



# Second Quarter Fiscal 2025 Earnings Presentation

May 15, 2025

Applied Materials External



# 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, our business outlook for the third quarter of fiscal 2025 and beyond, the anticipated impact of escalated trade tensions and increased tariffs and trade restrictions, 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; the implementation of additional export regulations and license requirements and their interpretation, and their impact on our ability to export products and provide services to customers and on our results of operations; global trade issues and changes in trade and export license policies and our ability to obtain licenses or authorizations on a timely basis, if at all; imposition of new or increases in tariffs and any retaliatory measures, including their impact on demand for our products and services; our ability to effectively 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 our information systems or information contained in them, or affecting our operations, 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; the effects of regional or global health epidemics; 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 SEC filings, including our 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.



# Gary Dickerson

President and Chief Executive Officer



# CEO SUMMARY

- Applied is delivering strong financial performance
- No significant changes in customer demand
- Agility and flexibility in global operations to adapt to a range of scenarios
- Well positioned at major device architecture inflections that enable high-performance, energy-efficient AI computing
- Gaining traction for our high-velocity co-innovation strategy to accelerate next-generation technology



# AI Central To Industry Outlook



- In the early phases of a multi-decade AI application and infrastructure build out
- Advances in energy-efficient computing require disruptive innovation across the technology stack
- AI is reshaping the semiconductor design and manufacturing roadmap
- AI data center innovation is driving shifts in WFE mix this year toward leading-edge foundry-logic and advanced DRAM

**AI is a major catalyst for innovation and growth**

## Applied's Performance

- CY24: Outside of China, Applied grew faster than peer group, driven by strength in leading-edge foundry-logic and DRAM
- FY24: Core parts and services revenues grew in the low double-digit range, despite trade restriction headwinds
- FY24: Grew company-level revenues for the fifth consecutive year
- FY25: Applied's revenue is up ~7% YTD, including FQ3 guide

# Energy-Efficient Computing Enabled by Materials Engineering



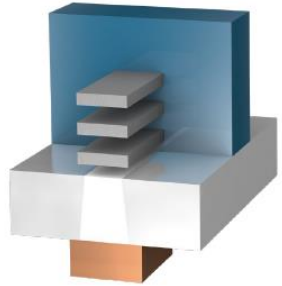
| AI DATA CENTER ENABLERS |  | INFLECTIONS  | MATERIALS ENGINEERING LEADERSHIP |
|-------------------------|--|--|----------------------------------|
| Leading-Edge Logic      |  | Gate-all-around transistors<br>Backside power delivery | ✓                                |
| High-Performance DRAM   |  | 4F <sup>2</sup><br>3D DRAM                             | ✓                                |
| DRAM Die Stacking       |  | High-Bandwidth Memory (HBM)<br>Hybrid bonding          | ✓                                |
| Advanced Packaging      |  | Substrates   | ✓                                |
| Power Electronics       |  | Compound semi (SiC, GaN)                               | ✓                                |

**Inflections grow the WFE market, increase relative mix of materials engineering, and provide opportunity to gain share**

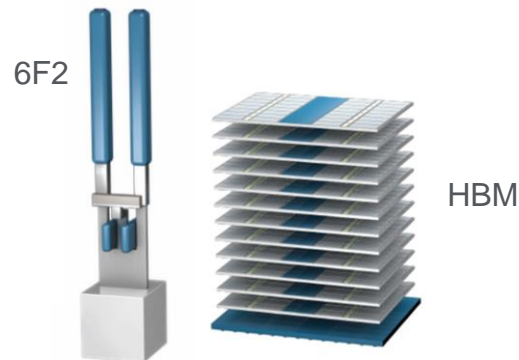


# Well Positioned for Device Architecture Inflections

Gate-All-Around  
with Backside Power



Advanced DRAM



## LEADING-EDGE FOUNDRY-LOGIC

Advanced fab with gate-all-around (GAA) and backside power delivery (BPD) increases Applied's revenue opportunity by ~30% compared to FinFET node\*

- » Transition from FinFET to GAA grows Applied's transistor SAM from ~\$6B to ~\$7B\*
- » Introduction of BPD grows Applied's wiring SAM from ~\$6B to ~\$7B\*
- » On track for >50% SAM share

## ADVANCED DRAM

In FY25, we expect revenues from advanced DRAM customers to grow >40% as they ramp investments in DDR-5 and HBM

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



# Rapid Adoption of Innovative New Solutions

## Centris™ Sym3™ Y Magnum™ Etch



- Deposition and etch in the same chamber heals EUV line edge roughness
- Generated >\$1.2B of revenue since launch in February 2024

## SEMVision™ H20 Defect Review



- Second generation Cold Field Emission enables better and faster analysis of nanoscale defects
- Supported record revenues for Process Diagnostics and Control business this past quarter

