



**INVESTOR BREAKFAST**

**2026**

# Forward-looking Statements

This presentation contains forward-looking statements, including those regarding anticipated growth and trends in our businesses and markets, industry outlooks and demand drivers, technology transitions, our business and financial performance and market share positions, our capital allocation and cash deployment strategies, our investment and growth strategies, our development of new products and technologies, the plans and expectations for the EPIC Center, our business outlook, estimated financial results for our fiscal year 2026, expectations for our financial performance for calendar year 2026, our business and financial targets for 2030, and other statements that are not historical facts. These statements and their underlying assumptions are subject to risks and uncertainties and are not guarantees of future performance.

Factors that could cause actual results to differ materially from those expressed or implied by such statements include, without limitation: the level of demand for our products; global economic, political and industry conditions, including changes in interest rates and prices for goods and services; global trade issues, changes in trade and export regulations, license requirements, and their interpretation, and our ability to obtain licenses or authorizations on a timely basis, if at all; changes in tariffs, any retaliatory measures, and our ability to mitigate the impact of tariffs; the effects of geopolitical turmoil or conflicts; demand for semiconductor chips and electronic devices; customers' technology and capacity requirements; the introduction of new and innovative technologies, and the timing of technology transitions; our ability to develop, deliver and support new products and technologies; our ability to meet customer demand, and our suppliers' ability to meet our demand requirements; the concentrated nature of our customer base; our ability to expand our current markets, increase market share and develop new markets; market acceptance of existing and newly developed products; our ability to obtain and protect intellectual property rights in key technologies; cybersecurity incidents affecting us or our suppliers, customers or vendors; our ability to achieve the objectives of operational and strategic initiatives, align our resources and cost structure with business conditions, and attract, motivate and retain key employees; acquisitions, investments and divestitures; changes in income tax laws; the variability of operating expenses and results among products and segments, and our ability to accurately forecast future results, market conditions, customer requirements and business needs; our ability to ensure compliance with applicable law, rules and regulations; and other risks and uncertainties described in our filings with the Securities and Exchange Commission, including our most recent Forms 10-K, 10-Q and 8-K. All forward-looking statements are based on management's current estimates, projections and assumptions, and we assume no obligation to update them.

# Mike Sullivan

CVP, Investor Relations

# AGENDA

8:05 Strategy + Vision | **Gary Dickerson**

8:30 Semiconductor Products Group | **Dr. Prabu Raja**

8:55 Imaging and Process Control | **Keith Wells**

9:05 Applied Global Services | **Tim Deane**

9:20 Finance + Operations | **Brice Hill**

9:45 Q&A | **All**

Presentations to be posted at ~9:45 a.m. PDT: <http://ir.appliedmaterials.com>

# Gary Dickerson

President and CEO

## OPPORTUNITIES

AI fueling new growth era for wafer fab equipment

AI roadmap driven by advances in leading-edge foundry-logic, DRAM and advanced packaging – where Applied is #1 in process equipment

Concurrent races for AI technology leadership and incremental fab capacity expand Applied's addressable opportunities in systems and services



## APPLIED'S ADVANTAGES

**Materials Innovation:**  
Most comprehensive and enabling technology portfolio for AI compute innovation

**Integration Innovation:**  
Co-optimized and integrated solutions

**Yield Innovation:**  
Highest-resolution imaging + most enabling and connected services

**All accelerated by EPIC co-innovation platform**



## VALUE CREATION

Applied's Systems and Services 'designed in' earlier as we enable major technology inflections

CY'25 to CY'30...

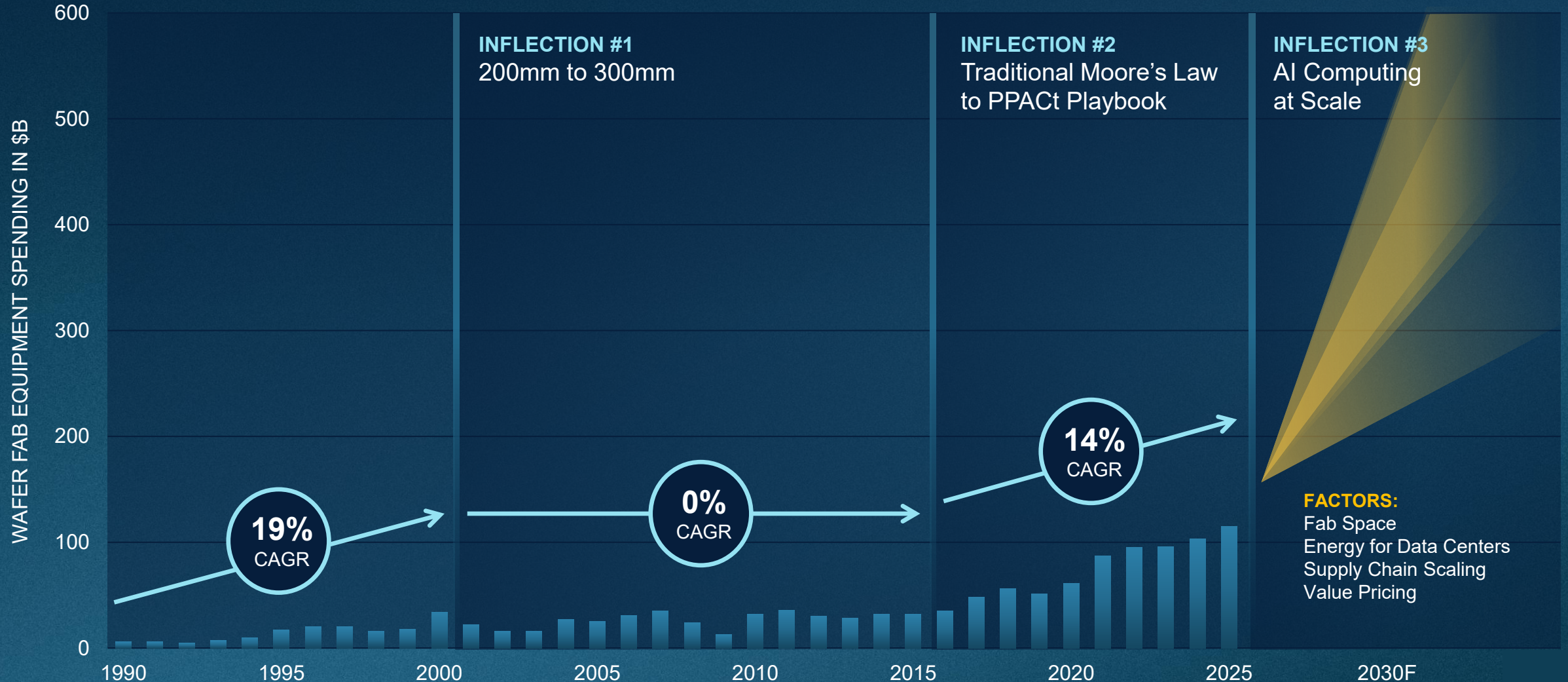
**>2ppts** Wafer Fab Equipment Share

**+20%** Service Revenue per Tool

**+5ppts** Gross Margin

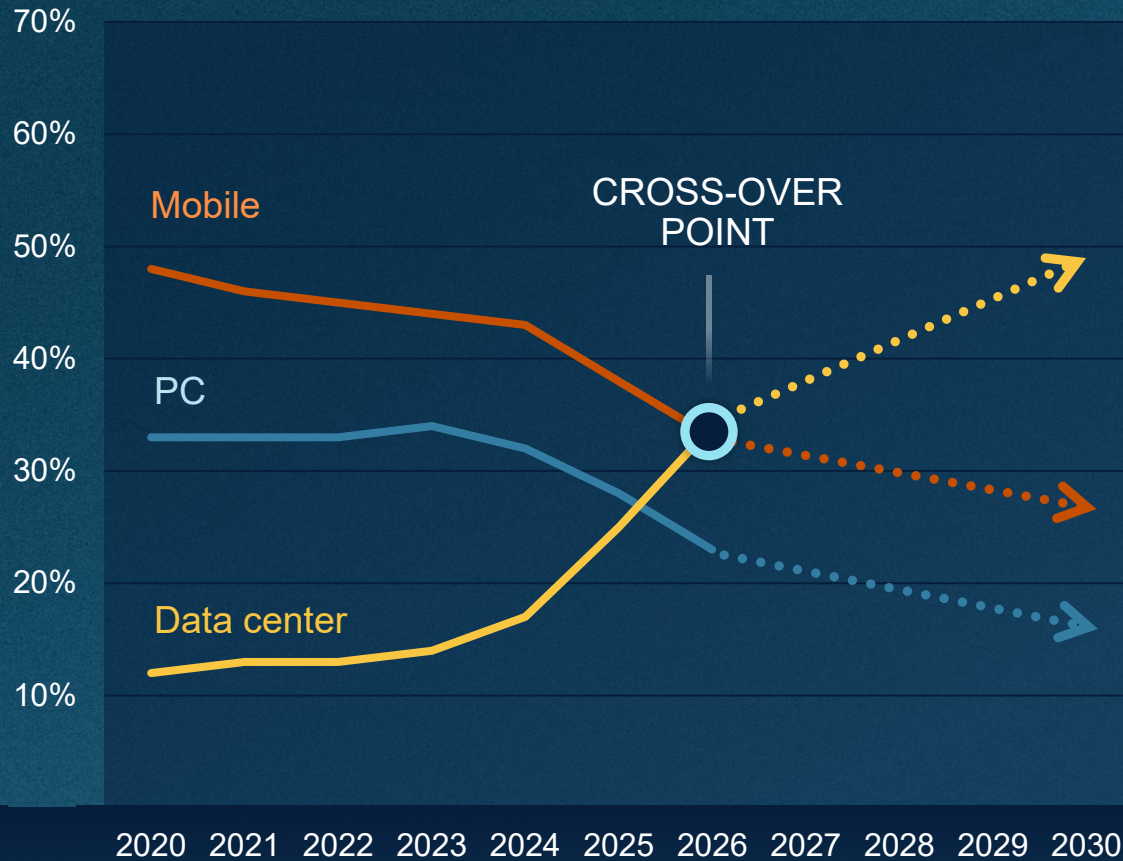
**+10ppts** Operating Margin

# AI COMPUTING DRIVES New Era for Wafer Fab Equipment Spending

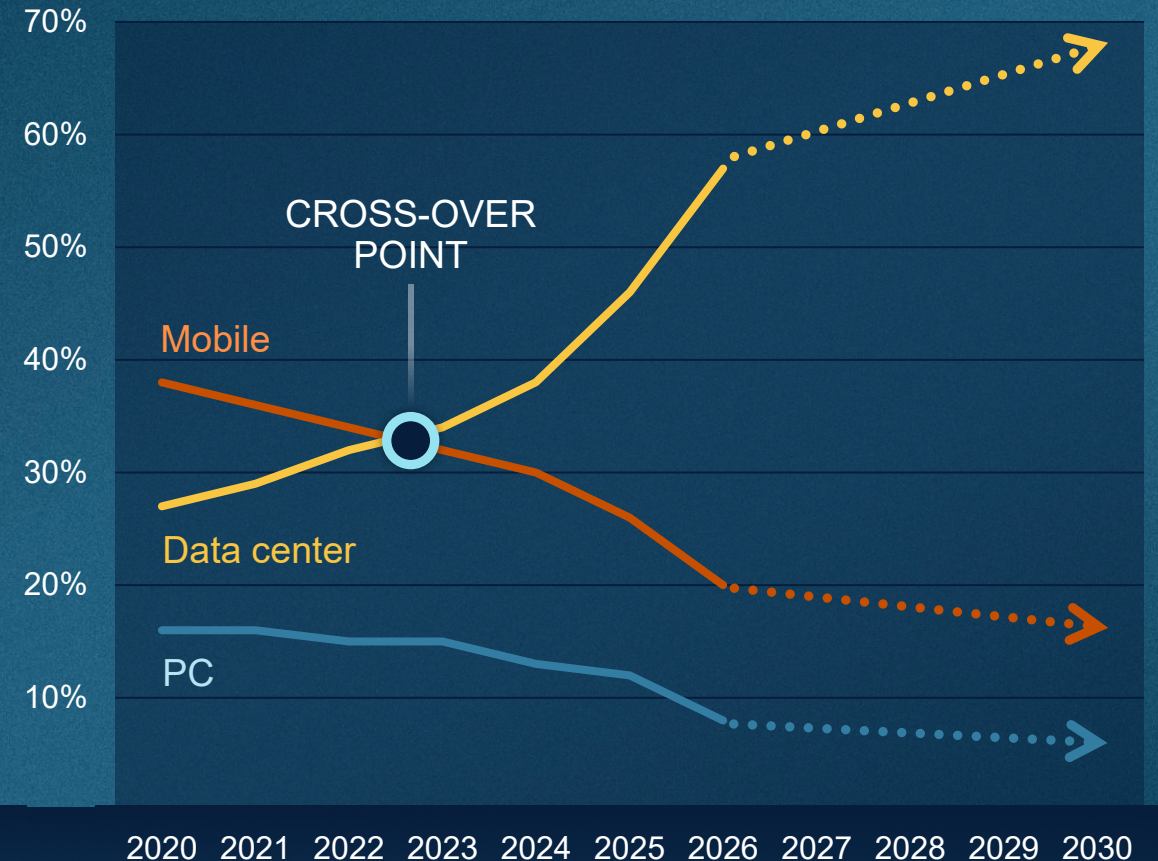


Source: SEMI, TechInsights, Applied Materials

LEADING-EDGE FOUNDRY-LOGIC WAFER STARTS



LEADING-EDGE DRAM WAFER STARTS



**Wafer Start Growth, Industry Revenue Growth and Semiconductor Technology Roadmap now Primarily Driven by AI Data Center**

Source: Applied Materials SMI. Data center includes Server CPU, Server GPU, AI ASIC and HBM base die. PC includes PC CPU/GPU

# New AI Applications Drive Growth and Diversification

## AI GROWTH DRIVERS



### Physical AI



### Agentic AI



### Generative AI



### Perception AI

## APPLICATIONS

- » Robotics
- » AVs
- » Smart environments
- » Digital twins

- » Software development
- » Workflow automation
- » Customer support

- » Chatbots
- » Content generation
- » Code generation

- » Computer vision
- » Speech recognition
- » ADAS perception

## MODELS

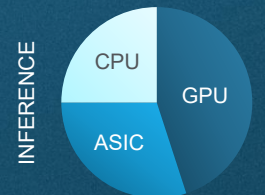
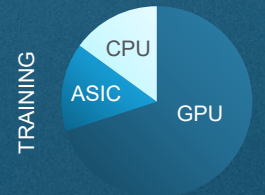
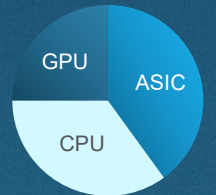
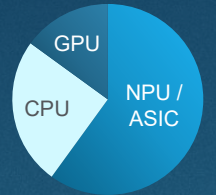
- » Multimodal models
- » World models
- » Reinforcement Learning (RL)
- » Imitation learning

- » LLMs + reasoning
- » Tool calling
- » Reinforcement Learning (RL)
- » Test-time scaling

- » Transformers (LLMs)
- » Diffusion models

- » Convolutional Neural Networks (CNNs)
- » Vision Transformers (ViTs)

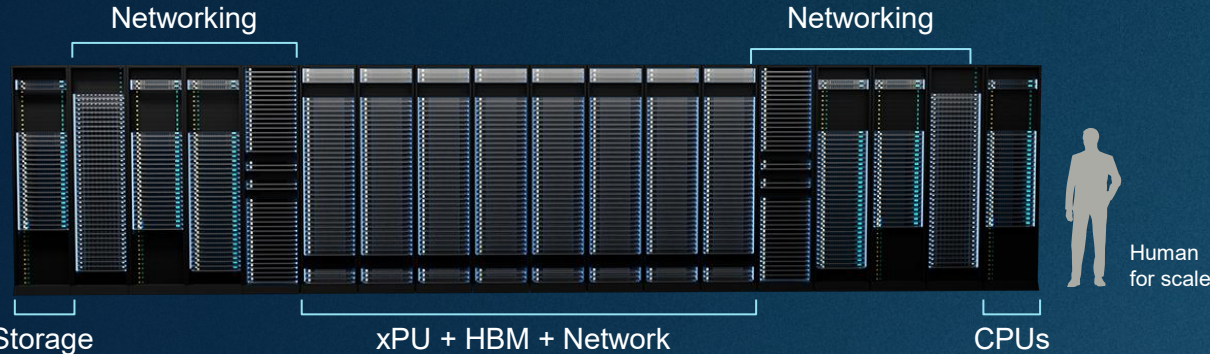
## COMPUTE SILICON



Applied is agnostic to compute silicon mix

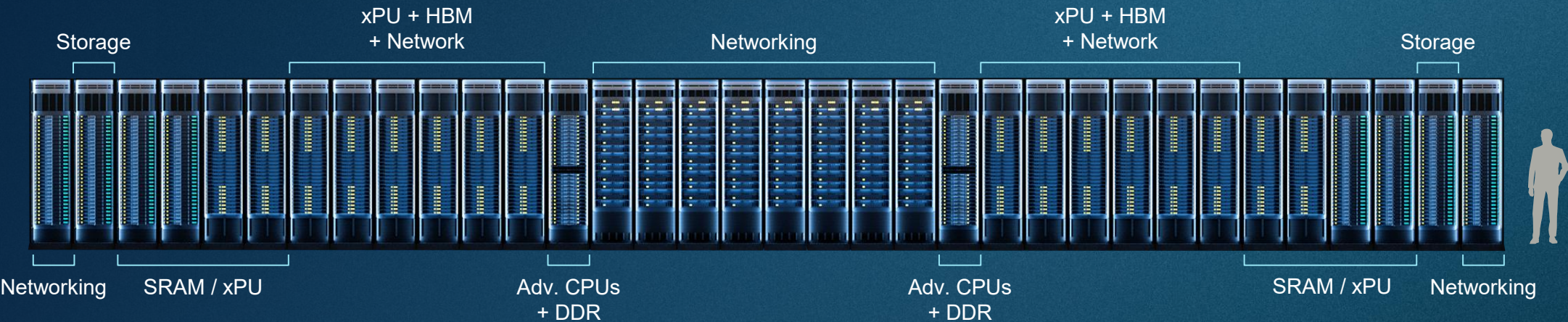
Source: Applied Materials SMI. Compute Silicon is illustrative mix of compute silicon units (not a forecast). Compute silicon categories will continue to evolve and diversify

# Generative AI Factory Pod (2025)



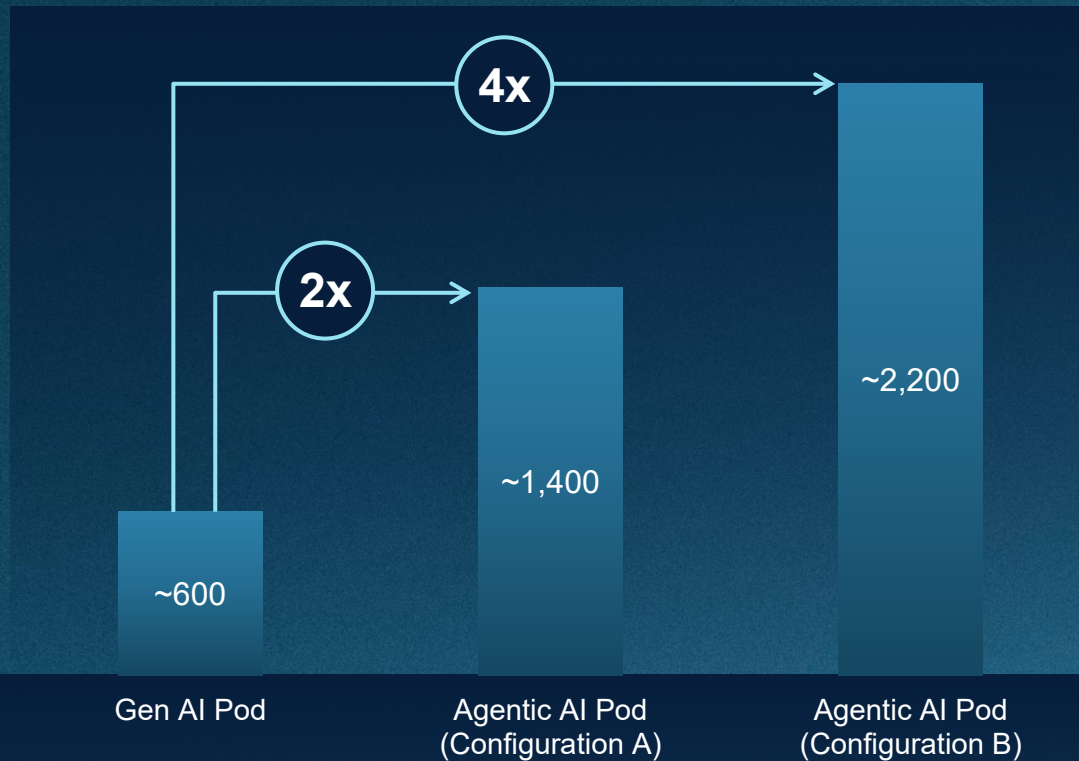
AGENTIC AI FACTORY  
POD CONSUMES  
**2x to 4x**  
**more wafers**

# Agentic AI Factory Pod (2027)

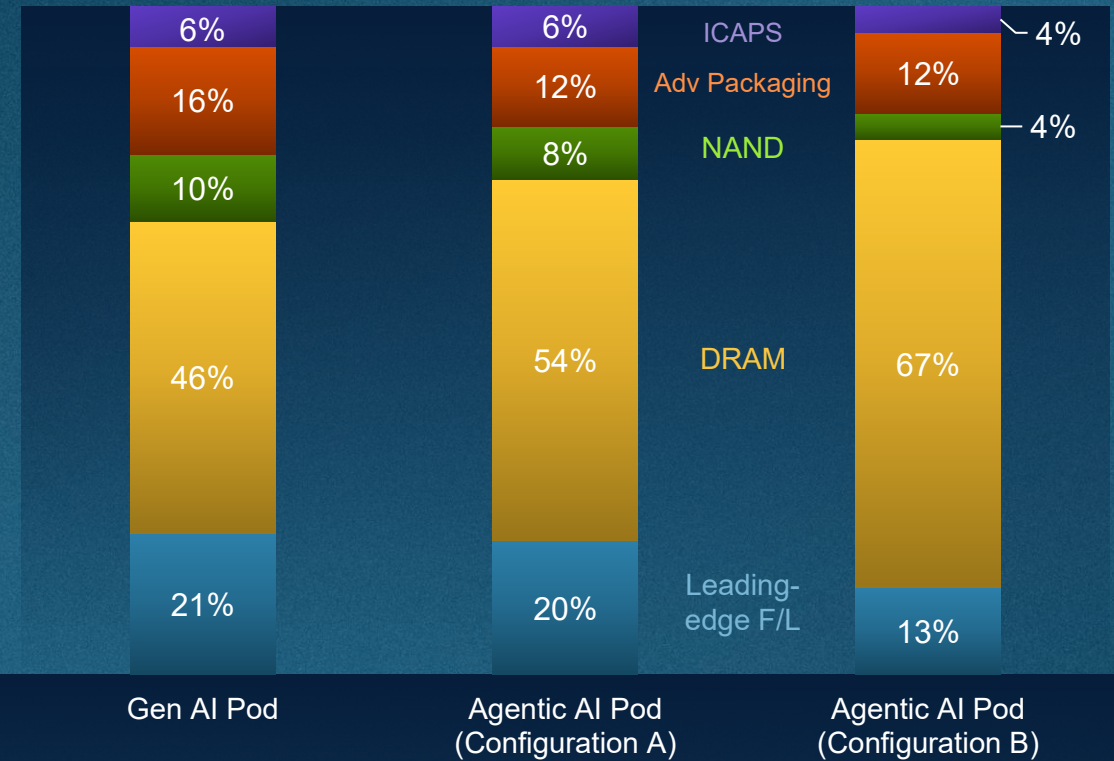


Note: Model based on GenAI = Nvidia GB200 SuperPOD, AgenticAI = Nvidia VR200 SuperPOD; Components highlighted are main functional chips in each rack (not exhaustive)

WAFERS PER POD



DEVICE MIX PER POD



>85% of Content in an Agentic AI Factory is  
Leading-edge Foundry-logic, DRAM and Advanced Packaging

**Applied Has Built Strong Leadership in All Three Areas**

Source: Applied Materials SMI. Note Configuration A assumes Nvidia Rubin content while Configuration B assumes Nvidia Rubin Ultra HBM content. Pod scope = 2 scalable units. Device mix is based on silicon area

|     | Year 1     | Year 2     | Year 3     | Year 4        | Year 5        | Year 1 Ending Capacity in Wafer Starts per Month |
|-----|------------|------------|------------|---------------|---------------|--------------------------------------------------|
| 7nm | Smartphone |            | PC CPU     | Server GPU    | AI ASIC       | 1x                                               |
|     |            |            | Server CPU | Networking    |               |                                                  |
| 5nm | Smartphone |            | Server CPU | AI ASIC       |               | 1.2x                                             |
|     | PC CPU     |            | Server GPU | Networking    |               |                                                  |
| 3nm | Smartphone | Server CPU | AI ASIC    | Automotive    | AI ASIC-IO    | 1.3x                                             |
|     | PC CPU     |            | Networking | Server GPU-IO | Server CPU-IO |                                                  |
|     |            |            | Server GPU |               |               |                                                  |
| 2nm | Smartphone | AI ASIC    | Automotive |               |               | 1.7x                                             |
|     | PC CPU     | Networking |            |               |               |                                                  |
|     | Server CPU |            |            |               |               |                                                  |
|     | Server GPU |            |            |               |               |                                                  |

More Applications Moving to Leading-edge Foundry Nodes in Year One  
+ Significantly Faster Capacity Ramps for New Nodes

**Applied Has Strongest Leadership Positions at Leading-edge**

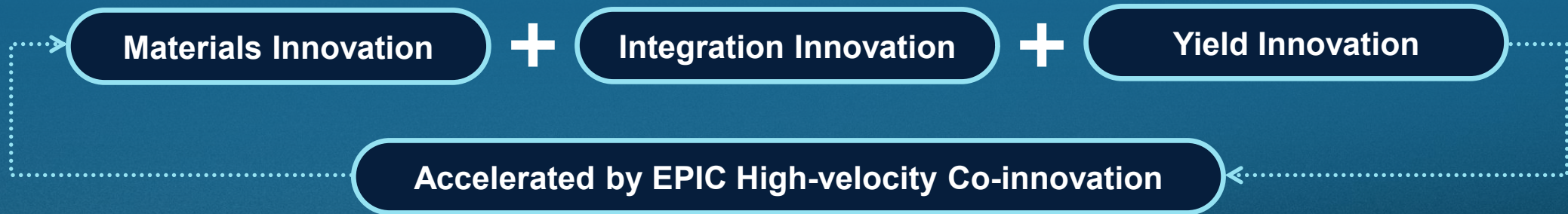
Source: Various companies' IC product release schedules. Foundry-only (doesn't include Logic IDM)

