



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...

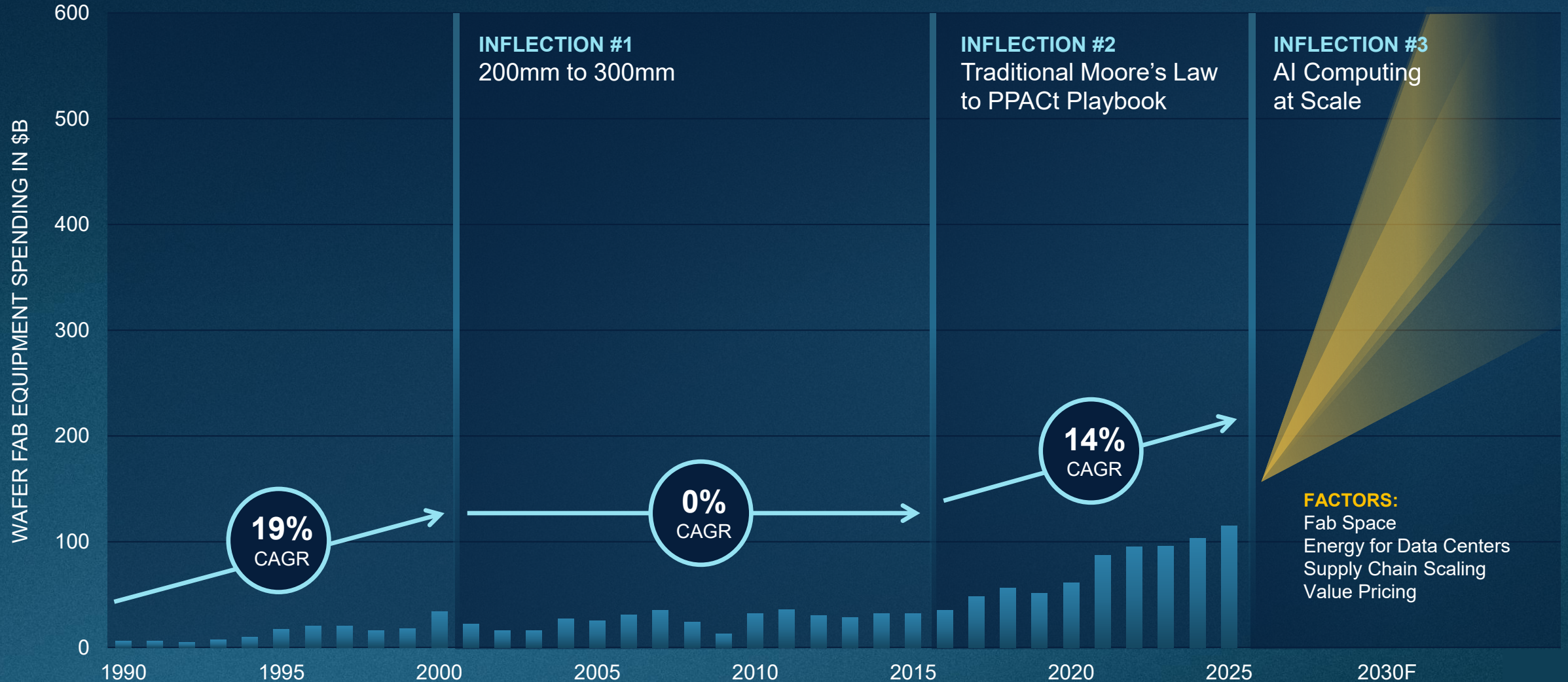
>2ppts Wafer Fab Equipment Share

+20% Service Revenue per Tool

+5ppts Gross Margin

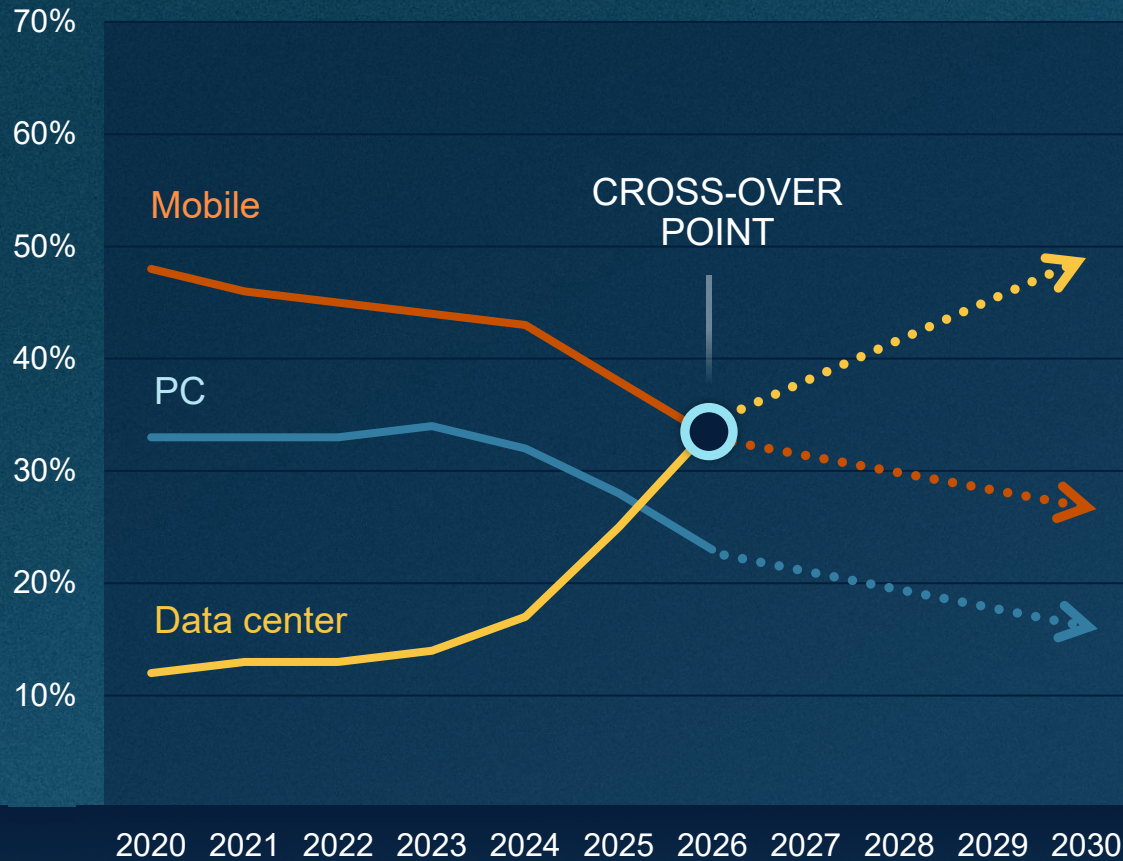
+10ppts Operating Margin

AI COMPUTING DRIVES New Era for Wafer Fab Equipment Spending

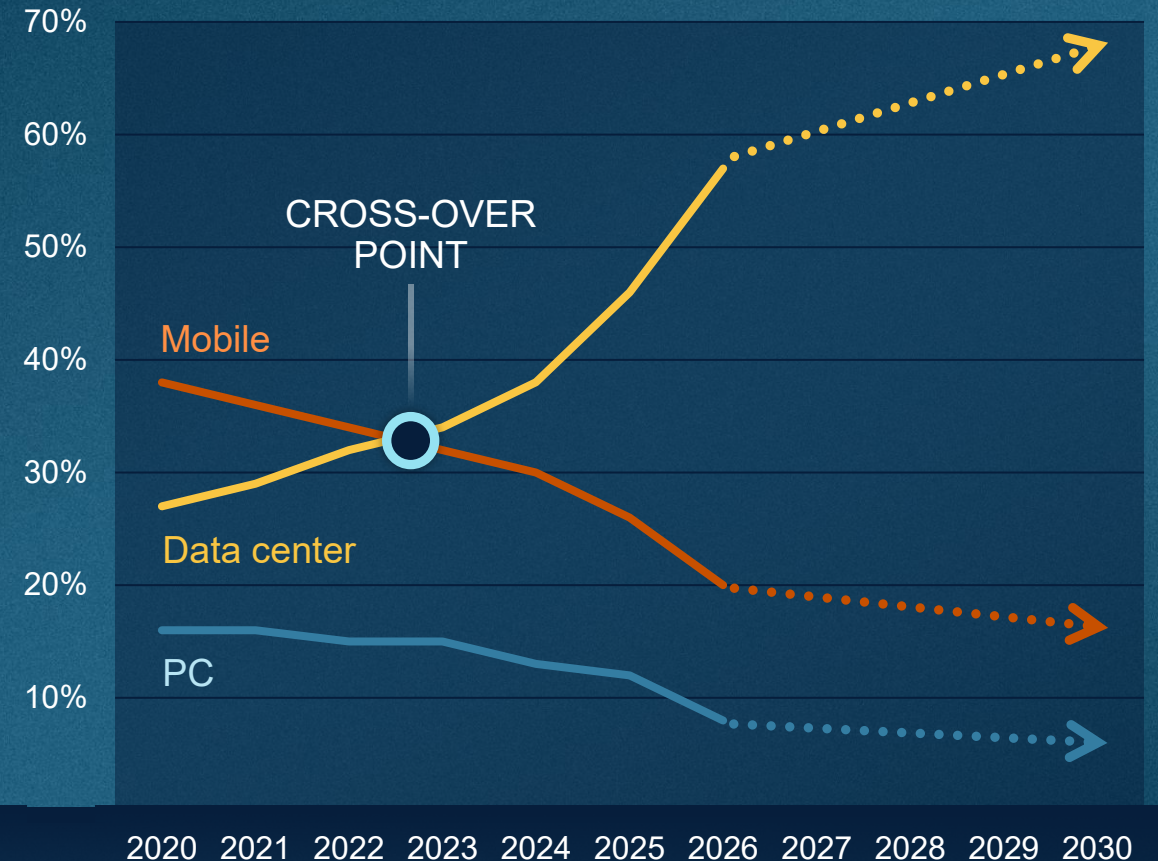


Source: SEMI, TechInsights, Applied Materials

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

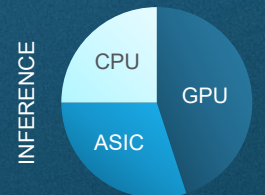
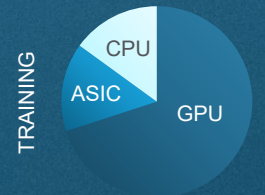
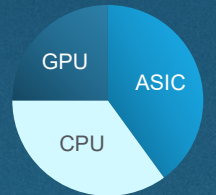
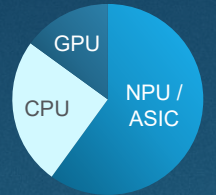
- » Multimodal models
- » World models
- » Reinforcement Learning (RL)
- » Imitation learning

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

- » Transformers (LLMs)
- » Diffusion models

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

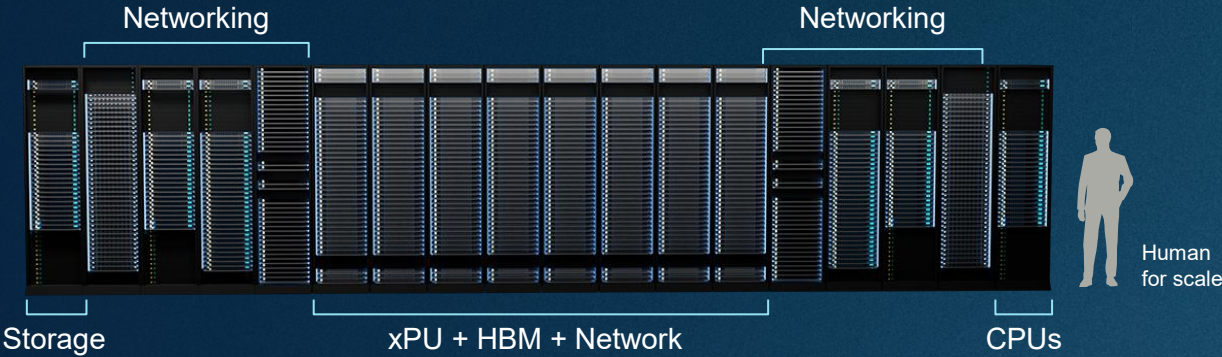
COMPUTE SILICON



Applied is agnostic to compute silicon mix

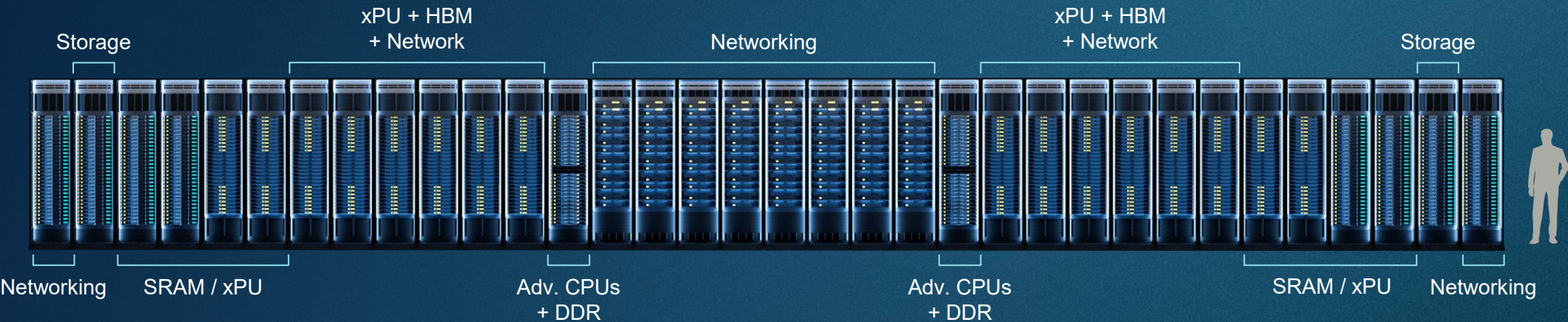
Source: Applied Materials SMI. Compute Silicon is illustrative mix of compute silicon units (not a forecast). Compute silicon categories will continue to evolve and diversify

Generative AI Factory Pod (2025)



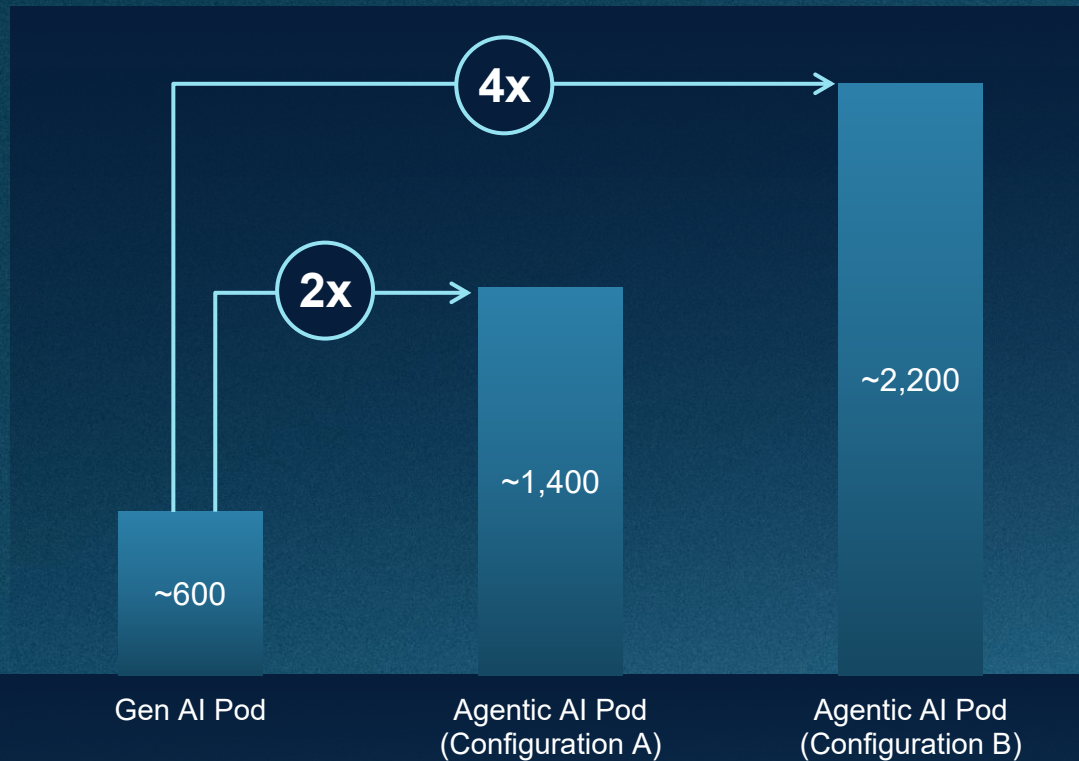
AGENTIC AI FACTORY
POD CONSUMES
2x to 4x
more wafers

Agentic AI Factory Pod (2027)

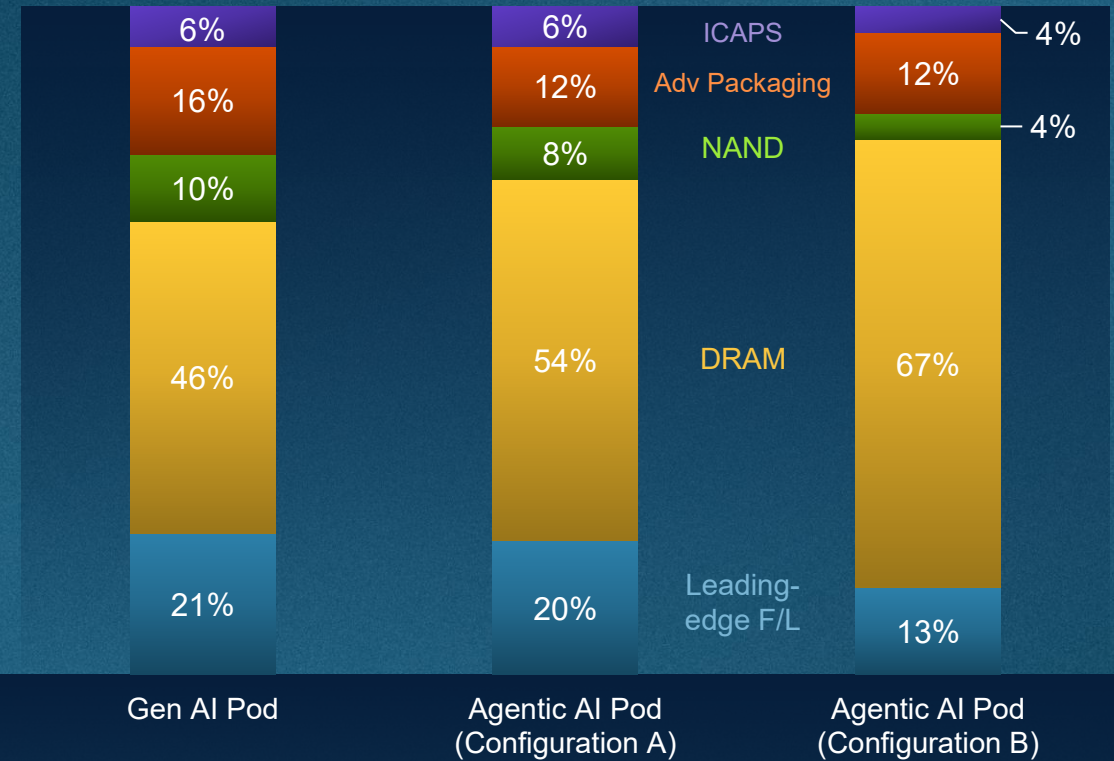


Note: Model based on GenAI = Nvidia GB200 SuperPOD, AgenticAI = Nvidia VR200 SuperPOD; Components highlighted are main functional chips in each rack (not exhaustive)