# Unique and Connected Portfolio

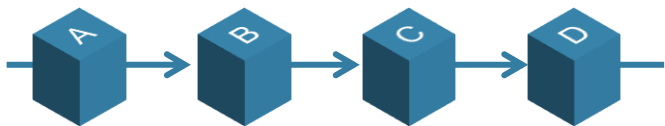
## BROADEST CAPABILITIES

|             | Applied | Competitors |   |   |   |   |
|-------------|---------|-------------|---|---|---|---|
| ALD         | ✓       | ✓           |   |   | ✓ | ✓ |
| Bonding     | partner |             |   |   |   | ✓ |
| Cleans      | partner |             |   |   | ✓ | ✓ |
| CMP         | ✓       |             |   |   |   |   |
| CVD         | ✓       | ✓           |   | ✓ | ✓ | ✓ |
| ECD         | ✓       |             |   |   | ✓ |   |
| Epitaxy     | ✓       | ✓           |   |   |   |   |
| Etch        | ✓       |             |   | ✓ | ✓ | ✓ |
| Furnace     | partner |             |   |   |   | ✓ |
| Implant     | ✓       |             |   |   |   |   |
| Lithography | partner |             | ✓ |   |   |   |
| M&I         | ✓       |             | ✓ | ✓ |   |   |
| PVD         | ✓       |             |   |   |   |   |
| Thermal     | ✓       |             |   |   |   | ✓ |
| Track       |         |             |   |   |   | ✓ |

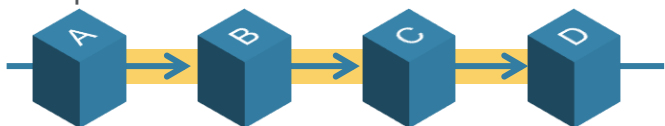


## UNIQUE COMBINATIONS

Unit Process Tools



Co-optimized Solutions



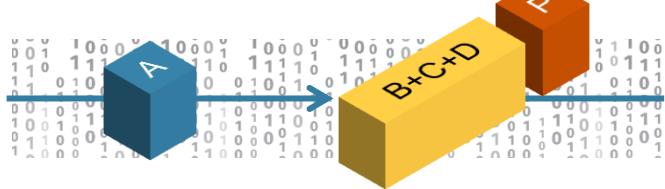
Integrated Materials Solutions (IMS™)



AI<sup>x</sup>



IMS with Partners







COMING SOON

**EPIC**  
CENTER

- » Applied's collaborative platform for high-velocity co-innovation
- » A new approach to Equipment and Process Innovation and Commercialization
- » Construction in progress; operations to begin Spring 2026



# Brice Hill

SVP, Chief Financial Officer





# FQ2

## HIGHLIGHTS

- Robust YoY revenue growth, gross margin expansion and record EPS
- Leading-edge foundry-logic increased YoY, driven by demand for AI-enabling semiconductors
- Leveraged global supply chain and diversified manufacturing footprint to successfully navigate the dynamic commercial landscape
- Distributed ~\$2B to shareholders

# FQ2'25 Non-GAAP Financial Results

| \$M, except EPS     | FQ2'24 | FQ1'25 | FQ2'25 | YoY    |
|---------------------|--------|--------|--------|--------|
| Revenue             | 6,646  | 7,166  | 7,100  | 7%     |
| Gross Margin*       | 47.5%  | 48.9%  | 49.2%  | 170bps |
| Operating Expenses* | 1,233  | 1,313  | 1,311  | 6%     |
| Operating Income*   | 1,927  | 2,190  | 2,180  | 13%    |
| Operating Margin*   | 29.0%  | 30.6%  | 30.7%  | 170bps |
| EPS*                | \$2.09 | \$2.38 | \$2.39 | 14%    |

## Year-over-year highlights:

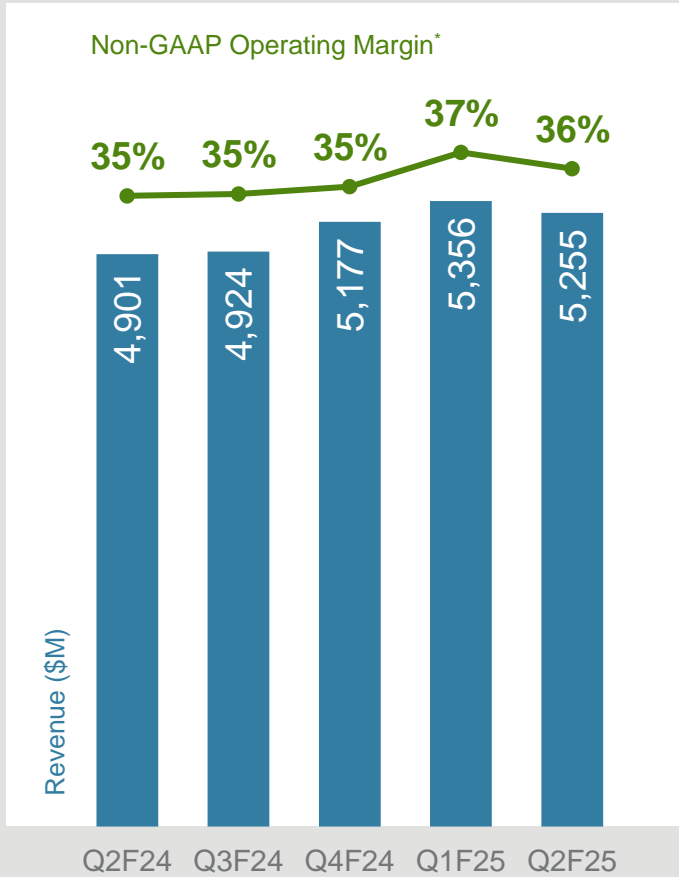
- Revenue growth across all business segments
- Highest quarterly Non-GAAP gross margin since FQ4'2000
- Growth in R&D, partially offset by decreases in G&A, as we focused on funding critical inflection-related research
- Record Non-GAAP EPS benefitted from revenue growth, better profitability and share repurchases