## GROWTH OPPORTUNITIES

### RACE FOR AI Computing Leadership



## APPLIED HAS MOST ENABLING PORTFOLIO FOR AI COMPUTE INNOVATION



# Most Critical Technologies for AI-computing Roadmap



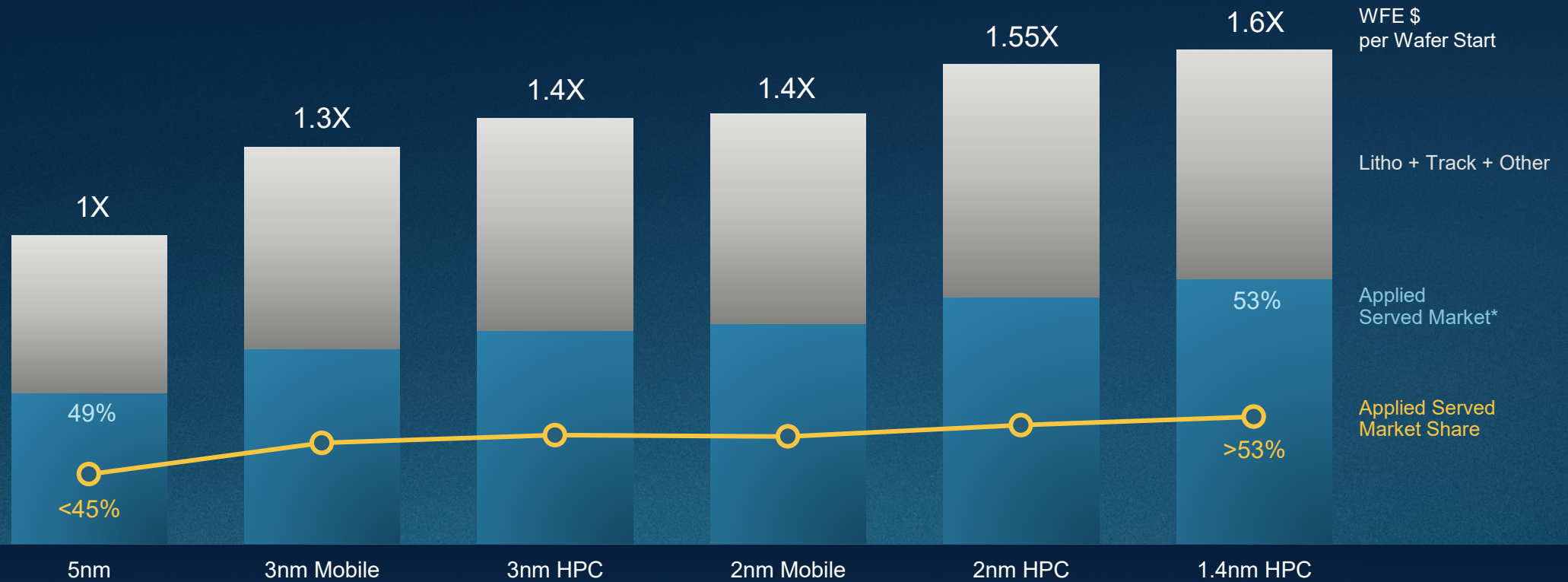
|                    | MARKET AREAS                          | INFLECTIONS                                                 | APPLIED LEADERSHIP         |
|--------------------|---------------------------------------|-------------------------------------------------------------|----------------------------|
| CHIPS              | Leading-Edge Logic                    | GAA<br>BSPD                                                 | ✓<br>✓                     |
|                    | DRAM                                  | 4F <sup>2</sup> DRAM<br>3D DRAM                             | ✓<br>✓                     |
| ADVANCED PACKAGING | HBM<br>2.5D Packaging<br>3D Packaging | Thermal Management<br>Hybrid Bonding<br>Advanced Substrates | ✓<br>✓ (with partner)<br>✓ |
| BOARD & RACK       | Optical Interconnect                  | Si Photonics<br>μLED                                        | ✓<br>✓                     |
| POWER              | Compound Semiconductors               | IPD and IVR<br>GaN and SiC                                  | ✓<br>✓                     |



Applied has built industry's most enabling portfolio to accelerate AI compute innovation



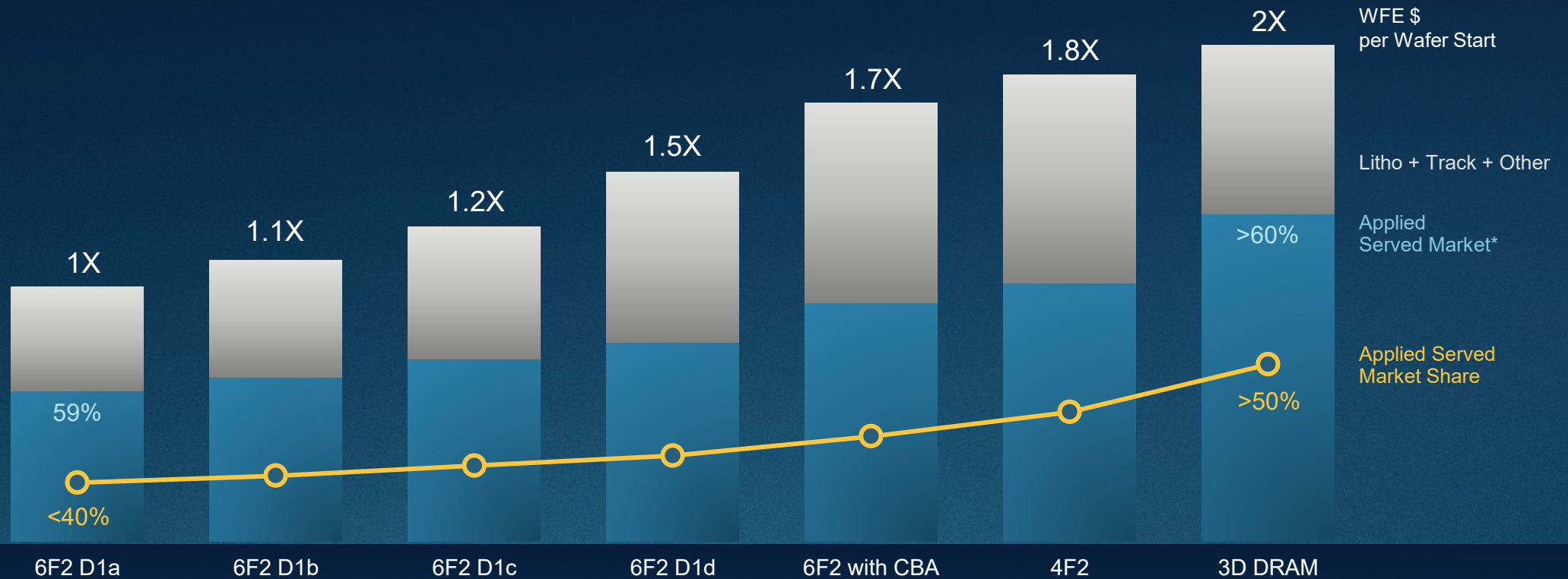
# Growing Leadership in Leading-edge Foundry-logic



WFE \$ per Wafer Start Increasing Node-over-Node  
+ Applied's Addressable Market Increasing Node-over-Node  
**+ Applied Gaining Share in Served Market Node-over-Node**

\* Applied Served Market Includes the Following TechInsights Categories: CVD, ALD, ECD, PVD, Epi, Etch, CMP, Single Wafer Thermal, Implant, Optical Inspection, eBeam Metrology and Inspection

# Growing Leadership in Advanced DRAM



WFE \$ per Wafer Start Increasing Node-over-Node  
+ Applied's Servable Market Growing to >60%  
**+ Applied Gaining Share in Served Market Node-over-Node**

\* Applied Served Market Includes the Following TechInsights Categories: CVD, ALD, ECD, PVD, Epi, Etch, CMP, Single Wafer Thermal, Implant, Optical Inspection, eBeam Metrology and Inspection

# Industry's Most Comprehensive and Connected Portfolio

| WFE MARKET                                                                                                                     | % OF TOTAL WFE* | TECHNOLOGY      |  |                                                                     |
|--------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------|
|  <b>Deposition</b>                            | 23%             | ALD             | ✓                                                                                   | <b>~2.5x nearest competitor</b>                                     |
|                                                                                                                                |                 | CVD             | #1                                                                                  |                                                                     |
|                                                                                                                                |                 | ECD             | ✓                                                                                   |                                                                     |
|                                                                                                                                |                 | Epitaxy         | #1                                                                                  |                                                                     |
|                                                                                                                                |                 | PVD             | #1                                                                                  |                                                                     |
|  <b>Etch</b>                                  | 19%             | Conductor Etch  | ✓                                                                                   | <b>Leader in conductor etch for advanced foundry-logic and DRAM</b> |
|                                                                                                                                |                 | Dielectric Etch | ✓                                                                                   |                                                                     |
|  <b>Materials Modification and Treatments</b> | 15%             | Cleans          | partner                                                                             | <b>&gt;2x nearest competitor**</b>                                  |
|                                                                                                                                |                 | CMP             | #1                                                                                  |                                                                     |
|                                                                                                                                |                 | Implant         | #1                                                                                  |                                                                     |
|                                                                                                                                |                 | Thermal         | #1                                                                                  |                                                                     |
|  <b>Metrology and Inspection</b>              | 15%             | eBeam           | #1                                                                                  | <b>~2x nearest competitor in eBeam (highest resolution imaging)</b> |
|                                                                                                                                |                 | Optical         | ✓                                                                                   |                                                                     |
|  <b>Lithography</b>                         | 29%             | Lithography     | ✓ packaging                                                                         |                                                                     |
|                                                                                                                                |                 | Track           |                                                                                     |                                                                     |

**Enables Us to See and Address Most Valuable Opportunities on Roadmap**

\* Based on 2026 Estimates and TechInsights WFE Subcategories Definitions. \*\* Does not include revenue from partnership agreements

# Creating Most-enabling Solutions for AI Compute

## INDUSTRY-LEADING CAPABILITIES

### MATERIALS INNOVATION:

- » Concurrent co-development of next-generation technologies spanning deposition + etch + materials modification and treatments + metrology and inspection

### INTEGRATION INNOVATION:

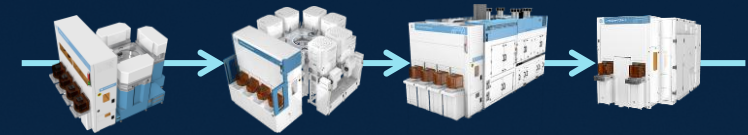
- » World-class device integration + device simulation and modeling teams (formed 2017)
- » Materials labs, process and equipment labs, full-flow FEOL and advanced packaging labs – connected through EPIC platform

### YIELD INNOVATION:

- » Highest-resolution eBeam imaging
- » AI-enabled services (AI<sup>x</sup>)

## UNIQUE SOLUTIONS

### Unit Process Solutions



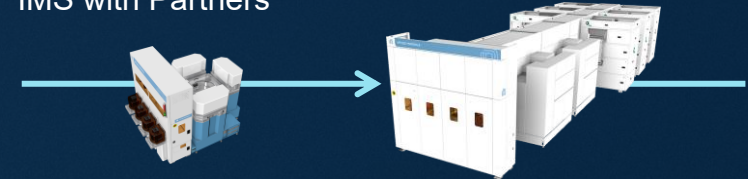
### Co-optimized Solutions



### Integrated Solutions (IMS)



### IMS with Partners



# eBeam Enables R&D Acceleration and Yield Innovation

## UNIQUE SOLUTIONS

Unit Process Tools



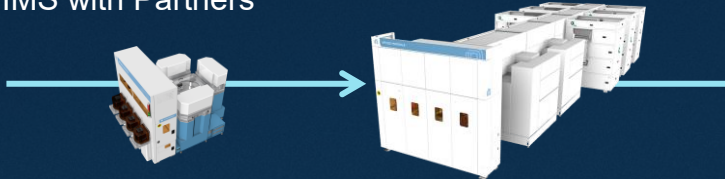
Co-optimized Solutions



Integrated Solutions (IMS)



IMS with Partners



## EBEAM LEADERSHIP



**eBeam Portfolio**  
Industry's highest  
resolution and  
fastest imaging



Actionable data



**AI<sup>x</sup>**  
Industry-leading  
AI-enabled  
services

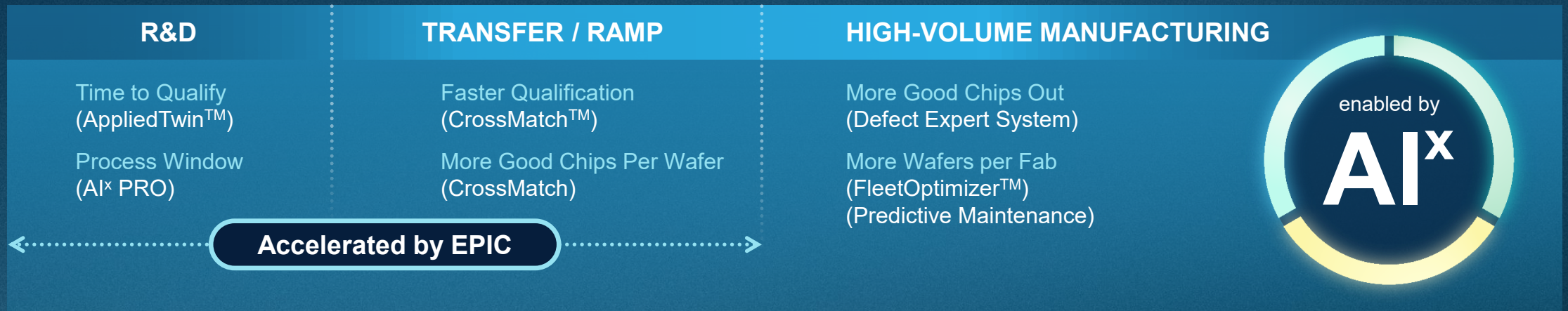
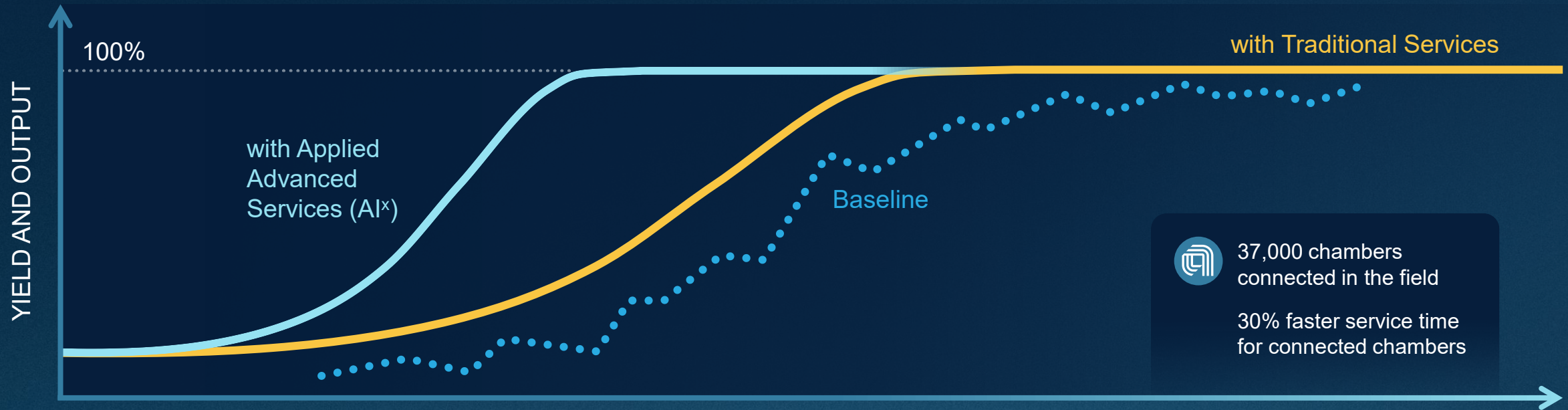


Expect **\$2B**  
eBeam equipment  
revenue in CY'26

Up to **3x faster R&D**  
learning cycles across  
entire Applied portfolio

Faster yield and output  
ramps in customers'  
high-volume fabs

# Advanced Services Enable Yield and Output Innovation



**Expect >20% Service Growth in CY'26 + Mid-teen CAGR Long-term**

# EPIC High-velocity Co-innovation

COMPETITIVE  
ADVANTAGE  
IN AI RACE

BETTER AND  
FASTER  
OUTCOMES

NEW  
OPERATING  
MODEL

## VALUE TO EPIC PARTNERS

- » First-to-market with next-generation technology
- » Fastest ramp to high yield and output
- » Earlier access to R&D pipeline and next-generation equipment
- » Faster cycles of learning
- » More mature solutions ready for fab
- » Maximized resource utilization and ROI
- » Co-location of best innovators working side-by-side
- » Co-development from Materials to Systems
- » Concurrent development from concept to commercialization without slow, serial hand-offs

## VALUE TO APPLIED

**Designed in earlier** on new chip and packaging architecture inflections, resulting in higher-value products and stickier service relationships

**Visibility** across several generations of customer roadmaps at once, to accurately guide Applied's R&D investments and resource allocation

**Increased R&D productivity** and value sharing

# Materials Innovation in Adjacent Markets

## DISPLAY: MAX OLED



- » Unique device architecture enables large-format OLED displays with better resolution and brightness at lower cost
- » Increases Applied's Display SAM\* 3x by 2030
- » Additional upside for our leading display deposition and eBeam products as they enable advanced packaging panel inflection

## PHOTONICS: SENZ



- » Integrated visual system platform for AI-powered smart glasses and AR eyewear
- » Industry's most advanced waveguide technology with best optical performance at lowest cost
- » Multibillion-dollar addressable market for Applied waveguides and eyepieces by 2030

## Multibillion-dollar Opportunities Provide Upside to Growth Plan

\* SAM = Served Available Market

## OPPORTUNITIES

AI fueling new growth era for wafer fab equipment

AI roadmap driven by advances in leading-edge foundry-logic, DRAM and advanced packaging – where Applied is #1 in process equipment

Concurrent races for AI technology leadership and incremental fab capacity expand Applied's addressable opportunities in systems and services



## APPLIED'S ADVANTAGES

**Materials Innovation:**  
Most comprehensive and enabling technology portfolio for AI compute innovation

**Integration Innovation:**  
Co-optimized and integrated solutions

**Yield Innovation:**  
Highest-resolution imaging + most enabling and connected services

**All accelerated by EPIC co-innovation platform**



## VALUE CREATION

Applied's Systems and Services 'designed in' earlier as we enable major technology inflections

CY'25 to CY'30...

**>2ppts** Wafer Fab Equipment Share

**+20%** Service Revenue per Tool

**+5ppts** Gross Margin

**+10ppts** Operating Margin

# Dr. Prabu Raja

President, Semiconductor Products Group

# Applied Has the Most Enabling Portfolio for AI Compute



## The Key Building Blocks of AI Hardware

### Leading-edge Logic

Transistors and  
On-chip Wiring

### High-speed Memory

DRAM and HBM

### Advanced Packaging

Chip-to-chip wiring

Applied's unique  
advantages and  
opportunities create a  
significant WFE share  
growth opportunity

# >2ppts

CY'25 – CY'30

DRAM: dynamic random-access memory  
HBM: high-bandwidth memory

WFE: wafer fab equipment  
ppts: percentage points

# Applied's Unique Advantages

1

## **Invested early in AI-enabling technologies to build leadership positions**

Today #1 in leading-edge logic, DRAM and advanced packaging process equipment

Insatiable demand for energy-efficient AI performance drives growth in Applied's leadership technologies for improving transistors and wiring

2

## **Most enabling portfolio will expand our leadership in key inflections**

Broadest portfolio spanning materials deposition, etch, modification and analysis

Co-optimized and integrated solutions deliver unmatched performance

3

## **EPIC extends our leadership into future inflections**

Earlier co-innovation improves R&D visibility, accelerates customer roadmaps, and enables our products and services to be designed in earlier

# BUILT LEADERSHIP BY Investing Ahead of Inflections Most Critical to AI

**FOUNDATION**  
Early packaging bets

**INFLECTION**  
Traditional Moore's Law to New Playbook for PPACt

**INFLECTION**  
AI Computing at Scale

**R&D  
CENTERS**

**2012  
APDC**

Packaging R&D

**2018  
Advanced  
Materials Lab**

Materials R&D

**2018  
META Center**

Lab-to-fab prototyping

**2026  
EPIC**

Accelerating innovation  
and commercialization

**CAPABILITIES**

**2017 IMS™**

**2019 Systems to Materials**

**2021 ICAPS**

**2021 AIx™**

**PARTNERSHIPS  
& ACQUISITIONS**

**2019 Tango (panel)**

**2020 Besi partnership**

**2020 SCREEN partnership**

**2026 EPIC partners**

**2026 NEXX (panel)**

**2026 SigRay (X-ray)**

Timeline not to scale.

2010

2015

2018

2020

2025

AIx: Actionable Insight Accelerator  
APDC: Advanced Packaging Development Center  
ICAPS: IoT, Communications, Automotive, Power and Sensors

IMS: Integrated Materials Solution  
META: Materials Engineering Technology Accelerator  
PPACt: power, performance, area-cost and time-to-market

# Applied Has Built Leadership in the Most Critical AI Markets

## Applied Process Equipment Leadership

#1

Leading-edge  
Foundry-logic

#1

DRAM

#1

Advanced  
Packaging

CY'20 → CY'25

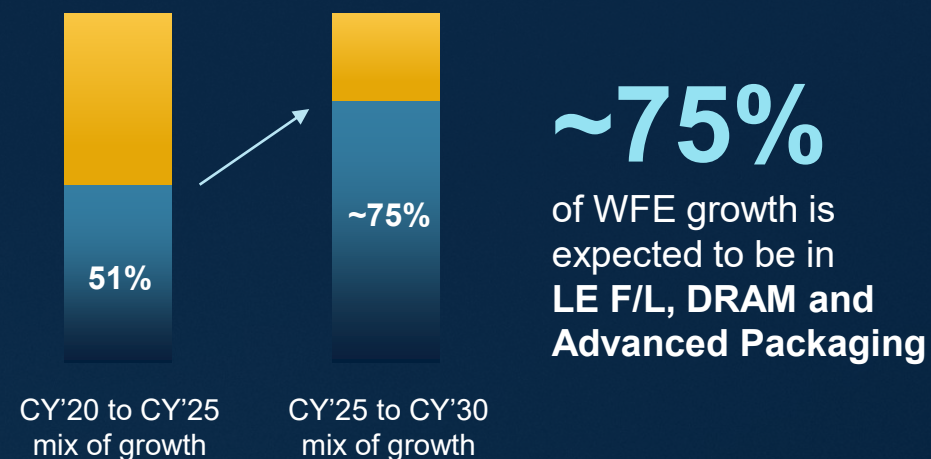
## Applied Outgrew in AI-enabling Markets

|                                                   | CY'20-25<br>WFE CAGR | CY'20-25<br>Applied CAGR |
|---------------------------------------------------|----------------------|--------------------------|
| <b>Leading Foundry-logic</b><br>~26% of CY'25 WFE | 10%                  | <b>12%</b>               |
| <b>Advanced DRAM*</b><br>~20% of CY'25 WFE        | 15%                  | <b>19%</b>               |

Both including advanced packaging

CY'25 → CY'30

## WFE Growth to be Driven by AI-enabling Markets

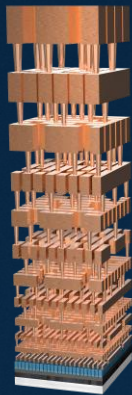


Source: TechInsights; Applied internal estimates

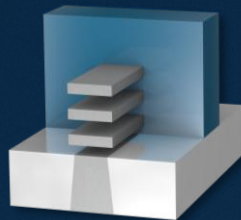
\*Advanced DRAM WFE is accessible WFE, excluding WFE restricted by export controls

# Emerging Inflections Will Enable Better AI

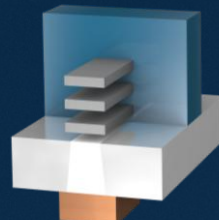
## Leading-edge Logic



**More wiring layers**

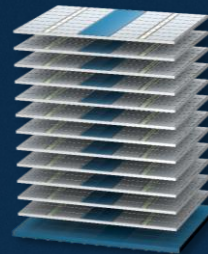


**GAA transistor**  
30% less power  
+15% performance



**Backside power**  
+30% density  
+10% performance

## DRAM



**HBM**  
+1,000%  
bandwidth

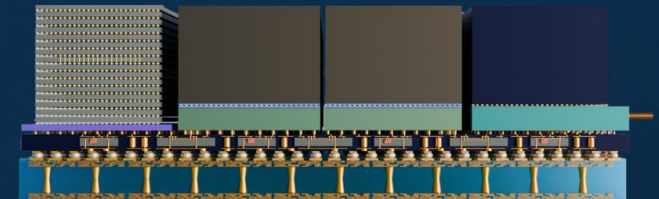


**4F²**  
+15%  
EEP



**3D DRAM**  
+15%  
EEP

## Advanced Packaging



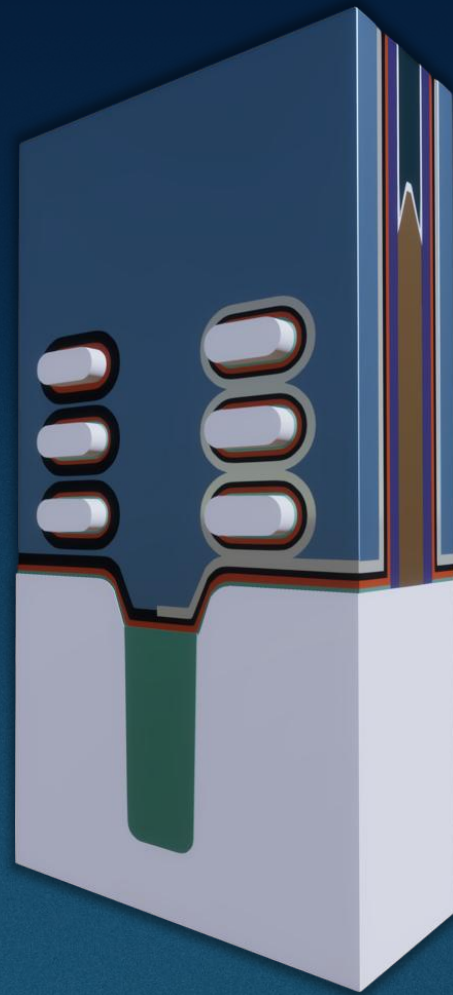
**System integration**  
1,000x more IO / mm²  
10x lower energy / bit

**Enabled by Applied's Uniquely Broad and Connected Portfolio**

4F²: DRAM cell area of 4F², where F is the minimum feature size  
EEP: energy-efficient performance

