debt securities	\$ 70,296	\$ 2	\$ (2,133)	\$ 68,165
Non-U.S. government securities	509	—	(9)	500
U.S. Treasury securities	5,483	—	(169)	5,314
Agency discount notes	385	—	(14)	371
Total securities	\$ 76,673	\$ 2	\$ (2,325)	\$ 74,350

The Company's specifically identified gross unrealized losses of \$2.3 million related to securities with total amortized costs of approximately \$75.5 million at March 26, 2022. Securities in a continuous unrealized loss position for more than 12 months as of March 26, 2022 had an aggregate amortized cost of \$3.5 million and an aggregate unrealized loss of \$0.1 million as of March 26, 2022. As of March 26, 2022, the Company did not consider any of its investments to be impaired.

The cost and estimated fair value of available-for-sale investments by contractual maturity were as follows:

	March 25, 2023		March 26, 2022	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Within 1 year	\$ 35,824	\$ 34,978	\$ 10,697	\$ 10,601
After 1 year	37,552	36,509	65,976	63,749
Total	\$ 73,376	\$ 71,487	\$ 76,673	\$ 74,350

4. Fair Value of Financial Instruments

The Company has determined that the assets and liabilities in the Company's financial statements that are required to be measured at fair value on a recurring basis are the Company's cash equivalents and marketable securities portfolio. The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company's cash equivalents and marketable securities portfolio consist of money market funds, commercial paper, debt securities, non-U.S government securities, U.S Treasury securities, and securities of U.S. government-sponsored enterprises, and are reflected on our consolidated balance sheet under the headings cash and cash equivalents, marketable securities, and long-term marketable securities. The Company determines the fair value of its marketable securities portfolio by obtaining non-binding market prices from its third-party pricing providers on the last day of the quarter, whose sources may use quoted prices in active markets for identical assets (Level 1 inputs) or inputs other than quoted prices that are observable either directly or indirectly (Level 2 inputs) in determining fair value.

The Company's long-term revolving facility, described in Note 9 - Revolving Credit Facility, bears interest at a base rate plus applicable margin or forward-looking secured overnight financing rate ("Term SOFR") plus 10 basis points plus applicable margin. As of March 25, 2023, there are no amounts drawn under the facility and the fair value is zero.

As of March 25, 2023 and March 26, 2022, the Company has no material Level 3 assets or liabilities. There were no transfers between Level 1, Level 2, or Level 3 measurements for the years ending March 25, 2023 and March 26, 2022.

The following summarizes the fair value of our financial instruments at March 25, 2023 (in thousands):

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Assets:				
Cash equivalents				
Money market funds	\$ 406,265	\$ —	\$ —	\$ 406,265
Available-for-sale securities				
Corporate debt securities	\$ —	\$ 65,019	\$ —	\$ 65,019
Non-U.S. government securities	—	507	—	507
U.S. Treasury securities	5,594	—	—	5,594
Agency discount notes	—	367	—	367
	\$ 5,594	\$ 65,893	\$ —	\$ 71,487

The following summarizes the fair value of our financial instruments at March 26, 2022 (in thousands):

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Assets:				
Cash equivalents				
Money market funds	\$ 217,151	\$ —	\$ —	\$ 217,151
Commercial paper	—	249	—	249
	\$ 217,151	\$ 249	\$ —	\$ 217,400
Available-for-sale securities				
Corporate debt securities	\$ —	\$ 68,165	\$ —	\$ 68,165
Non-U.S. government securities	—	500	—	500
U.S. Treasury securities	5,314	—	—	5,314
Agency discount notes	—	371	—	371
	\$ 5,314	\$ 69,036	\$ —	\$ 74,350

5. Derivative Financial Instruments

Foreign Currency Forward Contracts

The Company uses foreign currency forward contracts to reduce the earnings impact that exchange rate fluctuations have on non-functional currency balance sheet exposures. The Company recognizes both the gains and losses on foreign currency forward contracts and the gains and losses on the remeasurement of non-functional currency assets and liabilities within "Other income (expense)" in the consolidated statements of income. The Company does not apply hedge accounting to these foreign currency derivative instruments.

As of March 25, 2023, the Company held one foreign currency forward contract denominated in British Pound Sterling with a notional value of \$7.6 million. The fair value of this contract was not material as of March 25, 2023.

The before-tax effect of derivative instruments not designated as hedging instruments was as follows (in thousands):

	Fiscal Years Ended			Location
	March 25, 2023	March 26, 2022	March 27, 2021	
Gain (loss) recognized in income				
Foreign currency forward contracts	\$ (564)	\$ (283)	\$ 3,212	Other income (expense)

6. Accounts Receivable, net

The following are the components of accounts receivable, net (in thousands):

	March 25, 2023	March 26, 2022
Gross accounts receivable	\$ 150,473	\$ 240,264
Allowance for doubtful accounts	—	—
Accounts receivable, net	\$ 150,473	\$ 240,264

The Company regularly evaluates the collectability of accounts receivable based on age, historical customer payment trends and ongoing customer relations. The allowance for doubtful accounts and recoveries on bad debt were immaterial for fiscal years 2023, 2022, and 2021.

The significant decrease in accounts receivable is due primarily to the volume and timing of shipments in the current fiscal quarter versus the fourth quarter of fiscal year 2022.

7. Intangibles, net and Goodwill

In the fourth quarter of fiscal 2023, due to the prolonged weakness in the China smartphone market, which has had an adverse effect on sales of our general market battery and power products associated with the acquisition of Lion Semiconductor, Inc. ("Lion") (the "Acquisition"), the Company was prompted to assess the recoverability and fair value of the acquired intangible assets recorded in purchase accounting. The Company determined that a replacement cost approach was the most appropriate method to evaluate remaining fair value of the technology. As a result, the Company recorded an intangibles impairment charge of \$85.8 million in fiscal year 2023.

The following information details the gross carrying amount, accumulated amortization, and net carrying value of our intangible assets subject to amortization (in thousands):

Intangible Category / Weighted-Average Remaining Amortization Period (in years)	March 25, 2023			March 26, 2022		
	Gross Amount	Accumulated Amortization	Net Carrying Value	Gross Amount	Accumulated Amortization	Net Carrying Value
Existing technology (5.3)	146,146	(110,792)	35,354	255,995	(124,127)	131,868
In-process research & development (a)	70,936	(70,936)	—	70,936	(67,486)	3,450
Trademarks and tradename (0.5)	3,037	(2,973)	64	3,037	(2,845)	192
Customer relationships (1.4)	15,381	(13,422)	1,959	34,091	(14,379)	19,712
Technology licenses (1.7)	23,490	(21,991)	1,499	22,376	(19,453)	2,923
Total	\$ 258,990	\$ (220,114)	\$ 38,876	\$ 386,435	\$ (228,290)	\$ 158,145

(a) Intangible assets are fully amortized as of March 25, 2023.

Amortization expense for intangibles in fiscal years 2023, 2022, and 2021 was \$33.7 million, \$29.0 million, and \$14.5 million, respectively. The following table details the estimated aggregate amortization expense for all intangibles owned as of March 25, 2023, for each of the five succeeding fiscal years and in the aggregate thereafter (in thousands):

Fiscal Year		
2024	\$	9,221
2025	\$	7,600
2026	\$	6,681
2027	\$	6,589
2028	\$	6,589
Thereafter	\$	2,196

The goodwill balance included on the consolidated balance sheet was \$435.9 million and \$435.8 million at March 25, 2023 and March 26, 2022, respectively.

8. Acquisition

There were no acquisitions completed during fiscal year 2023. During fiscal year 2022, the Company completed the acquisition of Lion. As a result of acquiring 100 percent of the outstanding share capital of Lion, Lion became a wholly-owned subsidiary of the Company. This transaction was accounted for as a business combination using the acquisition method of accounting. All of the acquired assets and liabilities of Lion have been recorded at their respective fair values as of the acquisition date.

At the acquisition date, total consideration transferred was approximately \$280.5 million, inclusive of \$4.9 million in cash acquired. During the third quarter of fiscal year 2022, an additional \$1.2 million of consideration was paid related to contractual post-closing adjustment provisions. The remaining merger consideration of \$31.0 million was subject to indemnity provisions as outlined in the merger agreement and paid during fiscal year 2023.

In addition, \$25.4 million of the merger consideration relates to retention agreements with certain key employees that are subject to continued employment with the Company. The merger consideration subject to retention agreements is treated as compensation expense and is recognized over the retention period in "Research and development" expense in the consolidated statements of income.

The excess of the purchase price over the net assets acquired was recorded as goodwill during fiscal year 2022.

9. Revolving Credit Facility

On July 8, 2021, the Company entered into a second amended and restated credit agreement (the "Second Amended Credit Agreement") with Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto. The Second Amended Credit Agreement provides for a \$300 million senior secured revolving credit facility (the "Revolving Credit Facility"). The Revolving Credit Facility matures on July 8, 2026 (the "Maturity Date"). The Revolving Credit Facility is required to be guaranteed by all of Cirrus Logic's material domestic subsidiaries (the "Subsidiary Guarantors"). The Revolving Credit Facility is secured by substantially all the assets of Cirrus Logic and any Subsidiary Guarantors, except for certain excluded assets.

On March 20, 2023, the Company, entered into the First Amendment (the "Amendment") to its Second Amended Credit Agreement, with the lending institutions party thereto and Wells Fargo Bank, National Association, as administrative agent. The Amendment updates the benchmark interest rate provisions to replace the London interbank offered rate ("LIBOR") with the forward-looking secured overnight financing rate ("Term SOFR"), for the purposes of calculating interest under the terms of the Second Amended Credit Agreement.

Borrowings under the Revolving Credit Facility may, at Cirrus Logic's election, bear interest at either (a) a base rate plus the applicable margin ("Base Rate Loans") or (b) a Term SOFR rate plus a 10 basis point credit spread adjustment plus the applicable margin. The applicable margin ranges from 0% to 0.75% per annum for Base Rate Loans and 1.00% to 1.75% per annum for SOFR Loans based on the ratio of consolidated funded indebtedness to consolidated EBITDA for the most recently ended period of four consecutive fiscal quarters (the "Consolidated Leverage Ratio"). A Commitment Fee accrues at a rate per annum ranging from 0.175% to 0.275% (based on the Consolidated Leverage Ratio) on the average daily unused portion of the commitment of the lenders.