\* For reconciliation of GAAP to non-GAAP results, see appendix of this presentation and non-GAAP reconciliation on the investor relations website at [ir.appliedmaterials.com](http://ir.appliedmaterials.com)

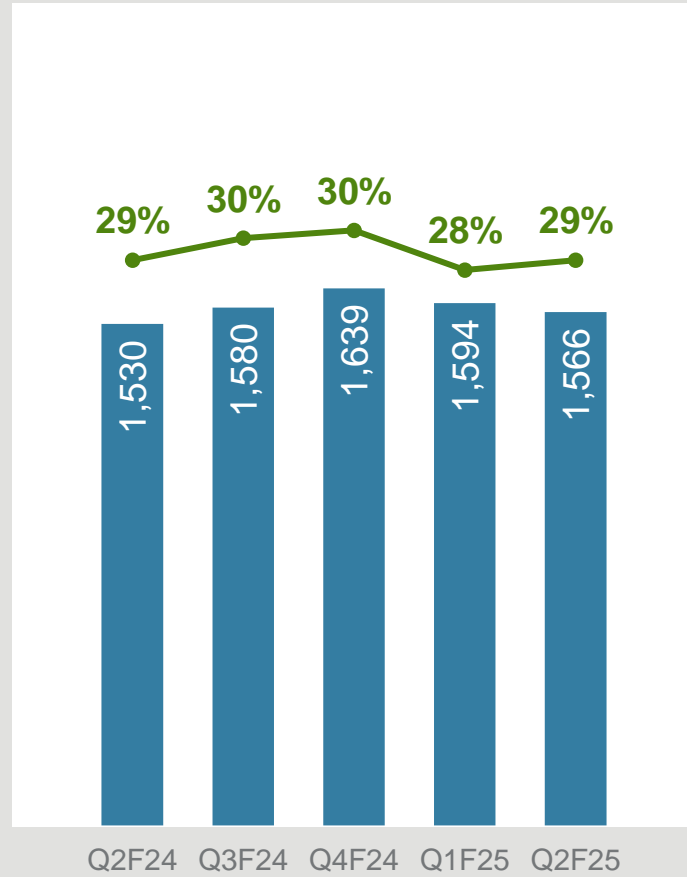


# FQ2'25 Segment Results

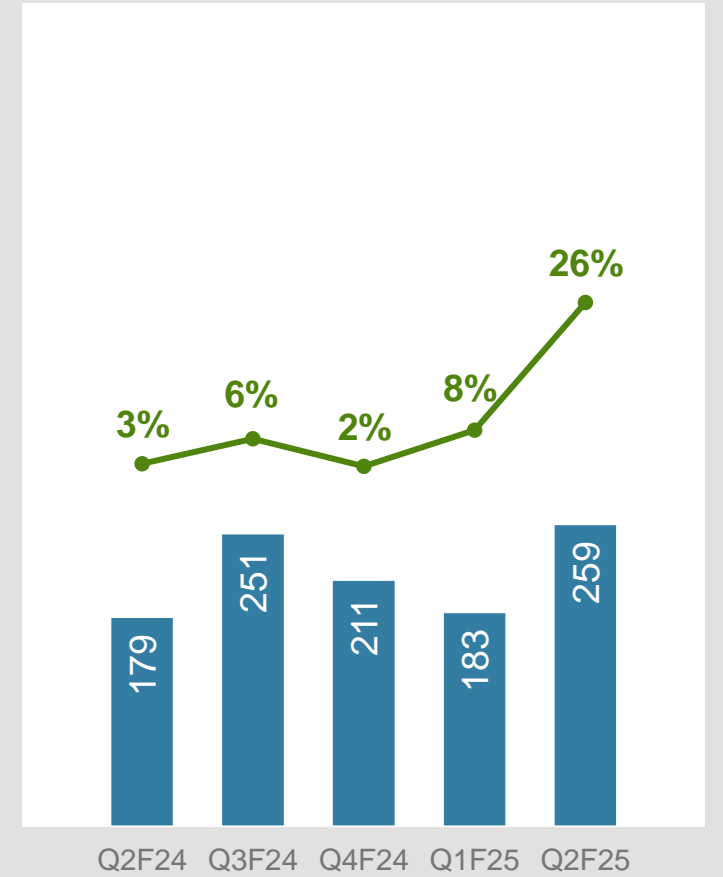
## SEMICONDUCTOR SYSTEMS



## APPLIED GLOBAL SERVICES



## DISPLAY



\* For reconciliation of GAAP to non-GAAP results, see appendix of this presentation and non-GAAP reconciliation on the investor relations website at [ir.appliedmaterials.com](http://ir.appliedmaterials.com)