GAA: gate-all-around  
HBM: high-bandwidth memory  
IO: input/output

# Example: Applied's Unique Materials Capabilities Enable GAA Transistors

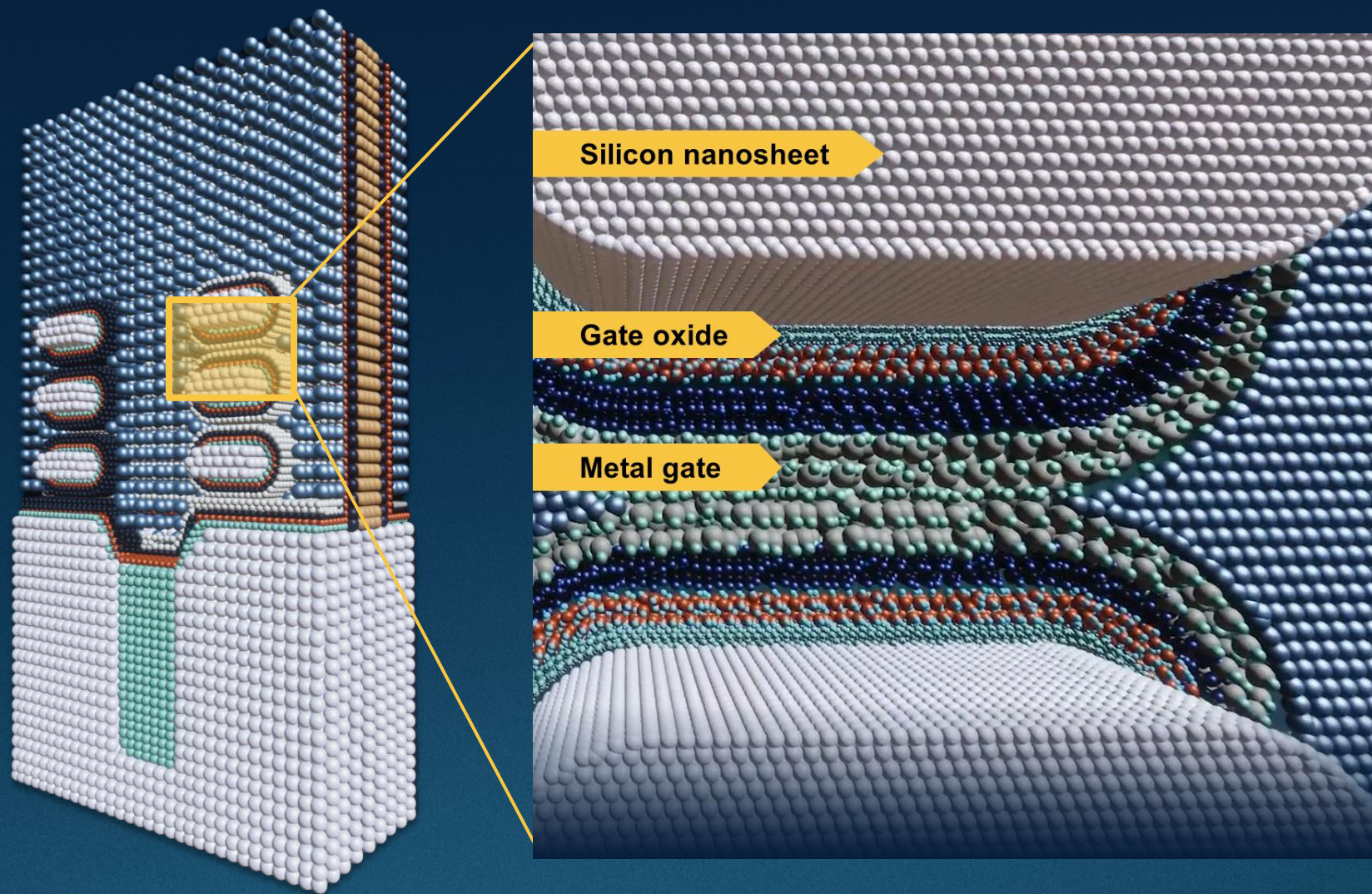


# Example: Applied's Unique Materials Capabilities Enable GAA Transistors



GAA: gate-all-around

# Example: Applied's Unique Materials Capabilities Enable GAA Transistors



Increasing Process Complexity at **Interfaces**

In just **~10nm** between nanosheets

**>5** distinct materials

**1-2nm** per layer of material

# Applied's Comprehensive and Connected Portfolio

## WFE MARKET

## TECHNOLOGY



### Deposition

|         |    |
|---------|----|
| ALD     | ✓  |
| CVD     | #1 |
| ECD     | ✓  |
| Epitaxy | #1 |
| PVD     | #1 |



### Etch

|                 |   |
|-----------------|---|
| Conductor Etch  | ✓ |
| Dielectric Etch | ✓ |



### Materials Modification and Treatments

|         |         |
|---------|---------|
| Cleans  | partner |
| CMP     | #1      |
| Implant | #1      |
| Thermal | #1      |



### Metrology and Inspection

|         |    |
|---------|----|
| eBeam   | #1 |
| Optical | ✓  |



### Lithography

|             |             |
|-------------|-------------|
| Lithography | ✓ packaging |
| Track       |             |

## CONNECTED PORTFOLIO

### Unit Process Tools



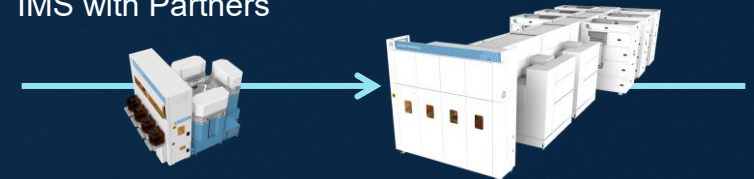
### Co-optimized Solutions



### Integrated Solutions (IMS)



### IMS with Partners



ALD: atomic layer deposition  
CMP: chemical mechanical planarization  
CVD: chemical vapor deposition

eBeam: electron beam  
ECD: electrochemical deposition

PVD: physical vapor deposition  
IMS: Integrated Materials Solution

# Co-optimization Enables Better Transistor Performance

## PROCESS STEPS



**Etch source and drain trench**

Sym3™ Z Magnum™

New: 2026



**Deposit selective nitride isolation**

Precision™ Selective Nitride

New: 2026



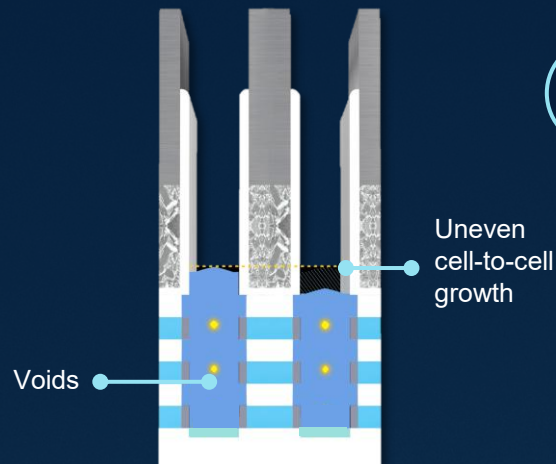
**Deposit Epitaxial Silicon fill**

Xtera™ Epi

New: 2025

## UNIT PROCESS

Voids in epitaxy above isolation

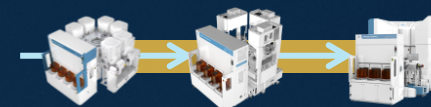
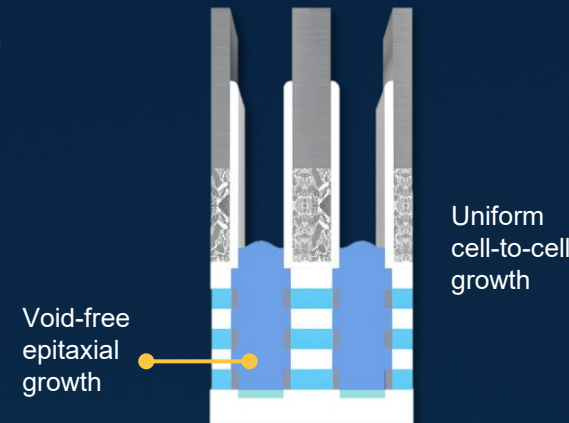


Three separate unit processes

vs

## CO-OPTIMIZED

Void-free epitaxy above isolation



One co-optimized flow

Enables industry's transition to

3nm

2nm

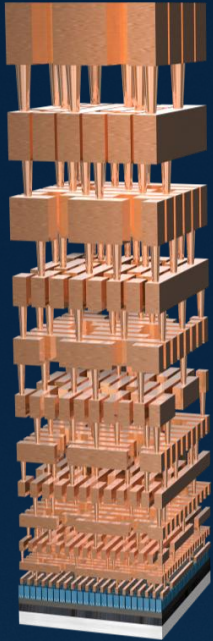
Beyond

**+5%**  
**transistor performance**  
co-optimized vs. unit process

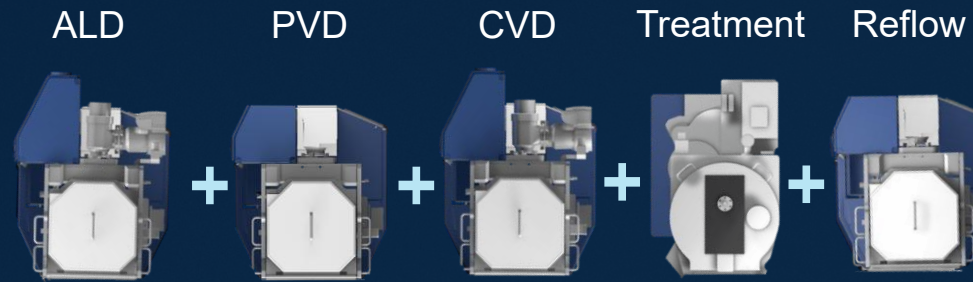
**>\$2B**  
**cumulative revenue target**  
CY'26 – CY'30

# Integration Reduces Wiring Resistance

WIRING CONSUMES  
~50% OF CHIP POWER



APPLIED HAS THE BROADEST, MOST ENABLING PORTFOLIO FOR WIRING



**40%**

**Lower resistance\***  
5nm to 1.4nm

**>\$3B**

**CY'26 revenue\*\***

**Integrated Solutions Have Grown from ~20% to >30% of Applied's Systems Revenue**

\*Applied Materials internal data of via contact resistance

\*\*CY'26 expected revenue for Endura CuBS integrated systems

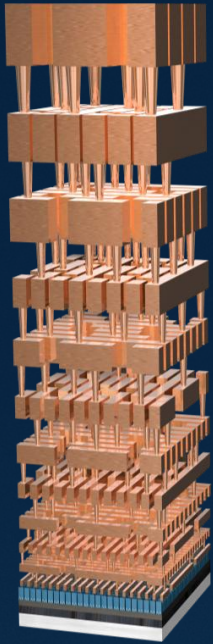
ALD: atomic layer deposition

CVD: chemical vapor deposition

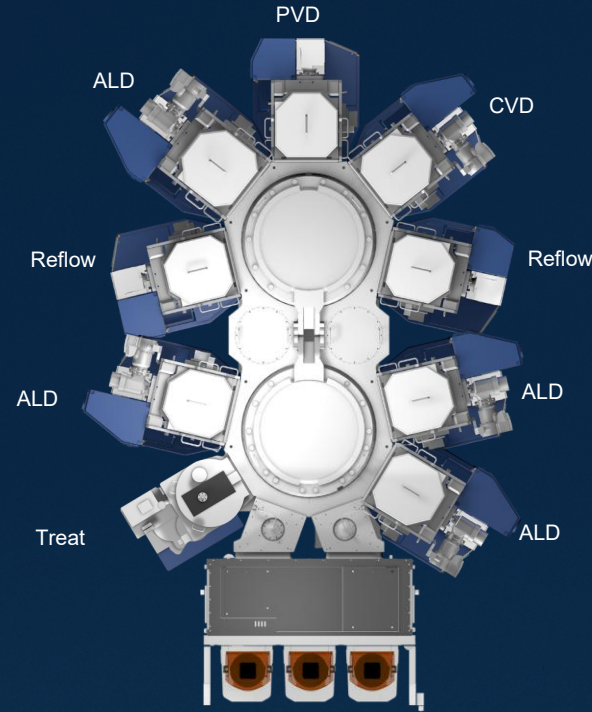
PVD: physical vapor deposition

# Integration Reduces Wiring Resistance

WIRING CONSUMES  
~50% OF CHIP POWER



APPLIED HAS THE BROADEST, MOST ENABLING PORTFOLIO FOR WIRING



Endura™ CuBS IMS™

**40%**  
Lower resistance\*  
5nm to 1.4nm

**>\$3B**  
CY'26 revenue\*\*

Integrated Solutions Have Grown from ~20% to >30% of Applied's Systems Revenue

\*Applied Materials internal data of via contact resistance

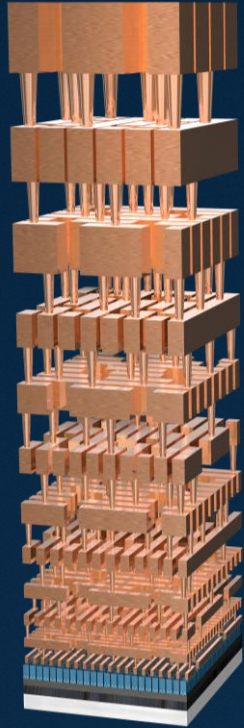
\*\*CY'26 expected revenue for Endura CuBS integrated systems

ALD: atomic layer deposition

CVD: chemical vapor deposition

PVD: physical vapor deposition

# Applied's Portfolio Critical to Transistors & Wiring



>60%

of the materials in the chip\* are created by Applied Materials

## WIRING Connects billions of transistors



### Copper Barrier Seed IMS™

PVD and integrated liner, barrier and copper fill



### Enhanced Black Diamond™ PECVD

Low-k dielectric CVD between wiring layers



### Opta™ CMP

Planarizes each copper wiring layer

New: 2026



### Viva™ Treatment

Radical treatment for smoother interfaces

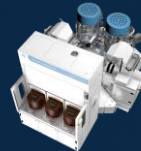
## TRANSISTOR Enables faster, lower-power compute

New: 2025



### Xtera™ Epi

Void-free selective source/drain epitaxy



### DPN HD

Plasma/anneal treatments for gate performance

New: 2026



### Sym3™ Z Magnum™ Etch

Selective- and high-aspect-ratio etch

New: 2026



### Trillium™ ALD

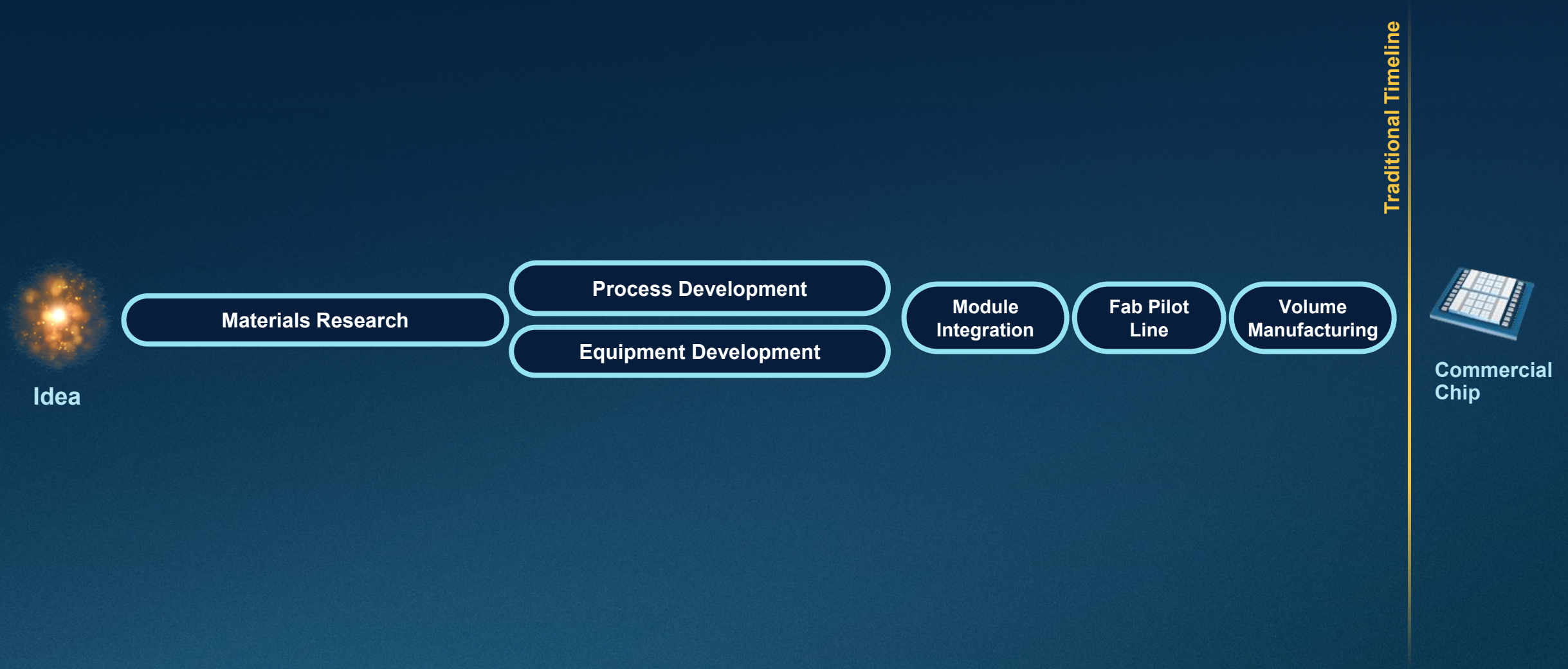
Multi-metal deposition for gate stack tuning

*\*Based on Applied Materials analysis 1.6nm-class node with backside power delivery*

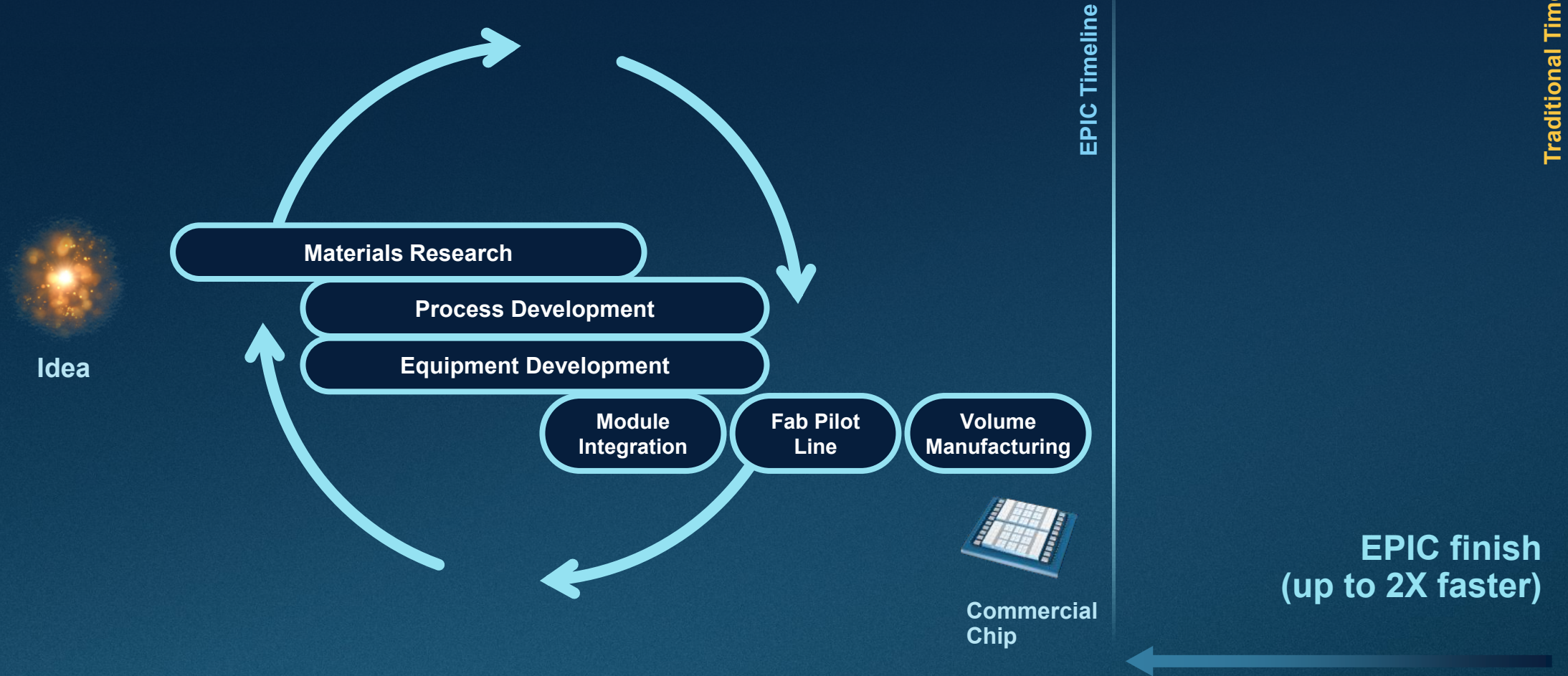
ALD: atomic layer deposition  
CMP: chemical mechanical planarization  
CuBS: copper barrier seed

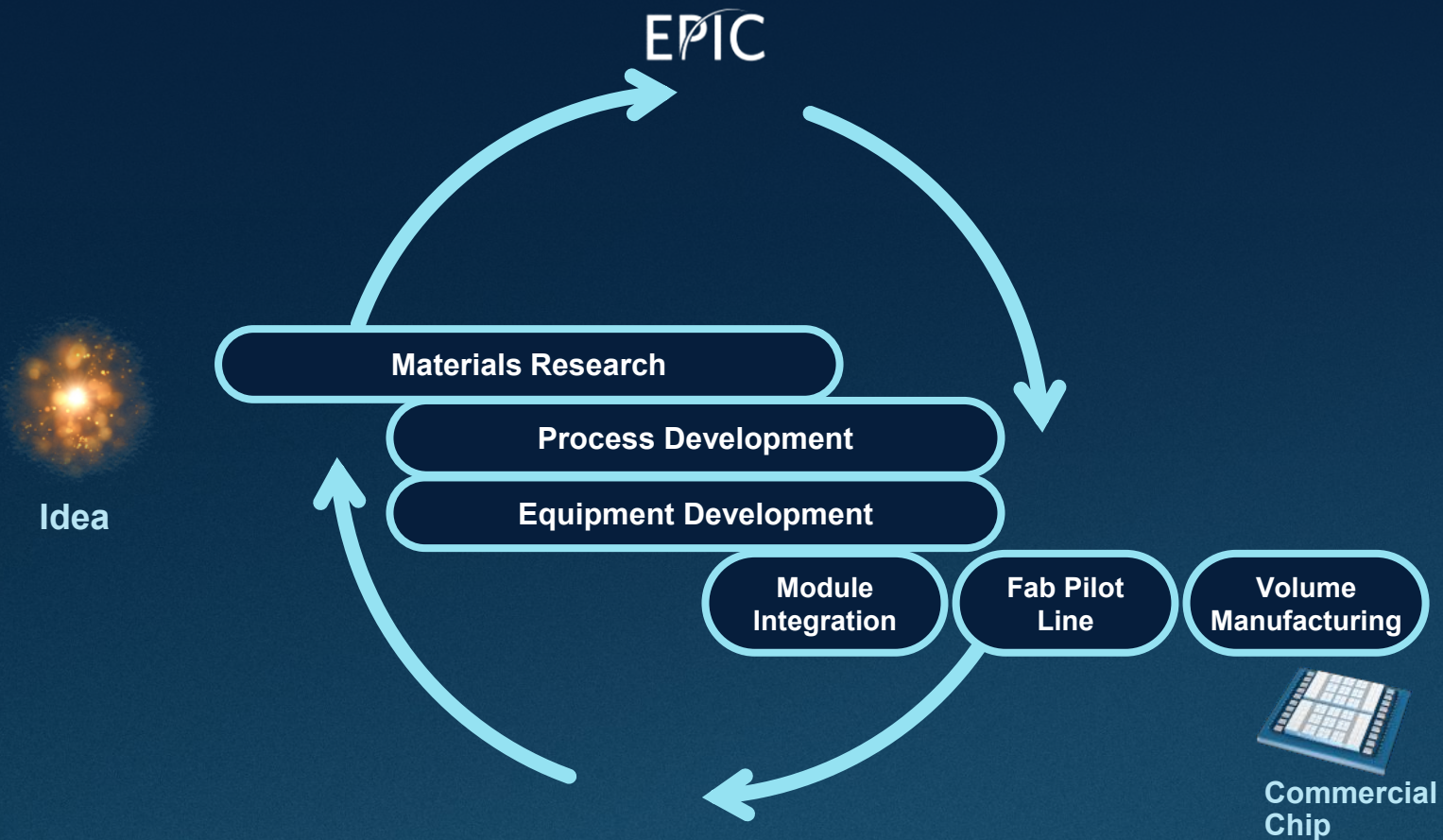
DPN HD: decoupled plasma nitridation, high dose  
IMS: Integrated Materials Solution  
PECVD: plasma-enhanced chemical vapor deposition

# Traditional Serial Innovation and Commercialization



# EPIC





#### FOUNDING PARTNERS

Micron

Samsung

SK hynix

TSMC

Intel

#### INNOVATION PARTNERS

Advantest

SCREEN

Broadcom

Kioxia

Besi

#### RESEARCH PARTNERS

ASU

RPI

Stanford

UC Berkeley

UCLA

### Designed in earlier

Teams working side by side, with earliest access to next-gen materials & equipment

### Faster learning cycles

Concurrent development without serial handoffs speeds innovation

### Ramp-ready technology

What's created in EPIC accelerates readiness for high-volume manufacturing

# Applied's Opportunities

1

**AI drives greater demand for Applied's logic transistor and wiring technologies**

Larger die with more transistors and more wiring layers at every node

2

**Applied's logic transistor and wiring technologies extend to memory**

Technologies proven in logic are now being adopted in DRAM and NAND

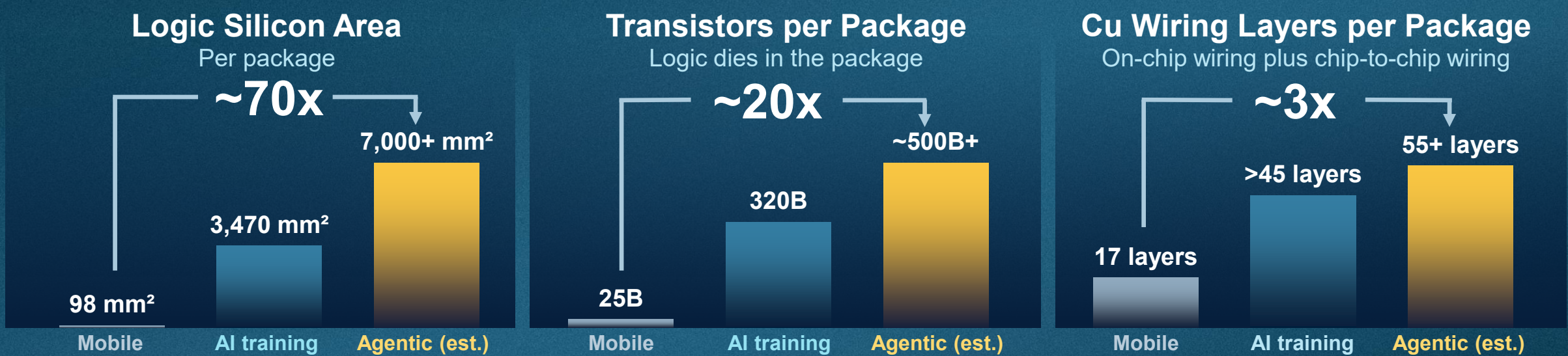
3

**Applied's wiring leadership extends to advanced packaging**

Our on-chip wiring technology is best at connecting chips in advanced packages for energy-efficient compute

DRAM: dynamic random-access memory  
NAND: NAND flash memory (non-volatile storage)