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

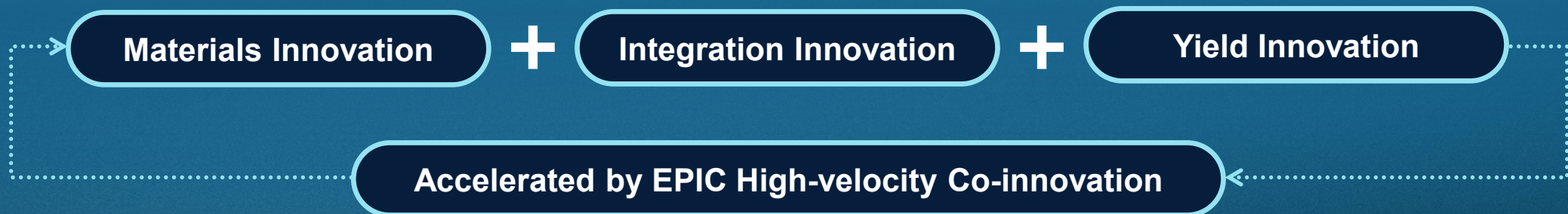
Source: Various companies' IC product release schedules. Foundry-only (doesn't include Logic IDM)

GROWTH OPPORTUNITIES

RACE FOR AI Computing Leadership



APPLIED HAS MOST ENABLING PORTFOLIO FOR AI COMPUTE INNOVATION



Most Critical Technologies for AI-computing Roadmap



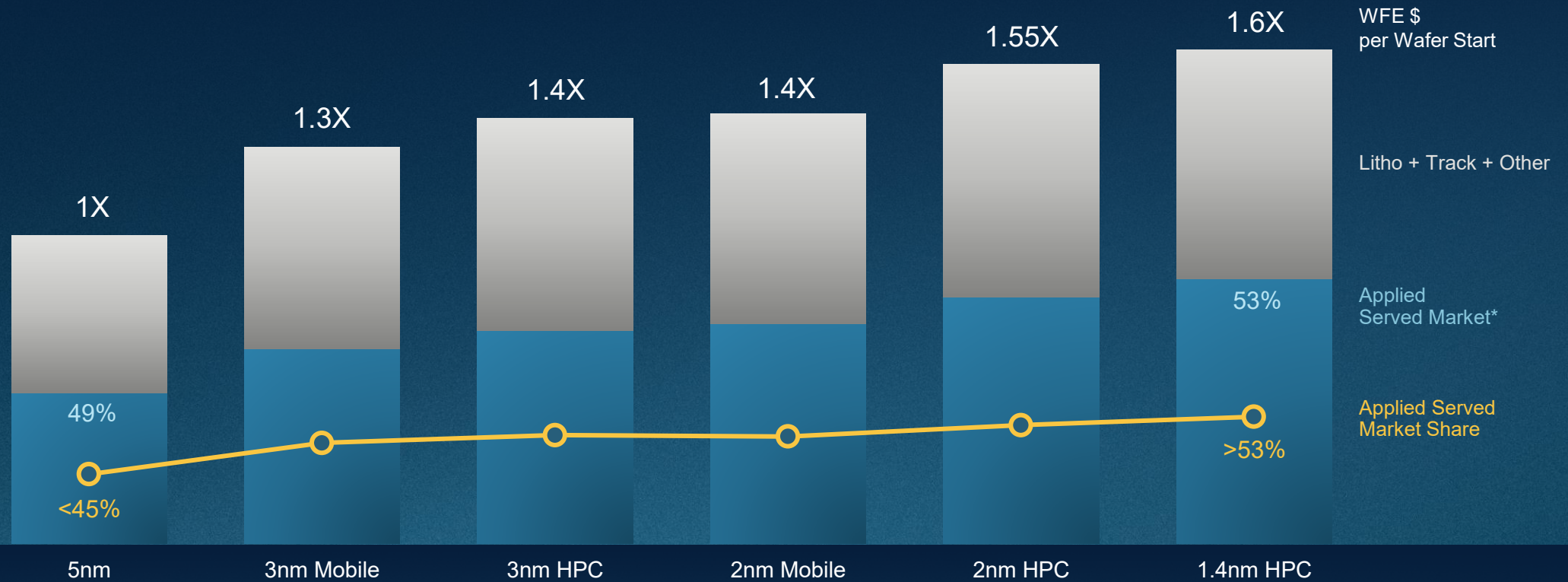
	MARKET AREAS	INFLECTIONS	APPLIED LEADERSHIP
CHIPS	Leading-Edge Logic	GAA BSPD	✓ ✓
	DRAM	4F ² DRAM 3D DRAM	✓ ✓
ADVANCED PACKAGING	HBM 2.5D Packaging 3D Packaging	Thermal Management Hybrid Bonding Advanced Substrates	✓ ✓ (with partner) ✓
BOARD & RACK	Optical Interconnect	Si Photonics μLED	✓ ✓
POWER	Compound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



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



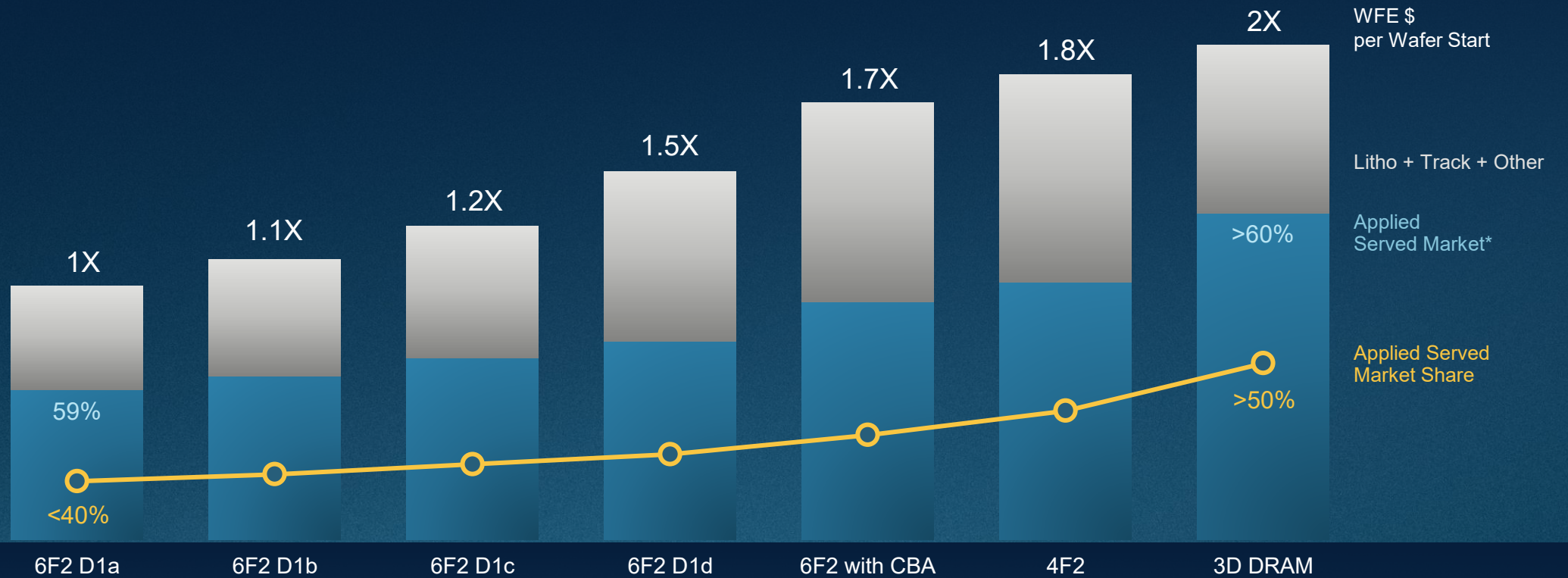
Growing Leadership in Leading-edge Foundry-logic



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		
 Deposition	23%	ALD	✓	~2.5x nearest competitor
		CVD	#1	
		ECD	✓	
		Epitaxy	#1	
		PVD	#1	
 Etch	19%	Conductor Etch	✓	Leader in conductor etch for advanced foundry-logic and DRAM
		Dielectric Etch	✓	
 Materials Modification and Treatments	15%	Cleans	partner	>2x nearest competitor**
		CMP	#1	
		Implant	#1	
		Thermal	#1	
 Metrology and Inspection	15%	eBeam	#1	~2x nearest competitor in eBeam (highest resolution imaging)
		Optical	✓	
 Lithography	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:

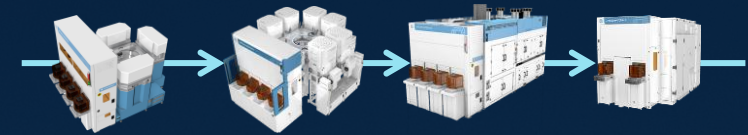
- » World-class device integration + device simulation and modeling teams (formed 2017)
- » Materials labs, process and equipment labs, full-flow FEOL and advanced packaging labs – connected through EPIC platform

YIELD INNOVATION:

- » Highest-resolution eBeam imaging
- » AI-enabled services (AI^x)

UNIQUE SOLUTIONS

Unit Process Solutions



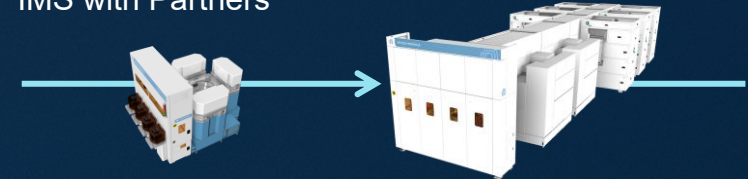
Co-optimized Solutions



Integrated Solutions (IMS)



IMS with Partners



eBeam Enables R&D Acceleration and Yield Innovation

UNIQUE SOLUTIONS

Unit Process Tools



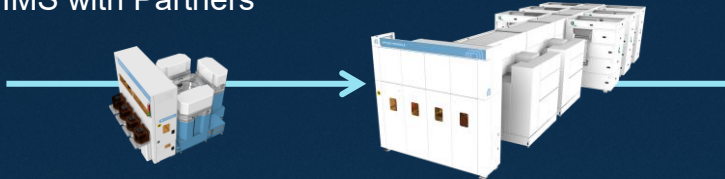
Co-optimized Solutions



Integrated Solutions (IMS)



IMS with Partners



EBEAM LEADERSHIP



eBeam Portfolio
Industry's highest
resolution and
fastest imaging



Actionable data



AI^x
Industry-leading
AI-enabled
services

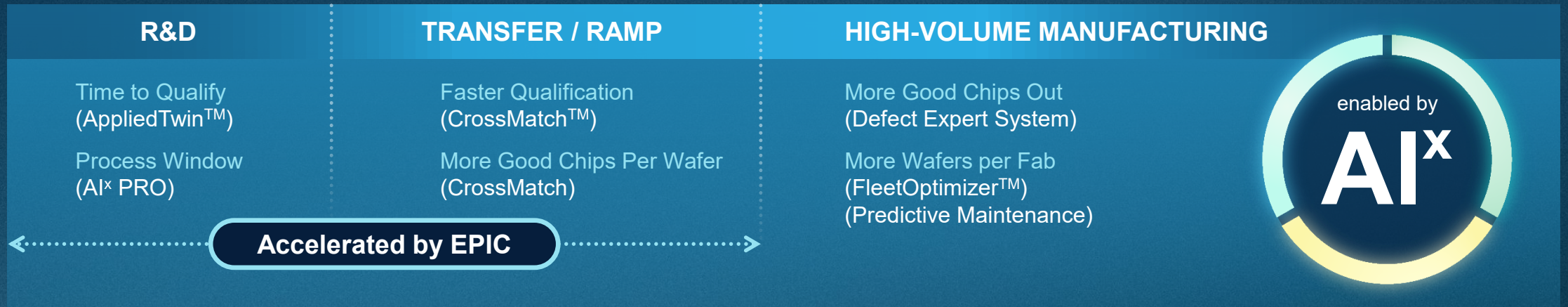
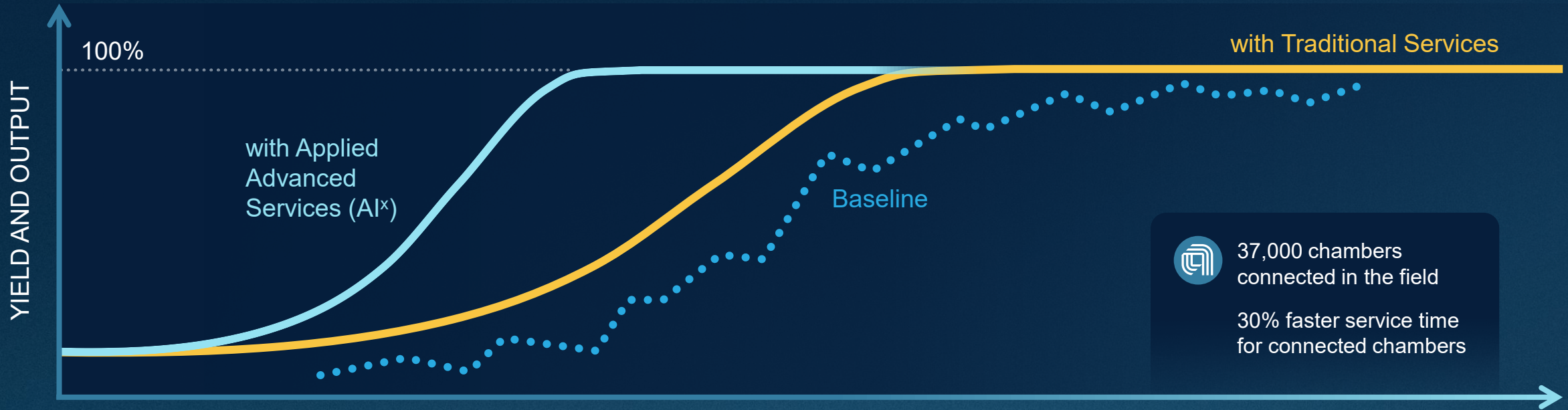


Expect **\$2B**
eBeam equipment
revenue in CY'26

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

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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

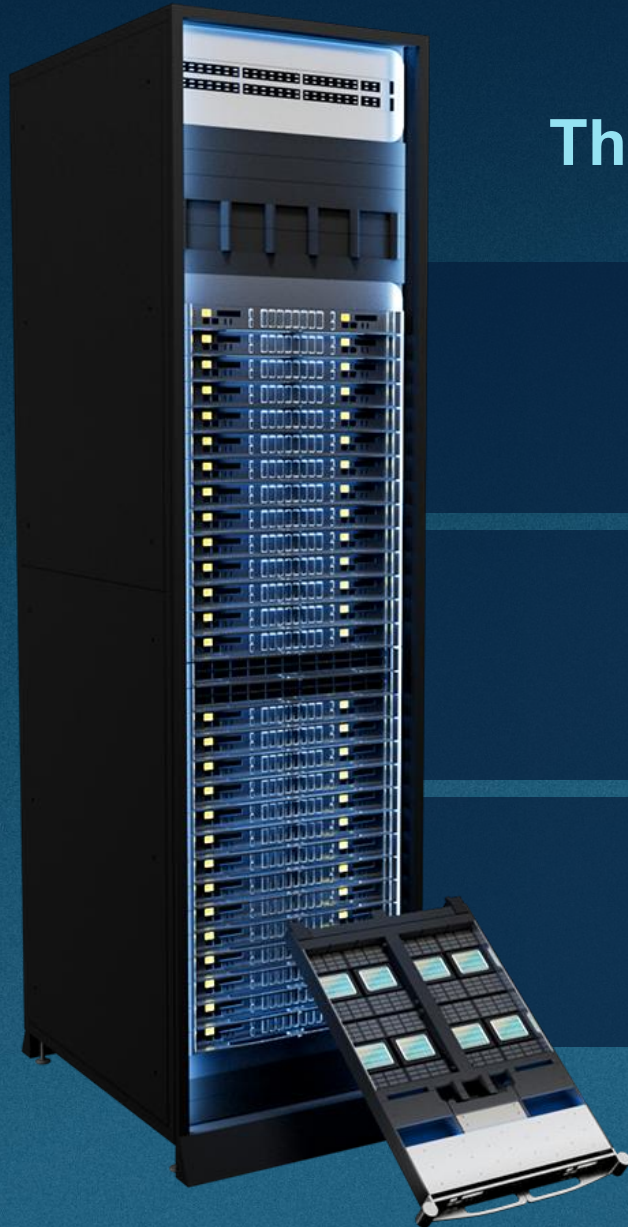
+5ppts Gross Margin

+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

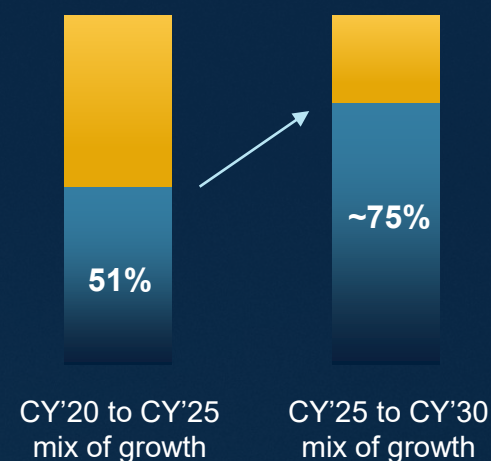
Applied Outgrew in AI-enabling Markets

	CY'20-25 WFE CAGR	CY'20-25 Applied CAGR
Leading Foundry-logic ~26% of CY'25 WFE	10%	12%
Advanced DRAM* ~20% of CY'25 WFE	15%	19%

Both including advanced packaging

CY'25 → CY'30

WFE Growth to be Driven by AI-enabling Markets



~75%

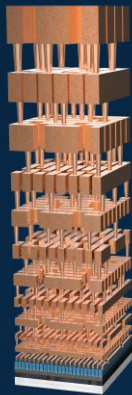
of WFE growth is
expected to be in
**LE F/L, DRAM and
Advanced Packaging**