# Strong Investment-Grade Balance Sheet

| CASH AND INVESTMENTS (\$M)                 | FQ2'24        | FQ3'24        | FQ4'24        | FQ1'25        | FQ2'25        |
|--|---------------|---------------|---------------|---------------|---------------|
| Cash and Cash Equivalents                  | 7,085         | 8,288         | 8,022         | 6,264         | 6,169         |
| Short-Term Investments                     | 472           | 815           | 1,449         | 1,949         | 578           |
| Long-Term Investments                      | 2,983         | 2,981         | 2,787         | 2,686         | 3,638         |
| <b>Total Cash and Investments</b>          | <b>10,540</b> | <b>12,084</b> | <b>12,258</b> | <b>10,899</b> | <b>10,385</b> |
| DEBT (\$M)                                 |               |               |               |               |               |
| Short-Term Debt*                           | 99            | 99            | 799           | 799           | 799           |
| Current ratings (Moody's / S&P): P-1 / A-1 |               |               |               |               |               |
| Long-Term Debt                             | 5,463         | 6,158         | 5,460         | 5,461         | 5,462         |
| Current ratings (Moody's / S&P): A2 / A    |               |               |               |               |               |
| <b>Total Debt</b>                          | <b>5,562</b>  | <b>6,257</b>  | <b>6,259</b>  | <b>6,260</b>  | <b>6,261</b>  |

\* Includes commercial paper and current portion of long-term debt



# Cash Flows and Shareholder Distributions

| CASH FLOWS (\$M)                | FQ2'24  | FQ3'24  | FQ4'24  | FQ1'25  | FQ2'25  |
|---------------------------------|---------|---------|---------|---------|---------|
| Operating Cash Flow             | 1,392   | 2,385   | 2,575   | 925     | 1,571   |
| Free Cash Flow*                 | 1,135   | 2,088   | 2,168   | 544     | 1,061   |
| SHAREHOLDER DISTRIBUTIONS (\$M) |         |         |         |         |         |
| Total Shareholder Distributions | (1,086) | (1,192) | (1,771) | (1,644) | (1,995) |
| Share Repurchases               | (820)   | (861)   | (1,442) | (1,318) | (1,670) |
| Dividends                       | (266)   | (331)   | (329)   | (326)   | (325)   |

**Committed to distribute 80–100% of FCF to shareholders over time**

\$15.9B remaining on share repurchase authorization at end of FQ2'25

\* For reconciliation of GAAP to non-GAAP results, see appendix of this presentation and non-GAAP reconciliation on the investor relations website at [ir.appliedmaterials.com](http://ir.appliedmaterials.com)

# Business Outlook

## Third QUARTER FISCAL 2025

|                    |                              |                  |
|--------------------|------------------------------|------------------|
| OUTLOOK*           | Total Revenue                | ~\$7.2B ± \$500M |
|                    | Non-GAAP EPS*                | ~\$2.35 ± \$0.20 |
| SEGMENT<br>REVENUE | Semiconductor Systems        | ~\$5.40B         |
|                    | Applied Global Services      | ~\$1.55B         |
|                    | Display                      | ~\$250M          |
| OTHER              | Non-GAAP Gross Margin*       | ~48.3%           |
|                    | Non-GAAP Operating Expenses* | ~\$1.34B         |
|                    | Non-GAAP Tax Rate*           | ~13%             |

\* For reconciliation of GAAP to non-GAAP results, see appendix of this presentation and non-GAAP reconciliation on the investor relations website at [ir.appliedmaterials.com](http://ir.appliedmaterials.com)



# CFO

## SUMMARY

- Robust YoY revenue growth, gross margin expansion and record EPS
- Global supply chain and diversified manufacturing capabilities provide agility and flexibility
- Near-term demand and customer investments continuing at the expected rate and pace
- Applied is investing for the industry's long-term secular growth