The Revolving Credit Facility contains certain financial covenants providing that (a) the ratio of consolidated funded indebtedness (minus up to \$200 million of unrestricted cash and cash equivalents available on such date) to consolidated EBITDA for the prior four consecutive quarters must not be greater than 3.00 to 1.00 (the "Consolidated Net Leverage Ratio") and (b) the ratio of consolidated EBITDA for the prior four consecutive quarters to consolidated interest expense paid or

payable in cash for the prior four consecutive quarters must not be less than 3.00 to 1.00 (the “Consolidated Interest Coverage Ratio”). The Second Amended Credit Agreement also contains negative covenants limiting the Company's or any Subsidiary's ability to, among other things, incur debt, grant liens, make investments, effect certain fundamental changes, make certain asset dispositions, and make certain restricted payments. Further, the Second Amended Credit Agreement contains customary affirmative covenants, including, among others, covenants regarding the payment of taxes and other obligations, maintenance of insurance, reporting requirements, and compliance with applicable laws and regulations.

As of March 25, 2023, the Company had no amounts outstanding under the Revolving Credit Facility and was in compliance with all covenants under the Second Amended Credit Agreement.

As of March 25, 2023, future interest payment obligations based on forecasted commitment fees under the Revolving Credit Facility were as follows (in thousands):

Fiscal Year	
2024	\$ 528
2025	534
2026	532
2027	277
2028	—
Thereafter	—
Total	\$ 1,871

10. Revenues

Disaggregation of revenue

We disaggregate revenue from contracts with customers by product line and ship to location of the customer. Sales are designated in the product line categories of Audio and High-Performance Mixed-Signal ("HPMS").

Total net sales based on the product line disaggregation criteria described above are shown in the table below (in thousands).

	Fiscal Years Ended		
	March 25, 2023	March 26, 2022	March 27, 2021
Audio Products	\$ 1,172,007	\$ 1,187,126	\$ 1,104,060
HPMS Products	725,610	594,334	265,170
Total	\$ 1,897,617	\$ 1,781,460	\$ 1,369,230

The geographic regions that are reviewed are China, the United States, and the rest of the world.

Total net sales based on the geographic disaggregation criteria described are as follows (in thousands):

	Fiscal Years Ended		
	March 25, 2023	March 26, 2022	March 27, 2021
China	\$ 1,230,602	\$ 1,197,812	\$ 1,024,178
United States	52,688	29,513	21,708
Rest of World	614,327	554,135	323,344
Total	\$ 1,897,617	\$ 1,781,460	\$ 1,369,230

See Note 2 - Summary of Significant Accounting Policies for additional discussion surrounding revenue recognition considerations.

11. Leases

The Company has operating leases for corporate offices and certain office equipment. Our leases have remaining lease terms of 1 year to 26 years, some of which include options to extend the leases that are considered reasonably certain to be exercised. There are no residual value guarantees in any of our leases. No restrictions or covenants have been imposed on the Company as a result of the lease agreements in place. All of the Company's leases have been classified as operating leases.

The components of net operating lease expense were as follows (in thousands):

	Fiscal Years Ended	
	March 25, 2023	March 26, 2022
Operating lease - in excess of 12 months	\$ 18,071	\$ 14,901
Variable lease	6,226	4,954
Short-term lease	86	22
Operating lease income	(464)	(1,518)
Total net operating lease expense	\$ 23,919	\$ 18,359

Supplemental operating lease information:

	Fiscal Years Ended	
	March 25, 2023	March 26, 2022
Balance Sheet Information (in thousands)		
Operating lease right-of-use assets	\$ 128,145	\$ 171,003
Operating lease liabilities	\$ 141,073	\$ 177,842
Cash Flow Information (in thousands)		
Operating cash flows from operating leases	\$ 14,531	\$ 14,634
Non-Cash Information		
Right-of-use assets obtained in exchange for new operating lease liabilities	4,381	46,123
Lease remeasurements	(28,965)	—
Lease impairments	(5,579)	—
Operating Lease Information		
Weighted-average remaining lease term - operating leases (in years)	13	16
Weighted-average discount rate - operating leases	4 %	4 %

As of March 25, 2023, we have an additional operating lease, that has not yet commenced, with estimated lease obligations of approximately \$24 million. This operating lease will commence in fiscal year 2024 with a lease term of approximately 10 years.

Future lease commitments under non-cancellable leases, including extension options reasonably anticipated to be exercised as of March 25, 2023, are as follows (in thousands):

Fiscal Year	Operating Lease Expense	
2024	\$	18,631
2025		19,598
2026		18,043
2027		16,489
2028		16,882
Thereafter		106,651
Total	\$	196,294
Less imputed interest and other		(55,221)
Total	\$	141,073

Operating lease liabilities consisted of the following (in thousands):

	March 25, 2023	March 26, 2022
Current lease liabilities	\$ 18,442	\$ 14,680
Non-current lease liabilities	122,631	163,162
Total operating lease liabilities	\$ 141,073	\$ 177,842

12. Lease Impairments and Restructuring

During the year ended March 25, 2023, the Company was focused on improving operational efficiency and accordingly took a number of steps, including reducing our global real estate footprint, product prioritization, and some restructuring actions.

In the fourth quarter of fiscal year 2023, as part of this strategy, the Company decided to abandon or sublease office space at various properties worldwide to align our real property lease arrangements with our anticipated operating needs. As a result, the Company recorded \$10.6 million of lease impairments and restructuring charges which consisted of \$6.9 million of impairment of right-of-use lease assets and leasehold improvements, and \$3.7 million of other related charges in the fourth quarter of fiscal 2023.

Restructuring-related liabilities of \$3.3 million are primarily presented within the "Other accrued liabilities" on the consolidated balance sheet. We expect the restructuring related liabilities to be substantially paid out in cash during fiscal year 2024. There were no restructuring-related liabilities as of March 26, 2022.

13. Postretirement Benefit Plans

We have Defined Contribution Plans ("the Plans") covering all of our qualifying employees. Under the Plans, employees may elect to contribute any percentage of their annual compensation up to the annual regulatory limits. The Company made matching employee contributions of \$10.2 million, \$9.6 million, and \$7.9 million during fiscal years 2023, 2022, and 2021, respectively.

14. Equity Compensation

The Company is currently granting equity awards from the 2018 Long Term Incentive Plan (the "Plan"), which was approved by stockholders in August 2018 and subsequently amended on July 29, 2022. The Plan provides for granting of stock options, restricted stock awards, performance awards, phantom stock awards, and bonus stock awards, or any combination of the foregoing. To date, the Company has granted stock options, restricted stock awards, phantom stock awards (also called restricted stock units), and performance awards (also called market stock units). Each stock option granted reduces the total shares available for grant under the Plan by one share. Each full value award granted (including restricted stock awards, restricted stock units and market stock units) reduces the total shares available for grant under the Plan by 1.5 shares. Stock options generally vest between one and four years, and are exercisable for a period of ten years from the date of grant.

Restricted stock units are generally subject to vesting from one to three years, depending upon the terms of the grant. Market stock units are subject to a vesting schedule of three years.

The following table summarizes the activity in total shares available for grant (in thousands):

	Shares Available for Grant
Balance, March 28, 2020	2,095
Shares added	3,223
Granted	(1,491)
Forfeited	198
Balance, March 27, 2021	4,025
Shares added	—
Granted	(1,679)
Forfeited	271
Balance, March 26, 2022	2,617
Shares added	2,090
Granted	(2,536)
Forfeited	303
Balance, March 25, 2023	2,474

Stock-based Compensation Expense

The following table summarizes the effects of stock-based compensation on cost of goods sold, research and development, sales, general and administrative, pre-tax income, and net income after taxes for shares granted under the Plan (in thousands, except per share amounts):

	Fiscal Year		
	2023	2022	2021
Cost of sales	\$ 1,270	\$ 1,024	\$ 900
Research and development	57,312	44,154	37,483
Sales, general and administrative	23,059	21,214	18,379
Effect on pre-tax income	81,641	66,392	56,762
Income Tax Benefit	(15,184)	(11,521)	(9,558)
Total stock-based compensation expense (net of taxes)	66,457	54,871	47,204
Stock-based compensation effects on basic earnings per share	\$ 1.19	\$ 0.96	\$ 0.81
Stock-based compensation effects on diluted earnings per share	1.16	0.93	0.79

The total stock-based compensation expense included in the table above and which is attributable to restricted stock units and market stock units was \$78.0 million, \$63.2 million, \$53.6 million, for fiscal years 2023, 2022, and 2021, respectively. Stock-based compensation expense is presented within operating activities in the consolidated statement of cash flows.

As of March 25, 2023, there was \$155.3 million of compensation costs related to non-vested stock options, restricted stock units, and market stock units granted under the Company's equity incentive plans not yet recognized in the Company's financial statements. The unrecognized compensation cost is expected to be recognized over a weighted average period of 1.61 years for stock options, 1.62 years for restricted stock units, and 2.02 years for market stock units.

In addition to the income tax benefit of stock-based compensation expense shown in the table above, the Company recognized excess tax benefits of \$1.4 million, \$3.9 million and \$2.2 million in fiscal years 2023, 2022, and 2021 respectively.

Stock Options

We estimate the fair value of each stock option on the date of grant using the Black-Scholes option-pricing model using a dividend yield of zero and the following additional assumptions:

	March 25, 2023	March 26, 2022	March 27, 2021
Expected stock price volatility	35.18% - 46.50%	36.85% - 41.66%	43.85% - 43.99%
Risk-free interest rate	2.47% - 3.96%	0.82% - 1.62%	0.35% - 0.72%
Expected term (in years)	4.04 - 4.33	4.22 - 4.39	4.32 - 4.43

The Black-Scholes valuation calculation requires us to estimate key assumptions such as stock price volatility, expected term, risk-free interest rate and dividend yield. The expected stock price volatility is based upon implied volatility from traded options on our stock in the marketplace. The expected term of options granted is derived from an analysis of historical exercises and remaining contractual life of stock options, and represents the period of time that options granted are expected to be outstanding after becoming vested. The risk-free interest rate reflects the yield on zero-coupon U.S. Treasury securities for a period that is commensurate with the expected term assumption. Finally, we have never paid cash dividends, do not currently intend to pay cash dividends, and thus have assumed a zero percent dividend yield.

Using the Black-Scholes option valuation model, the weighted average estimated fair values of employee stock options granted in fiscal years 2023, 2022, and 2021, were \$42.37, \$37.31, and \$33.81, respectively.