Source: TechInsights; Applied internal estimates

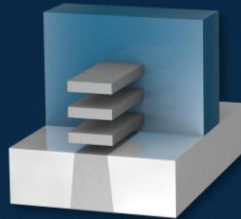
*Advanced DRAM WFE is accessible WFE, excluding WFE restricted by export controls

Emerging Inflections Will Enable Better AI

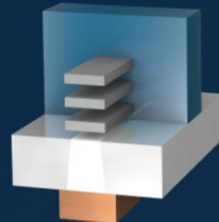
Leading-edge Logic



More wiring layers

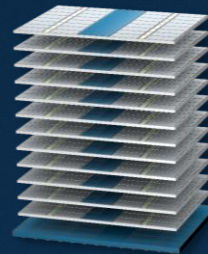


GAA transistor
30% less power
+15% performance



Backside power
+30% density
+10% performance

DRAM



HBM
+1,000%
bandwidth

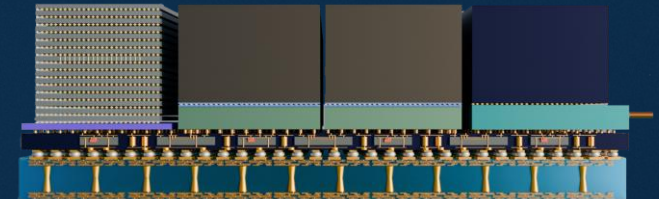


4F²
+15%
EEP



3D DRAM
+15%
EEP

Advanced Packaging



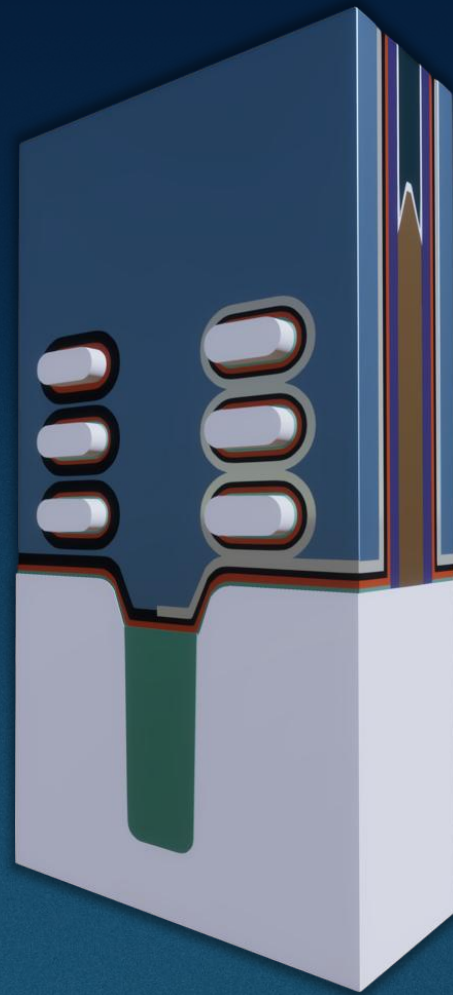
System integration
1,000x more IO / mm²
10x lower energy / bit

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

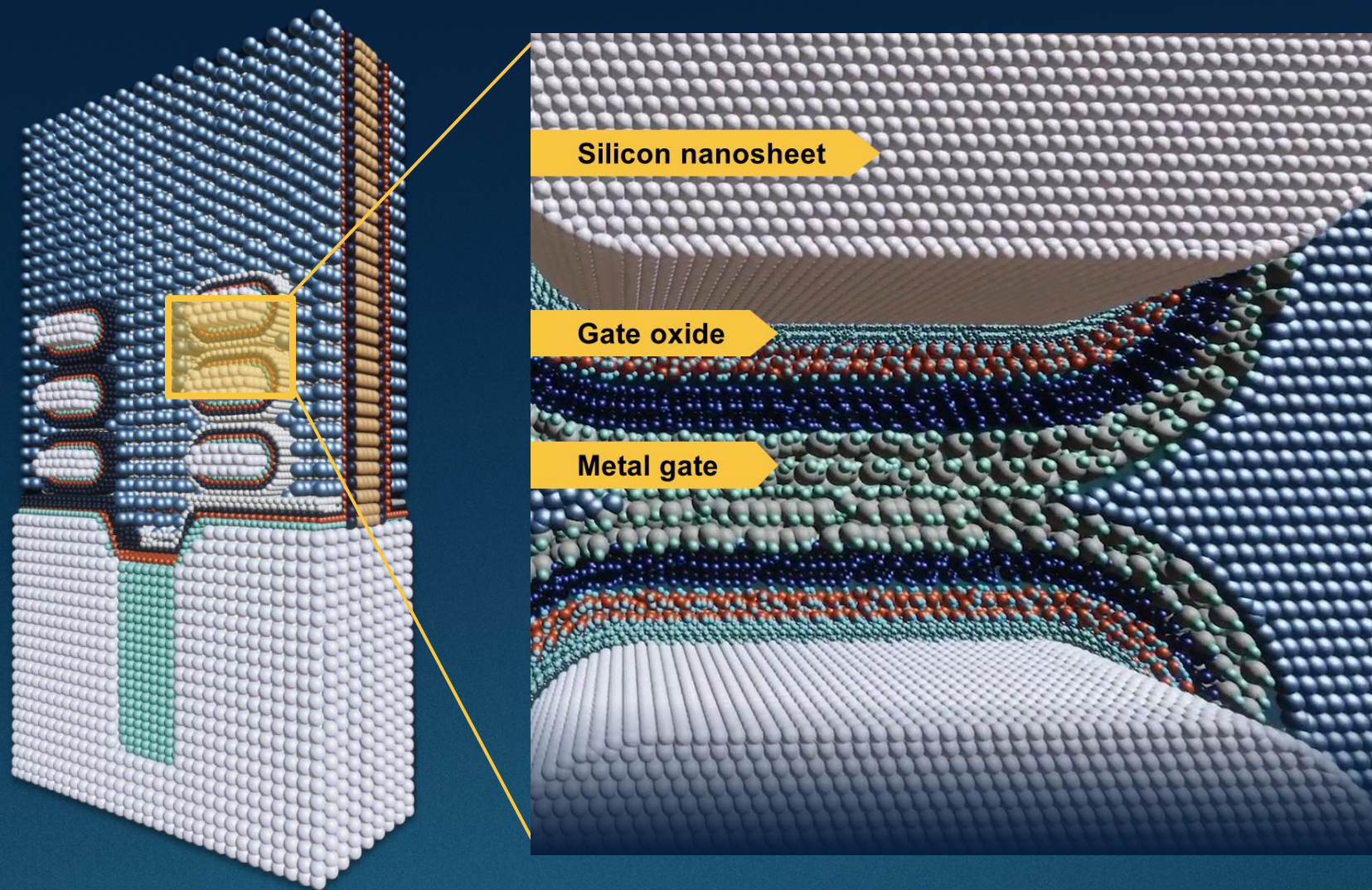


Example: Applied's Unique Materials Capabilities Enable GAA Transistors



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



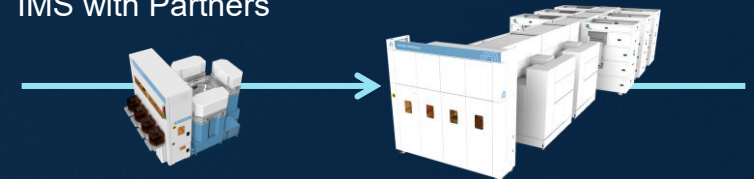
Co-optimized Solutions



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



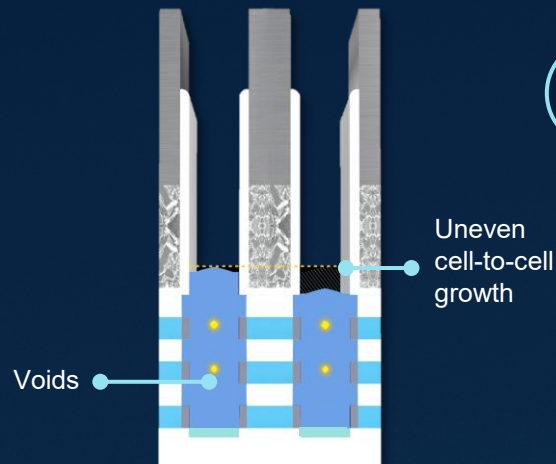
Deposit Epitaxial Silicon fill

Xtera™ Epi

New: 2025

UNIT PROCESS

Voids in epitaxy above isolation

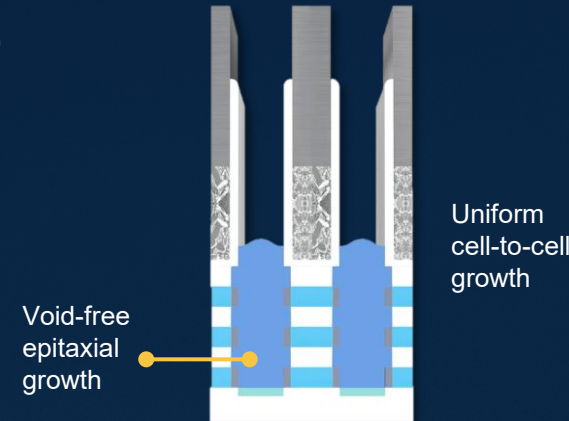


Three separate unit processes

vs

CO-OPTIMIZED

Void-free epitaxy above isolation



One co-optimized flow

Enables industry's transition to

3nm

2nm

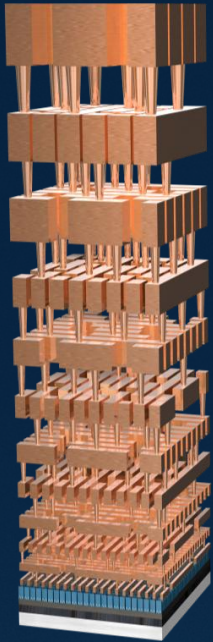
Beyond

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

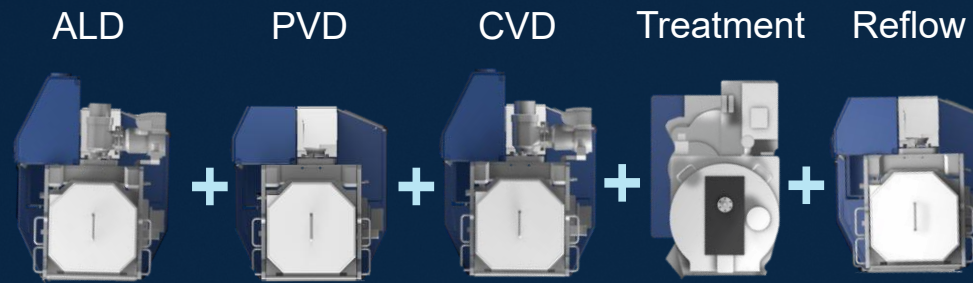
>\$2B
cumulative revenue target
CY'26 – CY'30

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

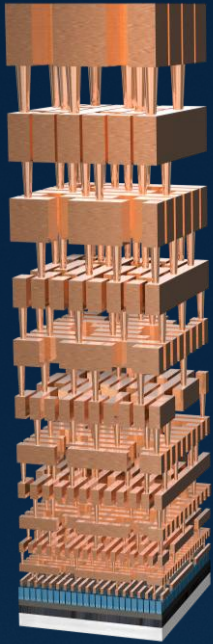
ALD: atomic layer deposition

CVD: chemical vapor deposition

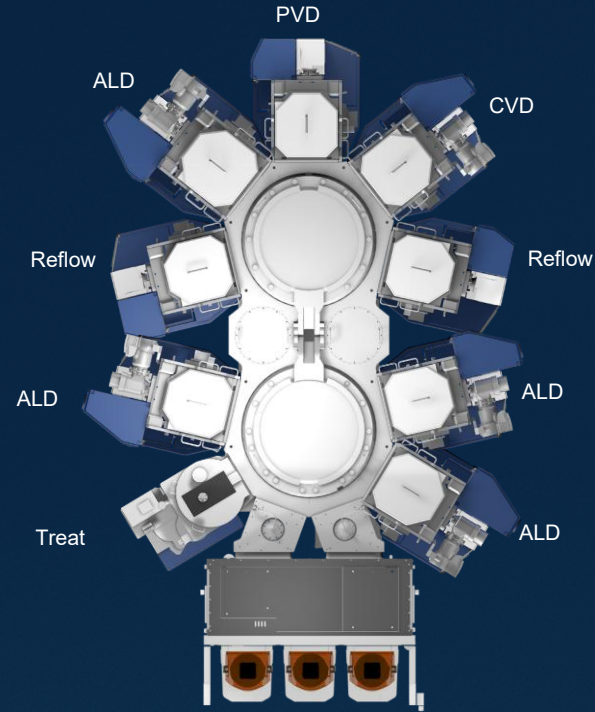
PVD: physical vapor deposition

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

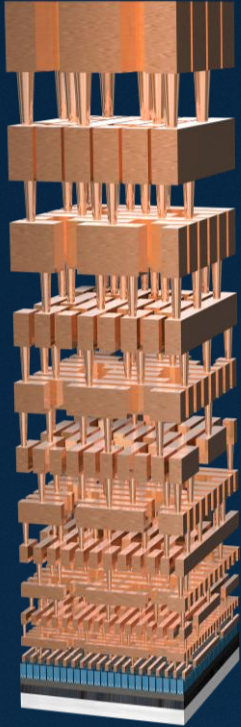
**CY'26 expected revenue for Endura CuBS integrated systems

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

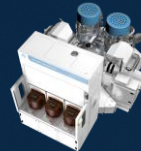
TRANSISTOR Enables faster, lower-power compute

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

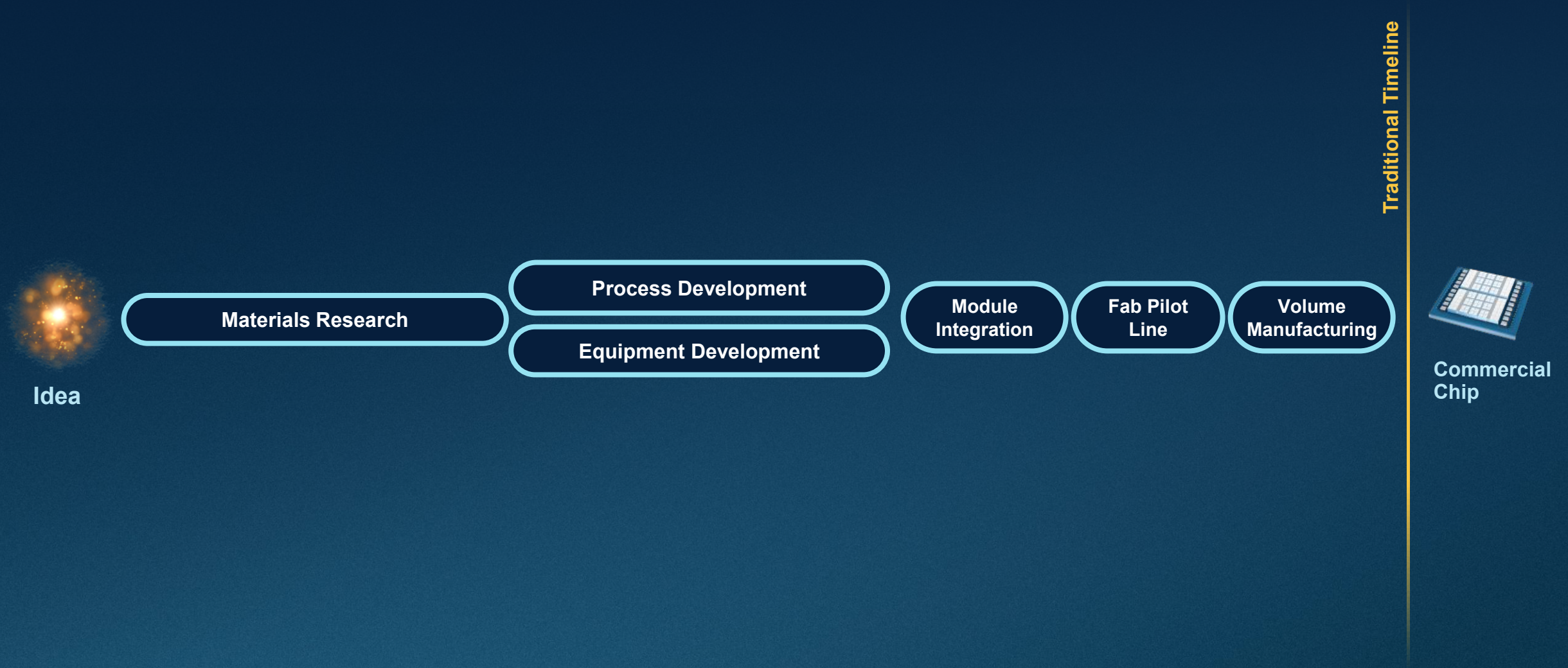
Multi-metal deposition for gate stack tuning