# AI Workloads Drive Larger Dies, More Transistors and Wiring Layers



## AI Chips Increase Demand for Applied's Transistor and Wiring Technologies

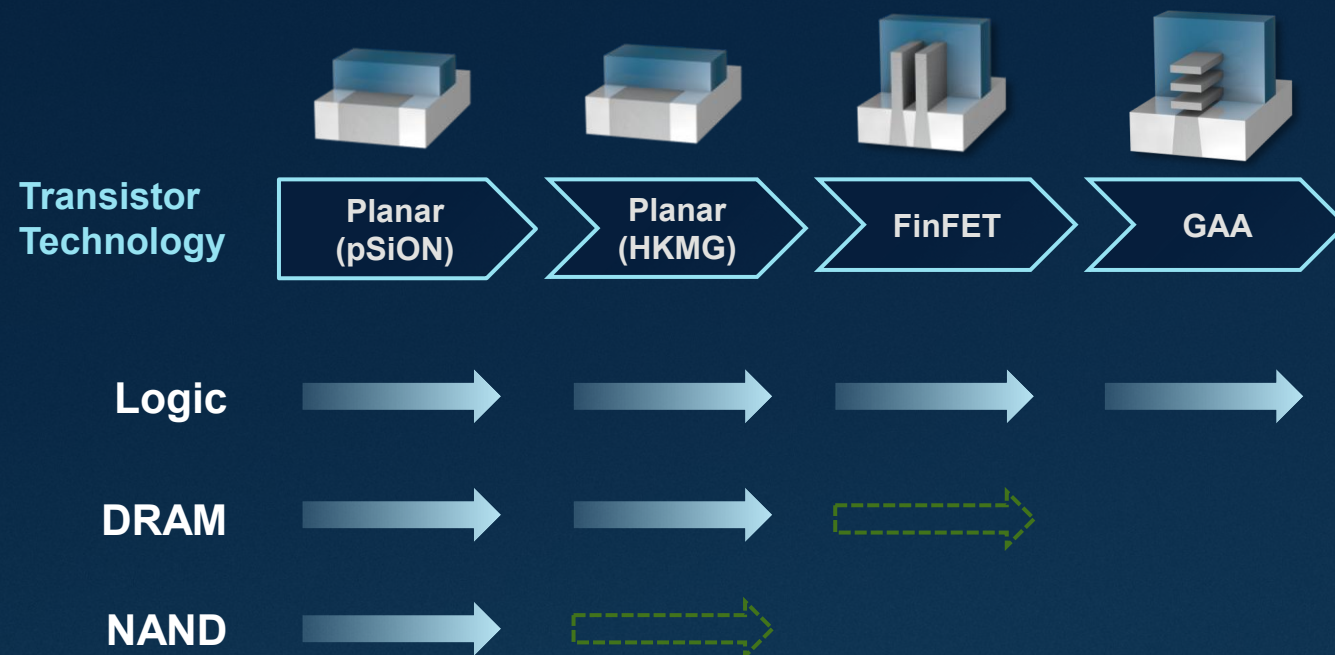
Illustrative; Agentic is a roadmap estimate  
Sources: TechInsights, AMD, Broadcom (2026), Applied analysis

WMCM: wafer-level multi-chip module (processor and DRAM side by side)  
XPU: AI accelerator (GPU or custom ASIC)

# Logic Transistor and Wiring Technologies Enter DRAM and NAND

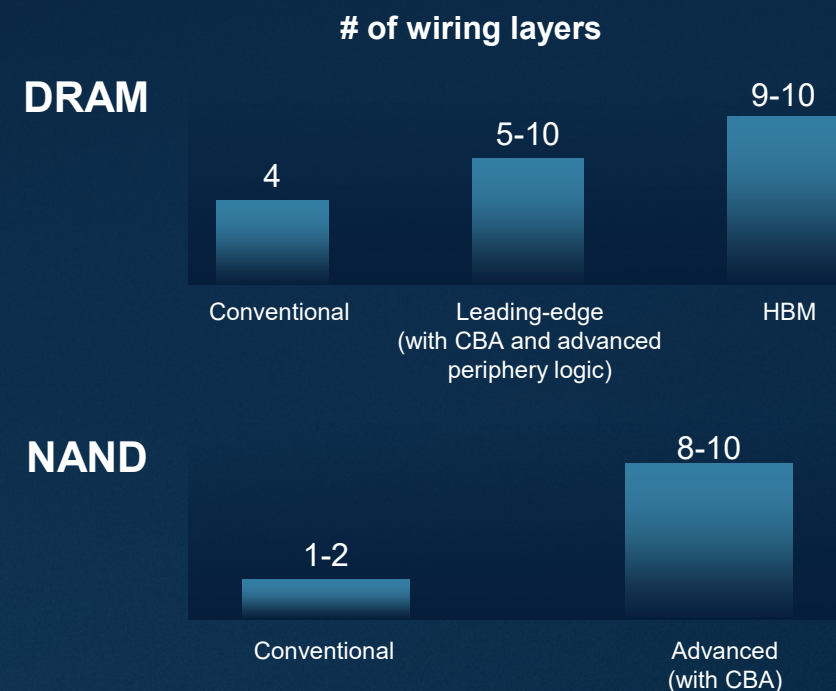
## Transistors

Higher-speed memory enabled by advanced transistors in periphery



## Wiring

Higher-speed memory needs more wiring to move data



Applied developed leadership in logic technologies over decades

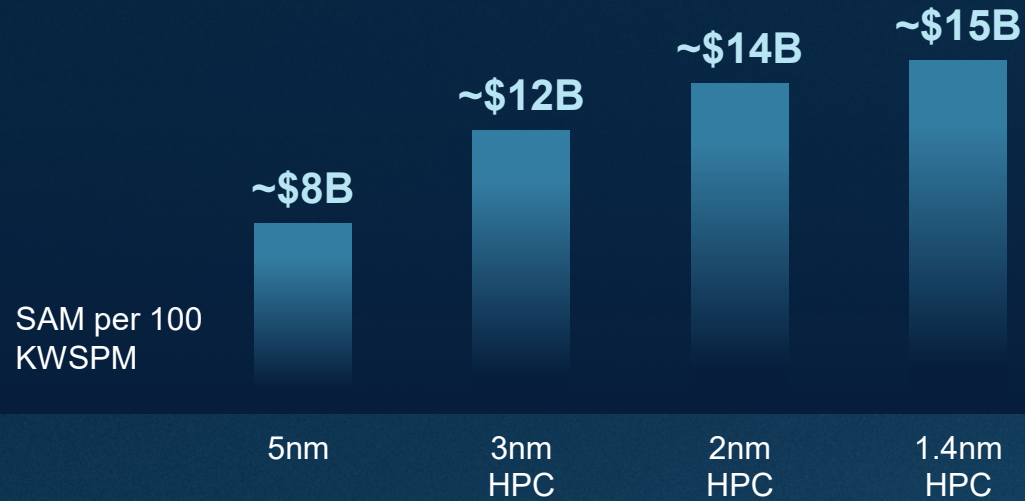
Demand now extending to DRAM and NAND

CBA: CMOS-bonded array  
DRAM: dynamic random-access memory  
HBM: high-bandwidth memory

HKMG: high-k metal gate  
NAND: NAND flash memory (non-volatile storage)

# AI-driven Inflections Enable SAM Expansion and Share Gains

## Foundry-logic



SAM share target

| Technology | SAM share target |
|------------|------------------|
| 5nm        | ~45%             |
| 3nm HPC    | >50%             |
| 2nm HPC    | >51%             |
| 1.4nm HPC  | >53%             |

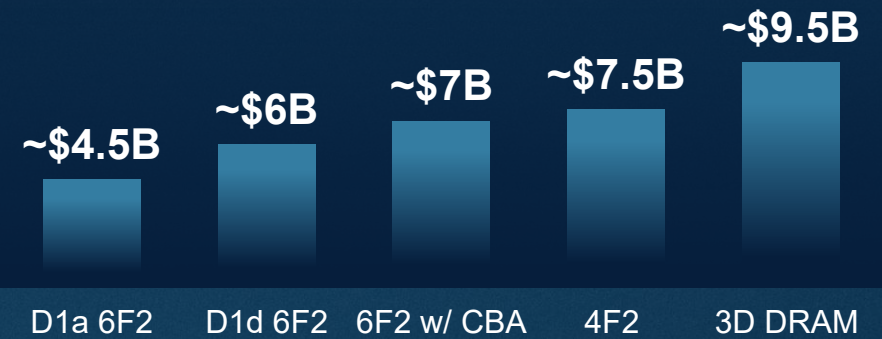
**~3pts**

SAM share gain

**>30%**

Revenue growth opportunity\*

## DRAM



SAM share target

| Technology | SAM share target |
|------------|------------------|
| D1a 6F2    | ~40%             |
| D1d 6F2    | <45%             |
| 6F2 w/ CBA | ~45%             |
| 4F2        | ~50%             |
| 3D DRAM    | >50%             |

**>5pts**

SAM share gain

**>40%**

Revenue growth opportunity\*

\*For the equivalent fab capacity (per 100k wafer starts per month greenfield capacity)

SAM = Served Addressable Market

HPC: High-Performance Computing

CBA: CMOS-bonded array

Applied Materials External

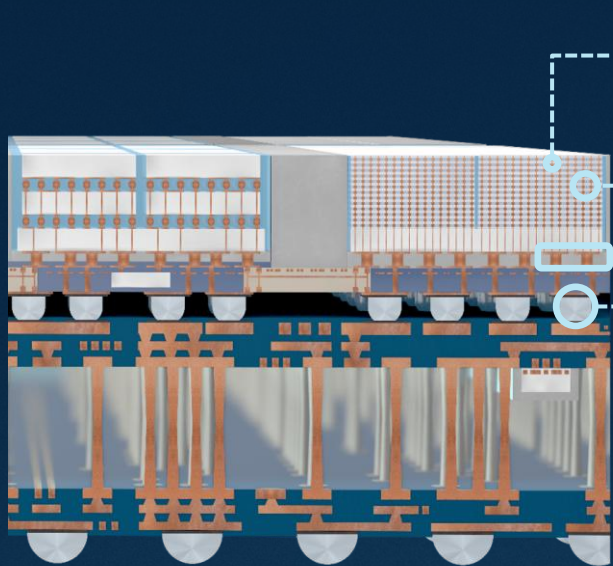
44

# Applied's Wiring Leadership Extends to Advanced Packaging

**#1** On-chip wiring



**#1** Chip-to-chip wiring



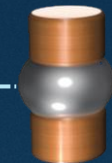
Microbump



Through-silicon via (TSV)



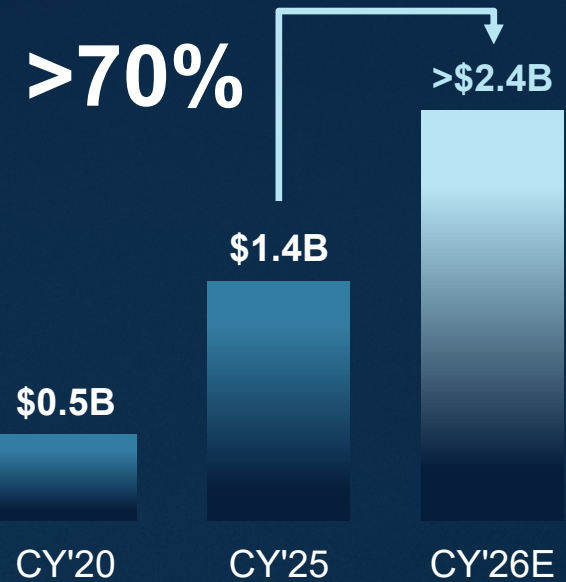
Re-distribution layer (RDL)



Bump

Expect to outperform the advanced packaging market through 2030

## Advanced Packaging Revenue

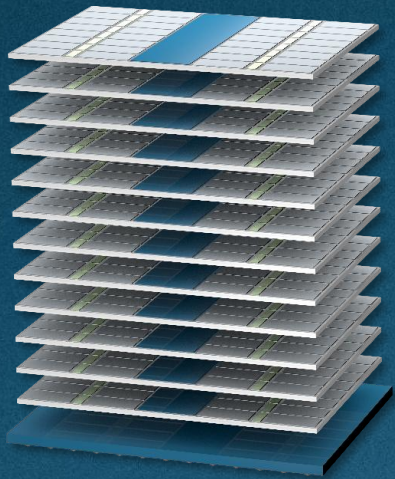


**>\$5B**

annual revenue target within a few years

# HBM Packaging: Applied Enables ~75% of Process Steps

## #1 HBM Packaging



HBM stack

### Wafer Front Side

#### TSV Formation



#### Microbump (frontside)



### Wafer Back Side

#### TSV Reveal



#### Microbump (backside)



>60% SAM share

>\$1B CY'26 expected revenue

Source: Applied Materials SAM share analysis, CY'25  
HBM: high-bandwidth memory  
TSV: through-silicon via

# Hybrid Bonding: Applied Leads this Critical Inflection

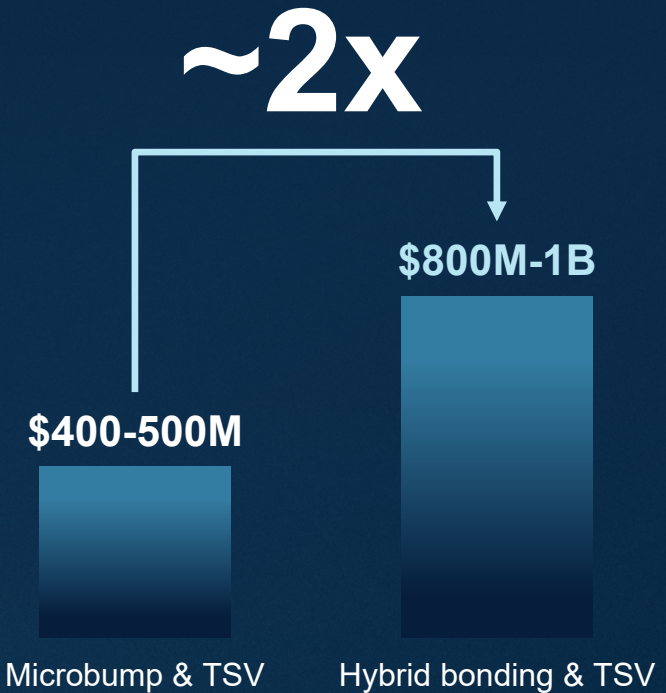
## Applied's Portfolio ~80% of the Process Flow

| Process Step                      | Tool / Product    |
|-----------------------------------|-------------------|
| Dielectric Stack CVD              | Producer™ CVD     |
| Damascene RDL/ Pad Formation Etch | Sym3™ Etch        |
| Barrier / Seed PVD                | Endura™ PVD       |
| Copper Pad Fill ECD               | Nokota™ ECD       |
| CMP with Tuned Dishing Control    | Opta™ CMP         |
| Wafer Singulation                 | Sym3™ Etch        |
| Surface Preparation               | Kinex™ Integrated |
| Hybrid Bonding                    | D2W Hybrid Bonder |
| Anneal Bonding                    | Producer™ Pyra    |
| Gap Fill CVD                      | Producer™ CVD     |
| Liner CMP                         | Opta™ CMP         |
| Thru Oxide Via Etch               | Sym3™ Etch        |
| Barrier / Seed PVD                | Endura™ PVD       |
| Through Oxide Via Fill ECD        | Nokota™ ECD       |
| CMP                               | Opta™ CMP         |

## Hybrid Bonding Scales Across Key AI Applications



## ~2x Packaging SAM Expansion for Hybrid Bonding in HBM



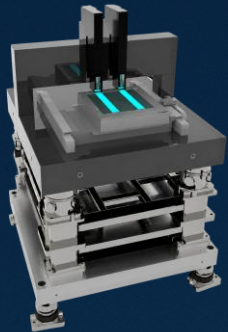
\*Per 100K WSPM

CMP: chemical mechanical planarization  
CVD: chemical vapor deposition  
D2W: die-to-wafer  
ECD: electrochemical deposition  
HBM: high-bandwidth memory  
IC: integrated circuit  
PVD: physical vapor deposition  
RDL: redistribution layer  
TSV: through-silicon via

WSPM: wafer starts per month

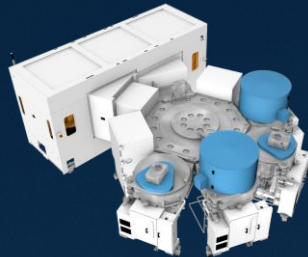
# Panel Packaging: Our Broad, Enabling Portfolio is Ready Today

Lithography



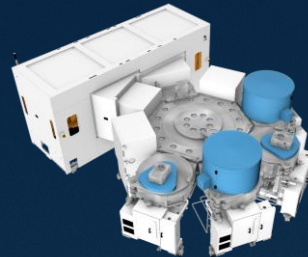
PVD

(Physical Vapor Deposition)



CVD

(Chemical Vapor Deposition)



Etch



ECD

(Electrochemical Deposition)

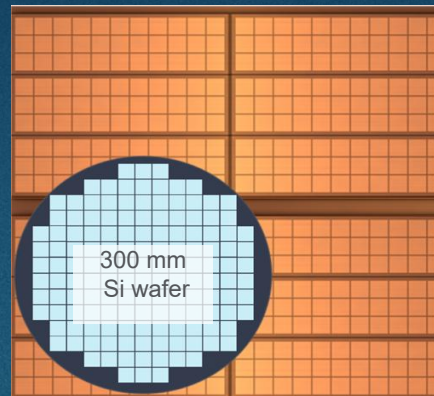


eBeam M&I



End-to-end connected capabilities enable panel packaging

Panel substrates  
scale beyond the wafer



510x515mm Panel

Up to **5x** Larger area than a  
300mm silicon wafer

Enables **14x** reticle-size AI superchips

# ICAPS Growth Drivers



## Growing in CY'26

Driven by leadership positions  
in 28nm capacity expansions

## AI Data Center

Driving strong growth  
in power and photonics

## Physical AI

The next wave of  
ICAPS chip demand

## Power

Advanced GaN, SiC and Si devices



## Photonics

Optical devices for connectivity



# >\$1B

CY'26 expected revenue

# Applied's Most AI-enabling Portfolio is Driving Growth

1

## Growing market fueled by AI

AI is driving WFE to much higher levels, and Applied's SAM is **~55% of WFE**

2

## Enabled by our portfolio

**~75% of WFE growth** (CY'25-CY'30) is in areas where Applied has built the **#1 process equipment positions**: leading-edge F/L, DRAM and advanced packaging

3

## We are gaining momentum

Within these fastest-growing areas, Applied is **increasing our SAM and share**

4

## Leading to outperformance

As a result, Applied expects to gain **>2ppts** of WFE share from CY'25→CY'30

# Keith Wells

GVP, Imaging and Process Control Group

# Applied Metrology and Inspection Growth Engines Enabling Outperformance

1

## Driving High CAGR in \$9B Optical Wafer Inspection Market

- Expect >50% CY'26 revenue growth & strong CY'27 growth
- Driving share gains & strong CY'26-30 CAGR
- Growing positions in LE F/L, DRAM, advanced packaging
- Strong product pipeline to drive SAM expansion

2

## Expanding eBeam Leadership in \$4.5B Market

- Expect >50% CY'26 revenue growth & strong CY'27 growth
- Driving share gains & strong CY'26-30 CAGR
- ~2x revenue of nearest competitor
- Electron optics leadership (highest resolution & speed)

3

## Accelerating Share Gains in our Semi Systems Portfolio

Applied is driving up to 3x faster R&D cycle times with our unique eBeam technologies

- Can't fix what you can't see (eBeam has 200x higher resolution vs. optical)
- Applied eBeam enables 100x more data per experiment for AI models
- More than 2,000 Applied eBeam AI-enabled R&D experiments per month
- Driving 5 new eBeam innovations (all will be in the EPIC R&D lab)

**Expect >\$3B Systems + Services Revenue in CY'26; High Growth CAGR CY'26-30**

# Applied eBeam Portfolio Enables Faster R&D and Yield Innovation

## Unit Process Tools



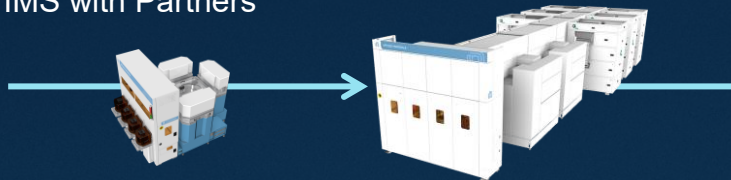
## Co-optimized Solutions



## Integrated Solutions (IMS)



## IMS with Partners



**eBeam Portfolio**  
Industry's highest resolution and fastest imaging with CFE technology



Actionable data enabling faster process optimization, recipe creation and ramp times



**AIx PRO**  
Industry-leading AI-enabled process optimization and advanced services



**Applied M&I**  
Expect \$2B in CY'26 eBeam revenues

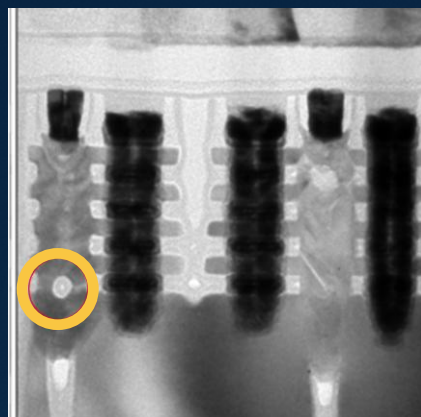
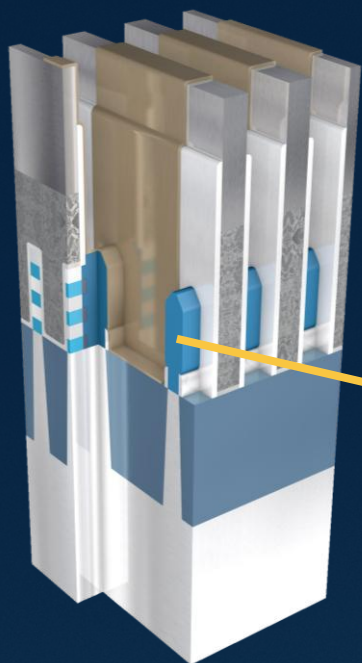
**Semi Systems**  
Up to 3x faster R&D learning rate accelerates share gains

**AGS**  
Yield and output innovation accelerates our services business

**EPIC**  
Our most advanced technologies deployed to accelerate co-innovation

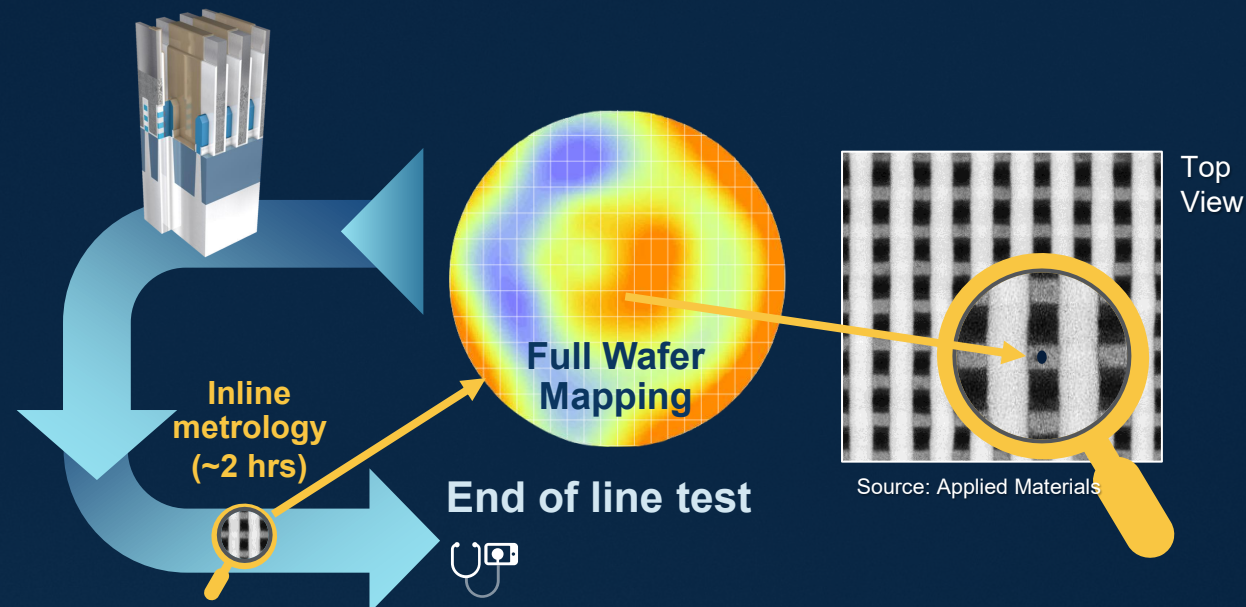
# FASTER TRANSISTORS, FASTER: **PROVision™ Epitaxy Process Optimization**

## Diagnosing Voids in GAA Epitaxial Deposition



Transmission electron microscopy (TEM) imaging takes days and generates limited yield-critical data

## Epi Deposition

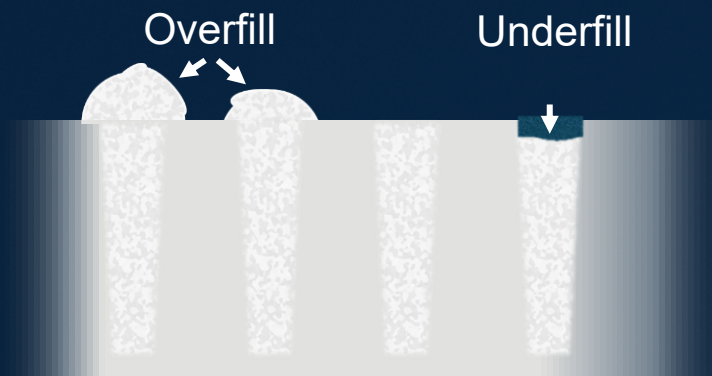


## PROVision accelerates imaging and yields

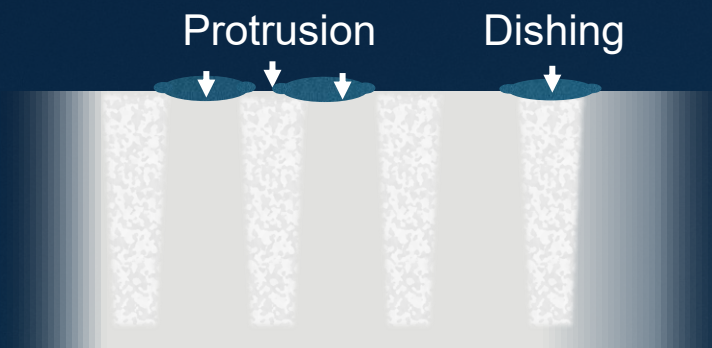
- Reducing R&D cycle times from **days to hours** accelerates epitaxy recipe development
- Captures 1,000x more data for process optimization models
- Used in HVM to reduce variability and **increase good chips out**