Q&A



# Capital Allocation Strategy

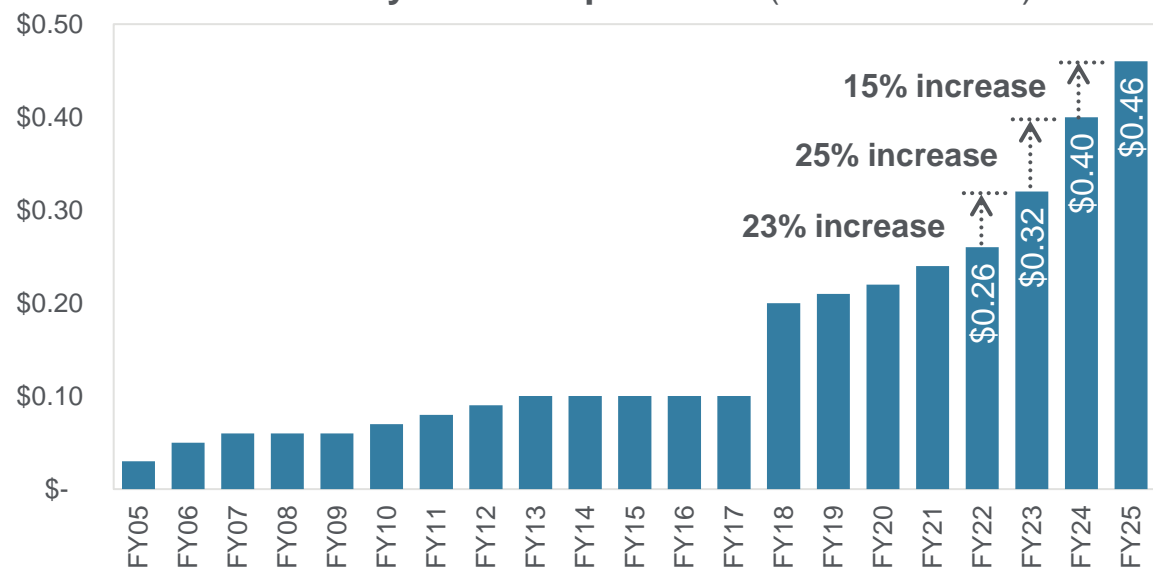
1. **Invest in R&D and infrastructure** to enable profitable growth

2. **Grow dividend per share and use buybacks** to distribute excess FCF

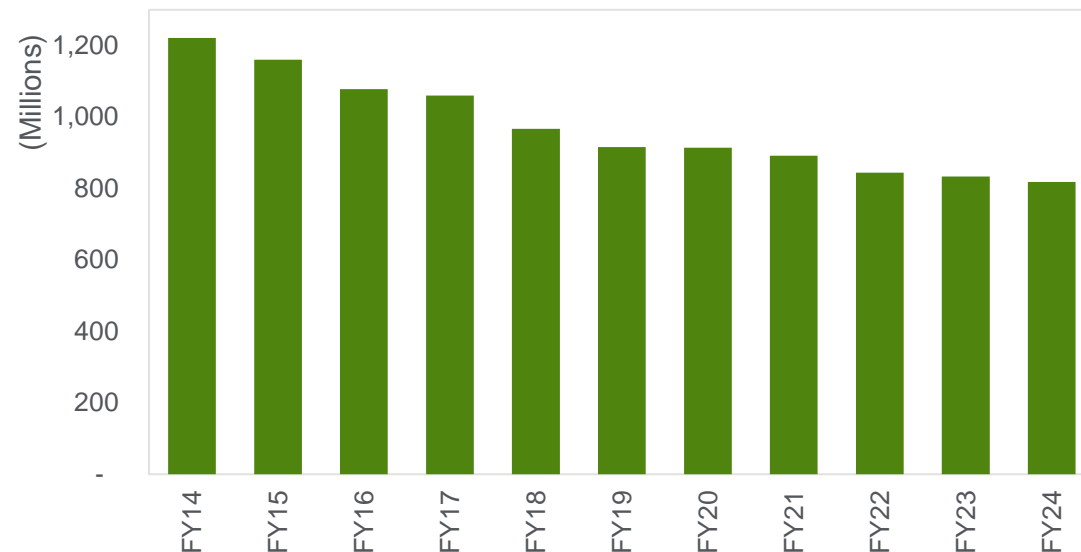
## OVER PAST 10 FISCAL YEARS (through FY24)

- » Reinvested >\$22B in R&D and >\$6B in capital additions
- » Distributed nearly 90% of FCF\*
- » Grew dividend per share at ~15% CAGR
- » Reduced shares outstanding by 33%

Quarterly Dividend per Share (declared in Q2)



Shares Outstanding at FY End



**Committed to distribute 80–100% of FCF to shareholders over time**

\$15.9B remaining on share repurchase authorization at end of FQ2'25

\* For reconciliation of GAAP to non-GAAP results, see appendix of this presentation and non-GAAP reconciliation on the investor relations website at [ir.appliedmaterials.com](http://ir.appliedmaterials.com)