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

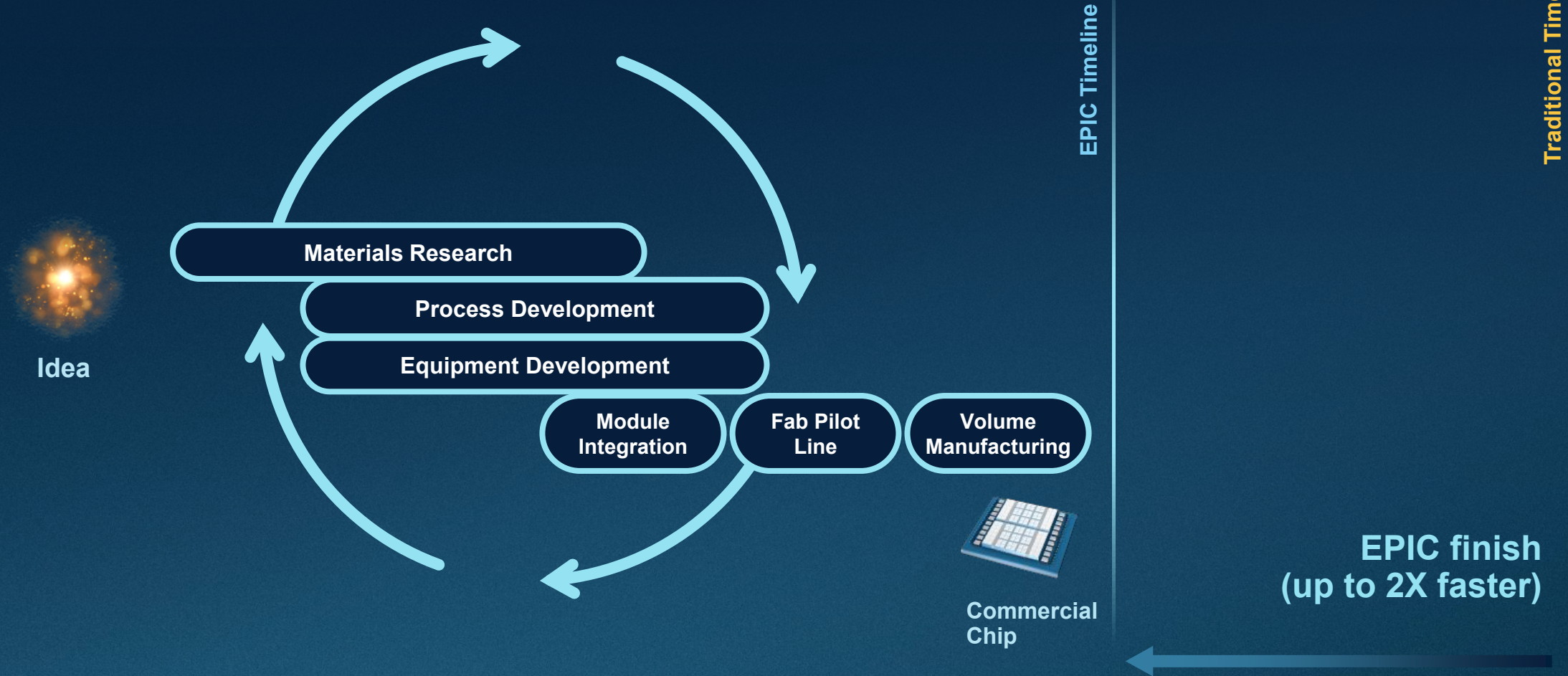
ALD: atomic layer deposition
CMP: chemical mechanical planarization
CuBS: copper barrier seed

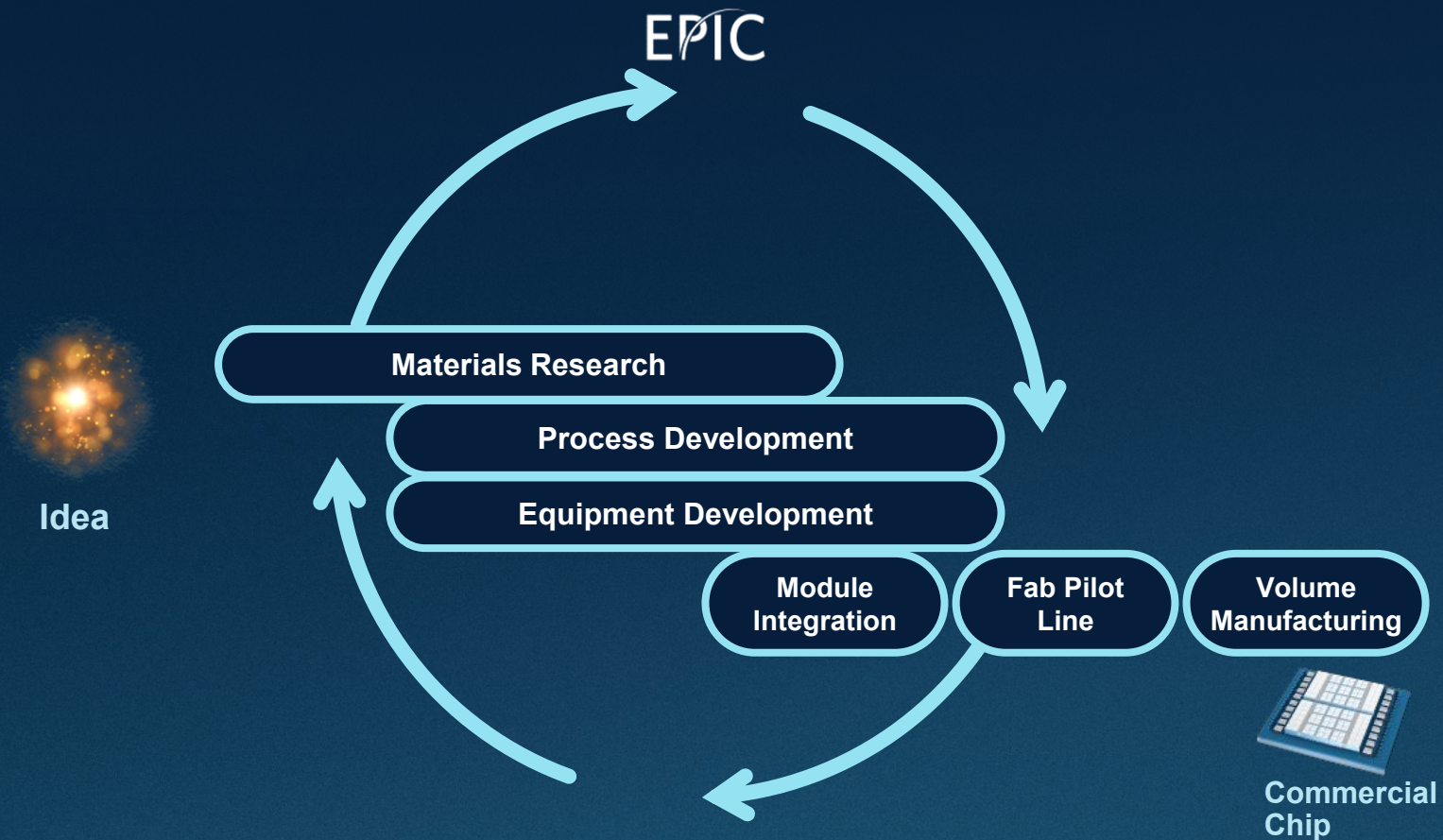
DPN HD: decoupled plasma nitridation, high dose
IMS: Integrated Materials Solution
PECVD: plasma-enhanced chemical vapor deposition

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 dies 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

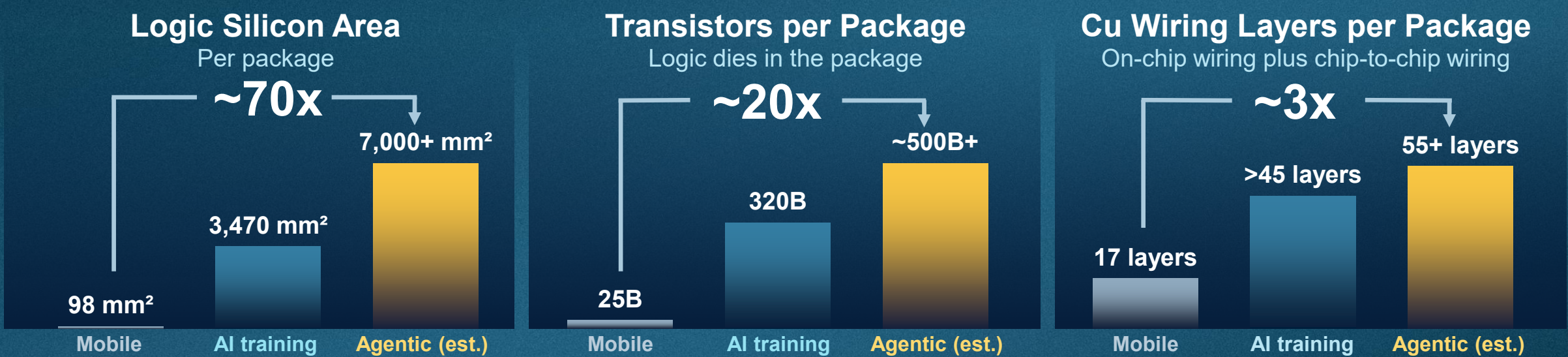
3

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

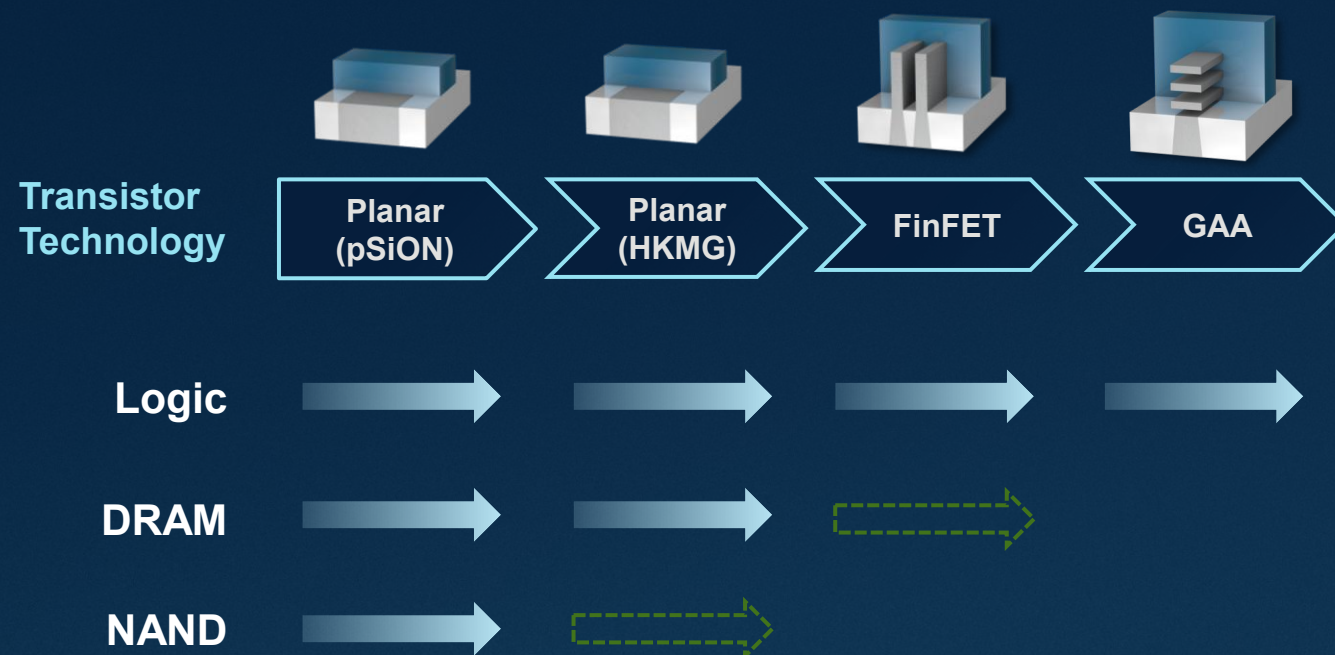
Illustrative; Agentic is a roadmap estimate
Sources: TechInsights, AMD, Broadcom (2026), Applied analysis

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

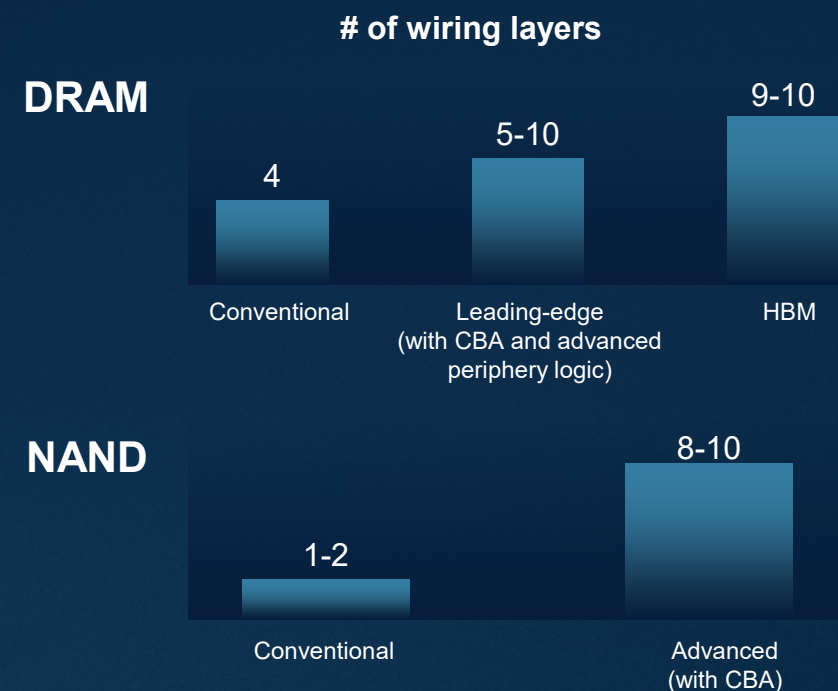
Transistors

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

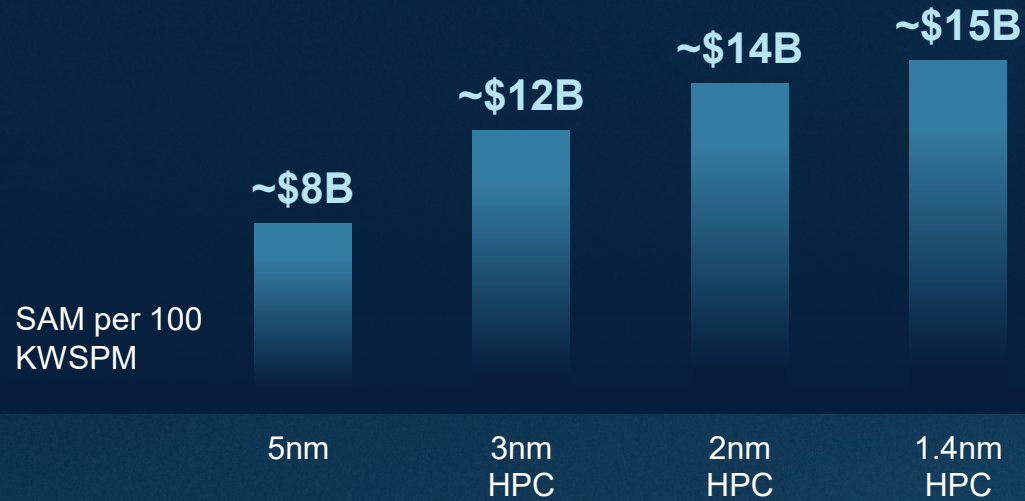
Demand now extending to DRAM and NAND

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

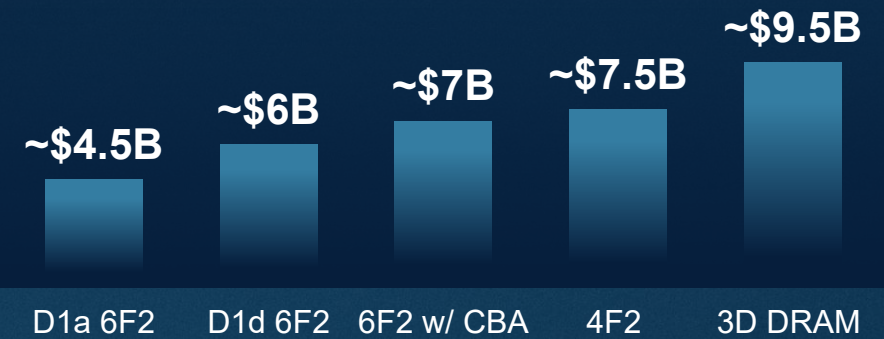
~3pts

SAM share gain

>30%

Revenue growth opportunity*

DRAM



SAM share target

Technology Node	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

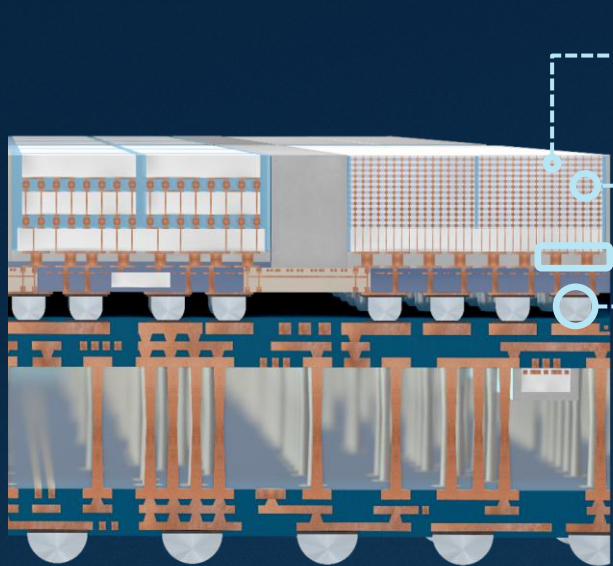
44

Applied's Wiring Leadership Extends to Advanced Packaging

#1 On-chip wiring



#1 Chip-to-chip wiring



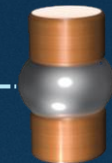
Microbump



Through-silicon via (TSV)



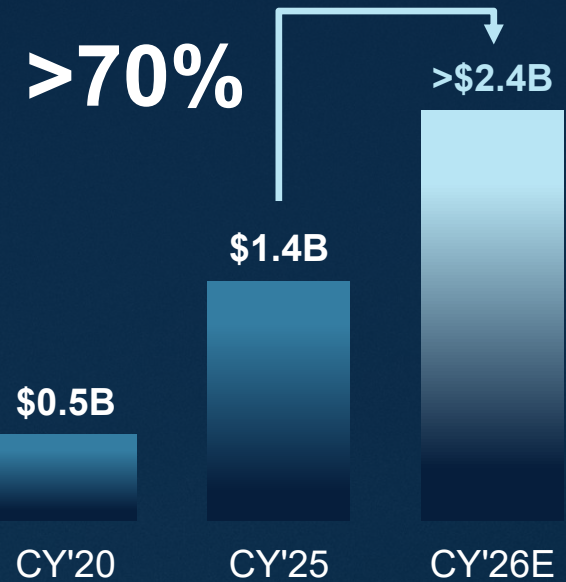
Re-distribution layer (RDL)



Bump

Expect to outperform the advanced packaging market through 2030

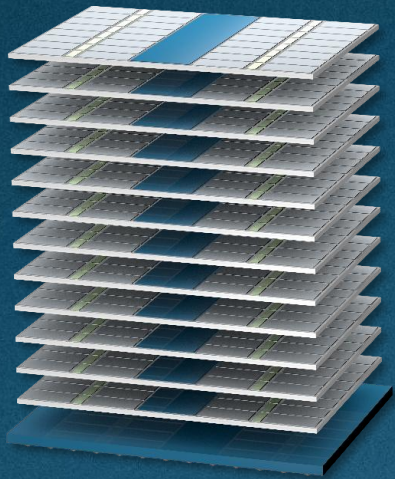
Advanced Packaging Revenue



>\$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

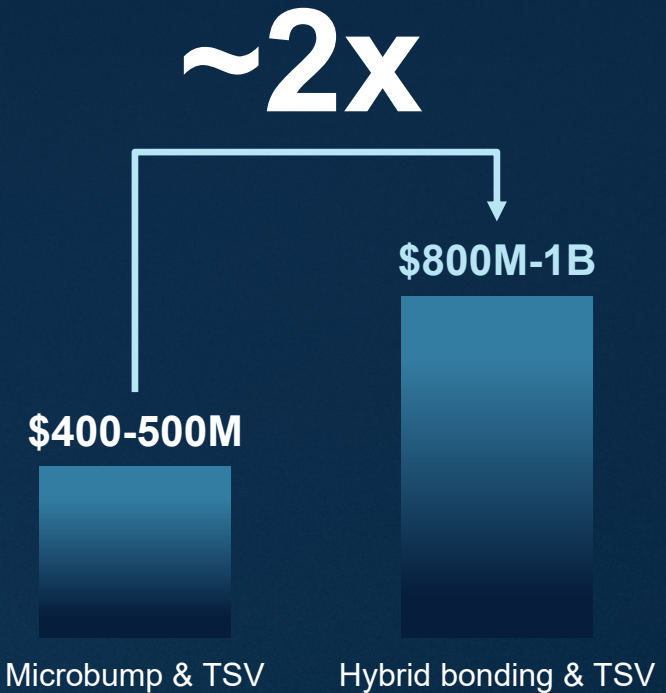
Applied's Portfolio ~80% of the Process Flow

