

2025 Annual Report Chairman's Letter

Texas Instruments Incorporated

March 4, 2026

Haviv Ilan, chairman, president and CEO

Our long-standing passion and ambitions

For decades, Texas Instruments has operated with a passion to create a better world by making electronics more affordable through semiconductors. With each generation, technology has become more reliable, more affordable and lower in power, with semiconductors used by a growing number of customers and markets. Our passion continues to be alive today, as we help customers develop electronics and new applications.

Our founders had the foresight to know that passion alone was not enough and that building a great company required a special culture to thrive for the long term. For many years, we've run our business with three overarching ambitions in mind. First, we will act like owners who will own the company for decades. Second, we will adapt and succeed in a world that's ever changing. And third, we will be a company that we're personally proud to be a part of and would want as our neighbor. When we're successful in achieving these ambitions, our employees, customers, communities and shareholders all win.

Our ambitions guide how we run our business and are foundational to ensuring that we operate in a sustainable and responsible manner. Semiconductors will play a critical role in creating a better world. Our semiconductor products are core to the development of electric vehicles, renewable energy applications, medical devices and many other critical technologies. With our ambitions guiding our decision-making for the long term and our products helping to create a better world, we are confident that our collective efforts will be impactful and long-lasting.

Our objective and strategy

As engineers, we're fortunate to work on exciting technology which helps our customers innovate to create a better world. Technology is the foundation of our company, but ultimately, our objective and the best metric for owners to measure our progress is through the growth of free cash flow per share over the long term. Our strategy to maximize long-term free cash per share growth has three elements: first, a great business model that's focused on analog and embedded processing products and built around four sustainable competitive advantages; second, discipline in allocating capital to the best opportunities; lastly, a focus on efficiency, which means more output for every dollar spent.

Strengthening our competitive advantages

Our business model is built around four sustainable competitive advantages that, in combination, provide tangible benefits and are difficult to replicate. These competitive advantages are manufacturing and technology, a broad portfolio of analog and embedded processing products, reach of our market channels, and diverse and long-lived positions. In 2025, we continued to strengthen and leverage these advantages for the long term.

Foundational to our competitive advantages is ownership of our manufacturing, process and packaging technologies, which provides us with lower costs and greater control of our supply chain and provides our customers with geopolitically dependable supply. In 2025, we continued to deliver capacity and manufacturing flexibility. We transferred products from external foundries and our legacy 150mm facilities into our more advanced and lower cost 300mm wafer fabs. We also qualified and ramped production at our new 300mm facilities to support our customers' long-term growth and are advancing toward our goal of sourcing more than 95% of our wafers internally, with over 80% on 300mm, by 2030.

Our broad portfolio of analog and embedded processing products addresses an increasing number of semiconductor opportunities. We have strengthened our product portfolio, expanding both our general-purpose products and application-specific standard products (ASSPs). Our investments in research and development enable us to introduce hundreds of new products each year. With over 80,000 products, we have a comprehensive portfolio, and our investments in process and package technologies have strengthened this further to support our customers.

Lastly, we continued to strengthen our reach of market channels by building closer direct relationships with our customers. In 2025, more than 80% of our revenue transacted directly with customers, up from about a third of our business in 2019. Our closer direct relationships with our customers give us access to more customers as well as better insight and knowledge of their design projects, leading to the opportunity to sell more TI products into each design and ultimately translating into greater market share.

2025 performance

In 2025, we made solid progress in strengthening TI, despite broader macroeconomic dynamics. We rewired our order fulfillment engine, executed manufacturing expansions and continued to strengthen our product portfolio and channel advantage.

Year over year, revenue grew 13%, and most importantly, free cash flow grew 96%. We are nearing the end of our six-year elevated CapEx cycle and are uniquely positioned to deliver:

- Dependable, low-cost 300mm capacity at scale to meet customers' demand
- Scalability of CapEx, including capacity modularity
- Free cash flow per share growth across a range of market conditions

The opportunity remains high, as semiconductor content growth is continuing. The world needs more semiconductors, and our product portfolio is exposed to three fast-growing markets — industrial, automotive and data center — which, together, represent approximately 75% of our business. We have reorganized our end markets to better reflect these opportunities and believe these three markets have the potential to grow faster than the overall semiconductor market in the coming years.

We also made progress executing our capacity and inventory strategy, which prepares us to support customer demand and allows us to maintain high levels of customer service. We kept a steady hand in our research and development investments to make the company stronger for the long term and maintained a strong balance sheet.

Lastly, we continued our commitment to return all free cash flow to our owners over time by increasing the dividend 4% to \$1.42 per share and repurchasing \$1.5 billion of shares in 2025.

Looking ahead

We've prepared for the opportunity ahead through years of discipline and hard work. We will remain focused on the belief that long-term growth of free cash flow per share is the ultimate measure to generate value. To achieve this, we will invest to strengthen our competitive advantages, be disciplined in capital allocation and stay diligent in our pursuit of efficiencies.

In February 2026, we announced an agreement to acquire Silicon Labs, which will create a global leader in embedded wireless connectivity solutions by combining Silicon Labs' strong portfolio and expertise in mixed-signal solutions with TI's leading analog and embedded processing portfolio and internally owned technology and manufacturing capabilities. The transaction is expected to close in the first half of 2027, subject to regulatory approvals and other customary closing conditions.

As we look to the rest of 2026 and beyond, you can count on us to stay true to our ambitions: to think like owners for the long term, adapt and succeed in a world that's ever changing and behave in a way that makes our stakeholders proud. When we're successful, our employees, customers, communities and shareholders all win.