# BETTER WIRING: Co-optimization of PVD + CMP + PROVision

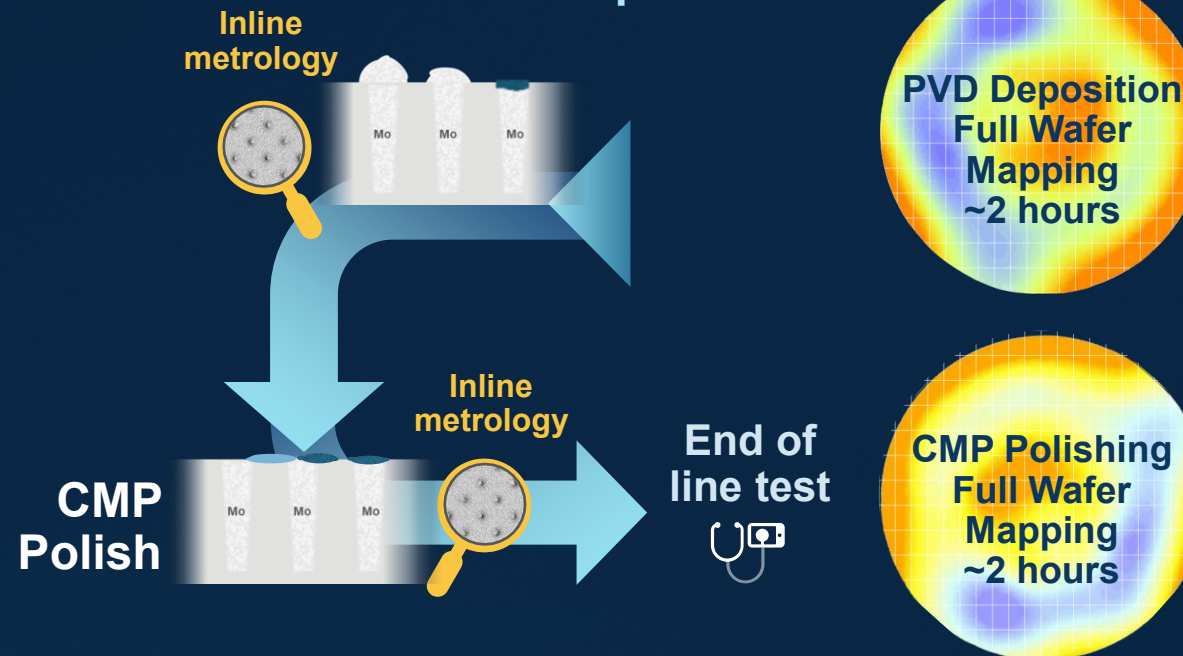
## Deposition Challenges



## CMP Challenges



## PVD Deposition

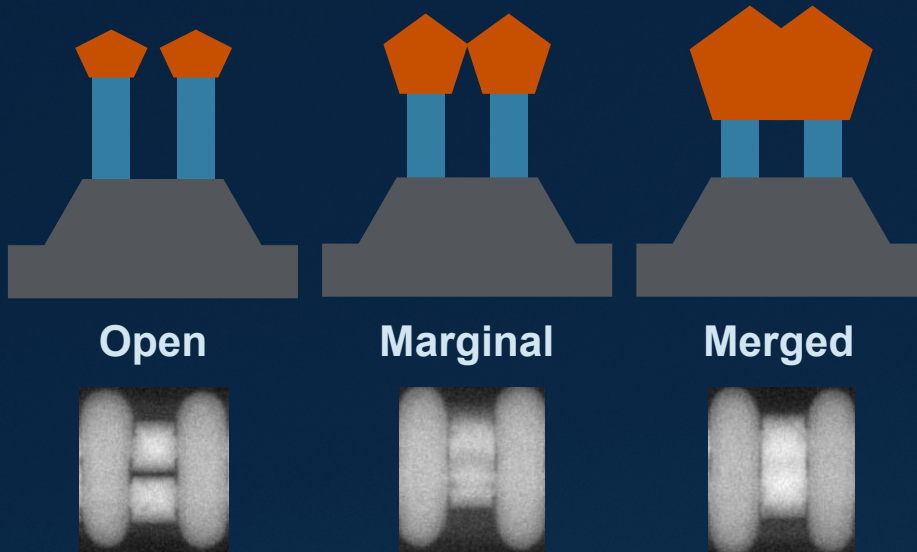


## PROVision co-optimizes wiring process steps

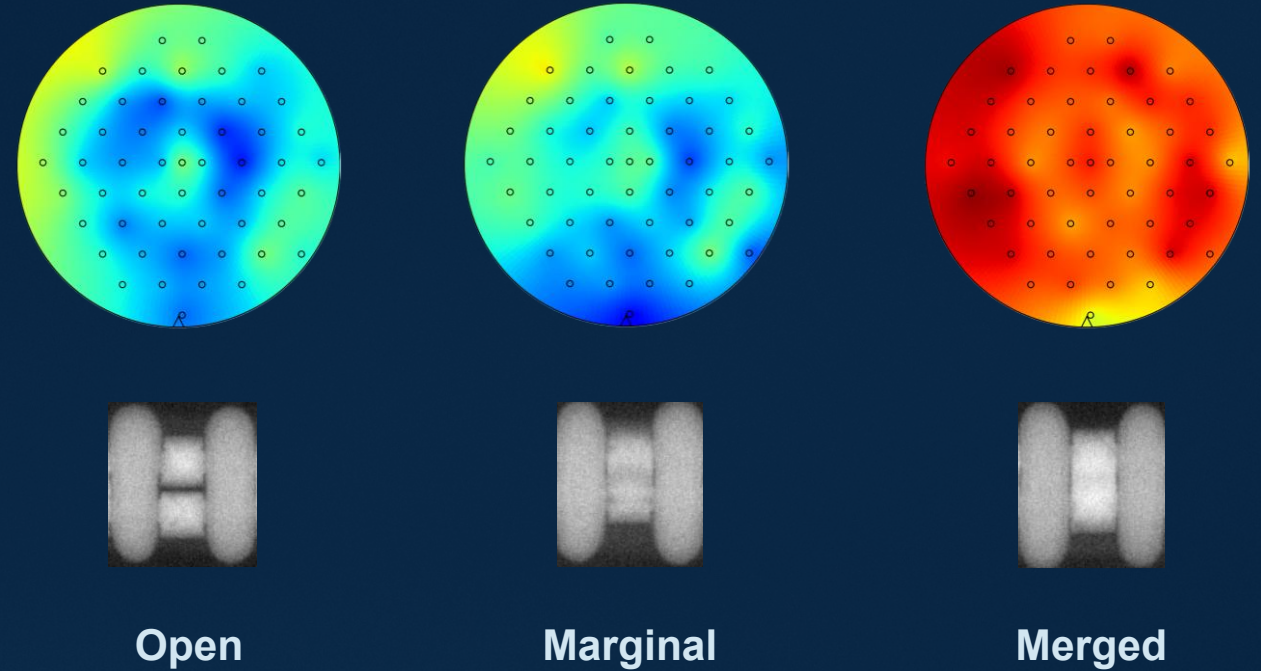
- PROVision reduces TEM imaging to **accelerate development** of faster, lower-power wiring in LE F/L and DRAM
- Used in HVM to generate 1,000x more data for variability monitoring and **increase good chips out**

# Bringing Advanced Logic Transistors to DRAM, Faster

Optimal transistor performance depends on clear segmentation of EPI structures



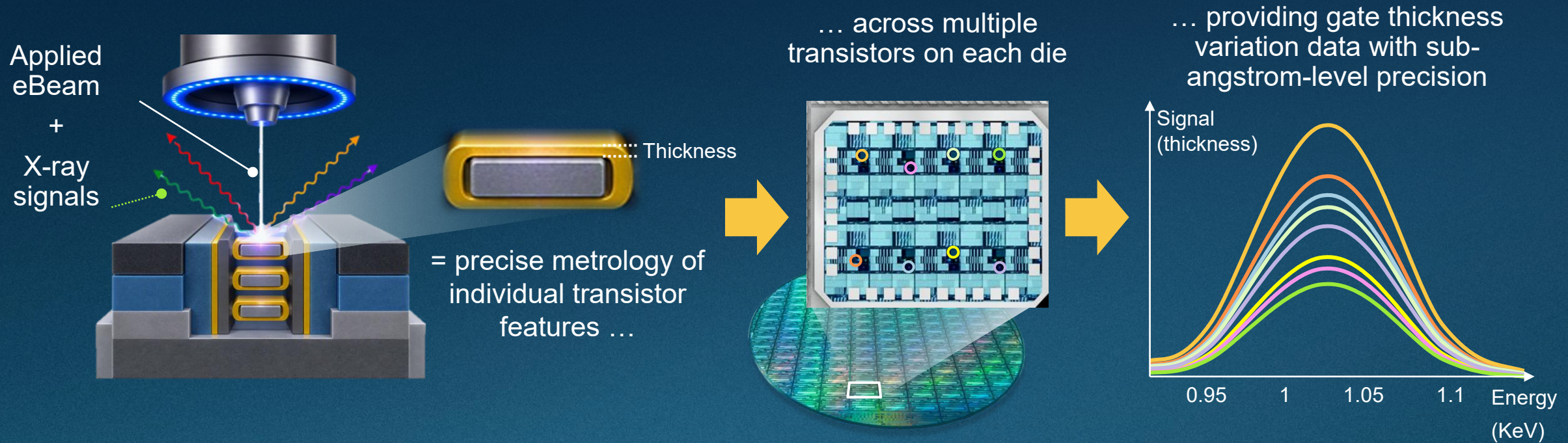
TEM measurement of delicate epitaxial structures is destructive, slow and generates limited data



- PROVision: non-destructive top-view SEM imaging
- Inline metrology of 100,000 structures per wafer – one second per site

- Cross-wafer uniformity heat maps help to quickly understand and reduce process variability
- Adopted in HVM to **increase good chips per wafer**

# New Market: Materials Metrology



## Applied's new eBeam materials metrology platform

Industry-first inline, on-device metrology of thin-film thickness and material concentration

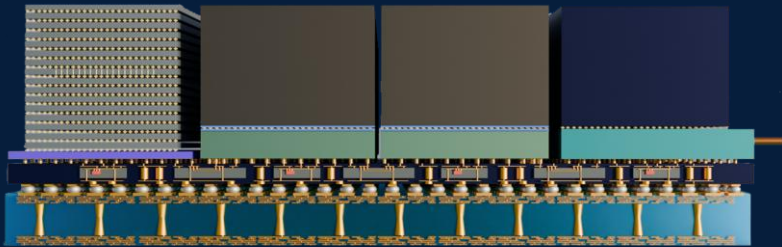
Reducing transistor gate variability to directly improve chip performance and power consumption

Used inline to deliver yield prediction data in **hours instead of weeks** required for electrical test

Adopted by leading F/L and DRAM customers to **accelerate R&D** and **increase good chips per wafer** in HVM

# Expanding Into the Advanced Packaging Market

## #1 Challenge: Maximize Yield



Customers collaborating to adopt Applied's on-wafer M&I technologies for advanced packaging to increase yields in multichip designs based on known-good dies



## Building a New Billion-Dollar M&I Business

### 1. Bringing our eBeam leadership to advanced packaging:



Wafer form defect review

**SEMVision™ G7AP**



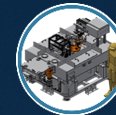
CD measurement

**VeritySEM™ 7AP**



Contactless E-test

**EBT 5000**



Panel defect review

**EFIB 5000**

### Unique eBeam benefits:

- Defect review + classification
- Defect materials identification
- Contactless electrical testing

### 2. Introducing new optical products for advanced packaging applications



**Target Launch:**  
1H CY'27

## PROCESS CONTROL

Process control is now one of Applied's fastest-growing businesses, expected to be up >50% in CY'26 with a continued high CAGR through CY'30

## NEW PRODUCTS

Multiple growth engines with new products driving future growth:

- Increasing leadership in \$4.5B **eBeam** market
- Driving high CAGR in \$9B **optical** market with new products
- Building a billion-dollar business in **advanced packaging**
- Creating a new **materials metrology** market

## STRATEGIC GROWTH

Strategic to Applied's overall growth strategy:

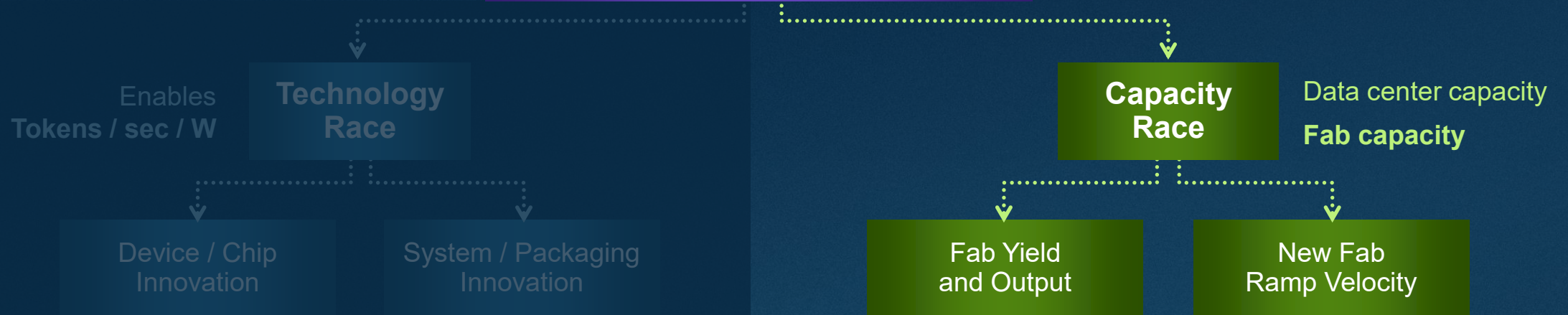
- Accelerates share gains in Semi Systems business
- Accelerates growth in our services business
- Accelerates customer co-innovation at the EPIC Center

# Tim Deane

SVP, Applied Global Services

## GROWTH OPPORTUNITIES

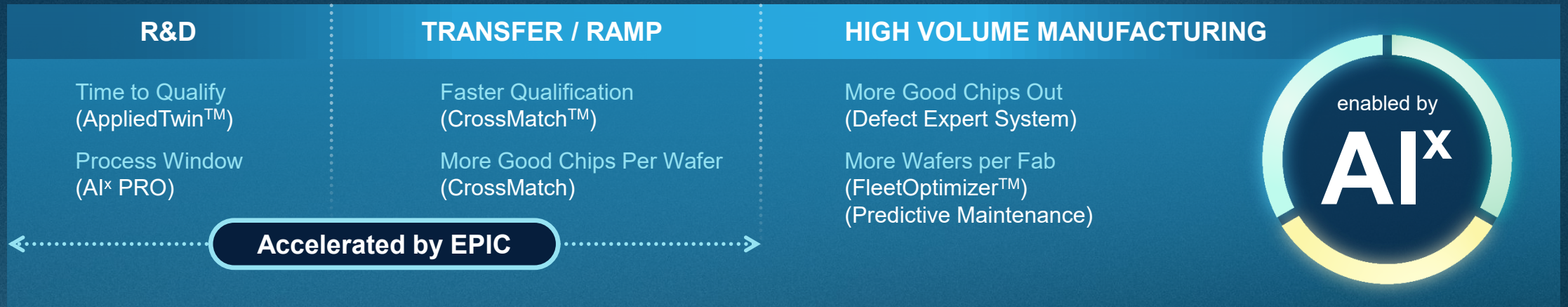
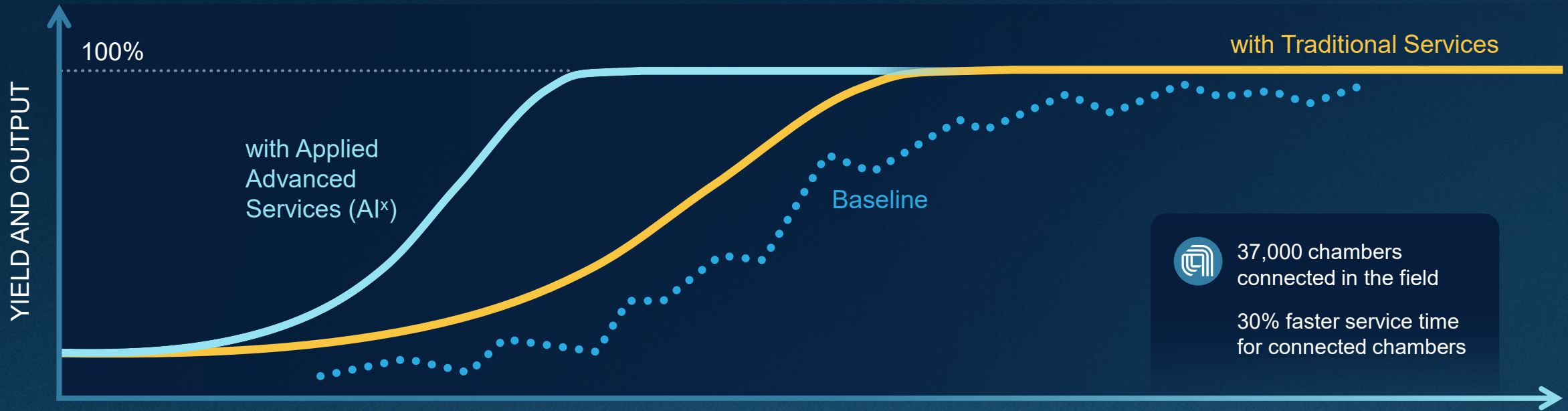
### RACE FOR AI Computing Leadership



## APPLIED'S UNIQUE SERVICE CAPABILITIES

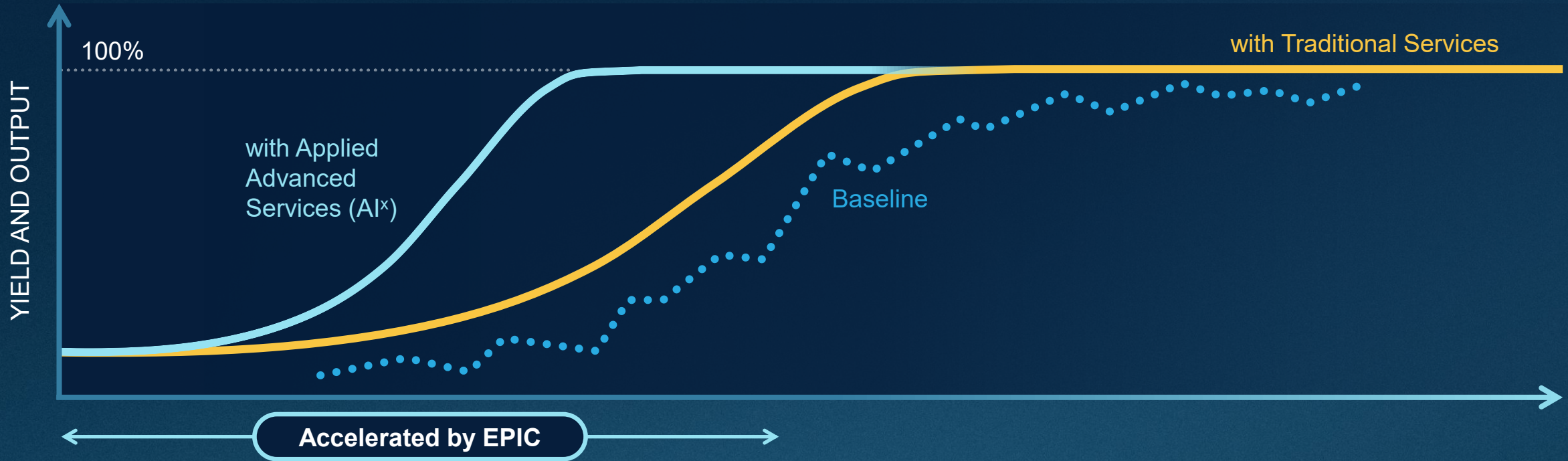


# Advanced Services Enable Yield and Output Innovation



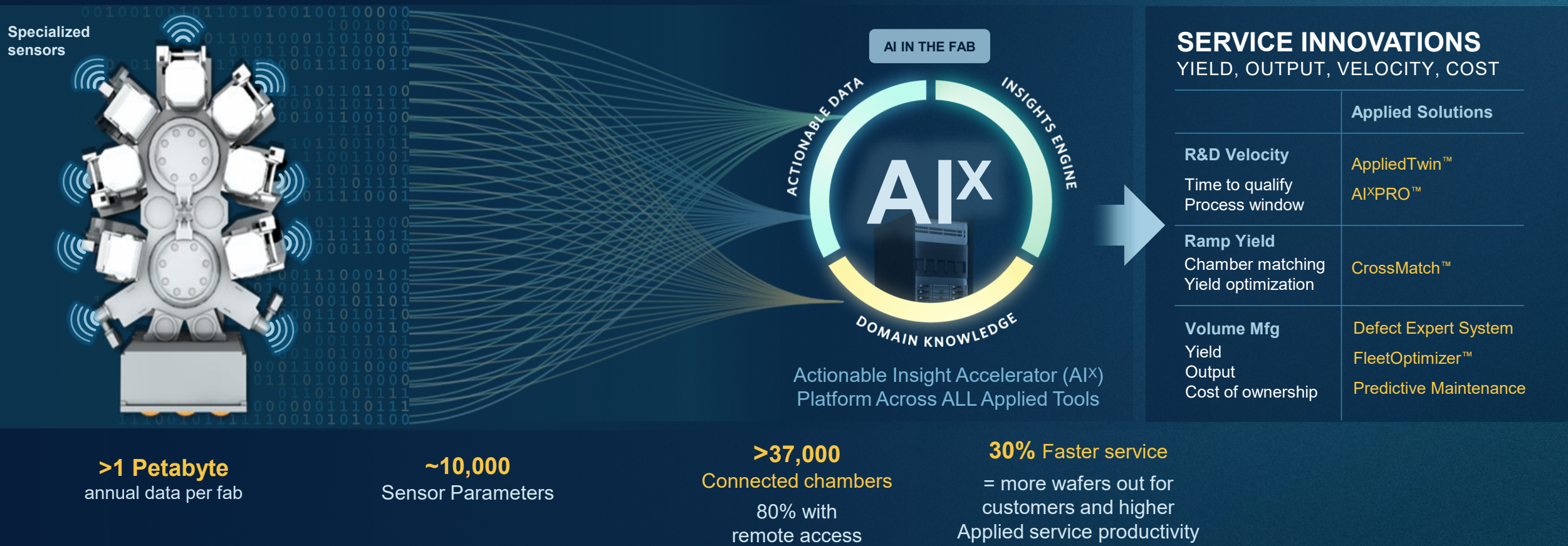
**Expect >20% Service Growth in CY'26 + Mid-teen CAGR Long-term**

# High-velocity Service Innovation Begins at EPIC



- AI<sup>x</sup> Connected EPIC tools drive earlier high-value service capability development
- Service readiness accelerated with early engagement and tool operational visibility
- Fastest process transfer for customers from EPIC to R&D/HVM facilities with Crossmatch™

# AI<sup>X</sup> – Industry-leading AI-enabled Service Platform



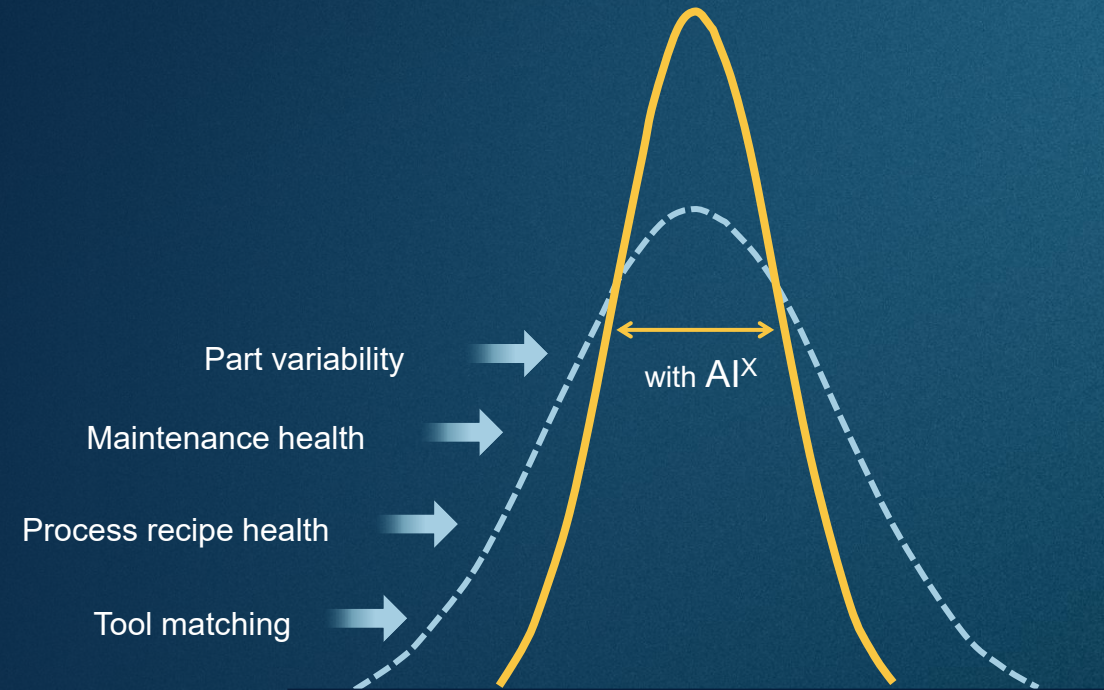
# AI<sup>X</sup> – Industry-leading AI-enabled Service Platform



## SERVICE INNOVATIONS

YIELD, OUTPUT, VELOCITY, COST

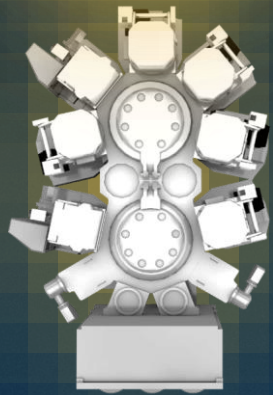
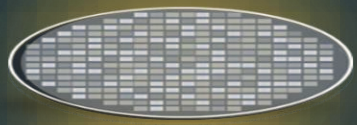
|                                                              | Applied Solutions                                                 |
|--------------------------------------------------------------|-------------------------------------------------------------------|
| <b>R&amp;D Velocity</b><br>Time to qualify<br>Process window | AppliedTwin™<br>AI <sup>X</sup> PRO™                              |
| <b>Ramp Yield</b><br>Chamber matching<br>Yield optimization  | CrossMatch™                                                       |
| <b>Volume Mfg</b><br>Yield<br>Output<br>Cost of ownership    | Defect Expert System<br>FleetOptimizer™<br>Predictive Maintenance |



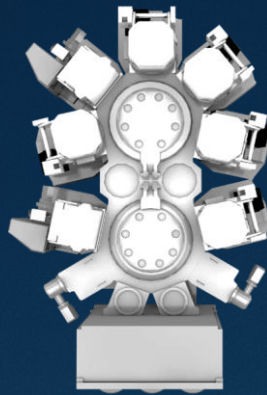
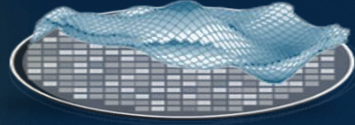
**Less variability = more good chips  
per wafer and more wafers out**

# Accelerating Customer Ramps with CrossMatch

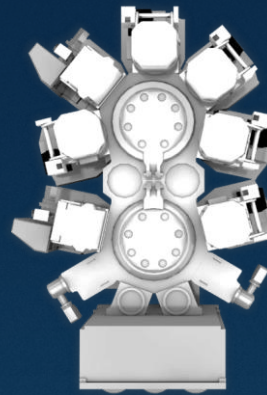
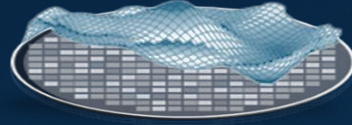
## Accelerating Yield & Output



**R&D**  
Lab



**HVM**  
Fab 1, Tool 1

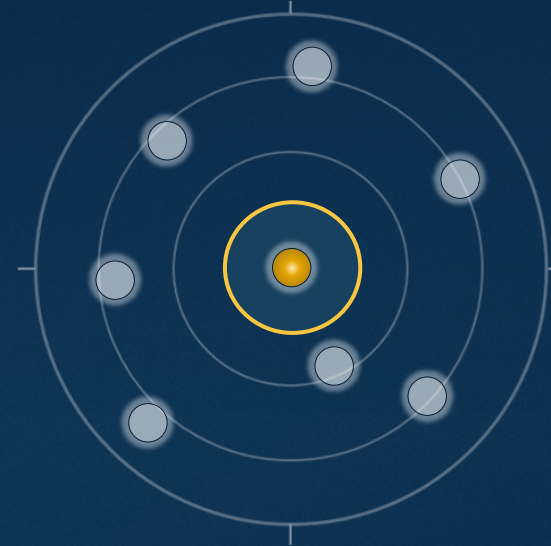


**HVM**  
Fab 1, Tool 'n'

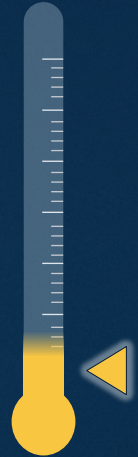
## CrossMatch™

Matching at angstrom-level precision

Highest good chips per wafer at center of target



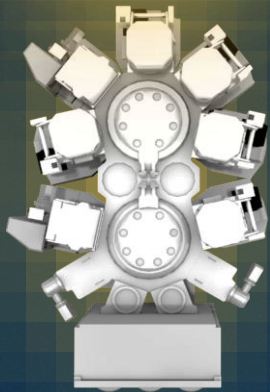
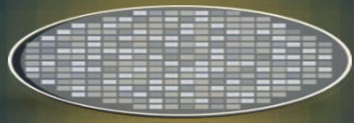
Yield & Output