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

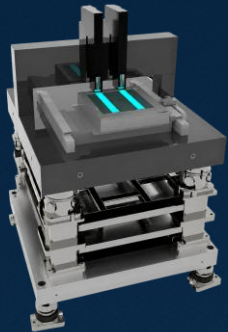
ECD: electrochemical deposition
HBM: high-bandwidth memory
IC: integrated circuit

PVD: physical vapor deposition
RDL: redistribution layer
TSV: through-silicon via

WSPM: wafer starts per month

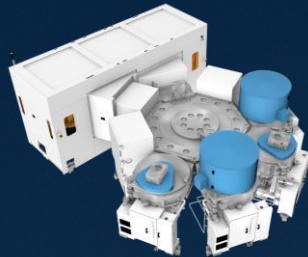
Panel Packaging: Our Broad, Enabling Portfolio is Ready Today

Lithography



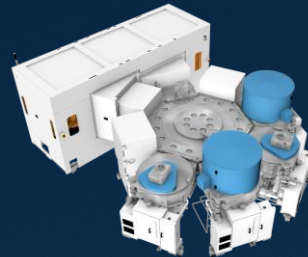
PVD

(Physical Vapor Deposition)



CVD

(Chemical Vapor Deposition)



Etch



ECD

(Electrochemical Deposition)

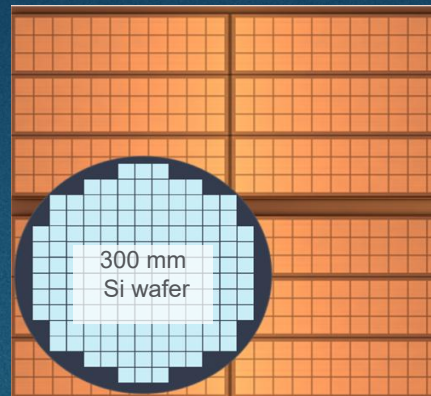


eBeam M&I



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



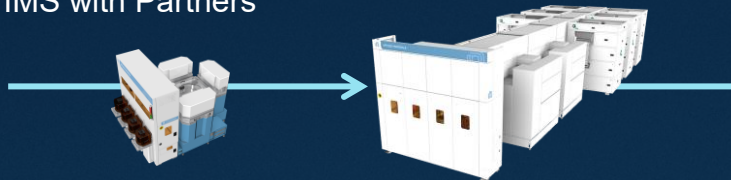
Co-optimized Solutions



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



AI^x 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

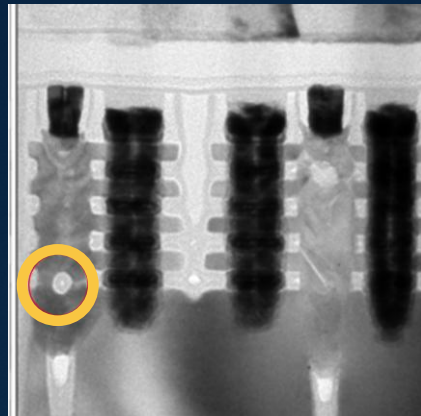
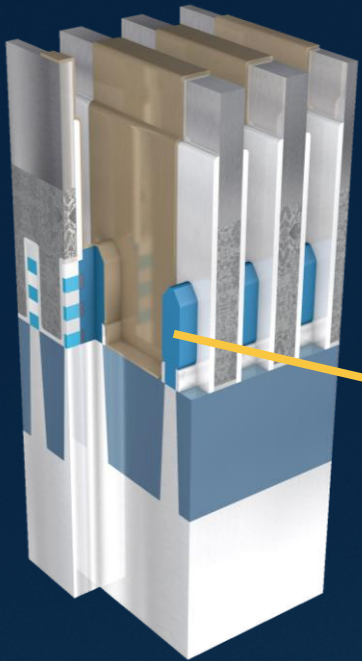
Yield and output innovation accelerates our services business

EPIC

Our most advanced technologies deployed to accelerate co-innovation

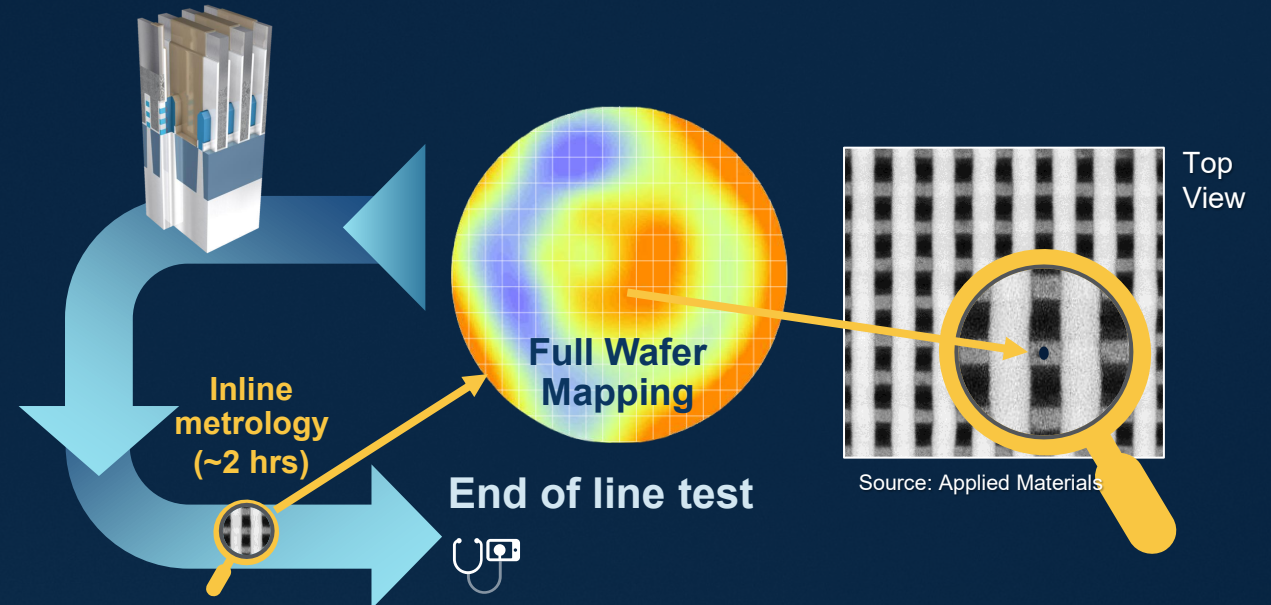
FASTER TRANSISTORS, FASTER: **PROVision™ Epitaxy Process Optimization**

Diagnosing Voids in GAA Epitaxial Deposition



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

Epi Deposition

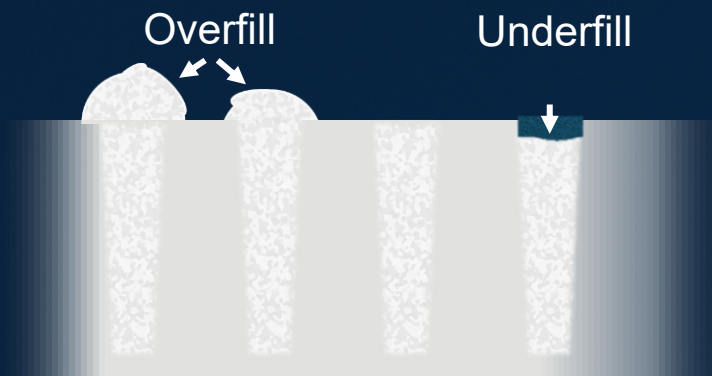


PROVision accelerates imaging and yields

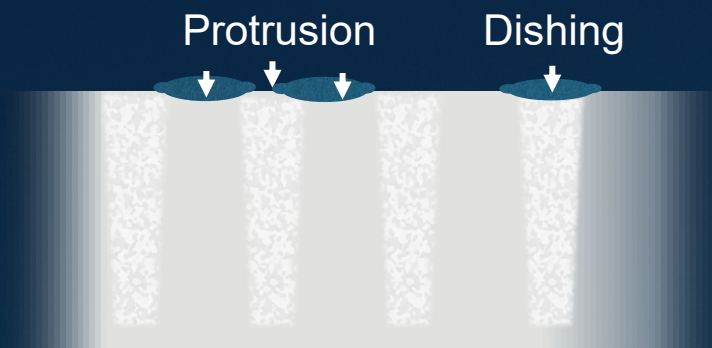
- Reducing R&D cycle times from **days to hours** accelerates epitaxy recipe development
- Captures 1,000x more data for process optimization models
- Used in HVM to reduce variability and **increase good chips out**

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

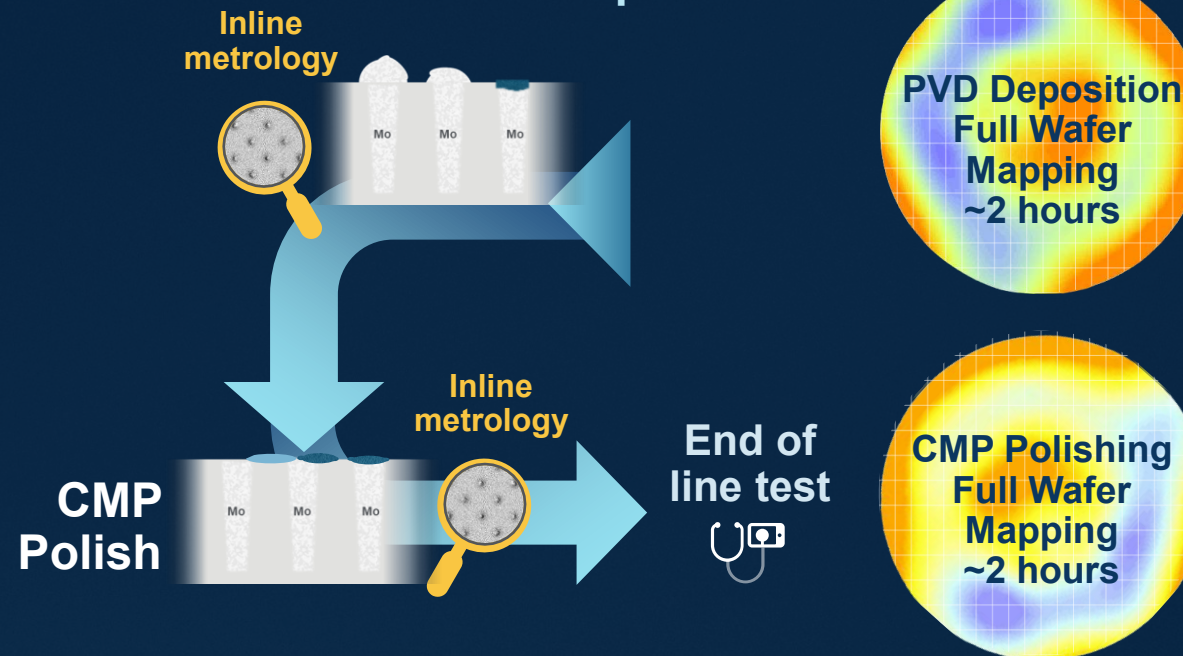
Deposition Challenges



CMP Challenges



PVD Deposition

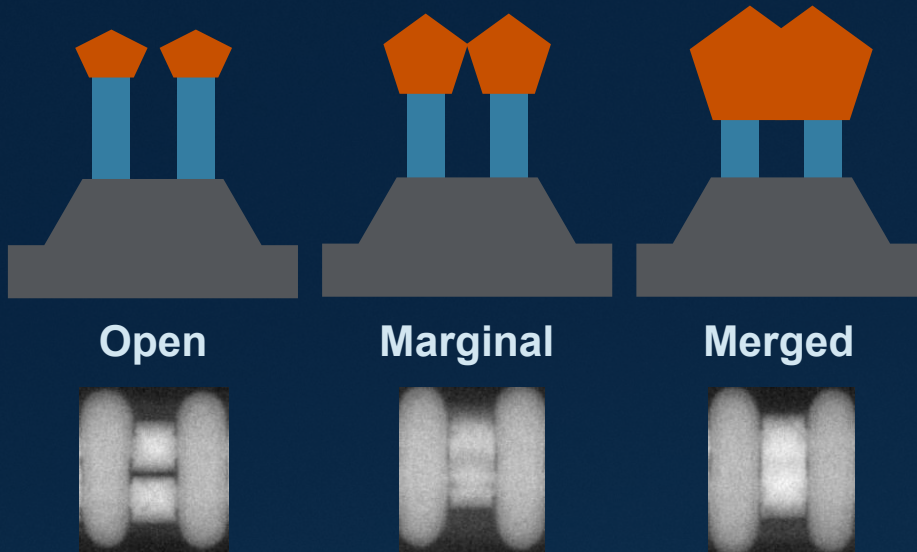


PROVision co-optimizes wiring process steps

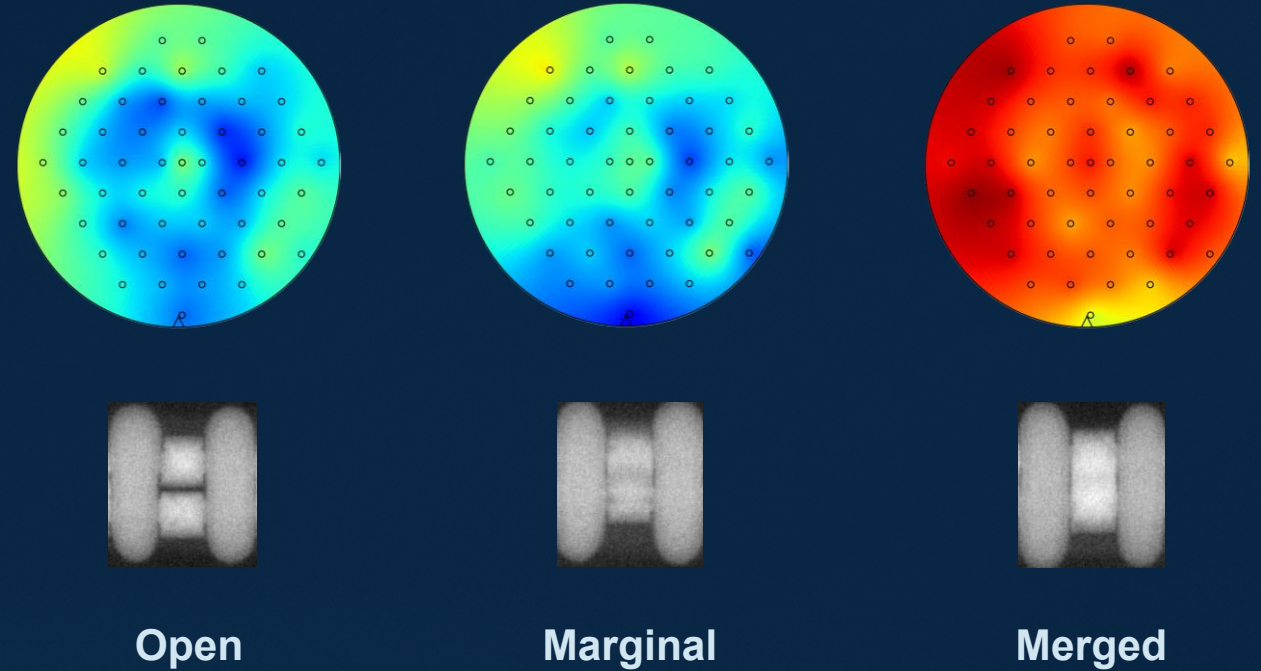
- PROVision reduces TEM imaging to **accelerate development** of faster, lower-power wiring in LE F/L and DRAM
- Used in HVM to generate 1,000x more data for variability monitoring and **increase good chips out**

Bringing Advanced Logic Transistors to DRAM, Faster

Optimal transistor performance depends on clear segmentation of EPI structures



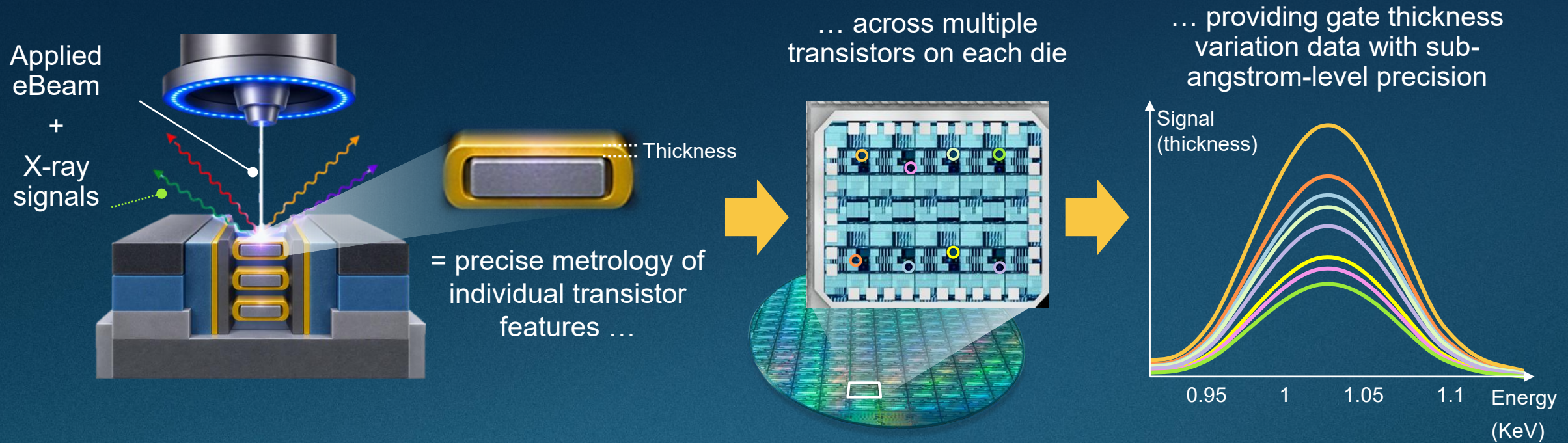
TEM measurement of delicate epitaxial structures is destructive, slow and generates limited data



