



Second Quarter Fiscal 2024 Earnings Presentation

May 16, 2024

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 2024 and beyond, 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 rising inflation and interest rates; the implementation and interpretation of export regulations and license requirements, 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; our ability to obtain licenses or authorizations on a timely basis, if at all; the effects of geopolitical turmoil or conflicts; consumer demand for electronic products; the demand for semiconductors; 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; 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-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.



UPCOMING Events

- MAY 30** Bernstein Strategic Decisions Conference
- JUNE 6** Bank of America Global Technology Conference
- JULY 9** Applied Materials Technology Breakfast at SEMICON West

Gary Dickerson

President and Chief Executive Officer



Overview

- Delivering near-term performance and well positioned for long-term growth
- Enabling global technology megatrends
- Accelerating key semiconductor inflections from R&D to high-volume manufacturing
- Generating more value in our service business

Tectonic Shifts in Technology Are Built on Semiconductors



DATA CENTER AI



EDGE AI AND
INTERNET OF THINGS



ELECTRIC AND
AUTONOMOUS VEHICLES



GLOBAL ENERGY
TRANSFORMATION

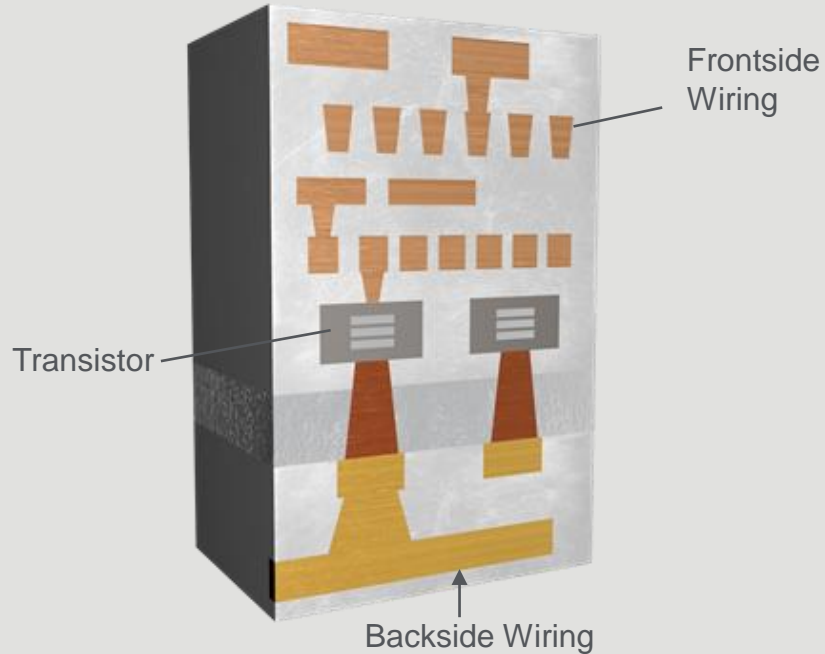


Advanced AI Chips Enabled by:

- Leading-edge logic
- Compute memory (high-performance DRAM)
- High-Bandwidth Memory (DRAM stacking)
- Advanced packaging to create a “system in a package”

**Applied is #1 in
materials engineering
in each area**

Enabling Customer Roadmap Inflections: Gate-All-Around



Applied has longstanding leadership
in transistors and wiring

TRANSISTORS

- Shift from FinFET to Gate-All-Around (GAA) grows Applied's transistor SAM from ~\$6B to ~\$7B*
- On track for >50% SAM share

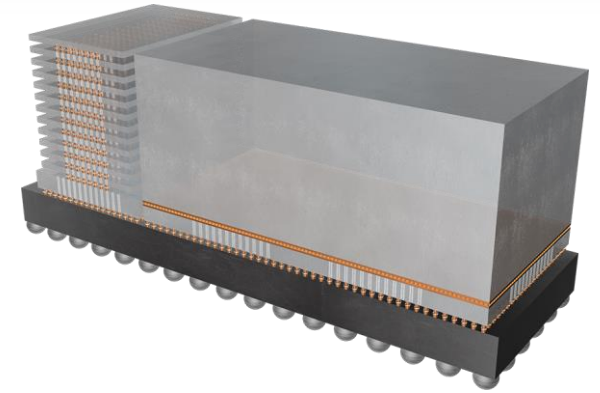
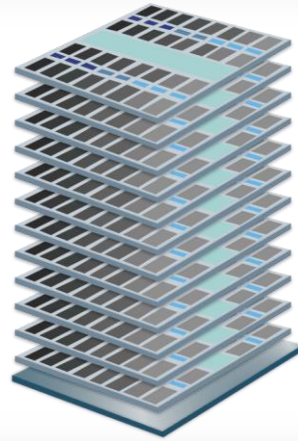
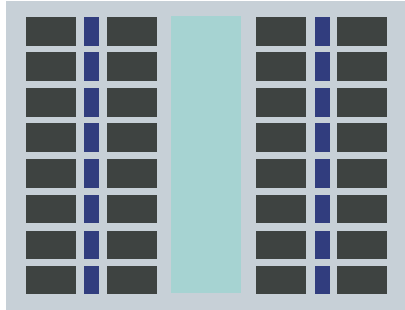
WIRING