# GLOSSARY: Materials Engineering and Other Technologies from Applied

## MATERIALS ENGINEERING

|                    |  |
|--------------------|--|
| Create and Deposit | <ul style="list-style-type: none"><li>• <b>Deposition:</b> Depositing a thin layer of insulating material (dielectric) or conductive material (metal) onto a substrate.</li><li>• <b>Epi (Epitaxy):</b> Growing a monocrystalline film on a lattice structure and orientation identical to the substrate.</li><li>• <b>CVD (Chemical Vapor Deposition):</b> Depositing a thin film of dielectric material by exposing the substrate to one or more volatile precursors, which react and/or decompose on the substrate's surface. Includes <b>ALD (Atomic Layer Deposition)</b> whereby material can be deposited one atomic layer at a time.</li><li>• <b>PVD (Physical Vapor Deposition):</b> Depositing metal by directing ions at a target of pure material to coat a substrate.</li><li>• <b>ECD (Electrochemical Deposition/Plating):</b> Depositing metals contained in a solution onto a charged substrate.</li><li>• <b>Selective Deposition:</b> Occurring only along desired surfaces.</li></ul> |
| Shape and Remove   | <ul style="list-style-type: none"><li>• <b>Etch:</b> Removing material through a chemical reaction or physical bombardment. The process can be performed using liquid-phase (wet) etchants or under vacuum (dry) typically using a plasma to generate gas-phase reactants.</li><li>• <b>Selective Removal:</b> Removing a target material while leaving other materials in place.</li><li>• <b>Pattern Shaping:</b> Precisely removing dielectric films used in patterning processes to create denser patterns or correct defects.</li><li>• <b>Planarization:</b> Making an uneven wafer surface flat using chemical mechanical planarization (CMP).</li></ul>  |
| Modify             | <ul style="list-style-type: none"><li>• <b>Implant (Ion Implantation):</b> Using intense electrical fields to accelerate ions and penetrate the surface of the wafer, thereby changing the electrical characteristics of the semiconductor material.</li><li>• <b>Thermal (Anneals):</b> Using high temperatures to repair defects in crystal structures or induce phase changes.</li></ul>  |
| Connect            | <ul style="list-style-type: none"><li>• <b>Advanced Packaging:</b> Using front-end wafer fab equipment tools and advanced substrates to connect a variety of chips using increasingly small contacts and wires to increase integration, reduce power and increase performance -- of both chips and systems.</li></ul>  |

## METROLOGY & INSPECTION

|         |   |
|---------|---|
| Analyze | <ul style="list-style-type: none"><li>• <b>Optical Inspection:</b> Examining wafers at optical resolution to detect the presence of particles and defects between process steps.</li><li>• <b>eBeam Defect Review:</b> Examining suspected defects at electron beam resolution to see and classify defects and root-cause process issues.</li><li>• <b>eBeam Inspection:</b> Using electron beam technology to detect and identify defects that cannot be detected by optical inspection.</li><li>• <b>eBeam Metrology:</b> Using electron beam technology to measure critical structures including buried structures with nanometer precision.</li><li>• <b>CD-SEM:</b> Calibrating lithography systems by using electron beam technology to measure the critical dimensions of patterns in photoresist.</li></ul> |
|---------|---|

# Additional Resources

Investor Relations Home Page

[LINK](#)

Newsroom

[LINK](#)

2025: Applied Materials Panel Discussion during SPIE Conference

[LINK](#)

2024: Semicon West Technology Breakfast

[LINK](#)

2024: 2023 WFE Market Summary

[LINK](#)

2024: Applied Materials Panel Discussion during SPIE Conference

[LINK](#)

2022: Services Master Class

[LINK](#)



# Appendix

## GAAP to Non-GAAP Reconciliations

# Use of Non-GAAP Adjusted 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 certain items related to mergers and acquisitions; restructuring and severance charges and any associated adjustments; 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 and on Applied's website, [ir.appliedmaterials.com](http://ir.appliedmaterials.com).

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.

# UNAUDITED QUARTERLY RECONCILIATION OF GAAP TO NON-GAAP ADJUSTED RESULTS

IN MILLIONS, EXCEPT PER SHARE AMOUNTS AND PERCENTAGES

## Non-GAAP Gross Profit

|   | FQ2'24          | FQ3'24          | FQ4'24          | FQ1'25          | FQ2'25          |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| GAAP reported gross profit                              | \$ 3,153        | \$ 3,205        | \$ 3,335        | \$ 3,496        | \$ 3,485        |
| Certain items associated with acquisitions <sup>1</sup> | 7               | 6               | 6               | 7               | 6               |
| Impairment of long-lived assets                         | -               | -               | 3               | -               | -               |
| Non-GAAP gross profit                                   | <u>\$ 3,160</u> | <u>\$ 3,211</u> | <u>\$ 3,344</u> | <u>\$ 3,503</u> | <u>\$ 3,491</u> |
| Non-GAAP gross margin                                   | 47.5%           | 47.4%           | 47.5%           | 48.9%           | 49.2%           |

## Non-GAAP Operating Income

|   |                 |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| GAAP reported operating income                          | \$ 1,912        | \$ 1,942        | \$ 2,046        | \$ 2,175        | \$ 2,169        |
| Certain items associated with acquisitions <sup>1</sup> | 10              | 10              | 11              | 12              | 11              |
| Acquisition integration and deal costs                  | 5               | 1               | 3               | 3               | -               |
| Impairment of long-lived assets                         | -               | -               | 3               | -               | -               |
| Non-GAAP operating income                               | <u>\$ 1,927</u> | <u>\$ 1,953</u> | <u>\$ 2,063</u> | <u>\$ 2,190</u> | <u>\$ 2,180</u> |
| Non-GAAP operating margin                               | 29.0%           | 28.8%           | 29.3%           | 30.6%           | 30.7%           |