During fiscal years 2023, 2022, and 2021, we received a net \$10.1 million, \$13.2 million, and \$7.1 million, respectively, from the exercise of 0.2 million, 0.3 million, and 0.2 million, respectively, stock options granted under the Company's Stock Plan.

The total intrinsic value of stock options exercised during fiscal year 2023, 2022, and 2021, was \$11.4 million, \$15.8 million, and \$10.2 million, respectively. Intrinsic value represents the difference between the market value of the Company's common stock at the time of exercise and the strike price of the stock option.

Additional information with respect to stock option activity is as follows (in thousands, except per share amounts):

	Outstanding Options	
	Number	Weighted Average Exercise Price
Balance, March 28, 2020	1,216	\$ 44.01
Options granted	96	77.23
Options exercised	(236)	30.26
Options forfeited	(17)	56.27
Options expired	—	—
Balance, March 27, 2021	1,059	\$ 49.87
Options granted	88	87.52
Options exercised	(327)	40.31
Options forfeited	—	—
Options expired	—	—
Balance, March 26, 2022	820	\$ 57.75
Options granted	143	96.33
Options exercised	(225)	45.10
Options forfeited	(18)	71.14
Options expired	—	—
Balance, March 25, 2023	720	\$ 69.03

Additional information with regards to outstanding options that are vesting, expected to vest, or exercisable as of March 25, 2023 is as follows (in thousands, except years and per share amounts):

	Number of Options	Weighted Average Exercise price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Vested and expected to vest	709	\$ 68.63	6.67	\$ 26,208
Exercisable	452	\$ 57.01	5.37	\$ 21,955

In accordance with U.S. GAAP, stock options outstanding that are expected to vest are presented net of estimated future option forfeitures, which are estimated as compensation costs are recognized. Options with a fair value of \$3.0 million, \$4.6 million, and \$4.8 million, became vested during fiscal years 2023, 2022, and 2021, respectively.

The following table summarizes information regarding outstanding and exercisable options as of March 25, 2023 (in thousands, except per share amounts):

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$20.37 - \$54.65	200	4.30	\$ 45.06	200	\$ 45.06
\$55.72 - \$68.56	215	5.70	62.55	193	61.83
\$78 - \$82.14	100	8.20	78.53	39	78.27
\$82.81 - \$82.81	21	9.11	82.81	—	—
\$88 - \$88	81	8.94	88.00	20	88.00
\$102.37 - \$102.37	103	9.87	102.37	—	—
	720	6.71	\$ 69.03	452	\$ 57.01

As of March 25, 2023, March 26, 2022, and March 27, 2021, the number of options exercisable was 0.5 million, 0.6 million, and 0.7 million respectively.

Restricted Stock Units

Restricted stock units (“RSUs”) are valued as of the grant date and amortized over the requisite vesting period. Generally, RSUs vest 100 percent on the first to third anniversary of the grant date depending on the vesting specifications. A summary of the activity for RSUs in fiscal year 2023, 2022, and 2021 is presented below (in thousands, except per share amounts):

	Shares	Weighted Average Fair Value
March 28, 2020	2,680	\$ 53.74
Granted	945	71.44
Vested	(881)	52.97
Forfeited	(131)	55.36
March 27, 2021	2,613	\$ 60.31
Granted	1,079	81.61
Vested	(935)	43.96
Forfeited	(181)	70.60
March 26, 2022	2,576	\$ 74.45
Granted	1,574	75.97
Vested	(877)	70.02
Forfeited	(183)	75.58
March 25, 2023	3,090	\$ 76.42

The aggregate intrinsic value of RSUs outstanding as of March 25, 2023, March 26, 2022, and March 27, 2021 was \$326.3 million, \$225.9 million, and \$216.9 million, respectively. Additional information with regards to outstanding RSUs that are expected to vest as of March 25, 2023, is as follows (in thousands, except year and per share amounts):

	Shares	Weighted Average Fair Value	Weighted Average Remaining Contractual Term (years)
Expected to vest	2,896	\$ 76.42	1.60

RSUs outstanding that are expected to vest are presented net of estimated future forfeitures, which are estimated as compensation costs are recognized. RSUs with a fair value of \$61.4 million, \$41.1 million, and \$46.7 million became vested during fiscal years 2023, 2022, and 2021, respectively. The majority of RSUs that vested in 2023, 2022 and 2021 were net settled such that the Company withheld a portion of the shares to satisfy tax withholding requirements. In fiscal years 2023, 2022, and 2021 the vesting of RSUs reduced the authorized and unissued share balance by approximately 0.9 million, 0.9 million, and 0.9 million, respectively. Total shares withheld and subsequently retired out of the Plan were approximately 0.2 million, 0.3 million, and 0.3 million and total payments for the employees' tax obligations to taxing authorities were \$18.0 million, \$22.0 million, and \$18.4 million for fiscal years 2023, 2022, and 2021, respectively.

Market Stock Units

Market stock units ("MSUs") vest based upon the relative total shareholder return ("TSR") of the Company as compared to that of the Philadelphia Semiconductor Index ("the Index"). The requisite service period for these MSUs is also the vesting period, which is three years. The fair value of each MSU granted was determined on the date of grant using the Monte Carlo simulation, which calculates the present value of the potential outcomes of future stock prices of the Company and the Index over the requisite service period. The fair value is based on the risk-free rate of return, the volatilities of the stock price of the Company and the Index, the correlation of the stock price of the Company with the Index, and the dividend yield.

The fair values estimated from the Monte Carlo simulation were calculated using a dividend yield of zero and the following additional assumptions:

	Fiscal Years Ended		
	March 25, 2023	March 26, 2022	March 27, 2021
Expected stock price volatility	35.18% - 46.50%	41.66 %	43.85 %
Risk-free interest rate	2.67% - 3.92%	1.46 %	0.29 %
Expected term (in years)	3.00	3.00	3.00

Using the Monte Carlo simulation, the weighted average estimated fair value of the MSUs granted in fiscal year 2023 was \$135.87. A summary of the activity for MSUs in fiscal year 2023, 2022, and 2021 is presented below (in thousands, except per share amounts):

	Shares	Weighted Average Fair Value
March 28, 2020	153	\$ 68.71
Granted	28	83.96
Vested	—	—
Forfeited	(48)	64.92
March 27, 2021	133	\$ 73.29
Granted	28	109.18
Vested	(30)	50.11
Forfeited	(46)	38.70
March 26, 2022	85	\$ 95.75
Granted	38	135.87
Vested	(10)	87.43
Forfeited	(24)	94.80
March 25, 2023	89	\$ 113.83

The aggregate intrinsic value of MSUs outstanding as of March 25, 2023, March 26, 2022, and March 27, 2021 was \$9.3 million, \$7.5 million, and \$11.0 million, respectively. Additional information with regard to outstanding MSUs that are expected to vest as of March 25, 2023 is as follows (in thousands, except year and per share amounts):

	Shares	Weighted Average Fair Value	Weighted Average Remaining Contractual Term (years)
Expected to vest	82	\$ 113.13	2.00

MSUs with a fair value of \$0.8 million and \$1.5 million became vested during fiscal year 2023 and 2022, respectively. No MSUs became vested in fiscal year 2021.

15. Commitments and Contingencies

Facilities and Equipment Under Operating Lease Agreements

We currently own our corporate headquarters and select surrounding properties. We lease certain of our other facilities and certain equipment under operating lease agreements, some of which have renewal options. Certain of these arrangements provide for lease payment increases based upon future fair market rates. As of March 25, 2023, our principal facilities are located in Austin, Texas and Edinburgh, Scotland, United Kingdom.

Total rent expense under operating leases was approximately \$24.4 million, \$19.9 million, and \$19.2 million, for fiscal years 2023, 2022, and 2021, respectively. Rental income was \$0.5 million, \$1.5 million, and \$1.4 million, for fiscal years 2023, 2022, and 2021, respectively.

See Note 11 - Leases for minimum future rental commitments and income under all operating leases as of March 25, 2023.

Capacity Reservation Agreement

On July 28, 2021, the Company entered into a Capacity Reservation and Wafer Supply Commitment Agreement (the "Capacity Reservation Agreement") with GLOBALFOUNDRIES Singapore Pte. Ltd. ("GlobalFoundries") to provide the Company a wafer capacity commitment and wafer pricing for Company products for calendar years 2022-2026 (the "Commitment Period").

The Capacity Reservation Agreement requires GlobalFoundries to provide, and the Company to purchase, a defined number of wafers on a quarterly basis for the Commitment Period, subject to shortfall payments. In exchange for GlobalFoundries' capacity commitment, the Company paid a \$60 million non-refundable capacity reservation fee, which is amortized over the Commitment Period. This reservation fee is recorded in "Other current assets" and "Other assets" on the

consolidated balance sheets within the short-term or long-term classification, as appropriate. In addition, the Company pre-paid GlobalFoundries \$195 million for future wafer purchases, which will be credited back to the Company as a portion of the price of wafers purchased beginning in the third quarter of calendar year 2023. This prepayment is currently recorded in "*Prepaid wafers*" and "*Long-term prepaid wafers*" on the consolidated balance sheets. As of March 25, 2023, the Company estimates its remaining purchase obligation to be approximately \$1.2 billion of wafers from GlobalFoundries under the Capacity Reservation Agreement.

Purchase Commitments

We rely primarily on third-party foundries for our wafer manufacturing needs. With the exception of the terms of the Capacity Reservation Agreement described above, generally, our foundry agreements do not have volume purchase commitments and primarily provide for purchase commitments based on purchase orders. Cancellation fees or other charges may apply and are generally dependent upon whether wafers have been started or the stage of the manufacturing process at which the notice of cancellation is given.

In addition to our wafer supply arrangements, we contract with third-party assembly vendors to package the wafer die into finished products. Assembly and test vendors provide fixed-cost-per-unit pricing, as is common in the semiconductor industry.

The Company's purchase commitments primarily include the Company's obligations to purchase wafers and related assembly and testing services described above, in addition to future payments related to multi-year tool commitments.

Total future unconditional purchase commitments as of March 25, 2023 were as follows (in thousands):

Fiscal Year	
2024	\$ 563,177
2025	379,973
2026	255,222
2027	164,425
2028	2,658
Thereafter	—
Total	\$ 1,365,455

16. Legal Matters

From time to time, we are involved in legal proceedings concerning matters arising in connection with the conduct of our business activities. We regularly evaluate the status of legal proceedings in which we are involved to assess whether a loss is probable or there is a reasonable possibility that a loss or additional loss may have been incurred and to determine if accruals are appropriate. We further evaluate each legal proceeding to assess whether an estimate of possible loss or range of loss can be made. Based on current knowledge, management does not believe that there are any pending matters that could potentially have a material adverse effect on our business, financial condition, results of operations or cash flows.