- 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

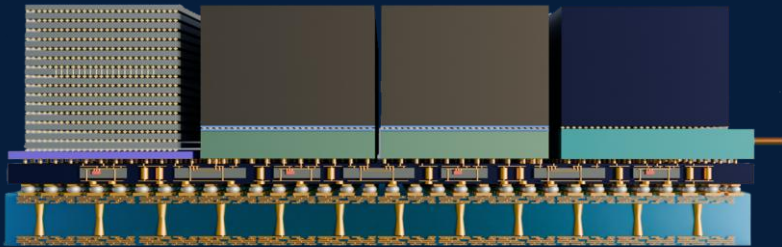
Reducing transistor gate variability to directly improve chip performance and power consumption

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



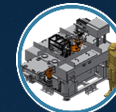
CD measurement

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:

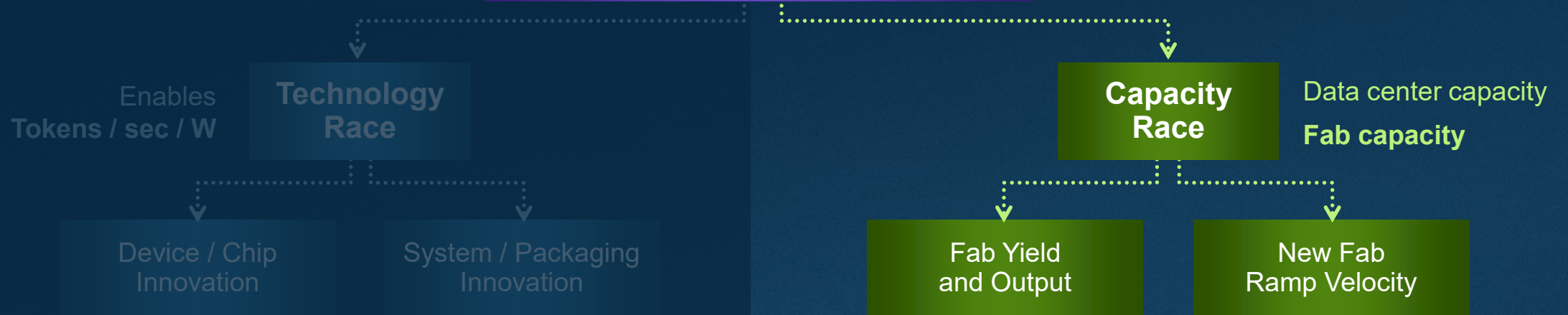
- Accelerates share gains in Semi Systems business
- Accelerates growth in our services business
- Accelerates customer co-innovation at the EPIC Center

Tim Deane

SVP, Applied Global Services

GROWTH OPPORTUNITIES

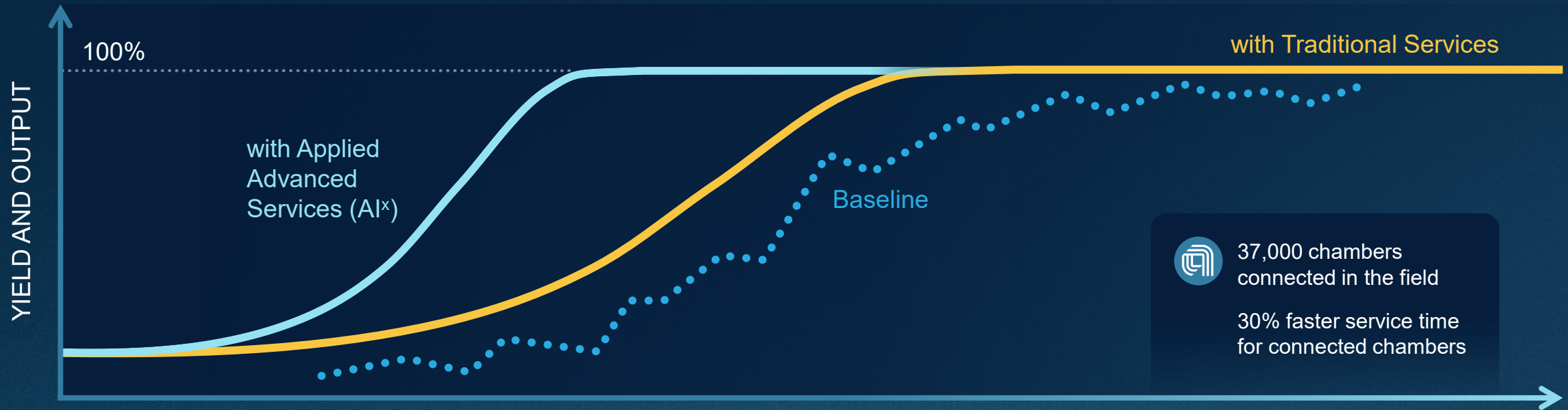
RACE FOR AI Computing Leadership



APPLIED'S UNIQUE SERVICE CAPABILITIES



Advanced Services Enable Yield and Output Innovation



37,000 chambers
connected in the field

30% faster service time
for connected chambers

R&D

Time to Qualify
(AppliedTwin™)

Process Window
(AI^x PRO)

TRANSFER / RAMP

Faster Qualification
(CrossMatch™)

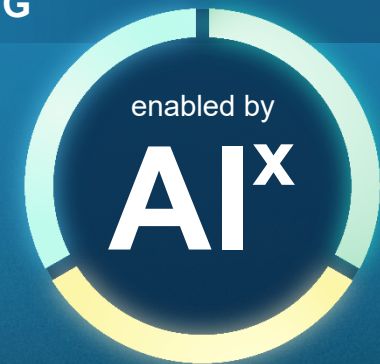
More Good Chips Per Wafer
(CrossMatch)

HIGH VOLUME MANUFACTURING

More Good Chips Out
(Defect Expert System)

More Wafers per Fab
(FleetOptimizer™)
(Predictive Maintenance)

Accelerated by EPIC

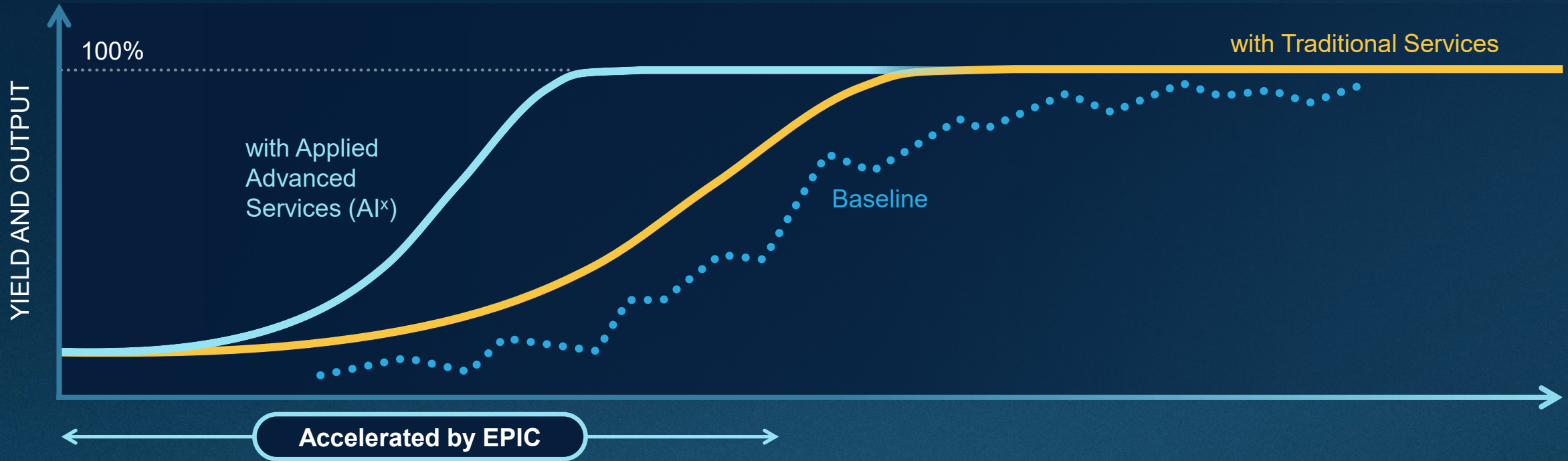


enabled by

AI^x

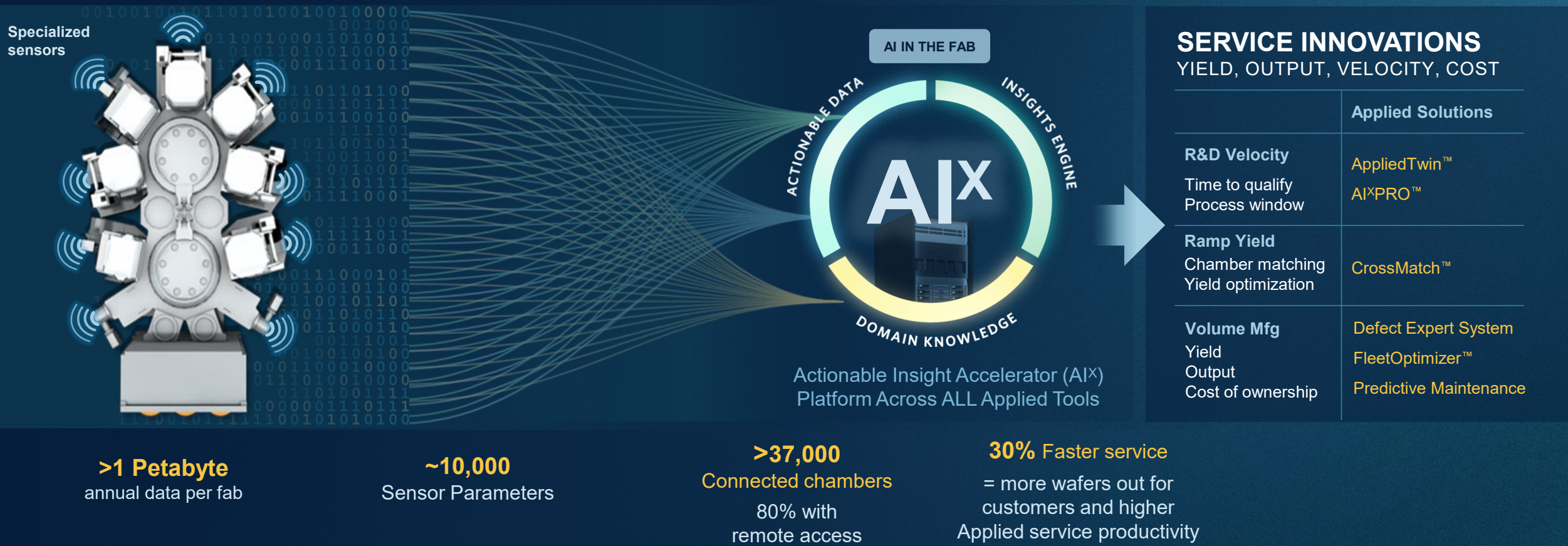
Expect >20% Service Growth in CY'26 + Mid-teen CAGR Long-term

High-velocity Service Innovation Begins at EPIC



- AI^x 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^X – Industry-leading AI-enabled Service Platform



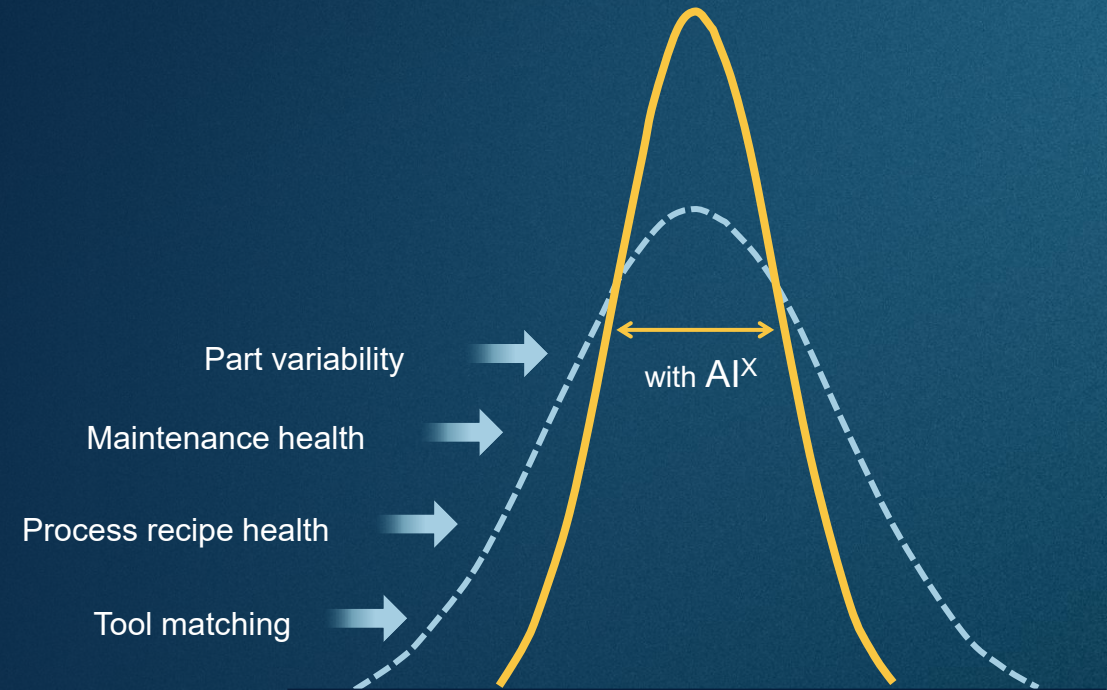
AI^X – Industry-leading AI-enabled Service Platform



SERVICE INNOVATIONS

YIELD, OUTPUT, VELOCITY, COST

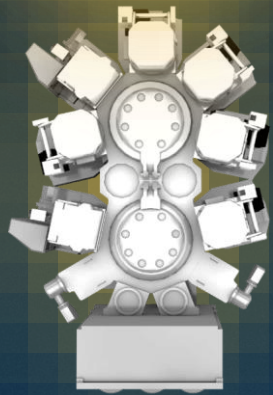
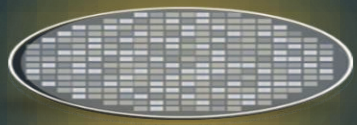
	Applied Solutions
R&D Velocity Time to qualify Process window	AppliedTwin™ AI ^X PRO™
Ramp Yield Chamber matching Yield optimization	CrossMatch™
Volume Mfg Yield Output Cost of ownership	Defect Expert System FleetOptimizer™ Predictive Maintenance



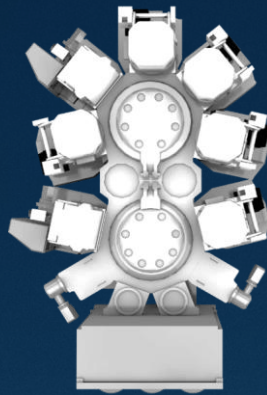
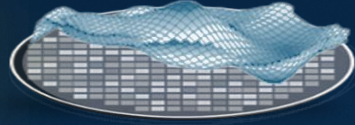
**Less variability = more good chips
per wafer and more wafers out**

Accelerating Customer Ramps with CrossMatch

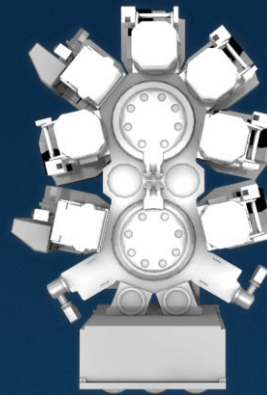
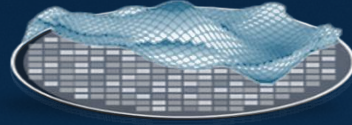
Accelerating Yield & Output



R&D
Lab



HVM
Fab 1, Tool 1

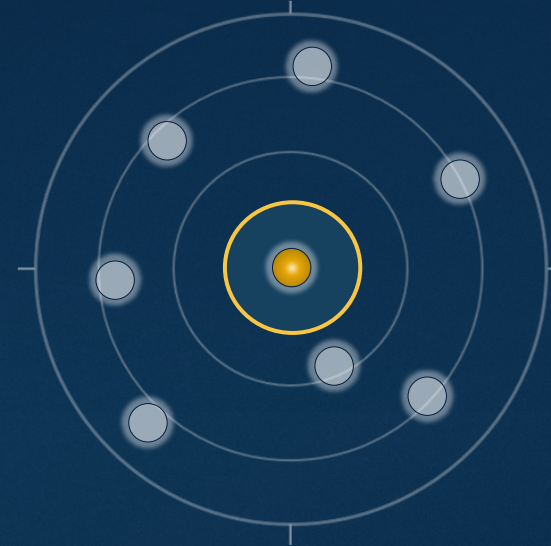


HVM
Fab 1, Tool 'n'

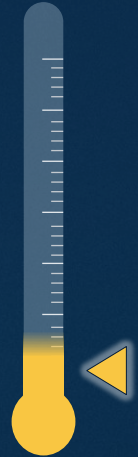
CrossMatch™

Matching at angstrom-level precision

Highest good chips per wafer at center of target



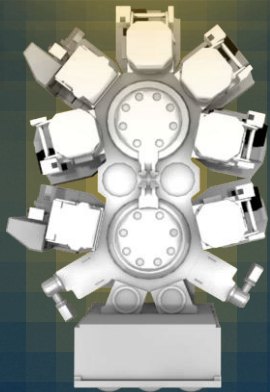
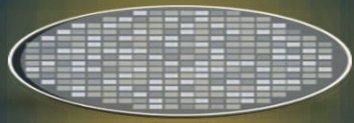
Yield & Output



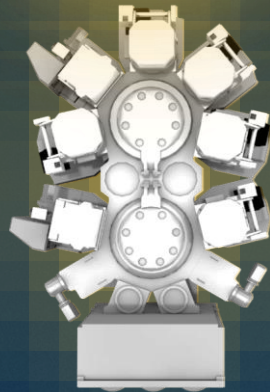
Matching golden R&D tool = more good chips per wafer in HVM

Accelerating Customer Ramps with CrossMatch

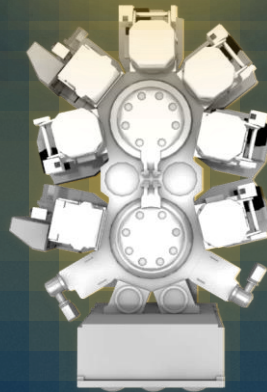
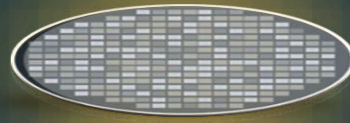
Accelerating Yield & Output