## Non-GAAP Net Income

|   |                 |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| GAAP reported net income  | \$ 1,722        | \$ 1,705        | \$ 1,731        | \$ 1,185        | \$ 2,137        |
| Certain items associated with acquisitions <sup>1</sup>                           | 10              | 10              | 11              | 12              | 11              |
| Acquisition integration and deal costs  | 5               | 1               | 3               | 3               | -               |
| Impairment of long-lived assets   | -               | -               | 3               | -               | -               |
| Realized loss (gain), dividends and impairments on strategic investments, net     | (3)             | 16              | (1)             | (9)             | (18)            |
| Unrealized loss (gain) on strategic investments, net                              | (20)            | 25              | 244             | 106             | (80)            |
| Foreign exchange loss (gain) related to purchase of strategic investment          | -               | -               | -               | -               | 23              |
| Loss (gain) on asset sale   | -               | -               | -               | -               | (44)            |
| Income tax effect of share-based compensation <sup>2</sup>                        | 11              | 8               | 7               | (10)            | 4               |
| Income tax effect related to intra-entity intangible asset transfers <sup>3</sup> | 18              | 17              | (33)            | 674             | 32              |
| Resolution of prior years' income tax filings and other tax items                 | -               | (11)            | (47)            | (16)            | (124)           |
| Income tax effect of non-GAAP adjustments <sup>4</sup>                            | 1               | (4)             | (1)             | 1               | 1               |
| Non-GAAP net income   | <u>\$ 1,744</u> | <u>\$ 1,767</u> | <u>\$ 1,917</u> | <u>\$ 1,946</u> | <u>\$ 1,940</u> |

## Non-GAAP Earnings Per Diluted Share

|  |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|
| GAAP reported earnings per diluted share   | \$ 2.06        | \$ 2.05        | \$ 2.09        | \$ 1.45        | \$ 2.63        |
| Certain items associated with acquisitions <sup>1</sup>                            | 0.01           | 0.01           | 0.01           | 0.01           | 0.01           |
| Acquisition integration and deal costs   | 0.01           | -              | -              | -              | -              |
| Realized loss (gain), dividends and impairments on strategic investments, net      | -              | 0.01           | -              | (0.01)         | (0.02)         |
| Unrealized loss (gain) on strategic investments, net                               | (0.02)         | 0.03           | 0.30           | 0.13           | (0.10)         |
| Foreign exchange loss (gain) related to purchase of strategic investment           | -              | -              | -              | -              | 0.03           |
| Loss (gain) on asset sale  | -              | -              | -              | -              | (0.05)         |
| Income tax effect of share-based compensation <sup>2</sup>                         | 0.01           | 0.01           | 0.01           | (0.01)         | -              |
| Income tax effects related to intra-entity intangible asset transfers <sup>5</sup> | 0.02           | 0.02           | (0.04)         | 0.83           | 0.04           |
| Resolution of prior years' income tax filings and other tax items                  | -              | (0.01)         | (0.05)         | (0.02)         | (0.15)         |
| Non-GAAP earnings per diluted share  | <u>\$ 2.09</u> | <u>\$ 2.12</u> | <u>\$ 2.32</u> | <u>\$ 2.38</u> | <u>\$ 2.39</u> |
| Weighted average number of diluted shares  | 836            | 833            | 828            | 819            | 812            |

## FOOTNOTES:

1. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
2. GAAP basis tax benefit related to share-based compensation is recognized ratably over the fiscal year on a non-GAAP basis.
3. Amount for the first quarter of fiscal 2025 included changes to income tax provision of \$30 million from amortization of intangibles and a \$644 million remeasurement of deferred tax assets resulting from new tax incentive agreements in Singapore in fiscal 2025.
4. Adjustment to provision for income taxes related to non-GAAP adjustments reflected in income before income taxes.
5. Amount for the first quarter of fiscal 2025 included changes to income tax provision of \$0.04 per diluted share from amortization of intangibles and \$0.79 per diluted share from a remeasurement of deferred tax assets resulting from new tax incentive agreements in Singapore in fiscal 2025.



# UNAUDITED QUARTERLY RECONCILIATION OF GAAP TO NON-GAAP SEGMENT OPERATING RESULTS

IN MILLIONS, EXCEPT PERCENTAGES

## Semiconductor Systems Non-GAAP Operating Income

|   | Q2F24           | Q3F24           | Q4F24           | Q1F25           | Q2F25           |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| GAAP reported operating income                          | \$ 1,701        | \$ 1,712        | \$ 1,824        | \$ 1,986        | \$ 1,900        |
| Certain items associated with acquisitions <sup>1</sup> | 10              | 10              | 10              | 12              | 11              |
| Non-GAAP operating income                               | <u>\$ 1,711</u> | <u>\$ 1,722</u> | <u>\$ 1,834</u> | <u>\$ 1,998</u> | <u>\$ 1,911</u> |
| Non-GAAP operating margin                               | 34.9%           | 35.0%           | 35.4%           | 37.3%           | 36.4%           |