17. Stockholders' Equity

Share Repurchase Program

In January 2021, the Board of Directors authorized the repurchase of up to an additional \$350 million of the Company's common stock. Since inception, approximately \$348.9 million of the Company's common stock has been repurchased under the 2021 share repurchase authorization, leaving approximately \$1.1 million available for repurchase under this authorization as of March 25, 2023. During the fiscal year ended March 25, 2023, the Company repurchased 2.4 million shares of its common stock for \$191.4 million, at an average cost of \$81.16 per share. All of these shares were repurchased in the open market and were funded from existing cash. All shares of our common stock that were repurchased were retired as of March 25, 2023. Additionally, in July 2022, the Company announced that the Board of Directors authorized the repurchase of up to an additional \$500 million of the Company's common stock. No shares have been repurchased under the 2022 authorization as of March 25, 2023.

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act, which, among other things, implemented a 1 percent excise tax on net stock repurchases. Based on our analysis of this provision, we do not believe that this legislation will have a material impact on our financial statements.

Preferred Stock

We have 5.0 million shares of Preferred Stock authorized. As of March 25, 2023, we have not issued any of the authorized shares.

18. Accumulated Other Comprehensive Income (Loss)

Our accumulated other comprehensive income (loss) is comprised of foreign currency translation adjustments, unrealized gains and losses on investments classified as available-for-sale, and cumulative effects of adopting new accounting standards.

The following table summarizes the changes in the components of accumulated other comprehensive income (loss), net of tax (in thousands):

	Foreign Currency	Unrealized Gains (Losses) on Securities	Cumulative Effect of Adoption of ASU 2018-02	Total
Balance, March 27, 2021	\$ 294	\$ 2,838	\$ (257)	\$ 2,875
Current period foreign exchange translation	(507)	—	—	(507)
Current period marketable securities activity	—	(5,587)	—	(5,587)
Tax effect	—	1,174	—	1,174
Balance, March 26, 2022	\$ (213)	\$ (1,575)	\$ (257)	\$ (2,045)
Current period foreign exchange translation	(834)	—	—	(834)
Current period marketable securities activity	—	430	—	430
Tax effect	—	(90)	—	(90)
Balance, March 25, 2023	\$ (1,047)	\$ (1,235)	\$ (257)	\$ (2,539)

19. Income Taxes

Income (loss) before income taxes consisted of (in thousands):

	Fiscal Years Ended		
	March 25, 2023	March 26, 2022	March 27, 2021
U.S.	\$ (141,670)	\$ (17,674)	\$ 19,189
Non-U.S.	396,409	386,337	226,057
	\$ 254,739	\$ 368,663	\$ 245,246

The provision (benefit) for income taxes consists of (in thousands):

	Fiscal Years Ended		
	March 25, 2023	March 26, 2022	March 27, 2021
Current:			
U.S.	\$ 60,603	\$ 4,483	\$ 981
Non-U.S.	52,023	52,920	32,428
Total current tax provision	\$ 112,626	\$ 57,403	\$ 33,409
Deferred:			
U.S.	(28,529)	(6,256)	(192)
Non-U.S.	(6,061)	(8,839)	(5,315)
Total deferred tax provision	(34,590)	(15,095)	(5,507)
Total tax provision	\$ 78,036	\$ 42,308	\$ 27,902

The effective income tax rates differ from the rates computed by applying the statutory federal rate to pretax income as follows (in percentages):

	Fiscal Years Ended		
	March 25, 2023	March 26, 2022	March 27, 2021
U.S. federal statutory rate	21.0	21.0	21.0
Foreign income taxed at different rates	(14.4)	(9.6)	(8.4)
Stock-based compensation	(0.3)	(0.9)	(0.8)
Foreign-derived intangible income deduction	—	(0.1)	(0.3)
GILTI and Subpart F income	30.6	10.0	7.8
Foreign tax credits	(7.7)	(9.4)	(7.4)
Change in valuation allowance	0.2	(0.2)	—
Release of prior year unrecognized tax benefits	—	—	(1.4)
Interest related to unrecognized tax benefits	0.7	0.2	0.3
Other	0.5	0.5	0.6
Effective tax rate	30.6	11.5	11.4

The legislation commonly referred to as the Tax Cuts and Jobs Act ("Tax Act") was enacted on December 22, 2017. Under the Tax Act, research and development expenses incurred for tax years beginning after December 31, 2021 must be capitalized and amortized over five or fifteen years for tax purposes, depending on where the research activities are conducted. The Company has elected to treat global intangible low-taxed income ("GILTI") as a period cost, so the capitalization of research and development costs in GILTI increased the Company's provision for income taxes beginning in fiscal year 2023.

The Tax Act also required companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax-deferred. We elected to pay the transition tax over the eight-year period provided in the Tax Act. As of March 25, 2023, the remaining balance of our transition tax obligation was \$25.7 million, which will be paid over the next three years.

On August 16, 2022, the U.S. enacted the Inflation Reduction Act, which, among other things, implemented a 15 percent minimum tax on book income of certain large corporations and several tax incentives to promote clean energy. Based on our current analysis of these provisions, this legislation will not have a material impact on our financial statements.

Significant components of our deferred tax assets and liabilities as of March 25, 2023 and March 26, 2022 are (in thousands):

	March 25, 2023	March 26, 2022
Deferred tax assets:		
Accrued expenses and allowances	\$ 7,913	\$ 6,517
Net operating loss carryforwards	1,132	1,713
Research and development tax credit carryforwards	13,283	15,230
Stock-based compensation	24,842	18,952
Lease liabilities	21,602	26,653
Capitalized research and development	9,183	6,372
Other	1,119	651
Total deferred tax assets	\$ 79,074	\$ 76,088
Valuation allowance for deferred tax assets	(13,076)	(13,088)
Net deferred tax assets	\$ 65,998	\$ 63,000
Deferred tax liabilities:		
Depreciation and amortization	\$ 3,395	\$ 3,574
Right of use asset	19,226	25,744
Acquisition intangibles	7,782	32,315
Other	37	—
Total deferred tax liabilities	\$ 30,440	\$ 61,633
Total net deferred tax assets	\$ 35,558	\$ 1,367

Deferred tax assets and liabilities are recorded for the estimated tax impact of temporary differences between the tax basis and book basis of assets and liabilities. A valuation allowance is established against a deferred tax asset when it is more likely than not that the deferred tax asset will not be realized. The Company maintains a valuation allowance for certain deferred tax assets primarily relating to certain state net operating loss and state tax credit carryforwards due to the likelihood that they will expire or go unutilized. Our valuation allowance increased by \$0.1 million in fiscal year 2023. Management believes that the Company's results from future operations will generate sufficient taxable income in the appropriate jurisdictions and of the appropriate character such that it is more likely than not that the remaining deferred tax assets will be realized.

At March 25, 2023, the Company had gross federal net operating loss carryforwards of \$3.0 million, all of which related to acquired companies and are, therefore, subject to certain limitations under Section 382 of the Internal Revenue Code. The federal net operating loss carryforwards expire in fiscal years 2024 through 2031. At March 25, 2023 the Company had gross foreign net operating loss carryforwards of \$0.1 million that do not expire and gross state net operating loss carryforwards of \$7.5 million that expire in fiscal years 2024 through 2030. In addition, the Company had \$13.4 million of state business tax, minimum tax, and research and development tax credit carryforwards. Certain of these state tax credits will expire in fiscal years 2024 through 2034, and others do not expire.

At March 25, 2023, unremitted earnings of our foreign subsidiaries that can be distributed without tax consequence, other than withholding taxes that may apply based on the jurisdiction of the subsidiary, are not expected to be indefinitely reinvested. No taxes have been accrued for foreign withholding taxes on these earnings as these amounts are not material. We have not provided additional income taxes for other outside basis differences inherent in our foreign entities, as these amounts continue to be indefinitely reinvested in foreign operations. Determining the amount of unrecognized deferred tax liability related to all other outside basis differences in these entities is not practicable at this time.

On July 27, 2015, the U.S. Tax Court issued an opinion in *Altera Corp. et al. v. Commissioner* which concluded that the regulations relating to the treatment of stock-based compensation expense in intercompany cost-sharing arrangements were invalid. In 2016 the U.S. Internal Revenue Service appealed the decision to the U.S. Court of Appeals for the Ninth Circuit (the "Ninth Circuit"). On July 24, 2018, the Ninth Circuit issued a decision that was subsequently withdrawn and a reconstituted panel conferred on the appeal. On June 7, 2019, the Ninth Circuit reversed the decision of the U.S. Tax Court and upheld the cost-sharing regulations. On February 10, 2020, Altera Corp. filed a Petition for a Writ of Certiorari with the Supreme Court of the United States, which was denied by the Supreme Court on June 22, 2020. Although the issue is now resolved within the Ninth Circuit, the Ninth Circuit's opinion is not binding in other circuits. The potential impact of this issue on the Company, which is not located within the jurisdiction of the Ninth Circuit, is unclear at this time. We will continue to monitor developments related to this issue and the potential impact of those developments on the Company's current and prior fiscal years.

The following table summarizes the changes in the unrecognized tax benefits (in thousands):

	March 25, 2023	March 26, 2022
Beginning balance	\$ 32,879	\$ 32,879
Additions based on tax positions related to the current year	—	—
Reductions based on tax positions related to the prior years	—	—
Ending balance	\$ 32,879	\$ 32,879

At March 25, 2023, the Company had gross unrecognized tax benefits of \$32.9 million, all of which would impact the effective tax rate if recognized. The Company's unrecognized tax benefits are classified as "*Non-current income taxes*" in the consolidated balance sheet. The Company recognizes interest and penalties related to unrecognized tax benefits in the provision for income taxes. During fiscal years 2023 and 2022 we recognized interest expense, net of tax, of approximately \$1.7 million and \$0.9 million, respectively. The total amount of interest accrued as of March 25, 2023 was \$6.8 million.

The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax in multiple state and foreign jurisdictions. Fiscal years 2017 through 2023 remain open to examination by the major taxing jurisdictions to which the Company is subject, although carry forward attributes that were generated in tax years prior to fiscal year 2017 may be adjusted upon examination by the tax authorities if they have been, or will be, used in a future period.