R&D
Lab



HVM
Fab 1, Tool 1

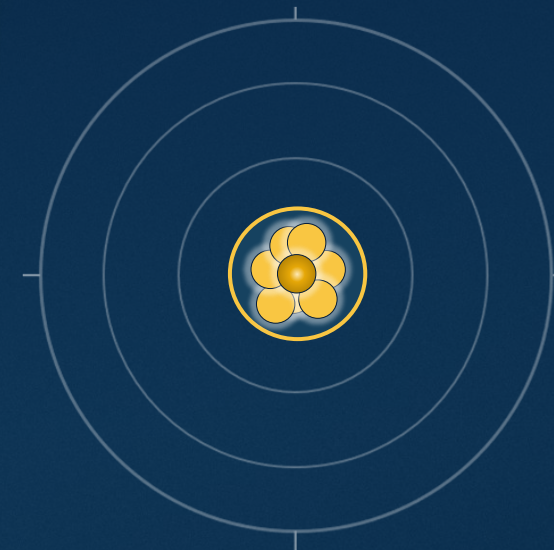


HVM
Fab 1, Tool 'n'

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

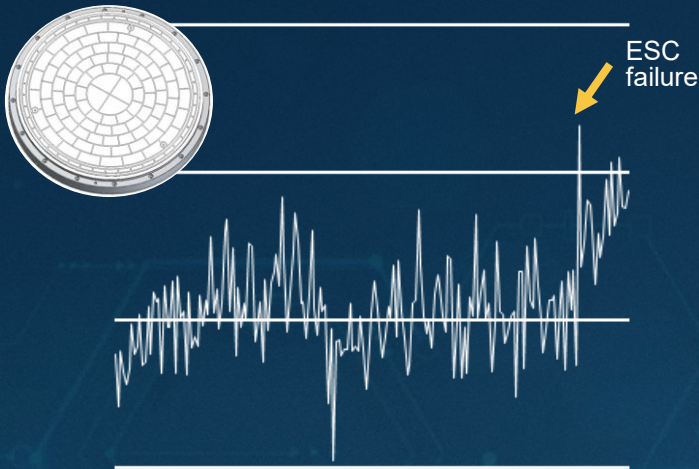
>50% Faster Time to Match + More Good Chips per Wafer

Output Innovation with AI^x 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

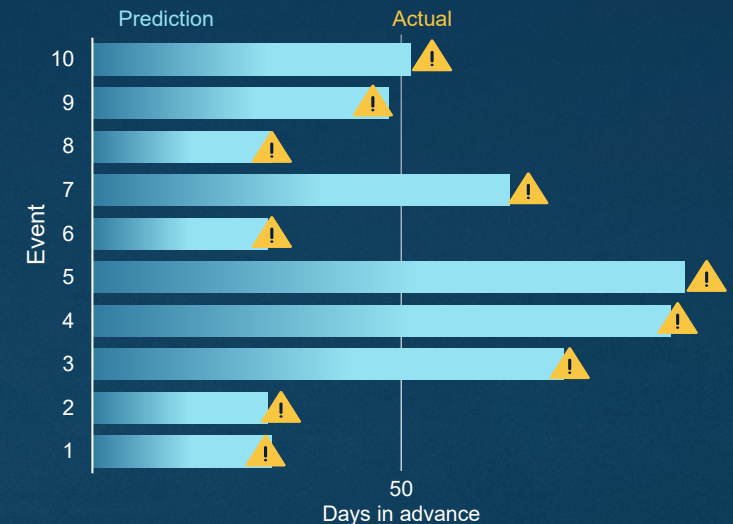
AI guided multi-variate model



Clear signal predicted
PROACTIVE (Gen 2)

Predictive Model

Prediction accuracy



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

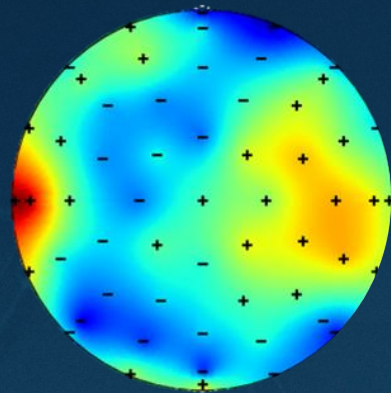
Customer Value: ~27k Additional Wafers Out per Year

Output Innovation with AI^x PRO

Chemical Vapor Deposition – Faster Chamber Service

Issue

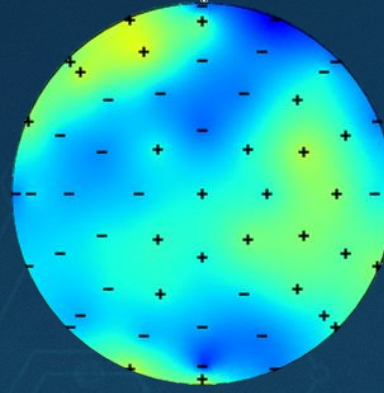
Up to 6 nozzle iterations and
>14 hours per iteration to meet target



Non-Uniformity 2.0%

AI^x PRO

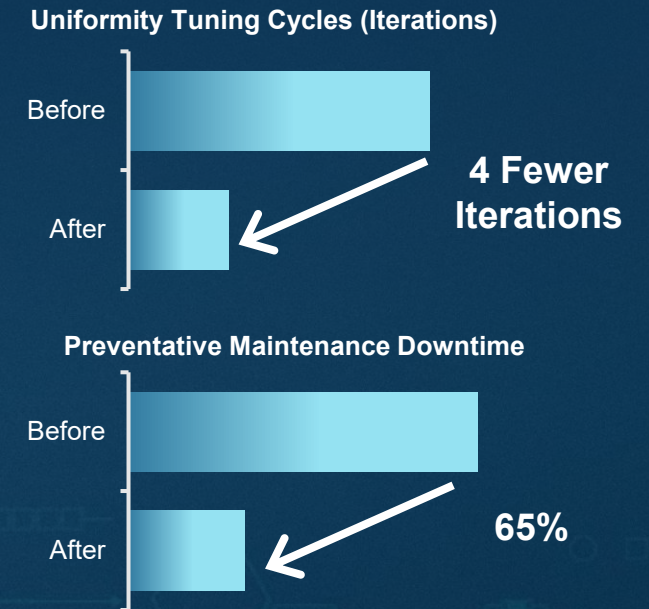
AI^x PRO predicts nozzle locations to
improve non-uniformity with fewer iterations



Non-Uniformity 1.1%

Results

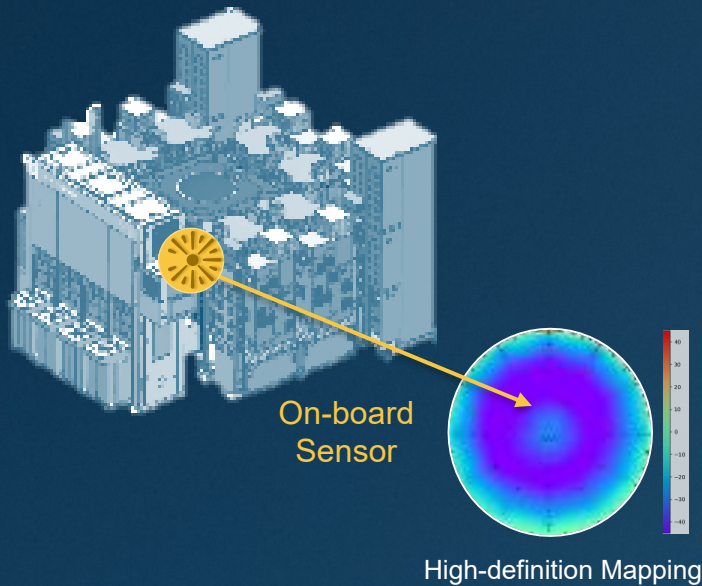
AI^x PRO – Reduce maintenance downtime



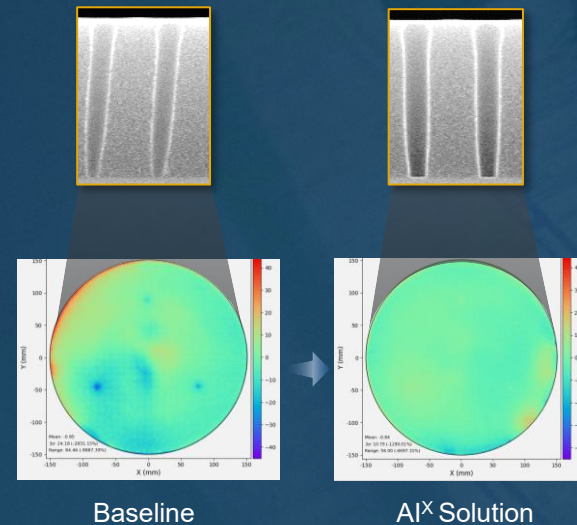
Customer Value: 65% Faster Service + More Good Wafers Out

Yield Innovation – Enhanced Edge Yield with AI^x Sensor Integration

Differentiated Sensors



Wafer Extreme Edge Yield



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.



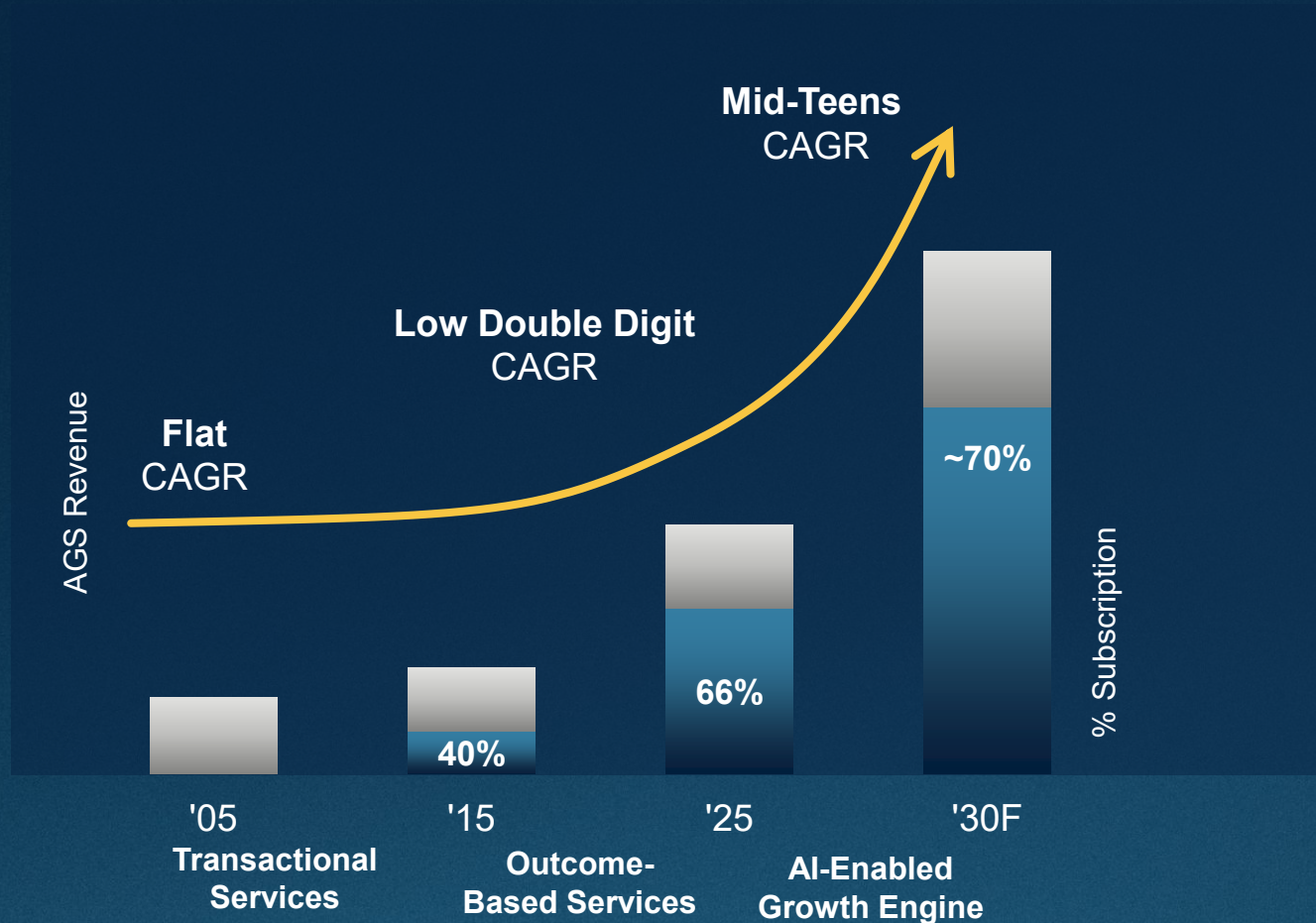
Daniel Benatar

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^x

- Industry-leading platform growing from >37k connected chambers to a target of >90k connected chambers by CY'30
- AI^x 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

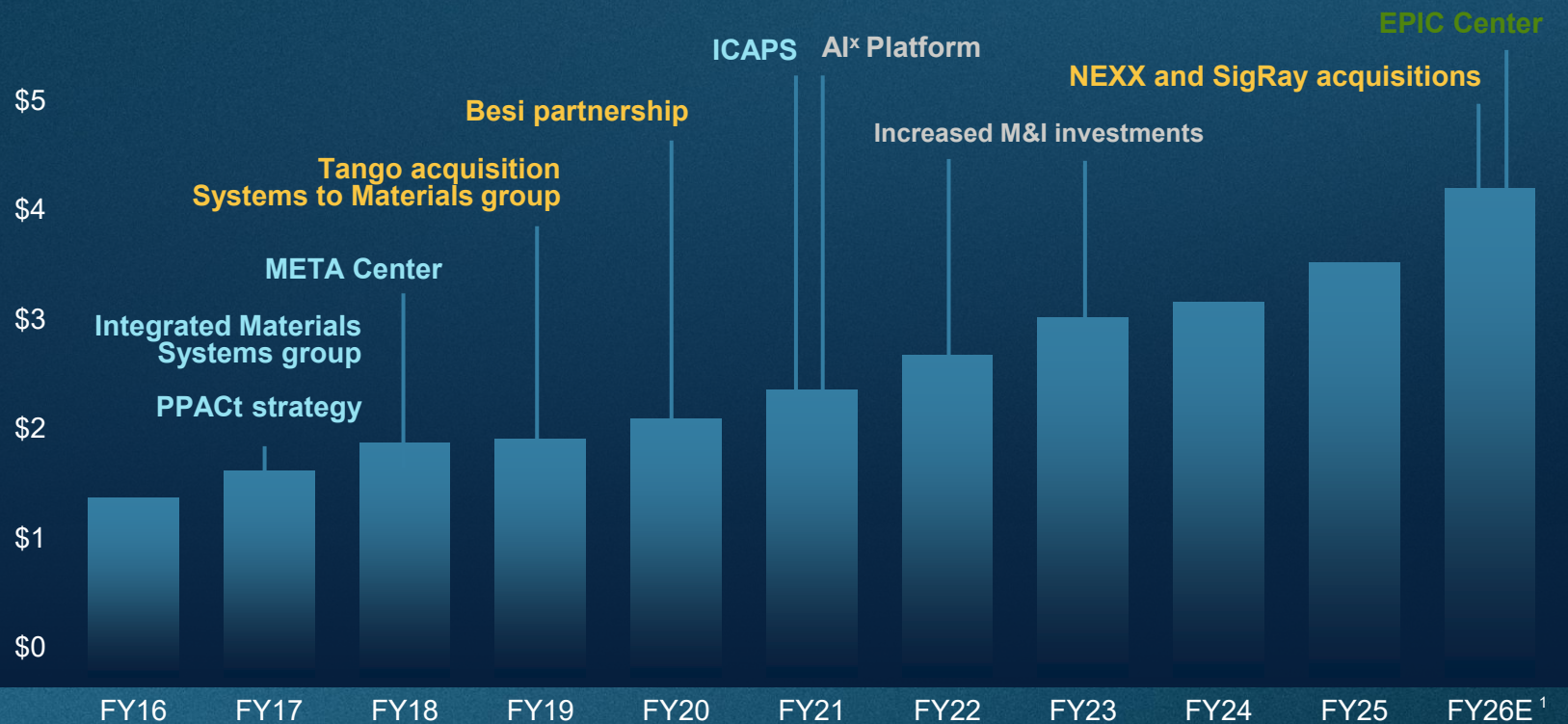
Systems & Packaging Innovation

Expanded packaging team and Singapore development facility

Fab Yield & Output Innovation

Launched AI^x platform and expanded metrology and inspection product roadmap

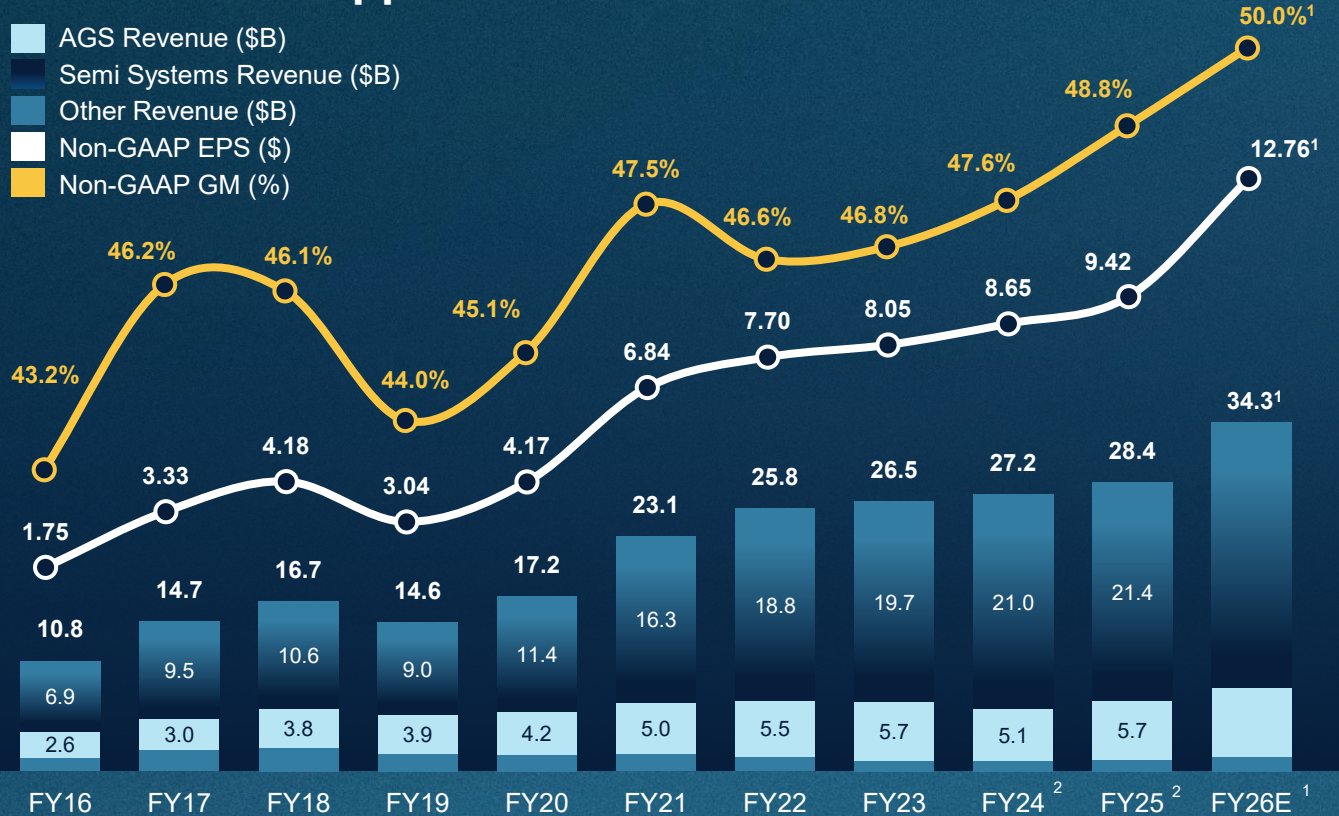
Non-GAAP R&D Opex (\$B)