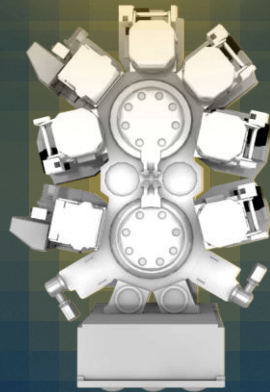
Matching golden R&D tool = more good chips per wafer in HVM

# Accelerating Customer Ramps with CrossMatch

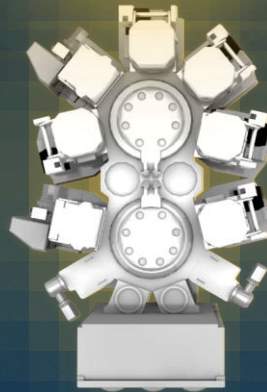
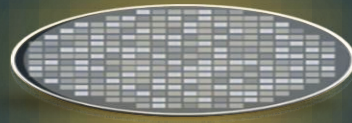
## Accelerating Yield & Output



**R&D**  
Lab



**HVM**  
Fab 1, Tool 1

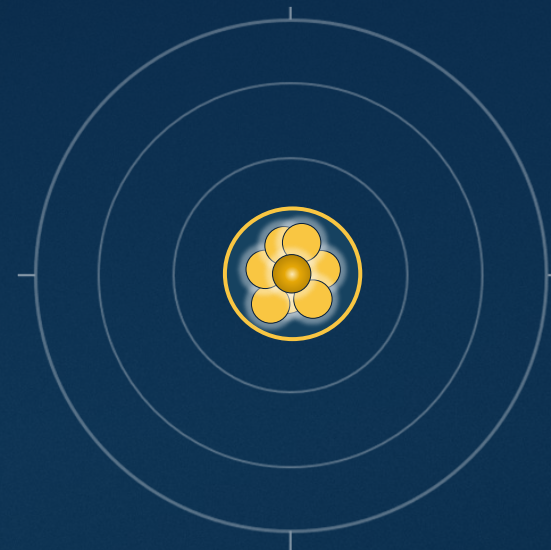


**HVM**  
Fab 1, Tool 'n'

## CrossMatch™

Matching at angstrom-level precision

Highest good chips per wafer at center of target



Yield & Output



Matching golden R&D tool = more good chips per wafer in HVM

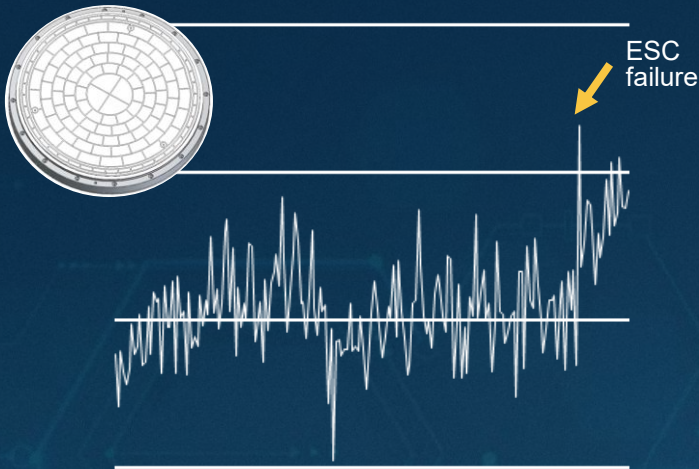
**>50% Faster Time to Match + More Good Chips per Wafer**

# Output Innovation with AI<sup>x</sup> Prediction

Increasing Etch Tool Uptime – Electrostatic Chuck (ESC) Replacement

## ESC Health Index

100s of sensors per chamber



No clear trend before failure  
**REACTIVE (Gen 1)**

## Domain Knowledge Guided Insights

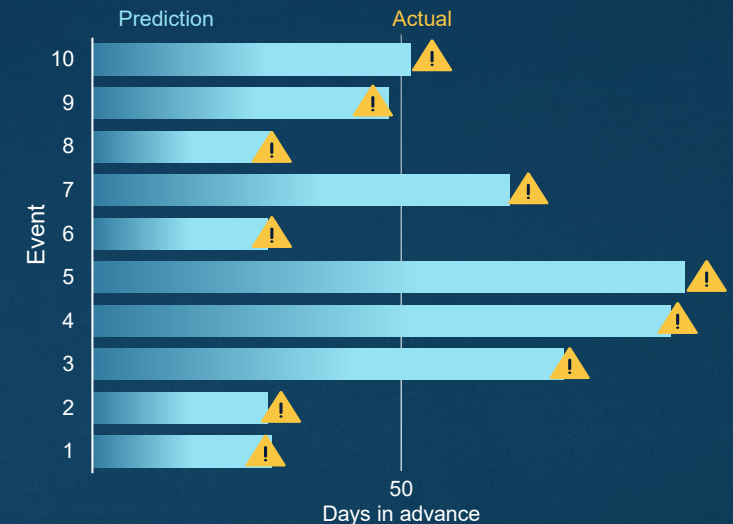
AI guided multi-variate model



Clear signal predicted  
**PROACTIVE (Gen 2)**

## Predictive Model

Prediction accuracy



Predicts electrostatic chuck lifetime  
**>30 days ahead with >90% accuracy**

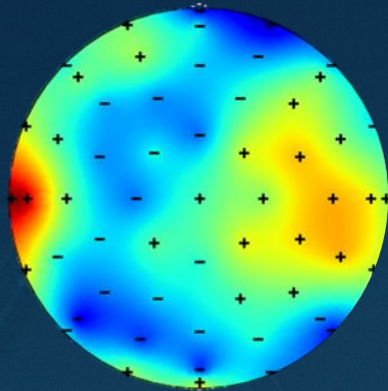
**Customer Value: ~27k Additional Wafers Out per Year**

# Output Innovation with AI<sup>x</sup> PRO

## Chemical Vapor Deposition – Faster Chamber Service

### Issue

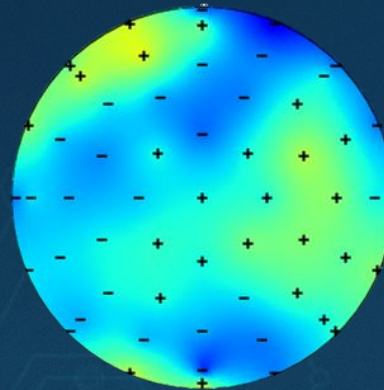
Up to 6 nozzle iterations and  
>14 hours per iteration to meet target



Non-Uniformity 2.0%

### AI<sup>x</sup> PRO

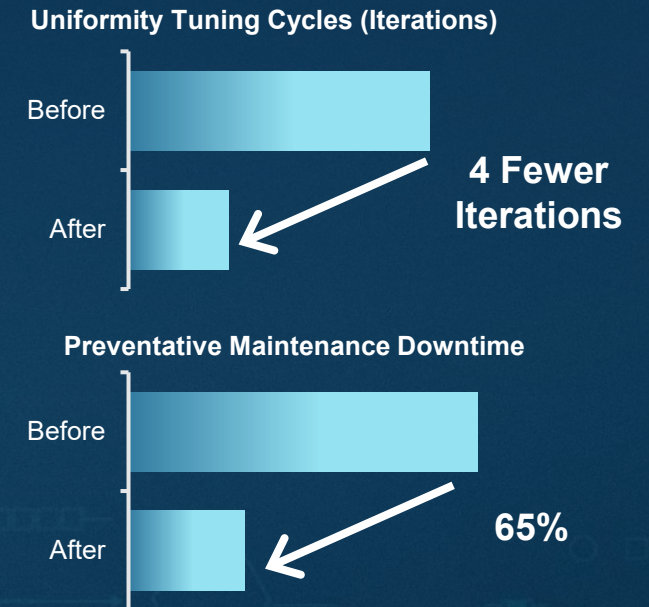
AI<sup>x</sup> PRO predicts nozzle locations to  
improve non-uniformity with fewer iterations



Non-Uniformity 1.1%

### Results

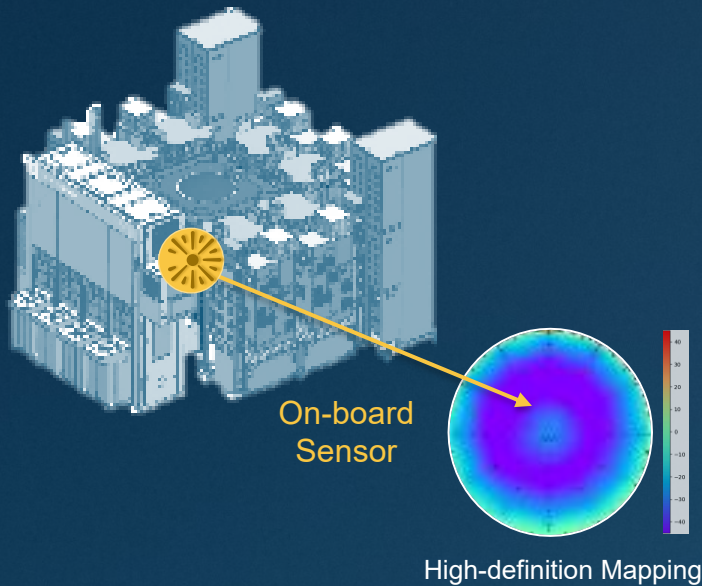
AI<sup>x</sup> PRO – Reduce maintenance downtime



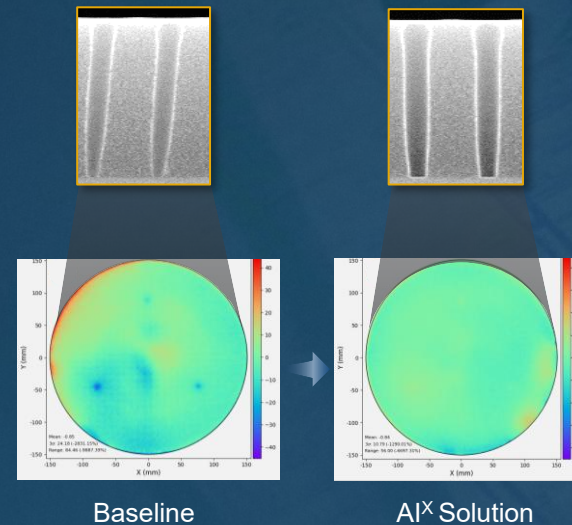
**Customer Value: 65% Faster Service + More Good Wafers Out**

# Yield Innovation – Enhanced Edge Yield with AI<sup>x</sup> Sensor Integration

## Differentiated Sensors



## Wafer Extreme Edge Yield



Improved Tilt Angle Control &  
Critical Dimension Variation

Enabling Yield  
and Performance  
**at the Edge**

**Customer Value: Significantly More Good Chips per Wafer**

# Customer Testimonials



**Manish Bhatia**

President and Chief Operating Officer  
**Micron Technology, Inc.**



Micron is a leader in applying AI across semiconductor manufacturing, leveraging more than one billion monitoring points throughout our global fabs. Our partnership with Applied has shown that breakthrough results come from combining the best capabilities across both organizations. Applied's unique analytics, service expertise and equipment intelligence helped uncover more than 400 excursions that would have otherwise gone undetected. The collaboration has strengthened yield performance, improved operational insight and created a powerful model for data-driven manufacturing excellence.



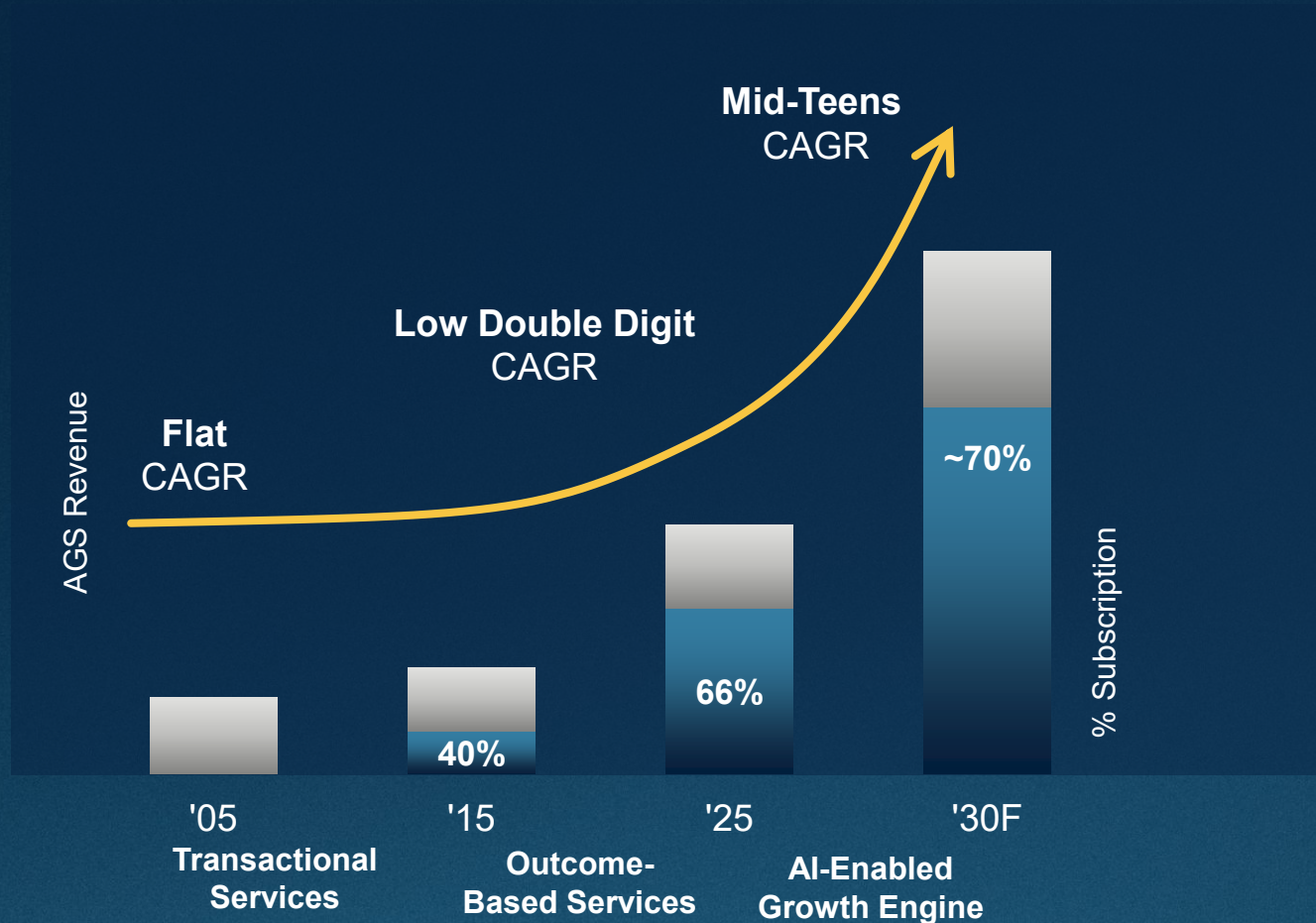
**Daniel Benatar**

Corporate Vice President, Intel Foundry  
General Manager of Intel Worldwide  
Semiconductor Manufacturing  
**Co-general Manager of Intel Israel**



Applied Global Services consistently demonstrates the expertise, innovation, and customer commitment required to support world-class semiconductor manufacturing. Their contributions extend far beyond equipment service, delivering tangible improvements in reliability, uptime, and productivity across our operations. Through proactive engagement, technical leadership, and a relentless focus on customer success, Applied has become a valued strategic ally that helps us achieve our manufacturing goals today while working with our teams to enable long-term manufacturing success.

# AI Driving Higher Services Growth: Mid-teens Long-term CAGR



**AGS Growth = Installed Base Growth x Revenue per Tool Growth**

## Growth Drivers

### 1. Growing installed base

### 2. Increasing revenue per tool – enabled by AI<sup>x</sup>

- Industry-leading platform growing from >37k connected chambers to a target of >90k connected chambers by CY'30
- AI<sup>x</sup> services deliver more good wafers out and good chips per wafer for customers AND higher revenue per tool for Applied
- Average subscription agreement length >2.5 years, ~90% renewal rate
- **Targeting ~20% revenue per tool growth from CY'25 to CY'30**

AGS FY2024 onward does not include 200mm systems revenue.

# Brice Hill

SVP, Chief Financial Officer

# CFO KEY MESSAGES

- Created and further expanding the industry's most enabling portfolio
- Ten years of profitable growth and strong reinvestment
- AI demand has significantly increased growth outlook
- Doubling lab and manufacturing capacity to support a wide range of WFE growth scenarios
- Profitability, operating leverage and free cash flow are expanding
- Reinvesting for strong growth while increasing shareholder distributions

# Building the Industry's Most Enabling Portfolio

Well-positioned after a decade of inflection-focused R&D investments

## Device & Chip Innovation

Built expert integration teams and device-level process lab

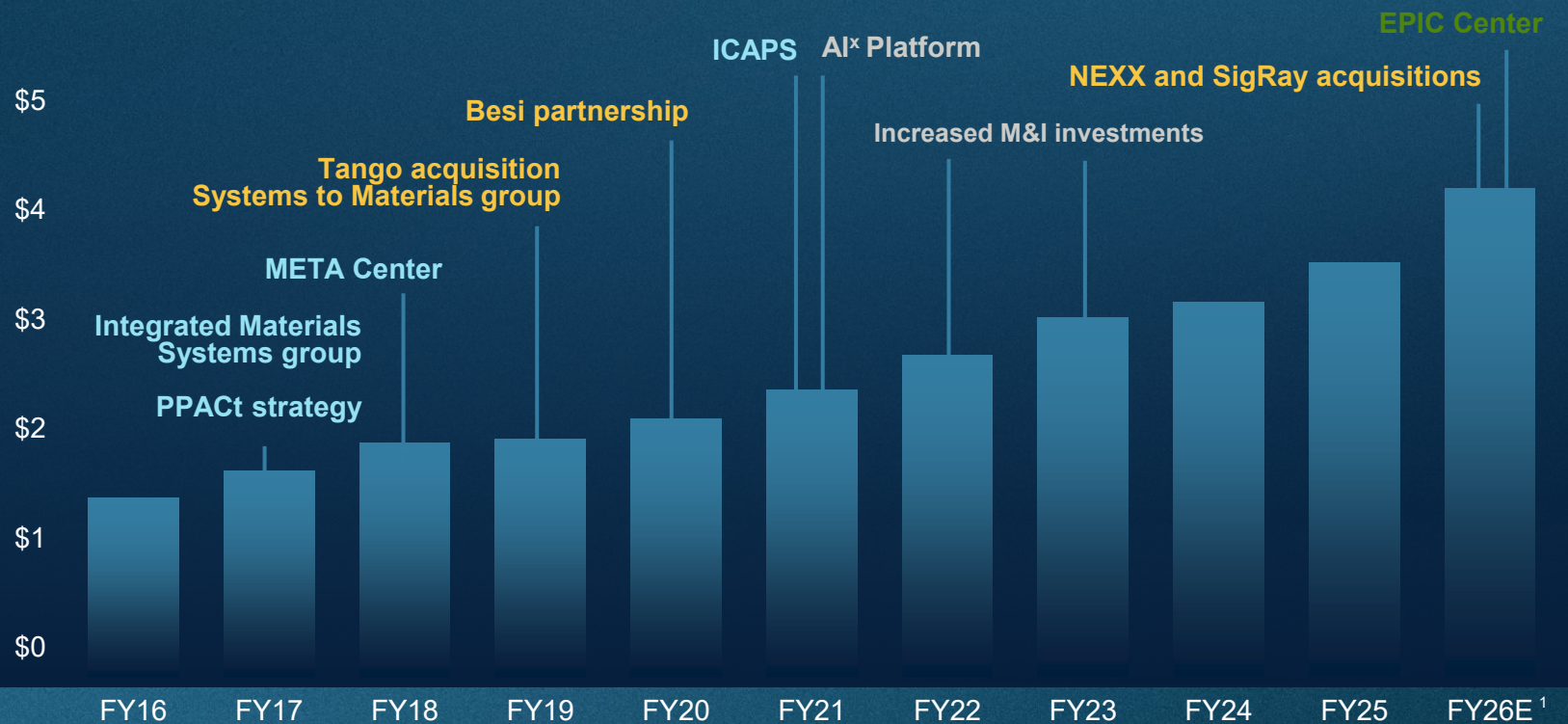
## Systems & Packaging Innovation

Expanded packaging team and Singapore development facility

## Fab Yield & Output Innovation

Launched AI<sup>x</sup> platform and expanded metrology and inspection product roadmap

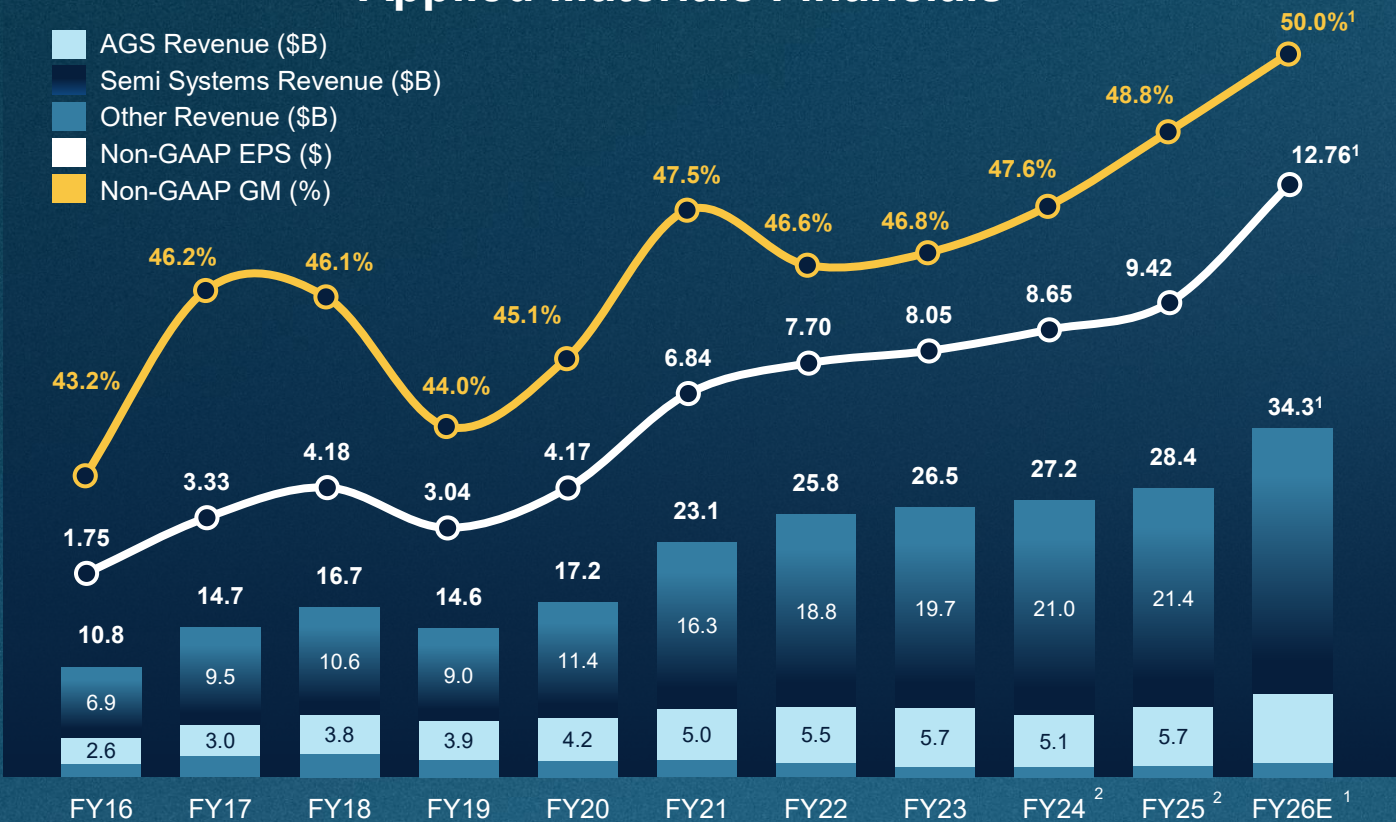
## Non-GAAP R&D Opex (\$B)



<sup>1</sup>) FY26 financial information shown here is forward-looking and represents estimated results for FY26 based on our business outlook for Q4FY26 as announced on 8/13/26  
For reconciliation of GAAP to non-GAAP results, see appendix of this presentation

# Collaborative Process Innovation Delivered a Decade of Profitable Growth

## Applied Materials Financials



## Decade of growth to FY26E<sup>1</sup>:

- 12% Revenue CAGR to \$34.3B
- 50% Non-GAAP gross margin, up 680 bps
- 33% Non-GAAP operating margin, up 1,130 bps
- 22% Non-GAAP EPS CAGR
- 21% FCF % of revenue
- >30% Average ROIC<sup>3</sup>
- >50% Cash reinvested in high ROIC growth<sup>4</sup>

1) FY26 financial information shown here is forward-looking and represents estimated results for FY26 based on our business outlook for Q4FY26 as announced on 8/13/26. FY26 estimates for Revenue and non-GAAP EPS reflect the midpoint of this outlook

2) 2024 and 2025 recast to move 200mm equipment business from AGS to Semi Systems

3) ROIC = Return on Invested Capital. Defined as Non-GAAP Net Operating Profit After Tax (NOPAT) / Beginning Invested Capital (Total Assets – Current Liabilities – Equity Investments)

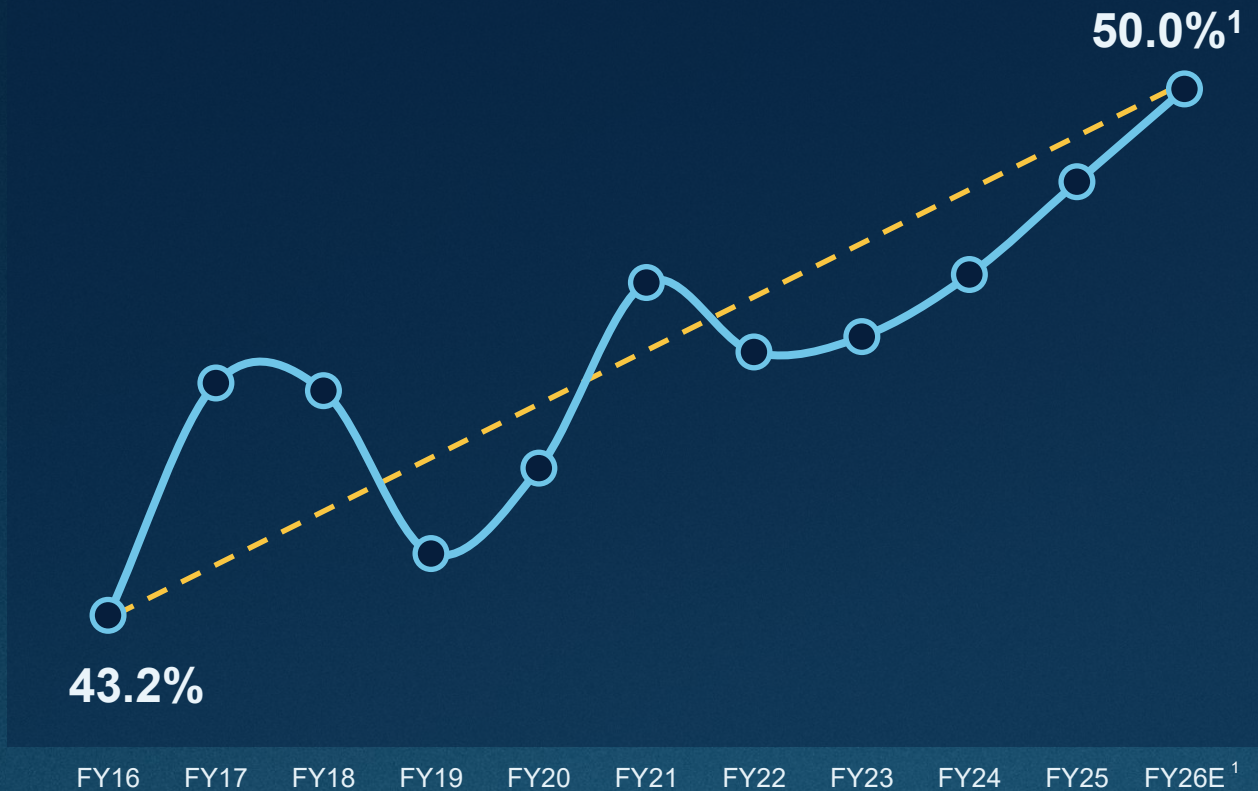
4) Cash generated equals operating cash flow before non-GAAP R&D and the change in working capital (current assets – current liabilities). Reinvestment in growth includes non-GAAP R&D, capex, the change in working capital and M&A (cash paid for acquisitions and change in the cost basis of strategic equity investments)