The Company's fiscal year 2017, 2018, and 2019 federal income tax returns are under examination by the U.S. Internal Revenue Service ("IRS"). The IRS has proposed adjustments that would increase U.S. taxable income related to transfer pricing matters with respect to our U.S. and U.K. affiliated companies and on May 17, 2022, the IRS issued a Revenue Agent's Report asserting additional tax of approximately \$170.5 million plus interest and imposing penalties of approximately \$63.7 million. We do not agree with the IRS's positions and we intend to vigorously dispute the proposed adjustments. We intend to pursue resolution through the administrative process with the IRS Independent Office of Appeals and, if necessary, through judicial remedies. We expect it could take a number of years to reach resolution on these matters. Although the final resolution

of these matters is uncertain, the Company believes adequate amounts have been reserved for any adjustments to the provision for income taxes that may ultimately result. However, if the IRS prevails in these matters, the assessed tax, interest, and penalties, if any, could have an adverse impact on our financial position, results of operations, and cash flows in future periods. The Company is not under an income tax audit in any other major taxing jurisdiction.

20. Segment Information

We determine our operating segments in accordance with Financial Accounting Standards Board (“FASB”) guidelines. Our Chief Executive Officer (“CEO”) has been identified as the chief operating decision maker under these guidelines.

The Company operates and tracks its results in one reportable segment, but reports revenue performance in two product lines: Audio and HPMS. Our CEO receives and uses enterprise-wide financial information to assess financial performance and allocate resources, rather than detailed information at a product line level. Additionally, our product lines have similar characteristics and customers. They share operations support functions such as sales, public relations, supply chain management, various research and development and engineering support, in addition to the general and administrative functions of human resources, legal, finance and information technology. Therefore, there is no complete, discrete financial information maintained for these product lines. Revenue by product line is disclosed in Note 10 - Revenues. Geographic details of revenue and property, plant and equipment are included below.

Geographic Area

The following illustrates sales by ship to location of the customer (in thousands):

	Fiscal Years Ended		
	March 25, 2023	March 26, 2022	March 27, 2021
China	\$ 1,230,602	\$ 1,197,812	\$ 1,024,178
Hong Kong	223,405	325,433	170,605
Vietnam	93,760	72,162	10,115
South Korea	93,177	51,606	42,403
India	69,343	18,257	14,481
United States	52,688	29,513	21,708
Rest of World	134,642	86,677	85,740
Total consolidated sales	<u>\$ 1,897,617</u>	<u>\$ 1,781,460</u>	<u>\$ 1,369,230</u>

The following illustrates property, plant and equipment, net, by geographic locations, based on physical location (in thousands):

	Fiscal Years Ended	
	March 25, 2023	March 26, 2022
United States	\$ 132,633	\$ 118,847
United Kingdom	20,675	28,612
Rest of World	9,664	9,618
Total consolidated property, plant and equipment, net	<u>\$ 162,972</u>	<u>\$ 157,077</u>

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(e) of the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our chief executive officer (CEO) and chief financial officer (CFO), the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(b) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Form 10-K. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the Securities and

Exchange Commission rules and forms and (ii) accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. Based upon the evaluation, our management, including our CEO and CFO, has concluded that our disclosure controls and procedures were effective as of March 25, 2023.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined under Rule 13a-15(f). Under the supervision and with the participation of our management, including our CEO and CFO, we assessed the effectiveness of our internal control over financial reporting as of the end of the period covered by this report based on the criteria set forth in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

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

Based on its assessment of internal control over financial reporting, management has concluded that our internal control over financial reporting was effective as of March 25, 2023, to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Our independent registered public accounting firm, Ernst & Young LLP, has issued an attestation report on management's assessment of our internal control over financial reporting as of March 25, 2023, included in Item 8 of this report.

Changes in Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting during the quarter ended March 25, 2023, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. Other Information

None.

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

The information set forth in the proxy statement to be delivered to stockholders in connection with our Annual Meeting of Stockholders to be held on July 28, 2023 (the "Proxy Statement") under the headings *Corporate Governance*, *Proposals to be Voted on — Proposal No. 1 — Election of Directors*, and *Delinquent Section 16(a) Reports*, if applicable, is incorporated herein by reference. The Company has adopted a Code of Conduct ("the Code") that applies to all of its directors, officers, and employees. A copy of the Code can be found within the Corporate Governance section of our "Investors" page on our website at investor.cirrus.com. We intend to satisfy the disclosure requirements of the SEC regarding amendments to, or waivers from, the Code by posting such information on the same website.

ITEM 11. Executive Compensation

The information set forth in the Proxy Statement under the headings *Director Compensation Arrangements*, *Compensation Discussion and Analysis*, *Compensation Committee Report*, *Consideration of Risk Related to Compensation Programs*, *Executive Compensation Tables*, *Pay Ratio Disclosure*, *Pay vs Performance Disclosure* and *Proposals to be Voted on — Proposal No. 3 — Advisory Vote to Approve Executive Compensation and Proposal No. 4 — Advisory Vote on the Frequency of Future Advisory Votes to Approve Executive Compensation* is incorporated herein by reference.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information set forth in the Proxy Statement under the headings *Equity Compensation Plan Information* and *Security Ownership of Certain Beneficial Owners and Management* is incorporated herein by reference.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information set forth in the Proxy Statement under the headings *Certain Relationships and Related Transactions* and *Corporate Governance* is incorporated herein by reference.

ITEM 14. *Principal Accountant Fees and Services*

The information set forth in the Proxy Statement under the headings *Audit and Non-Audit Fees and Services* and *Proposal No. 2 — Ratification of Appointment of Independent Registered Public Accounting Firm* is incorporated herein by reference.

PART IV

ITEM 15. *Exhibits and Financial Statement Schedules*

(a) The following documents are filed as part of this Report:

1. Consolidated Financial Statements

- Reports of Ernst & Young LLP, Independent Registered Public Accounting Firm.
- Consolidated Balance Sheets as of March 25, 2023 and March 26, 2022.
- Consolidated Statements of Income for the fiscal years ended March 25, 2023, March 26, 2022, and March 27, 2021.
- Consolidated Statements of Comprehensive Income for the fiscal years ended March 25, 2023, March 26, 2022, and March 27, 2021.
- Consolidated Statements of Cash Flows for the fiscal years ended March 25, 2023, March 26, 2022, and March 27, 2021.
- Consolidated Statements of Stockholders' Equity for the fiscal years ended March 25, 2023, March 26, 2022, and March 27, 2021.
- Notes to Consolidated Financial Statements.

2. Financial Statement Schedules

All schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements or notes thereto.

3. Exhibits

The following exhibits are files as part of or incorporated by reference into this Annual Report on Form 10-K.

Number	Description
3.1	Certificate of Incorporation of Registrant, filed with the Delaware Secretary of State on August 26, 1998. (1)
3.2	Amended and Restated Bylaws of Registrant (2)
4.1	Description of Securities (8)
10.1+	Cirrus Logic, Inc. 2006 Stock Incentive Plan, amended and restated as of May 26, 2015 (5)
10.2+	Form of Stock Option Agreement for options granted under the Cirrus Logic, Inc. 2006 Stock Incentive Plan (3)
10.3+	Form of Stock Option Agreement for options for U.K. Employees under the Cirrus Logic, Inc. 2006 Stock Incentive Plan (6)
10.4+	Form of Notice of Grant of Stock Option for options granted under the Cirrus Logic, Inc. 2006 Stock Incentive Plan (3)
10.5+	Form of Stock Option Agreement for Outside Directors under the Cirrus Logic, Inc. 2006 Stock Incentive Plan (4)
10.6+	Cirrus Logic, Inc. 2018 Long Term Incentive Plan (7)
10.7+	First Amendment to the Cirrus Logic, Inc. 2018 Long Term Incentive Plan (10)
10.8+	Second Amendment to the Cirrus Logic, Inc. 2018 Long Term Incentive Plan (16)
10.9+	Form of Restricted Stock Unit Agreement (7)
10.10+	Form of Notice of Grant of Restricted Stock Units (7)
10.11+	Form of Performance Award Agreement (7)
10.12+	Form of Notice of Grant of Performance Award (7)
10.13+	Form of Stock Option Agreement (7)
10.14+	Form of Notice of Grant of Stock Option (7)
10.15+	Form of Notice of Grant of Stock Award (7)
10.16+	Transition Agreement, dated October 30, 2020 (9)
10.17	Agreement and Plan of Merger, entered July 8, 2021, among Lion, Cirrus Logic, Merger Sub, and the Agent (11)
10.18	Second Amended and Restated Credit Agreement, entered July 8, 2021, among Cirrus Logic, Inc., the Lenders party thereto and Wells Fargo Bank, National Association, as a Lender and Administrative Agent (11)
10.19	First Amendment to the Second Amended and Restated Credit Agreement, dated as of July 8, 2021 with the Lending party thereto and Wells Fargo Bank, National Association, as administrative agent (17)
10.20+	Restricted Stock Unit Agreement for Non-Executive Directors under the Cirrus Logic, Inc. 2018 Long Term Incentive Plan (12)
10.21+	Stock Option Agreement for Non-Executive Directors under the Cirrus Logic, Inc. 2018 Long Term Incentive Plan (12)
10.22*†	Capacity Reservation and Wafer Supply Commitment Agreement (12)
10.23+	Transition Services Agreement dated November 22, 2021 (13)
10.24+	Cirrus Logic, Inc. Executive Severance and Change of Control Plan, as amended and restated on January 20, 2022 (14)
10.25+	Cirrus Logic, Inc. 2007 Management and Key Individual Contributor Incentive Plan, as amended and restated on March 22, 2022 (15)
14.1	Code of Conduct as amended and restated on February 27, 2023
21.1	List of Subsidiaries
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm
24.1	Power of Attorney (see signature page).
31.1	Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1**	Certification of Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

+ Indicates a management contract or compensatory plan or arrangement.

* Certain confidential information contained in this exhibit has been omitted by means of redacting a portion of the text and marking it with three asterisks indicated by [***], pursuant to Regulation S-K Item 601(b)(10)(iv). Certain confidential information has been excluded from the exhibit because it (i) is not material and (ii) is the type of information that the registrant treats as private or confidential. An unredacted copy of the exhibit will be provided on a supplemental basis to the SEC upon request.

† Certain schedules or appendices to this exhibit have been omitted pursuant to Regulation S-K Item 601(a)(5). A copy of any omitted schedule will be furnished to the SEC upon request.