## AGS Non-GAAP Operating Income

|                                |               |               |               |               |               |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| GAAP reported operating income | \$ 436        | \$ 467        | \$ 492        | \$ 447        | \$ 446        |
| Non-GAAP operating income      | <u>\$ 436</u> | <u>\$ 467</u> | <u>\$ 492</u> | <u>\$ 447</u> | <u>\$ 446</u> |
| Non-GAAP operating margin      | 28.5%         | 29.6%         | 30.0%         | 28.0%         | 28.5%         |

## Display Non-GAAP Operating Income

|                                |             |              |             |              |              |
|--------------------------------|-------------|--------------|-------------|--------------|--------------|
| GAAP reported operating income | \$ 5        | \$ 16        | \$ 5        | \$ 14        | \$ 68        |
| Non-GAAP operating income      | <u>\$ 5</u> | <u>\$ 16</u> | <u>\$ 5</u> | <u>\$ 14</u> | <u>\$ 68</u> |
| Non-GAAP operating margin      | 2.8%        | 6.4%         | 2.4%        | 7.7%         | 26.3%        |

### FOOTNOTE:

1. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.

### NOTE:

The reconciliation of GAAP and non-GAAP adjusted segment results above does not include certain revenues, costs of products sold and operating expenses that are reported within corporate and other and included in consolidated operating income.

# UNAUDITED QUARTERLY RECONCILIATION OF GAAP TO NON-GAAP OPERATING EXPENSES

IN MILLIONS

|   | FQ2'24          | FQ3'24          | FQ4'24          | FQ1'25          | FQ2'25          |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>GAAP reported Operating Expenses</b>                 | \$ 1,241        | \$ 1,263        | \$ 1,289        | \$ 1,321        | \$ 1,316        |
| Certain items associated with acquisitions <sup>1</sup> | (3)             | (4)             | (5)             | (5)             | (5)             |
| Acquisition integration and deal costs                  | (5)             | (1)             | (3)             | (3)             | -               |
| Non-GAAP operating expenses                             | <u>\$ 1,233</u> | <u>\$ 1,258</u> | <u>\$ 1,281</u> | <u>\$ 1,313</u> | <u>\$ 1,311</u> |

## FOOTNOTE:

1. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.

# UNAUDITED QUARTERLY RECONCILIATION OF NON-GAAP FREE CASH FLOW

IN MILLIONS

## Non-GAAP Free Cash Flows<sup>1</sup>

|                                       | FQ2'24          | FQ3'24          | FQ4'24          | FQ1'25        | FQ2'25          |
|---------------------------------------|-----------------|-----------------|-----------------|---------------|-----------------|
| Cash provided by operating activities | \$ 1,392        | \$ 2,385        | \$ 2,575        | \$ 925        | \$ 1,571        |
| Capital expenditures                  | (257)           | (297)           | (407)           | (381)         | (510)           |
| Non-GAAP free cash flow               | <u>\$ 1,135</u> | <u>\$ 2,088</u> | <u>\$ 2,168</u> | <u>\$ 544</u> | <u>\$ 1,061</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 FREE CASH FLOW

| IN MILLIONS                                 | FY2015        | FY2016          | FY2017          | FY2018          | FY2019          |
|---|---------------|-----------------|-----------------|-----------------|-----------------|
| <b>Non-GAAP Free Cash Flows<sup>1</sup></b> |               |                 |                 |                 |                 |
| Cash provided by operating activities       | \$ 1,163      | \$ 2,566        | \$ 3,789        | \$ 3,787        | \$ 3,247        |
| Capital expenditures                        | (215)         | (253)           | (345)           | (622)           | (441)           |
| Non-GAAP free cash flow                     | <u>\$ 948</u> | <u>\$ 2,313</u> | <u>\$ 3,444</u> | <u>\$ 3,165</u> | <u>\$ 2,806</u> |

| IN MILLIONS                                 | FY2020          | FY2021          | FY2022          | FY2023          | FY2024          |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Non-GAAP Free Cash Flows<sup>1</sup></b> |                 |                 |                 |                 |                 |
| Cash provided by operating activities       | \$ 3,804        | \$ 5,442        | \$ 5,399        | \$ 8,700        | \$ 8,677        |
| Capital expenditures                        | (422)           | (668)           | (787)           | (1,106)         | (1,190)         |
| Non-GAAP free cash flow                     | <u>\$ 3,382</u> | <u>\$ 4,774</u> | <u>\$ 4,612</u> | <u>\$ 7,594</u> | <u>\$ 7,487</u> |

## FOOTNOTE:

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

## RECONCILIATION INFORMATION FOR BUSINESS OUTLOOK

Non-GAAP outlook for the third quarter of fiscal 2025 (including non-GAAP gross margin, operating margin, operating expenses and EPS) excludes known charges related to completed acquisitions of approximately \$11 million, or \$0.01 per share, and includes a net income tax benefit related to intra-entity intangible asset transfers of approximately \$30 million, or \$0.04 per share, but does 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.