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

Collaborative Process Innovation Delivered a Decade of Profitable Growth

Applied Materials Financials



Decade of growth to FY26E¹:

- 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 ROIC³
- >50%** Cash reinvested in high ROIC growth⁴

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

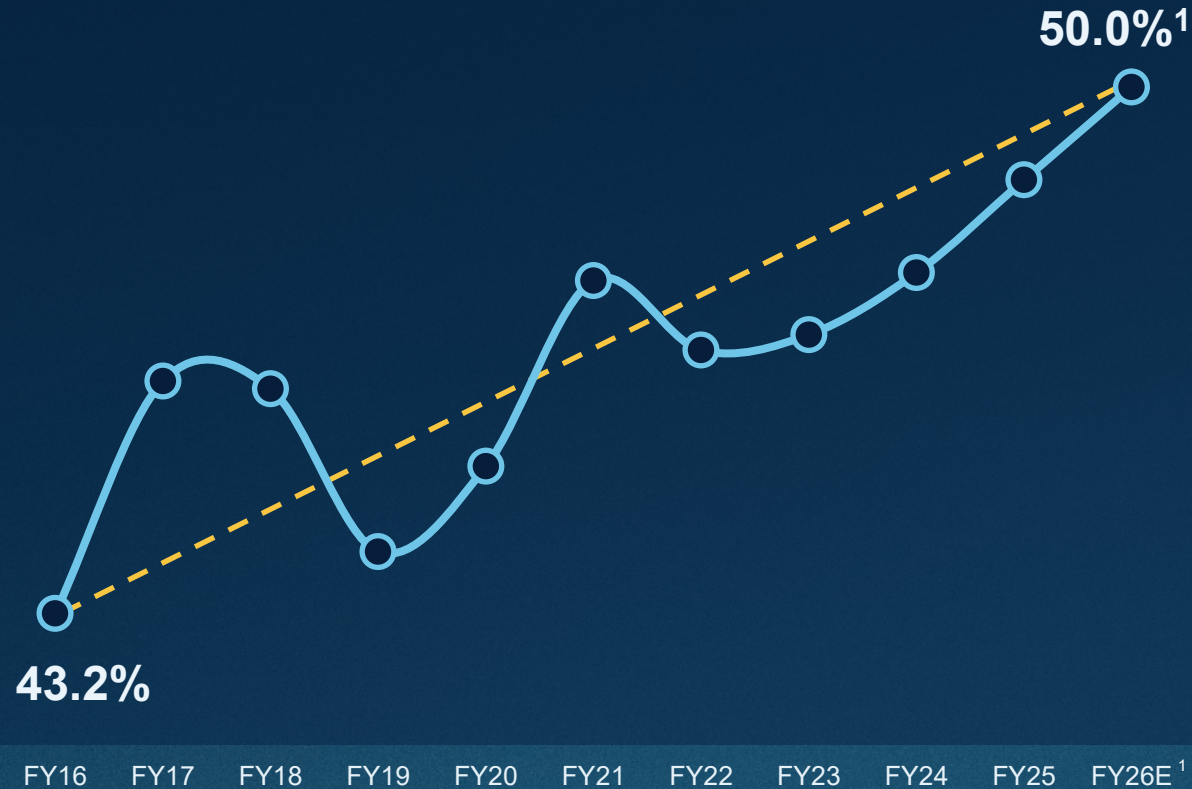
3) ROIC = Return on Invested Capital. Defined as Non-GAAP Net Operating Profit After Tax (NOPAT) / Beginning Invested Capital (Total Assets – Current Liabilities – Equity Investments)

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 → FY26E¹



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 pts
- 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

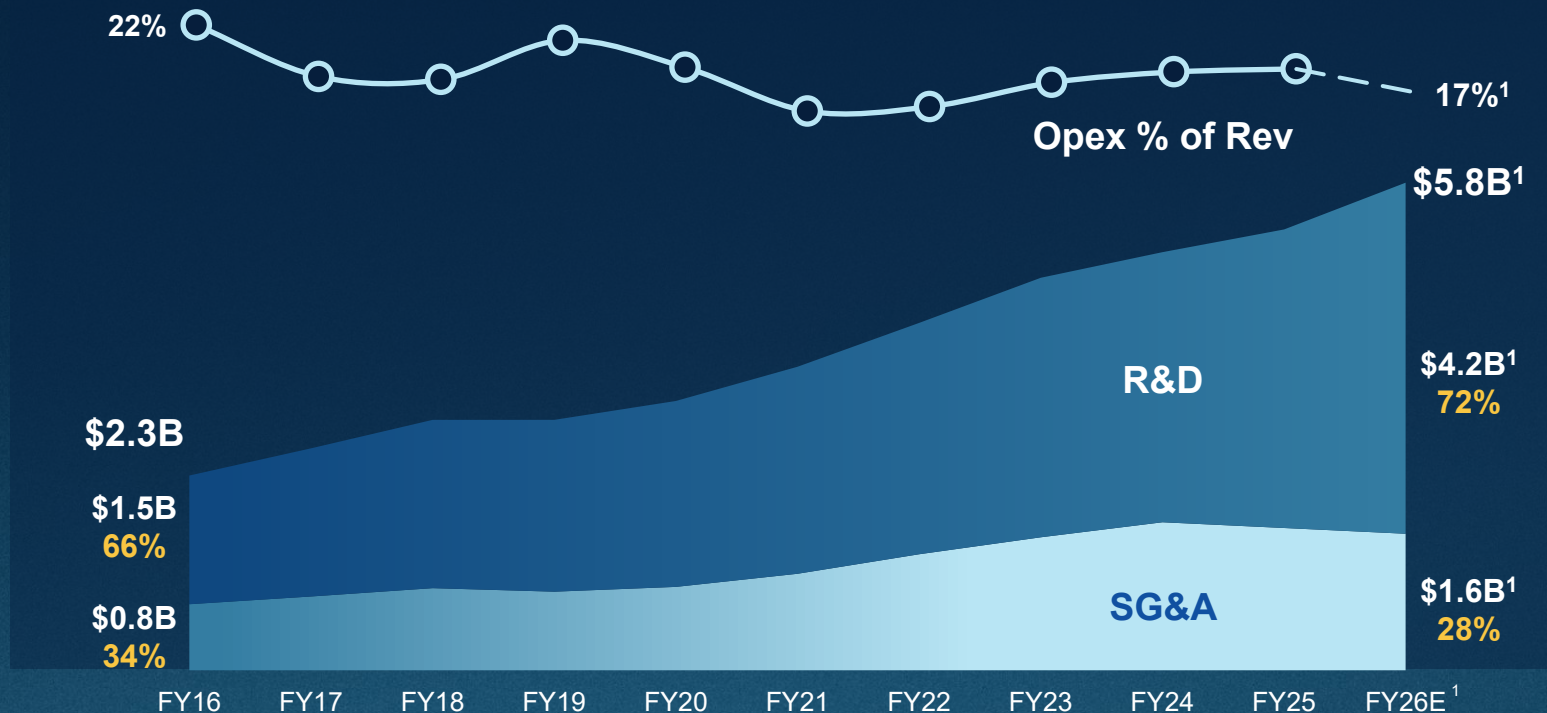
~ 1.5x users in 1 year
~ 45x token usage rate in 1 year

Speed to Execute

Delivering significant adoption growth and ROI, driving faster innovation

Driving Operating Leverage with AI and Automation

Non-GAAP Opex FY16 → FY26E¹



- Delivering operating leverage while fully funding innovation: non-GAAP opex declined from 22% to 17%¹ 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

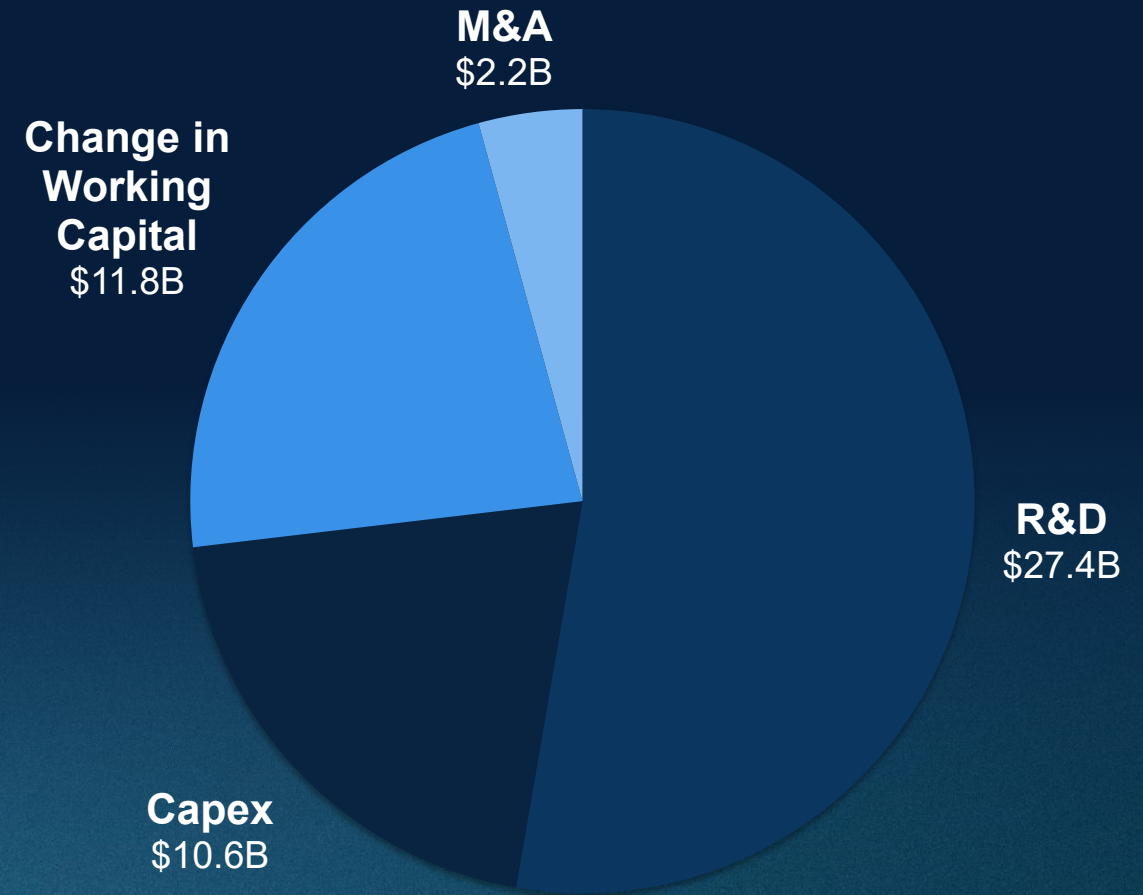
- Reinvested **>50% of cash generated¹** over last 10 years²
- **>30% ROIC³** average over last 10 years² through disciplined approach, focusing on innovating to solve high-value challenges

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%⁴** since FY05
- Committed to distribute **80-100% of FCF** to shareholders over time

Reinvestment In Growth | Last 10 Years²



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 ¹	27	26	29	26	27
Impairment of long-lived assets	—	—	—	3	—
Certain incremental expenses related to COVID-19 ²	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)³

GAAP reported operating income	\$ 6,889	\$ 7,788	\$ 7,654	\$ 7,867	\$ 8,289
Certain items associated with acquisitions ¹	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 ²	24	—	—	—	—
Severance and related charges ⁴	157	(4)	—	—	—
Deal termination fee	154	—	—	—	—
Restructuring charges ⁵	—	—	—	—	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 ⁶	(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 ¹	167	172	179	37	37
Certain incremental expenses related to COVID-19 ²	—	—	—	—	23
Inventory reversals related to restructuring ³	(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)⁴

GAAP reported operating income	\$ 2,152	\$ 3,936	\$ 4,491	\$ 3,350	\$ 4,365
Certain items associated with acquisitions ¹	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 ²	—	—	—	—	30
Inventory reversals related to restructuring ³	(3)	—	—	—	—
Other gains, losses or charges, net ⁵	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 ⁶	(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
Non-GAAP Earnings Per Diluted Share					
GAAP reported earnings per diluted share	\$ 6.40	\$ 7.44	\$ 8.11	\$ 8.61	\$ 8.66
Certain items associated with acquisitions ¹	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 ²	—	—	—	—	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 ³	0.07	0.29	(0.05)	0.03	0.96
Resolution of prior years' income tax filings and other tax items ⁴	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
Non-GAAP Earnings Per Diluted Share					
GAAP reported earnings per diluted share	\$ 1.54	\$ 3.25	\$ 2.96	\$ 2.86	\$ 3.92
Certain items associated with acquisitions ¹	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 ²	—	—	—	—	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 ³	—	—	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 ¹	—	—	(1)	(2)	(1)
Acquisition integration and deal costs	2	—	—	—	—
Certain incremental expenses related to COVID-19 ²	(8)	—	—	—	—
Other charges	(2)	—	—	—	—

Non-GAAP research, development and engineering expenses

	\$ 2,477	\$ 2,771	\$ 3,101	\$ 3,231	\$ 3,569
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GAAP reported selling, general and administrative expenses

Certain items associated with acquisitions ¹	(20)	(13)	(13)	(14)	(17)
Acquisition integration and deal costs	(47)	(38)	(22)	(12)	(6)
Certain incremental expenses related to COVID-19 ²	(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
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GAAP reported operating expenses

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

Non-GAAP operating expenses

	\$ 3,633	\$ 4,158	\$ 4,694	\$ 5,002	\$ 5,273
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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-19¹

Non-GAAP research, development and engineering expenses

GAAP reported selling, general and administrative expenses

Certain items associated with acquisitions²

Acquisition integration and deal costs

Inventory reversals related to restructuring³

Certain incremental expenses related to COVID-19¹

Other gains, losses or charges, net⁴

Non-GAAP selling, general and administrative expenses

GAAP reported operating expenses

Certain items associated with acquisitions²

Acquisition integration and deal costs

Inventory reversals related to restructuring³

Certain incremental expenses related to COVID-19¹

Other gains, losses or charges, net⁴

Non-GAAP operating expenses

	FY2016	FY2017	FY2018	FY2019	FY2020
GAAP reported research, development and engineering expenses	\$ 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 ¹	—	—	—	—	(6)
Non-GAAP research, development and engineering expenses	<u>\$ 1,540</u>	<u>\$ 1,778</u>	<u>\$ 2,019</u>	<u>\$ 2,054</u>	<u>\$ 2,225</u>
GAAP reported selling, general and administrative expenses	\$ 819	\$ 895	\$ 1,004	\$ 982	\$ 1,093
Certain items associated with acquisitions ²	(21)	(19)	(18)	(18)	(17)
Acquisition integration and deal costs	(2)	—	(2)	(22)	(77)
Inventory reversals related to restructuring ³	1	—	—	—	—
Certain incremental expenses related to COVID-19 ¹	—	—	—	—	(1)
Other gains, losses or charges, net ⁴	(8)	12	—	—	—
Non-GAAP selling, general and administrative expenses	<u>\$ 789</u>	<u>\$ 888</u>	<u>\$ 984</u>	<u>\$ 942</u>	<u>\$ 998</u>
GAAP reported operating expenses	\$ 2,359	\$ 2,676	\$ 3,026	\$ 3,036	\$ 3,327
Certain items associated with acquisitions ²	(21)	(19)	(18)	(18)	(17)
Acquisition integration and deal costs	(2)	(3)	(5)	(22)	(80)
Inventory reversals related to restructuring ³	1	—	—	—	—
Certain incremental expenses related to COVID-19 ¹	—	—	—	—	(7)
Other gains, losses or charges, net ⁴	(8)	12	—	—	—
Non-GAAP operating expenses	<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 ¹	(64)	(252)	40	(24)	(777)
Resolutions of prior years' income tax filings and other tax items ²	(33)	80	31	25	(313)
Income tax effect of non-GAAP adjustments ³	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 ⁴	47	39	43	42	45
Acquisition integration and deal costs	46	34	22	12	6
Certain incremental expenses related to COVID-19 ⁵	24	—	—	—	—
Severance and related charges ⁶	157	(4)	—	—	—
Restructuring charges ⁷	—	—	—	—	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>	FY2016	FY2017	FY2018	FY2019	FY2020
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 ¹	—	—	(1,112)	24	—
Income tax effect of non-GAAP adjustments ²	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 ³	188	191	197	55	54
Acquisition integration and deal costs	2	3	5	22	80
Certain incremental expenses related to COVID-19 ⁴	—	—	—	—	30
Inventory reversals related to restructuring ⁵	(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 ⁶	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
Non-GAAP Free Cash Flows¹					
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>\$ 2,313</u>	<u>\$ 3,444</u>	<u>\$ 3,165</u>	<u>\$ 2,806</u>	<u>\$ 3,382</u>

IN MILLIONS	FY2021	FY2022	FY2023	FY2024	FY2025
Non-GAAP Free Cash Flows¹					
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>\$ 4,774</u>	<u>\$ 4,612</u>	<u>\$ 7,594</u>	<u>\$ 7,487</u>	<u>\$ 5,698</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
Non-GAAP Cash Generated¹					
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>
Non-GAAP Working Capital²					
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>
Non-GAAP Reinvestment in Growth³					
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>
Change in Cost Basis of Equity Investments					
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				
Non-GAAP Cash generated¹										
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>
Non-GAAP Working Capital²										
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>
Non-GAAP Reinvestment in Growth³										
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>
Change in Cost Basis of Equity Investments										
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		\$	—	\$	10	\$	7	\$	19	

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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