** The certifications attached as Exhibits 32.1 and 32.2 accompanying this Annual Report on Form 10-K, are deemed furnished and not filed with the SEC and are not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

- (1) Incorporated by reference from Registrant's Report on Form 10-K for the fiscal year ended March 31, 2001, filed with the SEC on June 22, 2001 (Registration No. 000-17795).
- (2) Incorporated by reference from Registrant's Report on Form 8-K filed with the Commission on March 8, 2023 (Registration No. 000-17795).
- (3) Incorporated by reference from Registrant's Statement on Form S-8 filed with the SEC on August 1, 2006 (Registration No. 333-136219).
- (4) Incorporated by reference from Registrant's Report on Form 8-K filed with the SEC on August 1, 2007 (Registration No. 000-17795).
- (5) Incorporated by reference to Exhibit A of the Registrant's Definitive Proxy Statement on Schedule 14A filed with the SEC on June 2, 2015 (Registration No. 000-17795).
- (6) Incorporated by reference from Registrant's Report on Form 10-K filed with the SEC on May 25, 2016 (Registration No. 000-17795).
- (7) Incorporated by reference from Registrant's Statement on Form S-8 filed with the SEC on August 3, 2018 (Registration No. 333-226578).
- (8) Incorporated by reference from Registrant's Report on Form 10-Q filed with the SEC on August 3, 2020 (Registration No. 000-17795).
- (9) Incorporated by reference from Registrant's Report on Form 8-K filed with the SEC on November 2, 2020 (Registration No. 000-17795).
- (10) Incorporated by reference to Exhibit 1 to the Registrant's Definitive Proxy Statement filed with the SEC on June 3, 2020 (Registration No. 000-17795).
- (11) Incorporated by reference from Registrant's Report on Form 8-K filed with the SEC on July 8, 2021 (Registration No. 000-17795).
- (12) Incorporated by reference from Registrant's Report on Form 10-Q filed with the SEC on July 28, 2021 (Registration No. 000-17795).
- (13) Incorporated by reference from Registrant's Report on Form 8-K filed with the SEC on November 23, 2021 (Registration No. 000-17795).
- (14) Incorporated by reference from Registrant's Report on Form 8-K filed with the SEC on January 25, 2022 (Registration No. 000-17795).
- (15) Incorporated by reference from Registrant's Report on Form 8-K filed with the SEC on March 25, 2022 (Registration No. 000-17795).
- (16) Incorporated by reference to Exhibit 1 to the Registrant's Definitive Proxy Statement filed with the SEC on June 2, 2022 (Registration No. 000-17795).
- (17) Incorporated by reference from Registrant's Report on Form 8-K filed with the SEC on March 22, 2023 (Registration No. 000-17795).

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned; thereunto duly authorized.

CIRRUS LOGIC, INC.

By: /s/ VENK NATHAMUNI

Venk Nathamuni

Chief Financial Officer and Principal Accounting Officer

May 19, 2023

KNOW BY THESE PRESENT, that each person whose signature appears below constitutes and appoints Venk Nathamuni, his attorney-in-fact, with the power of substitution, for him in any and all capacities, to sign any amendments to this report on Form 10-K and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of the attorney-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, the following persons on behalf of the Registrant, in the capacities and on the dates indicated have signed this report below:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ JOHN M. FORSYTH</u> John M. Forsyth	President and Chief Executive Officer	May 19, 2023
<u>/s/ VENK NATHAMUNI</u> Venk Nathamuni	Chief Financial Officer and Principal Accounting Officer	May 19, 2023
<u>/s/ JOHN C. CARTER</u> John C. Carter	Director	May 19, 2023
<u>/s/ ALEXANDER M. DAVERN</u> Alexander M. Davern	Director	May 19, 2023
<u>/s/ TIMOTHY R. DEHNE</u> Timothy R. Dehne	Director	May 19, 2023
<u>/s/ DEIRDRE R. HANFORD</u> Deirdre R. Hanford	Director	May 19, 2023
<u>/s/ RAGHIB HUSSAIN</u> Raghib Hussain	Director	May 19, 2023
<u>/s/ CATHERINE P. LEGO</u> Catherine P. Lego	Director	May 19, 2023
<u>/s/ DAVID J. TUPMAN</u> David J. Tupman	Director	May 19, 2023

Corporate Code of Conduct
of
Cirrus Logic, Inc.

June 3, 2004
(as amended and restated on February 27, 2023)

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CORPORATE CODE OF CONDUCT

I. ETHICS AND COMPLIANCE

Cirrus Logic, Inc. (“we” or the “Company”) is committed to promoting integrity, honesty, and professionalism and maintaining the highest standards of ethical conduct in all of the Company’s activities. The Company’s business success is dependent on our reputation for integrity and fairness. Therefore, it is essential that the highest standards of conduct and professional integrity be observed in all contacts made by our directors and employees with our customers, creditors, stockholders, suppliers, governmental officials, fellow employees, and members of the general public. In this regard, we have established this written set of policies dealing with the rules and policies of conduct to be used in conducting the business affairs of the Company.

This document does not cover all Company policies or all laws. Please refer to the Company’s intranet for additional policies adopted by the Company. In addition, if a local law conflicts with a policy in this Code, then you must comply with the law; if a local custom or practice conflicts with this Code, then you must comply with this Code. If your line of business or region has a policy or practice that conflicts with this Code, then you must comply with this Code. If your line of business or region has policies or practices that require more of you than is required by the Code or if local law requires more, then you must follow the stricter policy, practice, or law. Think of this Code as a baseline, or a minimum requirement, which must always be followed. The only time you can go below the baseline is if a law absolutely requires you to do so or if the Company’s Board of Directors or the Governance and Nominating Committee of the Board has approved the exception in writing.

No set of policy guidelines can anticipate all situations that the Company’s employees or directors may encounter. When faced with a business decision with ethical implications, you as an employee or director should ask yourself the following questions:

- Would my actions inspire trust?
- Are my actions legal? If legal, are they also ethical? Are my actions fair and honest in every respect?
- Can I defend this action with a clear conscience before my supervisor, fellow employees, and the general public?
- Would my supervisor act this way? Would it be helpful to ask my supervisor about this matter before I act?
- Would I want my actions reported publicly?

When in doubt, you are encouraged to seek guidance and express any concerns you may have regarding this Code. Questions regarding these rules and policies should be directed to the Company’s General Counsel. Violations of the rules and policies of conduct set forth in this Code will result in corrective action up to and including termination of employment.

II. CONFIDENTIAL INFORMATION

Information on the Company's activities, strategies, and business data is proprietary. Confidential information includes all non-public information that might be of use to the Company's competitors, or harmful to the Company or the Company's customers, if disclosed. We believe that our confidential information and data are important corporate assets in the operation of our business and prohibit the use or disclosure of this information, except when disclosure is authorized or legally mandated. You must be careful not to disclose confidential information to unauthorized persons, either inside or outside the Company, and you must exercise care to protect the confidentiality of information received from any other party.

To protect this information, it is Company policy that:

- Confidential information of the Company should be disclosed within the Company only on a need-to-know basis.
- Confidential information of the Company should be disclosed outside the Company only when required by law or when necessary to further the Company's business activities and in accordance with the Company's disclosure guidelines. Any disclosure of confidential information outside the Company must be pursuant to an approved Non-Disclosure Agreement.

Concerns with respect to confidential information may arise in the securities area as well. For information on what to do in these situations, see the Company's Policy on Insider Trading and Confidentiality that is accessible on the Company's intranet. If you believe you have a legal obligation to disclose confidential information, you should consult the Legal Department prior to doing so.

Patents, Copyrights, Trademarks and Proprietary Information

Protection of the Company's intellectual property, including its trade secrets, pending patent information, scientific and technical knowledge, know-how, and the experience developed in the course of the Company's activities, is essential to maintaining our competitive advantage. This information should be protected by all Company personnel and should not be disclosed to outsiders.

Much of the information we develop in research, production, marketing, sales, legal, and finance is original in nature and its protection is essential to our continued success. This information should be safeguarded. Trade secrets may consist of all forms and types of financial, business, scientific, technical, economic, or engineering information that is subject to reasonable measures to keep such information secret and that derives economic value from not being generally known to another person who could benefit from the disclosure or use of the information. This information is confidential and should be protected by all Company employees and not disclosed to outsiders. Its loss through inadvertent or improper disclosure could be harmful to the Company.

No Inadvertent Disclosures

In becoming an employee, you were required to sign an agreement confirming your obligation not to disclose the Company's confidential information, both while you are employed and after you leave the Company. The loyalty, integrity, and sound judgment of the Company's employees both on and off the job are essential to the protection of this information.

You should be especially mindful in your use of phones, email, and other electronic means of storing and transmitting information.

You should take every practicable step to preserve the Company's confidential information. For example, you should not discuss material information in elevators, hallways, restrooms, restaurants, airplanes, taxicabs, or any place where you can be overheard; not read confidential documents in public places or discard them where they can be retrieved by others; not leave confidential documents in unattended rooms; and not leave confidential documents behind when a meeting or conference is over. Also, you should be cautious when conducting conversations on speaker telephones, and of the potential for eavesdropping on conversations conducted on phones and other unsecured means of communication.

Former Employer Information

The Company expects you to respect and safeguard the intellectual property of others. During your employment with the Company, you must not use or disclose any confidential information or trade secrets you learned or obtained prior to your employment. For example, you must not use or disclose confidential information or trade secrets from your previous employers, and you must not bring any such information or trade secrets onto the premises of the Company, physically or on electronic systems.

Exceptions

Nothing in this Code, or any Company policy, prohibits or restricts you from (i) providing information to any governmental or regulatory agency to initiate or otherwise cooperate with a complaint or investigation regarding a possible violation of law or regulation (for example, a complaint or investigation with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission, Department of Justice, HM Revenue and Customs, etc.), (ii) making any other disclosure that is required by applicable law, regulation, or protected under an applicable "whistleblower" provision, or (iii) receiving an award from the governmental or regulatory agency in connection with the information provided. You do not need the prior authorization of the Company to provide any such information, and you are not required to notify the Company that a complaint or investigation has been undertaken.

III. CONFLICTS OF INTEREST AND CORPORATE OPPORTUNITIES

A conflict of interest occurs when an individual's private interest interferes, or even appears to interfere, in any way with the interests of the Company as a whole. As a result, you as an employee or director must avoid any action that may involve, or may appear to involve, a conflict of interest with the Company. If you consider undertaking any transaction or relationship that reasonably could be expected to give rise to an actual or apparent conflict or disparity of interest between you and the Company, or in your personal or professional relationship, you

must promptly disclose this activity for review by the Legal Department. Immediate disclosure of any potential conflict is the key to remaining in full compliance with this Code.