For reconciliation of GAAP to non-GAAP results, see appendix of this presentation



# Structural Gross Margin Expansion

## Non-GAAP Gross Margin FY16 → FY26E<sup>1</sup>



## Non-GAAP GM Expansion Drivers

### Last 10 Years:

- ~3ppts** Increasingly enabling solutions portfolio
  - Examples: GAA transistors and wiring, HBM packaging, DRAM periphery transistors
  - Implemented value-based pricing
- ~2ppts** Faster growth in Semi Systems segment
- ~2ppts** Operational efficiencies
  - Flexible global manufacturing and supply chain
  - Volume leverage with broadening customer base
  - Cost efficiencies offsetting inflation

**Expect GM expansion to continue**

Driven by Increasingly Enabling Portfolio and Value-based Pricing

1) FY26 financial information shown here is forward-looking and represents estimated results for FY26 based on our business outlook for Q4FY26 as announced on 8/13/26  
For reconciliation of GAAP to non-GAAP results, see appendix of this presentation

# AI is Driving Unprecedented Growth in Semiconductors

Third-party semiconductor industry revenue forecasts continue to increase

## 2025-30: Faster, AI-driven growth

### AI demand increasing and broadening

- ↑ Hyperscaler capex
- ↑ Token consumption and AI agents, lower cost
- ↑ Package sizes, transistors and die counts
- ↑ Fab utilization, nearing 100% for LE F/L, memory
- ↑ New fab projects (tracking >100 globally)

### Favorable WFE Environment for Applied

- Leading-edge F/L, DRAM and advanced packaging the most enabling devices for AI
  - ▶ Expected to drive ~75% of 2025-30 WFE growth
- With leadership positions Applied built in these markets, expect to grow WFE share >2 ppts
- Rate of WFE growth metered by data center energy, cleanroom capacity and supply chain expansion



Source 2030 forecasts: TechInsights, IBS, McKinsey & Company, SEMI, IDC

# Scaling Global Infrastructure to Enable Industry Growth

## 2030 Targets:

- **>2x** manufacturing capacity
- **>2x** lab capacity
- Supply chain further **expanded and diversified**
- **Capex lower** as a percentage of revenue

### United States

**California:** EPIC Center  
**Arizona, Massachusetts,**  
**Texas:** Manufacturing sites,  
labs, logistics service centers

### India

R&D offices,  
lab infrastructure,  
supply chain

### S. Korea & Taiwan

Supply chain, labs,  
training centers

### Italy and Israel

R&D labs,  
manufacturing sites,  
training center

### Singapore

Manufacturing  
sites and labs



# AI at Work Across Applied

**>4x** speed-up

## R&D Pilot Acceleration

From concept to wafer  
Expanding to >20 products

**Speed to Develop**

**100%** adoption

## Software Development

Up to 44% productivity gain  
Faster coding, testing, release cycles

**Speed to Market**

**>80%** adoption

## Enterprise Productivity

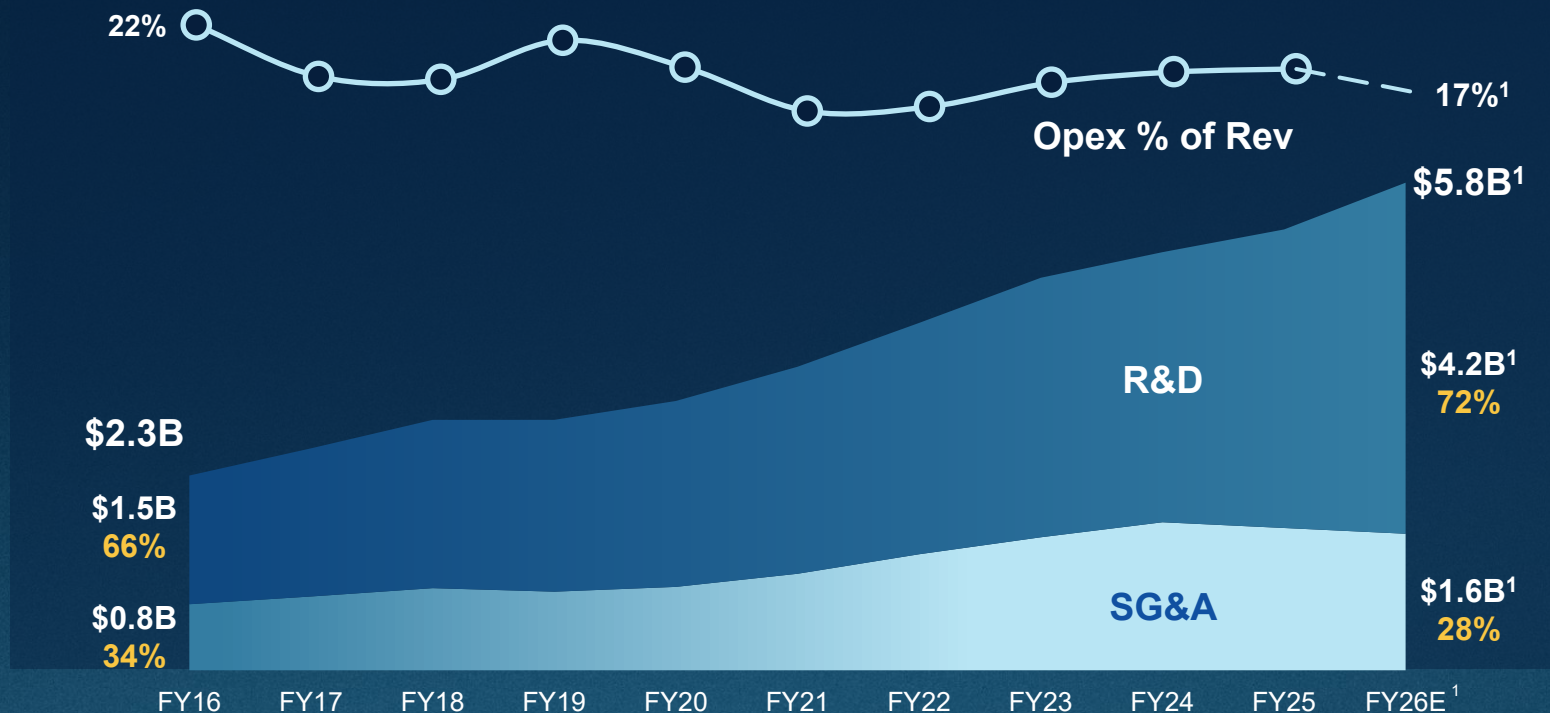
~ 1.5x users in 1 year  
~ 45x token usage rate in 1 year

**Speed to Execute**

**Delivering significant adoption growth and ROI, driving faster innovation**

# Driving Operating Leverage with AI and Automation

## Non-GAAP Opex FY16 → FY26E<sup>1</sup>



- Delivering operating leverage while fully funding innovation: non-GAAP opex declined from 22% to 17%<sup>1</sup> of revenue
- R&D:
  - » 10.6% R&D CAGR vs. 12.2% revenue CAGR funded an increasingly enabling solutions portfolio
  - » Company resource additions focused on R&D; R&D grew to 72% of OPEX
  - » Expect to continue growing revenue faster than R&D
- SG&A: AI and automation bend the curve and enable significant scaling and productivity
- Expect operating leverage expansion to continue

1) FY26 financial information shown here is forward-looking and represents estimated results for FY26 based on our business outlook for Q4FY26 as announced on 8/13/26  
For reconciliation of GAAP to non-GAAP results, see appendix of this presentation

# CY'30 Targets

## Semiconductor Systems

WFE Share

**>2ppts** WFE share gain

Growth led by LE F/L, DRAM, Adv Pkg

## Applied Global Services

Revenue

**>\$12B**

Mid-teens CAGR

## Other

Revenue

**>\$2B**

Display and Photonics

**~54%**

Non-GAAP  
**Gross Margin**

Most enabling portfolio

**~40%**

Non-GAAP  
**Operating Margin**

Expanding operating leverage

- CY'25 WFE share baseline = 18.3% (TechInsights)
- Forecasts based on current export policies
- Non-GAAP tax rate: ~15%
- CY'30 = FQ2'30–FQ1'31

# Capital Allocation Priorities

## 1 Invest in attractive growth opportunities

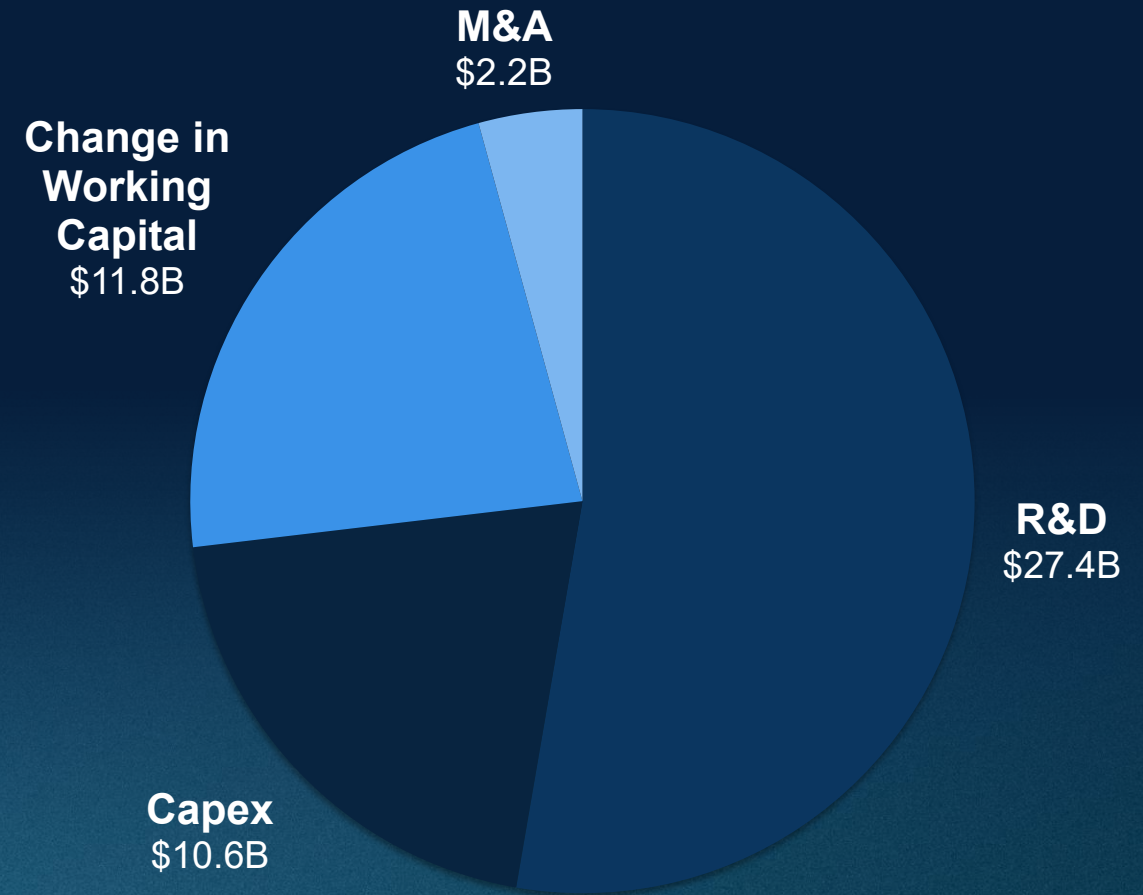
- Reinvested **>50% of cash generated<sup>1</sup>** over last 10 years<sup>2</sup>
- **>30% ROIC<sup>3</sup>** average over last 10 years<sup>2</sup> through disciplined approach, focusing on innovating to solve high-value challenges

## 2 Maintain strong and flexible investment-grade balance sheet

## 3 Distribute excess cash through share repurchases and dividends

- **>14% dividend per share CAGR** since initiation in FY05
- **Decreased shares outstanding >50%<sup>4</sup>** since FY05
- Committed to distribute **80-100% of FCF** to shareholders over time

## Reinvestment In Growth | Last 10 Years<sup>2</sup>



1) Cash generated equals operating cash flow before non-GAAP R&D and the change in working capital (current assets – current liabilities). Reinvestment in growth includes non-GAAP R&D, capex, the change in working capital and M&A (cash paid for acquisitions and change in the cost basis of strategic equity investments)

2) Past 10 fiscal years through FY26E

3) ROIC = Return on Invested Capital. Defined as Non-GAAP Net Operating Profit After Tax (NOPAT) / Beginning Invested Capital (Total Assets – Current Liabilities – Equity Investments)

4) Share count through FY26E

For reconciliation of GAAP to non-GAAP results, see appendix of this presentation

# CFO KEY MESSAGES

- Created and further expanding the industry's most enabling portfolio
- Ten years of profitable growth and strong reinvestment
- AI demand has significantly increased growth outlook
- Doubling lab and manufacturing capacity to support a wide range of WFE growth scenarios
- Profitability, operating leverage and free cash flow are expanding
- Reinvesting for strong growth while increasing shareholder distributions



APPLIED  
MATERIALS™

**INVESTOR BREAKFAST**

**2026**



# Appendix: GAAP to Non-GAAP Reconciliations

# Use of Non-GAAP Financial Measures

Applied provides investors with certain non-GAAP financial measures, which are adjusted for the impact of certain costs, expenses, gains and losses, including, as applicable, certain items related to mergers and acquisitions; restructuring and severance charges and any associated adjustments; legal settlement charges; impairments of assets; gain or loss, dividends and impairments on strategic investments; certain income tax items; and other discrete adjustments. On a non-GAAP basis, the tax effect related to share-based compensation is recognized ratably over the fiscal year. Reconciliations of these non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are provided in the appendix to this presentation.

Management uses these non-GAAP financial measures to evaluate the company's operating and financial performance and for planning purposes, and as performance measures in its executive compensation program. Applied believes these measures enhance an overall understanding of its performance and investors' ability to review the company's business from the same perspective as the company's management, and facilitate comparisons of this period's results with prior periods on a consistent basis by excluding items that management does not believe are indicative of Applied's ongoing operating performance. There are limitations in using non-GAAP financial measures because the non-GAAP financial measures are not prepared in accordance with generally accepted accounting principles, may be different from non-GAAP financial measures used by other companies, and may exclude certain items that may have a material impact upon our reported financial results. The presentation of this additional information is not meant to be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with GAAP.

## Forward-Looking Non-GAAP Financial Measures

The forward-looking non-GAAP financial measures presented for our estimated fiscal year 2026 financial results (including non-GAAP gross margin, operating margin, operating expenses and EPS) exclude known charges related to completed acquisitions of ~\$49 million, \$253 million related to a legal settlement entered into in the second quarter of fiscal 2026, and \$12 million related to a workforce reduction plan announced in the fourth quarter of fiscal 2025, and include a net income tax benefit related to intra-entity intangible asset transfers of ~\$134 million, but do not reflect any items that are unknown at this time, such as any additional charges related to acquisitions or other non-operational or unusual items, as well as other tax-related items, which we are not able to predict without unreasonable efforts due to their inherent uncertainty.

The forward-looking non-GAAP gross margin and non-GAAP operating margin targets for calendar year 2030 in this presentation assume non-GAAP adjustments as applicable for future periods, which we are unable to predict without unreasonable efforts due to their inherent uncertainty.

# UNAUDITED FULL YEAR RECONCILIATION OF GAAP TO NON-GAAP RESULTS

IN MILLIONS, EXCEPT PERCENTAGES

## Non-GAAP Gross Profit

|                                                               | FY2021           | FY2022           | FY2023           | FY2024           | FY2025           |
|---------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| GAAP reported gross profit                                    | \$ 10,914        | \$ 11,993        | \$ 12,384        | \$ 12,897        | \$ 13,808        |
| Certain items associated with acquisitions <sup>1</sup>       | 27               | 26               | 29               | 26               | 27               |
| Impairment of long-lived assets                               | —                | —                | —                | 3                | —                |
| Certain incremental expenses related to COVID-19 <sup>2</sup> | 12               | —                | —                | —                | —                |
| Other charges                                                 | 2                | —                | —                | —                | —                |
| Non-GAAP gross profit                                         | <u>\$ 10,955</u> | <u>\$ 12,019</u> | <u>\$ 12,413</u> | <u>\$ 12,926</u> | <u>\$ 13,835</u> |
| Non-GAAP gross margin                                         | 47.5 %           | 46.6 %           | 46.8 %           | 47.6 %           | 48.8 %           |

## Non-GAAP Operating Income and Non-GAAP Return on Invested Capital (ROIC)<sup>3</sup>

|                                                               |                 |                 |                 |                 |                 |
|---------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| GAAP reported operating income                                | \$ 6,889        | \$ 7,788        | \$ 7,654        | \$ 7,867        | \$ 8,289        |
| Certain items associated with acquisitions <sup>1</sup>       | 47              | 39              | 43              | 42              | 45              |
| Acquisition integration and deal costs                        | 45              | 38              | 22              | 12              | 6               |
| Impairment of goodwill and other long-lived assets            | —               | —               | —               | 3               | 41              |
| Certain incremental expenses related to COVID-19 <sup>2</sup> | 24              | —               | —               | —               | —               |
| Severance and related charges <sup>4</sup>                    | 157             | (4)             | —               | —               | —               |
| Deal termination fee                                          | 154             | —               | —               | —               | —               |
| Restructuring charges <sup>5</sup>                            | —               | —               | —               | —               | 181             |
| Other charges                                                 | 6               | —               | —               | —               | —               |
| Non-GAAP operating income                                     | <u>\$ 7,322</u> | <u>\$ 7,861</u> | <u>\$ 7,719</u> | <u>\$ 7,924</u> | <u>\$ 8,562</u> |
| Non-GAAP operating margin                                     | 31.7 %          | 30.5 %          | 29.1 %          | 29.2 %          | 30.2 %          |
| Income taxes on Non-GAAP operating income <sup>6</sup>        | (842)           | (928)           | (934)           | (951)           | (1,079)         |
| Non-GAAP operating income after tax                           | <u>\$ 6,480</u> | <u>\$ 6,933</u> | <u>\$ 6,785</u> | <u>\$ 6,973</u> | <u>\$ 7,483</u> |
| Non-GAAP beginning invested capital                           | 17,710          | 18,794          | 18,576          | 22,399          | 24,927          |
| Non-GAAP ROIC                                                 | 36.6 %          | 36.9 %          | 36.5 %          | 31.1 %          | 30.0 %          |

## Non-GAAP Beginning Invested Capital

|                                                              |                  |                  |                  |                  |                  |
|--------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Total assets at the end of the prior fiscal year             | \$ 22,353        | \$ 25,825        | \$ 26,726        | \$ 30,729        | \$34,409         |
| Total equity investments at the end of the prior fiscal year | (184)            | (687)            | (771)            | (958)            | (1,014)          |
| Total current liability at the end of the prior fiscal year  | (4,459)          | (6,344)          | (7,379)          | (7,372)          | (8,468)          |
| Non-GAAP beginning invested capital                          | <u>\$ 17,710</u> | <u>\$ 18,794</u> | <u>\$ 18,576</u> | <u>\$ 22,399</u> | <u>\$ 24,927</u> |

### FOOTNOTES:

1. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
2. Temporary incremental employee compensation during the COVID-19 pandemic.
3. Non-GAAP ROIC is calculated as the Company's net operating profit (which we report as non-GAAP operating income) after tax divided by the Company's beginning invested capital. Beginning invested capital is calculated as the Company's total assets minus total current liabilities and total equity investments at the end of the prior fiscal year.
4. The severance and related charges primarily related to a one-time voluntary retirement program offered to certain eligible employees.
5. The restructuring charges related to a workforce reduction plan announced in the fourth quarter of fiscal 2025.
6. The tax rate applied is the non-GAAP effective tax rate and was 12.6%, 12.0%, 12.1%, 11.8%, and 11.5% for fiscal years 2025, 2024, 2023, 2022, and 2021, respectively. See additional slides for the reconciliation of GAAP effective tax rate to non-GAAP effective tax rate.

# UNAUDITED FULL YEAR RECONCILIATION OF GAAP TO NON-GAAP RESULTS

IN MILLIONS, EXCEPT PERCENTAGES

## Non-GAAP Gross Profit

|                                                               | FY2016          | FY2017          | FY2018          | FY2019          | FY2020          |
|---------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| GAAP reported gross profit                                    | \$4,511         | \$6,612         | \$7,517         | \$6,386         | \$7,692         |
| Certain items associated with acquisitions <sup>1</sup>       | 167             | 172             | 179             | 37              | 37              |
| Certain incremental expenses related to COVID-19 <sup>2</sup> | —               | —               | —               | —               | 23              |
| Inventory reversals related to restructuring <sup>3</sup>     | (2)             | —               | —               | —               | —               |
| Non-GAAP gross profit                                         | <u>\$ 4,676</u> | <u>\$ 6,784</u> | <u>\$ 7,696</u> | <u>\$ 6,423</u> | <u>\$ 7,752</u> |
| Non-GAAP gross margin                                         | 43.2 %          | 46.2 %          | 46.1 %          | 44.0 %          | 45.1 %          |

## Non-GAAP Operating Income and Non-GAAP Return on Invested Capital (ROIC)<sup>4</sup>

|                                                               |                 |                 |                 |                 |                 |
|---------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| GAAP reported operating income                                | \$ 2,152        | \$ 3,936        | \$ 4,491        | \$ 3,350        | \$ 4,365        |
| Certain items associated with acquisitions <sup>1</sup>       | 188             | 191             | 197             | 55              | 54              |
| Acquisition integration and deal costs                        | 2               | 3               | 5               | 22              | 80              |
| Impairment of goodwill and other long-lived assets            | —               | —               | —               | —               | —               |
| Certain incremental expenses related to COVID-19 <sup>2</sup> | —               | —               | —               | —               | 30              |
| Inventory reversals related to restructuring <sup>3</sup>     | (3)             | —               | —               | —               | —               |
| Other gains, losses or charges, net <sup>5</sup>              | 8               | (12)            | —               | —               | —               |
| Non-GAAP operating income                                     | <u>\$ 2,347</u> | <u>\$ 4,118</u> | <u>\$ 4,693</u> | <u>\$ 3,427</u> | <u>\$ 4,529</u> |
| Non-GAAP operating margin                                     | 21.7 %          | 28.0 %          | 28.1 %          | 23.5 %          | 26.3 %          |
| Income taxes on Non-GAAP operating income <sup>6</sup>        | (282)           | (404)           | (286)           | (449)           | (530)           |
| Non-GAAP operating income after tax                           | <u>\$ 2,065</u> | <u>\$ 3,714</u> | <u>\$ 4,407</u> | <u>\$ 2,978</u> | <u>\$ 3,999</u> |
| Non-GAAP beginning invested capital                           | 11,387          | 10,801          | 15,432          | 13,584          | 14,420          |
| Non-GAAP ROIC                                                 | 18.1 %          | 34.4 %          | 28.6 %          | 21.9 %          | 27.7 %          |

## Non-GAAP Beginning Invested Capital

|                                                              |                  |                  |                  |                  |                  |
|--------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Total assets at the end of the prior fiscal year             | \$ 15,308        | \$ 14,570        | \$ 19,190        | \$ 17,633        | \$ 19,024        |
| Total equity investments at the end of the prior fiscal year | (123)            | (137)            | (173)            | (127)            | (157)            |
| Total current liability at the end of the prior fiscal year  | (3,798)          | (3,632)          | (3,585)          | (3,922)          | (4,447)          |
| Non-GAAP beginning invested capital                          | <u>\$ 11,387</u> | <u>\$ 10,801</u> | <u>\$ 15,432</u> | <u>\$ 13,584</u> | <u>\$ 14,420</u> |

## FOOTNOTES:

1. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
2. Temporary incremental employee compensation during the COVID-19 pandemic.
3. Results for fiscal 2016 primarily included benefit from sales of solar equipment tools for which inventory had been previously reserved related to the cost reductions in the solar business.
4. Non-GAAP ROIC is calculated as the Company's net operating profit (which we report as non-GAAP operating income) after tax divided by the Company's beginning invested capital. Beginning invested capital is calculated as the Company's total assets minus total current liabilities and total equity investments at the end of the prior fiscal year.
5. Results for fiscal 2016 included a loss of \$8 million due to discontinuance of cash flow hedges that were probable not to occur by the end of the originally specified time period.
6. The tax rate applied is the non-GAAP effective tax rate and was 11.7%, 13.1%, 6.1%, 9.8%, and 12.0% for fiscal years 2020, 2019, 2018, 2017, and 2016, respectively. See additional slides for the reconciliation of GAAP effective tax rate to non-GAAP effective tax rate.

# UNAUDITED FULL YEAR RECONCILIATION OF GAAP TO NON-GAAP RESULTS

| IN MILLIONS, EXCEPT PER SHARE AMOUNTS                                              | FY2021         | FY2022         | FY2023         | FY2024         | FY2025         |
|------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Non-GAAP Earnings Per Diluted Share</b>                                         |                |                |                |                |                |
| GAAP reported earnings per diluted share                                           | \$ 6.40        | \$ 7.44        | \$ 8.11        | \$ 8.61        | \$ 8.66        |
| Certain items associated with acquisitions <sup>1</sup>                            | 0.04           | 0.04           | 0.05           | 0.05           | 0.05           |
| Acquisition integration and deal costs                                             | 0.04           | 0.03           | 0.02           | 0.01           | 0.01           |
| Certain incremental expenses related to COVID-19                                   | 0.02           | —              | —              | —              | —              |
| Severance and related charges                                                      | 0.13           | —              | —              | —              | —              |
| Deal termination fee                                                               | 0.17           | —              | —              | —              | —              |
| Impairment of goodwill and other long-lived assets                                 | —              | —              | —              | —              | 0.05           |
| Restructuring charges <sup>2</sup>                                                 | —              | —              | —              | —              | 0.19           |
| Realized loss (gain), dividends and impairments on strategic investments, net      | (0.03)         | —              | 0.13           | 0.01           | (0.08)         |
| Unrealized loss (gain) on strategic investments, net                               | (0.05)         | (0.01)         | (0.16)         | (0.03)         | (0.80)         |
| Earn-out                                                                           | —              | —              | (0.01)         | —              | —              |
| Foreign exchange loss (gain) related to purchase of strategic investment           | —              | —              | —              | —              | 0.03           |
| Loss (gain) on asset sale                                                          | —              | —              | —              | —              | (0.04)         |
| Other charges                                                                      | 0.01           | —              | —              | —              | —              |
| Income tax effects related to intra-entity intangible asset transfers <sup>3</sup> | 0.07           | 0.29           | (0.05)         | 0.03           | 0.96           |
| Resolution of prior years' income tax filings and other tax items <sup>4</sup>     | 0.04           | (0.09)         | (0.04)         | (0.03)         | 0.39           |
| Non-GAAP earnings per diluted share                                                | <u>\$ 6.84</u> | <u>\$ 7.70</u> | <u>\$ 8.05</u> | <u>\$ 8.65</u> | <u>\$ 9.42</u> |
| Weighted average number of diluted shares                                          | 919            | 877            | 845            | 834            | 808            |

## FOOTNOTES:

1. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
2. The restructuring charges related to a workforce reduction plan announced in the fourth quarter of fiscal 2025.
3. Amount for the fiscal 2025 included changes to the income tax provision of \$0.14 per diluted share from amortization of intangibles and \$0.82 per diluted share from a remeasurement of deferred tax assets resulting from new tax incentive agreements in Singapore in fiscal 2025.
4. Amount for the fiscal 2025 included a \$0.50 per diluted share impact of the recognition of a valuation allowance against deferred tax assets related to corporate alternative minimum tax credits.