Examples of Potential Conflicts:

- You take actions or have interests that may make it difficult to perform your work at the Company objectively and effectively.
- You, or a member of your family, receive improper personal benefits as a result of your position in the Company.
- You perform services for, serve as a director, employee, or consultant of, or have a substantial interest in, any competitor, customer, supplier, or business partner of the Company.
- You engage in a transaction with the Company, or work for or own a substantial interest in any organization, doing or seeking to do business with the Company.
- You intend to acquire ownership of, or an interest in, any type of property (such as real estate, patent rights, securities, or software) in which the Company has or might reasonably be thought to have an interest.
- You or a family member accept a personal loan from the Company or allow the Company to guarantee any of your or a family member's personal obligations.

In addition, you are prohibited from engaging in the following corporate opportunities:

- Taking for yourself personally opportunities that are discovered through the use of Company property, information, or position.
- Using Company property, information, or position for personal gain.
- Competing with the Company.

You owe a duty to the Company to advance the Company's legitimate interests when the opportunity to do so arises.

IV. FAIR DEALING

You should endeavor to deal fairly with the Company's customers, suppliers, competitors, and employees. You must not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

V. GOVERNMENT INVESTIGATIONS

It is Company policy to fully cooperate with any appropriate government investigation. If you learn about a possible government investigation or inquiry, inform the Legal Department immediately.

The Company prohibits any employee, officer, or director from altering, destroying, mutilating, or concealing a record, document, or other object, or attempting to do so, with the intent to impair the object's integrity or availability for use in an official proceeding. Furthermore, the Company prohibits any employee or director from otherwise obstructing, influencing, or impeding any official proceeding or any attempts to do so.

VI. INSIDER INFORMATION

In the normal course of business, directors, officers, and employees of the Company may come into possession of significant, nonpublic information. This kind of information, often referred to as "material, nonpublic" information in the securities laws, is considered the property of the Company that you have been entrusted with. Accordingly, you may not seek to profit from it by buying or selling securities yourself or by passing on the information to others to enable them to profit. This rule applies to trading in Cirrus Logic's own securities, but it also applies to trading in the securities of other companies if you learn something in the course of your employment or relationship with Cirrus Logic that might affect the value of the other stock. The insider trading rules apply both to buying stock (to make a profit based on good news) and selling stock (to avoid a loss based on bad news).

Besides your obligation to refrain from trading while in possession of material, nonpublic information, you are also prohibited from "tipping" others. The concept of unlawful tipping includes passing on information to friends, family members, or others under circumstances that suggest that you were trying to help them make a profit or avoid a loss. When tipping occurs, both the "tipper" and the "tippee" may be held liable, and this liability may extend to all those to whom the tippee, in turn, gives the information.

The basic Company policy in the insider trading area is that no trading under any circumstances is permitted by Company personnel while such personnel or members of their households possess material, nonpublic information, as described above. In addition, certain individuals are restricted from trading during restricted trading periods, generally in connection with the Company's earnings announcements. The policy also includes other prohibitions on trading, including prohibitions against short selling, use of margin accounts, hedging transactions, and trading in options in the Company's securities. These prohibitions are specifically designed to encourage investment in the Company's stock for the long term, on a buy and hold basis, and to discourage active trading or short-term speculation. For additional information regarding the complete policy, see the Company's Policy on Insider Trading and Confidentiality, which can be accessed on the Company's intranet.

VII. CUSTOMER, SUPPLIER, AND COMPETITOR RELATIONS

The Company, its employees, and representatives must treat customers, business allies, and suppliers fairly and may not engage in anticompetitive practices that unlawfully restrict the free market economy. In addition, the Company and employees and directors must comply with all U.S. and non-U.S. laws, rules, and regulations applicable in the country, state, and local jurisdiction where the Company conducts business.

Permissible Payments

The payment of normal discounts and allowances, commissions, fees, sales promotion activity, entertainment, and the extension of services and other customary courtesies in the ordinary course of business is permissible so long as they have been authorized and properly recorded. If a customer, supplier, vendor, or government agency has adopted a more stringent policy than the Company's regarding gifts and gratuities, then you must comply with that more stringent policy when dealing with that person or entity. (See below for a discussion of gifts to government representatives.)

Anti-Bribery

The Company's objective is to compete in the marketplace on the basis of superior products, services, and competitive prices. No payment in any form (whether funds or assets) shall be made directly or indirectly to anyone for the purpose of obtaining or retaining business or to obtain any other favorable action. It is imperative that each and every person who does business with the Company understands that we will not, under any circumstances, give or accept bribes or kickbacks. A violation of this policy will subject you to corrective action as well as potential criminal prosecution.

Gifts

No gift should be accepted from a supplier, vendor, or customer unless the gift has insubstantial value and a refusal to accept it would be discourteous or otherwise harmful to the Company. This applies equally to gifts to suppliers or vendors or non-governmental customers. (See below for a discussion of gifts to government representatives.)

Entertainment

Appropriate business entertainment of non-government employees occurring in connection with business discussions or the development of business relationships is generally deemed appropriate in the conduct of official business. This may include business-related meals and trips, refreshments before or after a business meeting, and occasional athletic, theatrical, or cultural events. Entertainment in any form that would likely result in a feeling or expectation of personal obligation should not be extended or accepted. This applies equally to giving or receiving entertainment.

Government Representatives

What is acceptable practice in the commercial business environment may be illegal or against the policies of federal, state, or local governments. Therefore, no gifts or business entertainment of any kind may be given to any government employee without the prior approval of the Legal Department, except for items of nominal value having the Cirrus Logic logo (i.e., pens, coffee mugs, etc.).

In addition, the Foreign Corrupt Practices Act (“FCPA”) prohibits giving anything of value to officials or political parties of foreign governments in order to obtain or retain business or to gain any improper advantage. Any proposed incentive to be given to government personnel to secure an improper advantage is not permitted. In your relations with governmental agencies or customers, the Company and you may not directly or indirectly engage in bribery, kickbacks, payoffs, or other corrupt business practices. If you suspect that any payment is being used for improper purposes, you must immediately report the situation to the Legal Department for investigation.

In certain instances, the FCPA does allow what are referred to as “facilitating payments.” Typically, these are nominal payments given to relatively low-ranking government personnel to hasten the inspection of goods or the performance of other basic administrative tasks. Nonetheless, the Company strongly discourages these payments, and in any case, the payment must also be consistent with applicable laws of the countries in which we operate. For example, “facilitation payments” are prohibited under the U.K Bribery Act (2010) and any such payment is considered illegal in the United Kingdom. If you are faced with or anticipate a situation that may involve a facilitating payment, contact the Legal Department before taking any action.

The FCPA also prohibits knowingly falsifying the Company’s books and records or knowingly circumventing or failing to implement accounting controls.

Third-Party Agents

The Company’s business may involve the use of agents, consultants, brokers, or representatives in connection with its dealings with governmental entities, departments, officials, and employees. These arrangements may not be employed to do anything prohibited by this Code. The commissions or fees payable to a third party must be reasonable in amount for the services rendered in accordance with local business practices.

Antitrust Matters

Antitrust laws are intended to protect and promote free and fair competition. These laws apply to all U.S. and some non-U.S. transactions by businesses in the United States. Therefore, you should not exchange information with competitors regarding prices or market share and should refrain from exchanging other information that could be construed as anticompetitive or a violation of antitrust laws.

A violation of antitrust laws is a serious offense. In the United States, it is not uncommon for individuals to be criminally prosecuted. You should report to the Legal Department any instance in which anticompetitive or otherwise concerning discussions are initiated by other companies or if you believe any antitrust matter has arisen.

Agreements with Competitors

Formal or informal agreements with competitors that seek to limit or restrict competition in some way are often illegal. Unlawful agreements include those that seek to fix or control prices or wages; allocate products, markets, or territories; or boycott certain customers or suppliers. To ensure compliance with antitrust law, discussions with competitors regarding any of these potential agreements is a violation of Company policy and will subject you to corrective action, as well as the potential for criminal prosecution.

Agreements with Customers

Certain understandings between the Company and a customer are also considered anticompetitive and illegal. These include agreements that fix resale prices or that result in discriminatory pricing among customers for the same product. These types of restrictive understandings must not be discussed or agreed to with a customer.

Trade Association Activity

Contact with competitors at trade shows or trade association meetings is unavoidable. However, these contacts are not immune from antitrust law. Consequently, contact with competitors necessitated by these meetings should be as limited as possible and kept strictly to the subjects on the agenda for the meeting. In addition, employee participants in trade associations should consult with the Legal Department regarding any proposed association activity that would have a potential effect on competition, such as the development of product standards or an industry code of practice.

Boycotts

It is illegal under U.S. anti-boycott regulations to enter into an agreement to refuse to deal with potential or actual customers or suppliers, or otherwise to engage in or support restrictive international trade practices or boycotts. The Company will not agree to a contract, document, or oral request containing language that could be interpreted as an attempt by any country to enforce a boycott. Even providing information may constitute a violation of U.S. law, which requires that boycott requests be immediately reported to the government even when a response is not provided, and calls for the imposition of fines and other penalties on U.S. parent companies in cases where their non-U.S. subsidiaries violate U.S. anti-boycott regulations. Therefore, any request for information or receipt of boycott-related documentation must be immediately reported to the Legal Department.

VIII. EXPORT CONTROLS

It is our policy to fully comply with all applicable U.S. export, customs and trade control laws and regulations, licensing requirements, relevant non-U.S. laws, and international sanctions. The Company is responsible for customs, export, and trade control compliance and will establish licensing and compliance programs. To the extent feasible, the Company is expected to perform due diligence and know its customer in any business transaction. Any investigation or inquiry by a U.S. governmental organization regarding alleged trade control violations or irregularities should be immediately reported to the Legal Department prior to taking any action. The Legal Department is available to answer any questions regarding customers, export licensing, and trade controls and should be consulted as the need arises.

IX. PUBLIC COMPANY REPORTING

As a public company, it is of critical importance that our filings and submissions with the Securities and Exchange Commission (the “Commission”) be accurate and timely. Depending on your position with the Company, you may be called upon to provide necessary information to assure that the Company’s public reports and documents filed with the Commission and in other public communications by the Company are full, fair, and understandable. The Company expects you to provide prompt, accurate answers to inquiries related to the Company’s public disclosure requirements.

X. RECORD MANAGEMENT

The Legal Department has company-wide responsibility for developing, administering, and coordinating the record management program, and issuing retention guidelines for specific types of documents. Records should be maintained to comply with applicable statutory, regulatory, or contractual requirements, as well as pursuant to prudent business practices. The Company prohibits any employee or director from altering, destroying, mutilating, or concealing a record, document, or other object, or attempt to do so, with the intent to impair the object’s integrity or availability for use in an official proceeding. You can contact the Legal Department for specific information on the Company’s Record Retention Policy.

XI. RECORDING TRANSACTIONS

We have established and maintain a high standard of accuracy and completeness in our financial records. These records serve as the basis for managing our business, for measuring and fulfilling its obligations to employees, customers, suppliers, and others, and for compliance with tax and financial reporting requirements.

In the preparation and maintenance of records, employees must make and keep books, invoices, records, and accounts that, in reasonable detail, accurately and fairly reflect the financial transactions of the Company. These records must comply with generally accepted accounting practices and principles. Accounting entries must be promptly and accurately recorded and properly documented. No accounting entry may intentionally distort or disguise the true nature of any transaction. The Company prohibits the establishment of any undisclosed or unrecorded funds or assets for any purpose.

Each employee must maintain accurate records of transactions, time reports, expense accounts, and other company records. You are prohibited from making a representation, either in a document or in oral communication, which is other than fully accurate. The Company has devised, implemented, and maintained a system of internal accounting controls that is sufficient to provide reasonable assurances that financial transactions are properly authorized, executed, and recorded. You must comply with this system and report any incident that you believe is in violation of the requirements of this system.

See “Reporting Violations” in Section XV below for specific information on reporting violations of this Code, as well as issues regarding accounting, internal accounting controls or auditing matters, harassment or discrimination, or any other issue.

XII. USE AND PROTECTION OF COMPANY ASSETS

Company assets are to be used only for the legitimate business purposes of the Company and its subsidiaries and only by authorized employees or their designees. This includes both tangible and intangible assets.

Some examples of tangible assets include office equipment, such as telephones, copy machines, computers, furniture, supplies and production equipment. Some examples of intangible assets include intellectual property, such as pending patent information, trade secrets, or other confidential information (whether in printed or electronic form).

You are responsible for ensuring that appropriate measures are taken to assure that Company assets are properly protected. In addition, you should take appropriate measures to ensure the efficient use of Company assets, since theft, carelessness, and waste have a direct impact on the Company’s profitability.

Use of Email and the Internet

The use of the Company’s email system and connection to the Internet should be used primarily for Company business. All employees, officers, and directors should use the same care, caution, and etiquette in sending email messages and in making social media posts or posts in messaging applications as in all other written or oral business communications. The Company will not tolerate discriminatory, offensive, defamatory, pornographic, or other similar type of messages or materials sent or accessed through the Internet. Since information systems and computer networks are Company resources, the Company reserves the right at any time to monitor and inspect without notice all electronic communications using these Company resources.

Computer Software

Most computer software is protected by copyrights. The Company’s policy is to respect copyrights and to strictly adhere to all relevant laws and regulations regarding the use and copying of computer software. Therefore, the unauthorized duplication of software, whether or not owned by the Company, is prohibited, even if the duplication is for business purposes, is of limited duration, or is otherwise accepted local practice.

XIII. DELEGATION OF AUTHORITY

See the Company's Contract Review and Signature Authority Policy that is accessible on the Company's intranet.

XIV. MONITORING AND ENFORCEMENT

You should take steps to ensure compliance with the standards set forth in this Code in the operations of the Company. If there are instances of noncompliance, employees and directors shall ensure timely and reasonable remediation of any noncompliance, whether found by internal or external monitors, and ensure that adequate steps are taken to prevent the recurrence and/or occurrence in the Company. In instances where the proper and ethical course of action is unclear, you should seek counsel from the Legal Department.

All managerial personnel are responsible for the necessary distribution of this Code to ensure employee knowledge and compliance on a worldwide basis.

XV. REPORTING VIOLATIONS

You are encouraged to report any concerns or complaints regarding violations of this Code; accounting, internal accounting controls, or auditing matters; harassment; discrimination; or any other policy violation or inappropriate conduct by submitting an anonymous and confidential report with Ethicspoint, an independent reporting system provider, through its website at <http://cirruslogic.ethicspoint.com>, or by dialing the applicable phone number below:

- China Northern 10-800-712-1239
- China Southern 10-800-120-1239
- France 0800-90-2500
- Germany 0800-101-6582
- Hong Kong 800-96-4214
- Japan (using Japan Telecom) 0066-33-112505
- Japan (using KDD) 00531-121520
- Malaysia 1-800-80-8641
- Philippines 1-800-1-114-0165
- Singapore 800-12-04201
- South Korea 00798-14-800-6599
- South Korea (using DACOM) 00308-110-480
- South Korea (using KT) 00798-1-1-009-8084
- Taiwan 844-978-1230
- United Kingdom 0800-032-8483
- United States 866-384-4277 (1-866-ETHICSP)

All EthicsPoint submissions go directly to the Company's Audit Committee, who reviews the report and determines, in conjunction with the Company's Legal Department, whether the report requires further investigation. The Audit Committee may designate the matter to be investigated internally by the Company's Internal Audit group, HR group, or the Legal Department. Alternatively, the Audit Committee may engage outside counsel to consider the matter. Employees in the United Kingdom can also choose to report issues directly to management or the HR group in accordance with the "whistleblower" policy applicable there.

The values and responsibilities outlined in this Code are important to the Company and must be taken seriously by all employees. As a result, violations of these values and responsibilities will not be tolerated.

You are encouraged to speak to your supervisor, manager, or other appropriate personnel when in doubt about the best course of action in a particular situation. You are also encouraged to promptly report information or knowledge about anything you believe to be unethical or any violation of laws, rules, regulations, or this Code.

In no event will any action be taken against you for making a complaint or reporting, in good faith, known or suspected violations of Company policy. You will not lose your job for refusing an order you reasonably believe would violate the provisions of this Code, and any retaliation against you is prohibited.

Any report by an employee or director will be kept confidential to the extent permitted by law and regulation and the Company's ability to address these concerns. In certain instances, the identity of the reporting employee, officer, or director may be provided to those persons involved in the investigation.

Immunity for Disclosure of a Trade Secret

An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made (a) in confidence to a Federal, State, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret except pursuant to court order.

XVI. CORRECTIVE ACTION

Violations of the rules and policies of conduct set forth in this Code may result in one or more of the following corrective actions, as appropriate:

- a warning;
- a reprimand (noted in the employee's personnel record);
- probation;
- demotion;
- temporary suspension;
- required reimbursement of losses or damages;
- termination of employment; and/or
- referral for criminal prosecution or civil action.

Corrective actions may apply to any supervisor who directs or approves any prohibited actions, or has knowledge of them and does not promptly correct them.

As stated above, reporting possible violations of this Code will not result in retaliation against the employee for making this report.

Conduct that violates this Code may also violate federal or state laws or laws outside the United States. These violations may subject you to prosecution, imprisonment, and fines. The Company may also be subject to prosecution and fines for your conduct.

XVII. AMENDMENT, MODIFICATION, WAIVER AND TERMINATION OF PROVISIONS OF THE CODE

We reserve the right to amend, modify, waive, or terminate these rules and policies at any time for any reason.

We will disclose any waivers of this Code made to executive officers or directors of the Company, subject to the provisions of the Securities Exchange Act of 1934, as amended, and the rules thereunder, and all applicable listing rules. Waivers of this Code can only be granted by the Board of Directors or the Governance and Nominating Committee of the Board of Directors.

Significant Subsidiaries of the Registrant

The following are significant subsidiaries of Cirrus Logic, Inc. as of March 25, 2023 and the jurisdictions in which they are organized. Indentation indicates the principal parent of each subsidiary. The names of particular subsidiaries have been omitted because, considered in the aggregate as a single subsidiary, they would not constitute, as of the end of the year covered by this report, a “significant subsidiary” as that term is defined in Rule 1-02(w) of Regulation S-X under the Securities Exchange Act of 1934.

<u>Name</u>	<u>Jurisdiction of Entity</u>
Cirrus Logic UK International Holding Co., Ltd.	United Kingdom
Cirrus Logic International Semiconductor Ltd.	United Kingdom
Cirrus Logic International Holdings Ltd.	United Kingdom
Cirrus Logic International (UK) Ltd.	United Kingdom

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-136219, 333-200968, 333-208577, 333-226578, and 333-245021, and 333-266519) pertaining to the Cirrus Logic, Inc. 2006 Stock Incentive Plan and the Cirrus Logic, Inc. 2018 Long Term Incentive Plan of our reports dated May 19, 2023, with respect to the consolidated financial statements of Cirrus Logic, Inc., and the effectiveness of internal control over financial reporting of Cirrus Logic, Inc., included in this Annual Report (Form 10-K) for the fiscal year ended March 25, 2023.

/s/ Ernst & Young LLP
Austin, Texas
May 19, 2023

CERTIFICATION
Pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, John M. Forsyth certify that:

1. I have reviewed this annual report on Form 10-K of Cirrus Logic, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have;
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 19, 2023

Signature: /s/ John M. Forsyth

John M. Forsyth

President and Chief Executive Officer

CERTIFICATION
Pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Venk Nathamuni, certify that:

1. I have reviewed this annual report on Form 10-K of Cirrus Logic, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have;
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 19, 2023

Signature: /s/ Venk Nathamuni

Venk Nathamuni

Chief Financial Officer and Principal Accounting Officer

Certification Pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report of Cirrus Logic, Inc. (the “Company”) on Form 10-K for the period ended March 25, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John M. Forsyth, Chief Executive Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This Certification has not been, and shall not be deemed, “filed” with the Securities and Exchange Commission.

Date: May 19, 2023

Signature: /s/ John M. Forsyth

John M. Forsyth

President and Chief Executive Officer

Certification Pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report of Cirrus Logic, Inc. (the “Company”) on Form 10-K for the period ended March 25, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Venk Nathamuni, Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

This Certification has not been, and shall not be deemed, “filed” with the Securities and Exchange Commission.

Date: May 19, 2023

Signature: /s/ Venk Nathamuni

Venk Nathamuni

Chief Financial Officer and Principal Accounting Officer