# UNAUDITED FULL YEAR RECONCILIATION OF GAAP TO NON-GAAP RESULTS

IN MILLIONS, EXCEPT PER SHARE AMOUNTS

|                                                                               | FY2016         | FY2017         | FY2018         | FY2019         | FY2020         |
|-------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Non-GAAP Earnings Per Diluted Share</b>                                    |                |                |                |                |                |
| GAAP reported earnings per diluted share                                      | \$ 1.54        | \$ 3.25        | \$ 2.96        | \$ 2.86        | \$ 3.92        |
| Certain items associated with acquisitions <sup>1</sup>                       | 0.16           | 0.16           | 0.18           | 0.05           | 0.05           |
| Acquisition integration and deal costs                                        | —              | —              | —              | 0.02           | 0.07           |
| Certain incremental expenses related to COVID-19 <sup>2</sup>                 | —              | —              | —              | —              | 0.03           |
| Realized loss (gain), dividends and impairments on strategic investments, net | —              | —              | (0.02)         | —              | —              |
| Unrealized loss (gain) on strategic investments, net                          | —              | —              | —              | (0.03)         | (0.01)         |
| Loss on early extinguishment of debt                                          | —              | —              | —              | —              | 0.03           |
| Other gains, losses or charges, net                                           | 0.01           | (0.01)         | —              | —              | —              |
| Income tax effects related to intra-entity intangible asset transfers         | —              | —              | —              | 0.07           | 0.12           |
| Income tax effect of changes in applicable U.S. tax laws <sup>3</sup>         | —              | —              | 1.08           | (0.03)         | —              |
| Resolution of prior years' income tax filings and other tax items             | 0.04           | (0.07)         | (0.02)         | 0.10           | (0.04)         |
| Non-GAAP earnings per diluted share                                           | <u>\$ 1.75</u> | <u>\$ 3.33</u> | <u>\$ 4.18</u> | <u>\$ 3.04</u> | <u>\$ 4.17</u> |
| Weighted average number of diluted shares                                     | 1,116          | 1,084          | 1,026          | 945            | 923            |

## FOOTNOTES:

1. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
2. Temporary incremental employee compensation during the COVID-19 pandemic.
3. Charges to income tax provision related to a one-time transition tax as a result of U.S. tax legislation.

# UNAUDITED FULL YEAR RECONCILIATION OF GAAP TO NON-GAAP OPERATING EXPENSES

IN MILLIONS

## GAAP reported research, development and engineering expenses

|                                                               | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 |
|---------------------------------------------------------------|--------|--------|--------|--------|--------|
| Certain items associated with acquisitions <sup>1</sup>       | —      | —      | (1)    | (2)    | (1)    |
| Acquisition integration and deal costs                        | 2      | —      | —      | —      | —      |
| Certain incremental expenses related to COVID-19 <sup>2</sup> | (8)    | —      | —      | —      | —      |
| Other charges                                                 | (2)    | —      | —      | —      | —      |

## Non-GAAP research, development and engineering expenses

|  |          |          |          |          |          |
|--|----------|----------|----------|----------|----------|
|  | \$ 2,477 | \$ 2,771 | \$ 3,101 | \$ 3,231 | \$ 3,569 |
|--|----------|----------|----------|----------|----------|

## GAAP reported selling, general and administrative expenses

|                                                               |      |      |      |      |      |
|---------------------------------------------------------------|------|------|------|------|------|
| Certain items associated with acquisitions <sup>1</sup>       | (20) | (13) | (13) | (14) | (17) |
| Acquisition integration and deal costs                        | (47) | (38) | (22) | (12) | (6)  |
| Certain incremental expenses related to COVID-19 <sup>2</sup> | (4)  | —    | —    | —    | —    |
| Impairment of goodwill and other long-lived assets            | —    | —    | —    | —    | (41) |
| Other charges                                                 | (2)  | —    | —    | —    | —    |

## Non-GAAP selling, general and administrative expenses

|  |          |          |          |          |          |
|--|----------|----------|----------|----------|----------|
|  | \$ 1,156 | \$ 1,387 | \$ 1,593 | \$ 1,771 | \$ 1,704 |
|--|----------|----------|----------|----------|----------|

## GAAP reported operating expenses

|                                                               |       |      |      |      |       |
|---------------------------------------------------------------|-------|------|------|------|-------|
| Certain items associated with acquisitions <sup>1</sup>       | (20)  | (13) | (14) | (16) | (18)  |
| Acquisition integration and deal costs                        | (45)  | (38) | (22) | (12) | (6)   |
| Certain incremental expenses related to COVID-19 <sup>2</sup> | (12)  | —    | —    | —    | —     |
| Severance and related charges <sup>3</sup>                    | (157) | 4    | —    | —    | —     |
| Deal termination fee                                          | (154) | —    | —    | —    | —     |
| Impairment of goodwill and other long-lived assets            | —     | —    | —    | —    | (41)  |
| Restructuring charges <sup>4</sup>                            | —     | —    | —    | —    | (181) |
| Other charges                                                 | (4)   | —    | —    | —    | —     |

## Non-GAAP operating expenses

|  |          |          |          |          |          |
|--|----------|----------|----------|----------|----------|
|  | \$ 3,633 | \$ 4,158 | \$ 4,694 | \$ 5,002 | \$ 5,273 |
|--|----------|----------|----------|----------|----------|

### FOOTNOTE:

1. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
2. Temporary incremental employee compensation during the COVID-19 pandemic.
3. The severance and related charges primarily related to a one-time voluntary retirement program offered to certain eligible employees.
4. The restructuring charges related to a workforce reduction plan announced in the fourth quarter of fiscal 2025.

# UNAUDITED FULL YEAR RECONCILIATION OF GAAP TO NON-GAAP OPERATING EXPENSES

IN MILLIONS

## GAAP reported research, development and engineering expenses

Acquisition integration and deal costs  
Certain incremental expenses related to COVID-19<sup>1</sup>

## Non-GAAP research, development and engineering expenses

## GAAP reported selling, general and administrative expenses

Certain items associated with acquisitions<sup>2</sup>  
Acquisition integration and deal costs  
Inventory reversals related to restructuring<sup>3</sup>  
Certain incremental expenses related to COVID-19<sup>1</sup>  
Other gains, losses or charges, net<sup>4</sup>

## Non-GAAP selling, general and administrative expenses

## GAAP reported operating expenses

Certain items associated with acquisitions<sup>2</sup>  
Acquisition integration and deal costs  
Inventory reversals related to restructuring<sup>3</sup>  
Certain incremental expenses related to COVID-19<sup>1</sup>  
Other gains, losses or charges, net<sup>4</sup>

## Non-GAAP operating expenses

|                                                                     | FY2016          | FY2017          | FY2018          | FY2019          | FY2020          |
|---------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>GAAP reported research, development and engineering expenses</b> | \$ 1,540        | \$ 1,781        | \$ 2,022        | \$ 2,054        | \$ 2,234        |
| Acquisition integration and deal costs                              | —               | (3)             | (3)             | —               | (3)             |
| Certain incremental expenses related to COVID-19 <sup>1</sup>       | —               | —               | —               | —               | (6)             |
| <b>Non-GAAP research, development and engineering expenses</b>      | <u>\$ 1,540</u> | <u>\$ 1,778</u> | <u>\$ 2,019</u> | <u>\$ 2,054</u> | <u>\$ 2,225</u> |
| <b>GAAP reported selling, general and administrative expenses</b>   | \$ 819          | \$ 895          | \$ 1,004        | \$ 982          | \$ 1,093        |
| Certain items associated with acquisitions <sup>2</sup>             | (21)            | (19)            | (18)            | (18)            | (17)            |
| Acquisition integration and deal costs                              | (2)             | —               | (2)             | (22)            | (77)            |
| Inventory reversals related to restructuring <sup>3</sup>           | 1               | —               | —               | —               | —               |
| Certain incremental expenses related to COVID-19 <sup>1</sup>       | —               | —               | —               | —               | (1)             |
| Other gains, losses or charges, net <sup>4</sup>                    | (8)             | 12              | —               | —               | —               |
| <b>Non-GAAP selling, general and administrative expenses</b>        | <u>\$ 789</u>   | <u>\$ 888</u>   | <u>\$ 984</u>   | <u>\$ 942</u>   | <u>\$ 998</u>   |
| <b>GAAP reported operating expenses</b>                             | \$ 2,359        | \$ 2,676        | \$ 3,026        | \$ 3,036        | \$ 3,327        |
| Certain items associated with acquisitions <sup>2</sup>             | (21)            | (19)            | (18)            | (18)            | (17)            |
| Acquisition integration and deal costs                              | (2)             | (3)             | (5)             | (22)            | (80)            |
| Inventory reversals related to restructuring <sup>3</sup>           | 1               | —               | —               | —               | —               |
| Certain incremental expenses related to COVID-19 <sup>1</sup>       | —               | —               | —               | —               | (7)             |
| Other gains, losses or charges, net <sup>4</sup>                    | (8)             | 12              | —               | —               | —               |
| <b>Non-GAAP operating expenses</b>                                  | <u>\$ 2,329</u> | <u>\$ 2,666</u> | <u>\$ 3,003</u> | <u>\$ 2,996</u> | <u>\$ 3,223</u> |

### FOOTNOTE:

1. Temporary incremental employee compensation during the COVID-19 pandemic.
2. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
3. Results for fiscal 2016 primarily included benefit from sales of solar equipment tools for which inventory had been previously reserved related to the cost reductions in the solar business.
4. Results for fiscal 2016 included a loss of \$8 million due to discontinuance of cash flow hedges that were probable not to occur by the end of the originally specified time period.

# UNAUDITED FULL YEAR RECONCILIATION OF GAAP TO NON-GAAP EFFECTIVE INCOME TAX RATE

(In millions, except percentages)

|                                                                                    | FY2021          | FY2022          | FY2023          | FY2024          | FY2025          |
|------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| GAAP provision for income taxes (a)                                                | \$ 883          | \$ 1,074        | \$ 860          | \$ 975          | \$ 2,273        |
| Income tax effects related to intra-entity intangible asset transfers <sup>1</sup> | (64)            | (252)           | 40              | (24)            | (777)           |
| Resolutions of prior years' income tax filings and other tax items <sup>2</sup>    | (33)            | 80              | 31              | 25              | (313)           |
| Income tax effect of non-GAAP adjustments <sup>3</sup>                             | 33              | 3               | 6               | 3               | (88)            |
| Non-GAAP provision for income taxes (b)                                            | <u>\$ 819</u>   | <u>\$ 905</u>   | <u>\$ 937</u>   | <u>\$ 979</u>   | <u>\$ 1,095</u> |
| GAAP income before income taxes (c)                                                | \$ 6,771        | \$ 7,599        | \$ 7,716        | \$ 8,152        | \$ 9,271        |
| Certain items associated with acquisitions <sup>4</sup>                            | 47              | 39              | 43              | 42              | 45              |
| Acquisition integration and deal costs                                             | 46              | 34              | 22              | 12              | 6               |
| Certain incremental expenses related to COVID-19 <sup>5</sup>                      | 24              | —               | —               | —               | —               |
| Severance and related charges <sup>6</sup>                                         | 157             | (4)             | —               | —               | —               |
| Restructuring charges <sup>7</sup>                                                 | —               | —               | —               | —               | 181             |
| Deal termination fee                                                               | 154             | —               | —               | —               | —               |
| Impairment of goodwill and other long-lived assets                                 | —               | —               | —               | 3               | 41              |
| Realized loss (gain), dividends and impairments on strategic investments, net      | (43)            | (3)             | 107             | 11              | (66)            |
| Unrealized loss (gain) on strategic investments, net                               | (56)            | (4)             | (134)           | (31)            | (755)           |
| Foreign exchange loss (gain) related to purchase of strategic investment           | —               | —               | —               | —               | 23              |
| Loss (gain) on asset sale                                                          | —               | —               | —               | —               | (44)            |
| Earn-out                                                                           | —               | —               | (15)            | —               | —               |
| Other certain charges                                                              | 6               | —               | —               | —               | —               |
| Non-GAAP income before income taxes (d)                                            | <u>\$ 7,106</u> | <u>\$ 7,661</u> | <u>\$ 7,739</u> | <u>\$ 8,189</u> | <u>\$ 8,702</u> |
| GAAP effective income tax rate (a/c)                                               | <u>13.0 %</u>   | <u>14.1 %</u>   | <u>11.1 %</u>   | <u>12.0 %</u>   | <u>24.5 %</u>   |
| Non-GAAP effective income tax rate (b/d)                                           | <u>11.5 %</u>   | <u>11.8 %</u>   | <u>12.1 %</u>   | <u>12.0 %</u>   | <u>12.6 %</u>   |

## FOOTNOTES:

1. Amount for fiscal 2025 included changes to the income tax provision of \$118 million from amortization of intangibles and a \$659 million remeasurement of deferred tax assets resulting from new tax incentive agreements in Singapore in the first quarter of fiscal 2025.
2. Amount for fiscal 2025 included the impact of the recognition of a \$403 million valuation allowance against deferred tax assets related to corporate alternative minimum tax credits in the third quarter of fiscal 2025.
3. Adjustment to provision for income taxes related to non-GAAP adjustments reflected in income before income taxes.
4. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
5. Temporary incremental employee compensation during the COVID-19 pandemic.
6. The severance and related charges primarily related to a one-time voluntary retirement program offered to certain eligible employees.
7. The restructuring charges related to a workforce reduction plan announced in the fourth quarter of fiscal 2025.

# UNAUDITED FULL YEAR RECONCILIATION OF GAAP TO NON-GAAP EFFECTIVE INCOME TAX RATE

| <i>(In millions, except percentages)</i>                                                                   | <b>FY2016</b>   | <b>FY2017</b>   | <b>FY2018</b>   | <b>FY2019</b>   | <b>FY2020</b>   |
|------------------------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| GAAP provision for income taxes (a)                                                                        | \$ 292          | \$ 297          | \$ 1,358        | \$ 563          | \$ 547          |
| Income tax effects related to intra-entity intangible asset transfers                                      | —               | —               | —               | (62)            | (114)           |
| Resolution of prior years' income tax filings, reinstatement of federal R&D tax credit and other tax items | (45)            | 79              | 26              | (95)            | 41              |
| Income tax effect of changes in applicable U.S. tax laws <sup>1</sup>                                      | —               | —               | (1,112)         | 24              | —               |
| Income tax effect of non-GAAP adjustments <sup>2</sup>                                                     | 19              | 14              | 7               | 5               | 35              |
| Non-GAAP provision for income taxes (b)                                                                    | <u>\$ 266</u>   | <u>\$ 390</u>   | <u>\$ 279</u>   | <u>\$ 435</u>   | <u>\$ 509</u>   |
| GAAP income before income taxes (c)                                                                        | \$ 2,013        | \$ 3,816        | \$ 4,396        | \$ 3,269        | \$ 4,166        |
| Certain items associated with acquisitions <sup>3</sup>                                                    | 188             | 191             | 197             | 55              | 54              |
| Acquisition integration and deal costs                                                                     | 2               | 3               | 5               | 22              | 80              |
| Certain incremental expenses related to COVID-19 <sup>4</sup>                                              | —               | —               | —               | —               | 30              |
| Inventory reversals related to restructuring <sup>5</sup>                                                  | (3)             | —               | —               | —               | —               |
| Realized loss (gain), dividends and impairments on strategic investments, net                              | 3               | (3)             | (25)            | (6)             | (1)             |
| Unrealized loss (gain) on strategic investments, net                                                       | —               | —               | —               | (30)            | (8)             |
| Loss on early extinguishment of debt                                                                       | 5               | 5               | —               | —               | 33              |
| Other gains, losses or charges, net <sup>6</sup>                                                           | 8               | (12)            | —               | —               | —               |
| Non-GAAP income before income taxes (d)                                                                    | <u>\$ 2,216</u> | <u>\$ 4,000</u> | <u>\$ 4,573</u> | <u>\$ 3,310</u> | <u>\$ 4,354</u> |
| GAAP effective income tax rate (a/c)                                                                       | <u>14.5 %</u>   | <u>7.8 %</u>    | <u>30.9 %</u>   | <u>17.2 %</u>   | <u>13.1 %</u>   |
| Non-GAAP effective income tax rate (b/d)                                                                   | <u>12.0 %</u>   | <u>9.8 %</u>    | <u>6.1 %</u>    | <u>13.1 %</u>   | <u>11.7 %</u>   |

## FOOTNOTES:

- Charges to income tax provision related to a one-time transition tax and a decrease in U.S. deferred tax assets as a result of the U.S. tax legislation.
- Adjustment to provision for income taxes related to non-GAAP adjustments reflected in income before income taxes.
- These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
- Temporary incremental employee compensation during the COVID-19 pandemic.
- Results for fiscal 2016 primarily included benefit from sales of solar equipment tools for which inventory had been previously reserved related to the cost reductions in the solar business.
- Results for the fiscal 2016 included a loss of \$8 million due to discontinuance of cash flow hedges that were probable not to occur by the end of the originally specified time period.

# UNAUDITED FULL YEAR RECONCILIATION OF NON-GAAP FREE CASH FLOW

| IN MILLIONS                                 | FY2016                 | FY2017                 | FY2018                 | FY2019                 | FY2020                 |
|---------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Non-GAAP Free Cash Flows<sup>1</sup></b> |                        |                        |                        |                        |                        |
| Cash provided by operating activities       | \$ 2,566               | \$ 3,789               | \$ 3,787               | \$ 3,247               | \$ 3,804               |
| Capital expenditures                        | <u>(253)</u>           | <u>(345)</u>           | <u>(622)</u>           | <u>(441)</u>           | <u>(422)</u>           |
| Non-GAAP free cash flow                     | <u><u>\$ 2,313</u></u> | <u><u>\$ 3,444</u></u> | <u><u>\$ 3,165</u></u> | <u><u>\$ 2,806</u></u> | <u><u>\$ 3,382</u></u> |

| IN MILLIONS                                 | FY2021                 | FY2022                 | FY2023                 | FY2024                 | FY2025                 |
|---------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| <b>Non-GAAP Free Cash Flows<sup>1</sup></b> |                        |                        |                        |                        |                        |
| Cash provided by operating activities       | \$ 5,442               | \$ 5,399               | \$ 8,700               | \$ 8,677               | \$ 7,958               |
| Capital expenditures                        | <u>(668)</u>           | <u>(787)</u>           | <u>(1,106)</u>         | <u>(1,190)</u>         | <u>(2,260)</u>         |
| Non-GAAP free cash flow                     | <u><u>\$ 4,774</u></u> | <u><u>\$ 4,612</u></u> | <u><u>\$ 7,594</u></u> | <u><u>\$ 7,487</u></u> | <u><u>\$ 5,698</u></u> |

## FOOTNOTE:

1. Free cash flow is a non-GAAP measure and is defined as net cash provided by operating activities less capital expenditures.

# UNAUDITED FULL YEAR RECONCILIATION OF NON-GAAP CASH GENERATED AND NON-GAAP REINVESTMENT IN GROWTH

| IN MILLIONS                                                          | FY2021          | FY2022            | FY2023           | FY2024           | FY2025           |
|----------------------------------------------------------------------|-----------------|-------------------|------------------|------------------|------------------|
| <b>Non-GAAP Cash Generated<sup>1</sup></b>                           |                 |                   |                  |                  |                  |
| Cash provided by operating activities                                | \$ 5,442        | \$ 5,399          | \$ 8,700         | \$ 8,677         | \$ 7,958         |
| Non-GAAP research, development and engineering expenses              | 2,477           | 2,771             | 3,101            | 3,231            | 3,569            |
| Change in non-GAAP working capital                                   | 853             | (1,217)           | 3,229            | 977              | 130              |
| Non-GAAP cash generated                                              | <u>\$ 8,772</u> | <u>\$ 6,953</u>   | <u>\$ 15,030</u> | <u>\$ 12,885</u> | <u>\$ 11,657</u> |
| <b>Non-GAAP Working Capital<sup>2</sup></b>                          |                 |                   |                  |                  |                  |
| Current assets                                                       | \$ 16,107       | \$ 15,925         | \$ 19,147        | \$ 21,220        | \$ 20,881        |
| Current liabilities                                                  | (6,344)         | (7,379)           | (7,372)          | (8,468)          | (7,999)          |
| Non-GAAP working capital                                             | 9,763           | 8,546             | 11,775           | 12,752           | 12,882           |
| Prior fiscal year non-GAAP working capital                           | 8,910           | 9,763             | 8,546            | 11,775           | 12,752           |
| Change in non-GAAP working capital                                   | <u>\$ 853</u>   | <u>\$ (1,217)</u> | <u>\$ 3,229</u>  | <u>\$ 977</u>    | <u>\$ 130</u>    |
| <b>Non-GAAP Reinvestment in Growth<sup>3</sup></b>                   |                 |                   |                  |                  |                  |
| Non-GAAP research, development and engineering expenses              | \$ 2,477        | \$ 2,771          | \$ 3,101         | \$ 3,231         | \$ 3,569         |
| Capital expenditures                                                 | 668             | 787               | 1,106            | 1,190            | 2,260            |
| Change in non-GAAP working capital                                   | 853             | (1,217)           | 3,229            | 977              | 130              |
| Change in cost basis of equity investments                           | 451             | 69                | 83               | 63               | 832              |
| Cash paid for acquisitions, net of cash acquired                     | 12              | 441               | 25               | —                | 29               |
| Non-GAAP reinvestment in growth                                      | <u>\$ 4,461</u> | <u>\$ 2,851</u>   | <u>\$ 7,544</u>  | <u>\$ 5,461</u>  | <u>\$ 6,820</u>  |
| <b>Change in Cost Basis of Equity Investments</b>                    |                 |                   |                  |                  |                  |
| Cost basis of equity investments at the end of the fiscal year       | \$ 583          | \$ 652            | \$ 735           | \$ 798           | \$ 1,630         |
| Cost basis of equity investments at the end of the prior fiscal year | 132             | 583               | 652              | 735              | 798              |
| Change in cost basis of equity investments                           | <u>\$ 451</u>   | <u>\$ 69</u>      | <u>\$ 83</u>     | <u>\$ 63</u>     | <u>\$ 832</u>    |

## FOOTNOTES:

1. Cash generated is a non-GAAP measure and is defined as net cash provided by operating activities before non-GAAP research, development and engineering expenses and the change in working capital.
2. Working Capital is a non-GAAP measure and is defined as current assets less current liabilities.
3. Reinvestment in growth is a non-GAAP measure that includes non-GAAP research, development and engineering expenses, capital expenditures, the change in working capital, the change in the cost basis of strategic equity investments and cash paid for acquisitions, net of cash acquired.

# UNAUDITED FULL YEAR RECONCILIATION OF NON-GAAP CASH GENERATED AND NON-GAAP REINVESTMENT IN GROWTH

| IN MILLIONS                                                          |    | FY2016                 | FY2017                 | FY2018  | FY2019                   | FY2020  |                        |         |                        |         |
|----------------------------------------------------------------------|----|------------------------|------------------------|---------|--------------------------|---------|------------------------|---------|------------------------|---------|
| <b>Non-GAAP Cash generated<sup>1</sup></b>                           |    |                        |                        |         |                          |         |                        |         |                        |         |
| Cash provided by operating activities                                |    | \$                     | 3,789                  | \$      | 3,787                    | \$      | 3,247                  | \$      | 3,804                  |         |
| Non-GAAP research, development and engineering expenses              |    |                        | 1,778                  |         | 2,019                    |         | 2,054                  |         | 2,225                  |         |
| Change in non-GAAP working capital                                   |    |                        | 4,383                  |         | (2,422)                  |         | (923)                  |         | 3,151                  |         |
| Non-GAAP cash generated                                              |    |                        | <u>\$</u> <u>9,950</u> |         | <u>\$</u> <u>3,384</u>   |         | <u>\$</u> <u>4,378</u> |         | <u>\$</u> <u>9,180</u> |         |
| <b>Non-GAAP Working Capital<sup>2</sup></b>                          |    |                        |                        |         |                          |         |                        |         |                        |         |
| Current assets                                                       | \$ | 8,353                  | \$                     | 12,689  | \$                       | 10,604  | \$                     | 10,206  | \$                     | 13,369  |
| Current liabilities                                                  |    | (3,632)                |                        | (3,585) |                          | (3,922) |                        | (4,447) |                        | (4,459) |
| Non-GAAP working capital                                             |    | <u>\$</u> <u>4,721</u> |                        | 9,104   |                          | 6,682   |                        | 5,759   |                        | 8,910   |
| Prior fiscal year non-GAAP working capital                           |    |                        |                        | 4,721   |                          | 9,104   |                        | 6,682   |                        | 5,759   |
| Change in non-GAAP working capital                                   |    |                        | <u>\$</u> <u>4,383</u> |         | <u>\$</u> <u>(2,422)</u> |         | <u>\$</u> <u>(923)</u> |         | <u>\$</u> <u>3,151</u> |         |
| <b>Non-GAAP Reinvestment in Growth<sup>3</sup></b>                   |    |                        |                        |         |                          |         |                        |         |                        |         |
| Non-GAAP research, development and engineering expenses              |    | \$                     | 1,778                  | \$      | 2,019                    | \$      | 2,054                  | \$      | 2,225                  |         |
| Capital expenditures                                                 |    |                        | 345                    |         | 622                      |         | 441                    |         | 422                    |         |
| Change in non-GAAP working capital                                   |    |                        | 4,383                  |         | (2,422)                  |         | (923)                  |         | 3,151                  |         |
| Change in cost basis of equity investments                           |    |                        | —                      |         | 10                       |         | 7                      |         | 19                     |         |
| Cash paid for acquisitions, net of cash acquired                     |    |                        | 68                     |         | 6                        |         | 28                     |         | 107                    |         |
| Non-GAAP reinvestment in growth                                      |    |                        | <u>\$</u> <u>6,574</u> |         | <u>\$</u> <u>235</u>     |         | <u>\$</u> <u>1,607</u> |         | <u>\$</u> <u>5,924</u> |         |
| <b>Change in Cost Basis of Equity Investments</b>                    |    |                        |                        |         |                          |         |                        |         |                        |         |
| Cost basis of equity investments at the end of the fiscal year       |    | \$                     | 96                     | \$      | 106                      | \$      | 113                    | \$      | 132                    |         |
| Cost basis of equity investments at the end of the prior fiscal year |    |                        | 96                     |         | 96                       |         | 106                    |         | 113                    |         |
| Change in cost basis of equity investments                           |    |                        | <u>\$</u> <u>—</u>     |         | <u>\$</u> <u>10</u>      |         | <u>\$</u> <u>7</u>     |         | <u>\$</u> <u>19</u>    |         |

## FOOTNOTES:

1. Cash generated is a non-GAAP measure and is defined as net cash provided by operating activities before non-GAAP research, development and engineering expenses and the change in working capital.
2. Working Capital is a non-GAAP measure and is defined as current assets less current liabilities.
3. Reinvestment in growth is a non-GAAP measure that includes non-GAAP research, development and engineering expenses, capital expenditures, the change in working capital, the change in the cost basis of strategic equity investments and cash paid for acquisitions, net of cash acquired.



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