- Introduction of Backside Power Delivery (BPD) grows Applied's wiring SAM from ~\$6B to ~\$7B*
- On track for >50% SAM share

**Expect >\$2.5B in Revenue from GAA Nodes in CY2024,
with Potential to More than Double in CY2025**

* Per 100k wafer starts per month capacity. SAM = Served Addressable Market

Enabling Customer Roadmap Inflections



DRAM

- » #1 in DRAM materials engineering
- » DRAM adopting our logic technologies in periphery I/O
- » ~40% SAM share in DRAM patterning
- » Co-optimized hardmask solutions

HIGH-BANDWIDTH MEMORY

- » #1 in HBM materials engineering
- » Serve ~3/4 of materials engineering steps in HBM packaging
- » Now expect HBM packaging revenue to grow ~6X in FY24 to >\$600M
- » Expect ~50% HBM SAM share












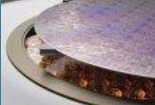

ADVANCED PACKAGING

- » #1 in advanced packaging
- » Industry's broadest advanced packaging portfolio
- » Now expect to grow to ~\$1.7B in FY24 with opportunity to double over several years
- » Expect ~50% SAM share





HBM packaging revenue is a subset of Applied's Advanced Packaging revenue. Advanced Packaging revenue is included in Applied's DRAM, NAND and foundry/logic revenue.

Applied Materials Technology Portfolio





Materials Engineering

Create and deposit	 Epitaxy	 Metal deposition	 Dielectric deposition	 Plating	 ALD	 Selective deposition
Shape and remove	 Etch	 Planarization	 Selective removal	 Pattern shaping		
Modify	 Implant	 Thermal	 Treatments			

Process Control

Analyze	 Optical inspection	 Defect review	 eBeam metrology and inspection	 CD-SEM
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Heterogeneous Integration

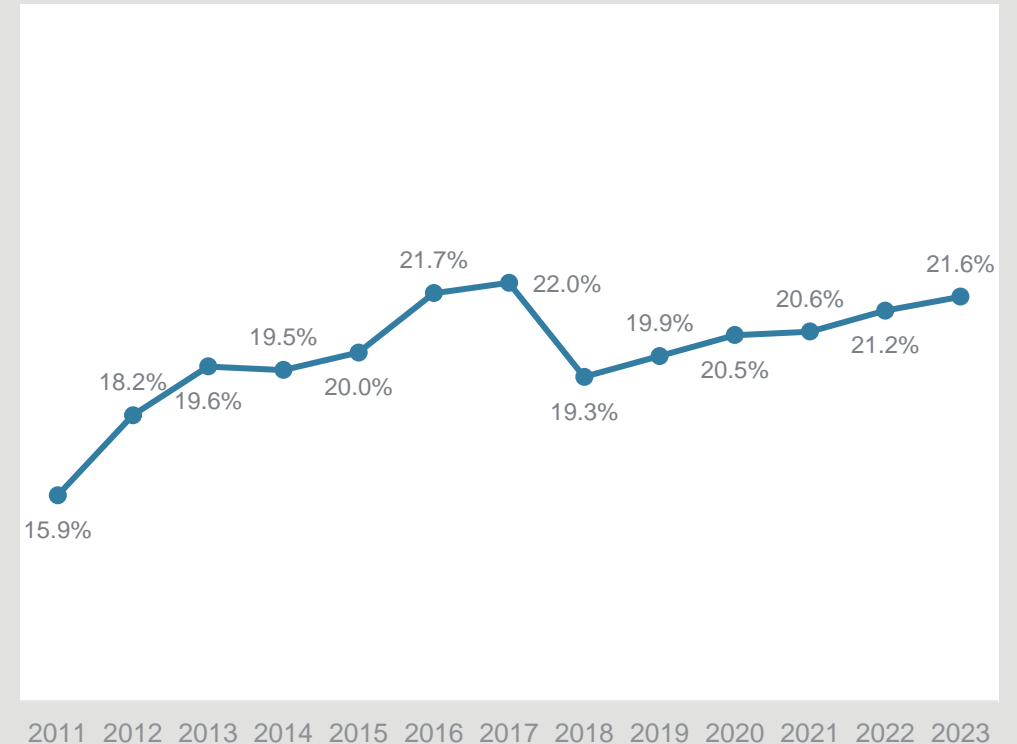
Connect	 Digital lithography
	 Panel-level PVD
	 Hybrid bonding
	 eBeam Test

Learn more: ["How do you make a chip" video](#)

Translating R&D Investments to Outperformance

- Applied outperformed WFE in each of past 5 years
- Materials engineering ~1/2 of WFE market; Applied is #1 in materials engineering
- Expect materials engineering to become a larger portion of WFE over time
- Applied expects to outgrow the WFE market through materials engineering leadership

Applied Materials Share of WFE



Source: Gartner (2011-19), TechInsights (2020-23), Applied Materials analysis.
Baseline year of 2011 is when Applied Materials acquired Varian Semiconductor Equipment Associates, Inc.

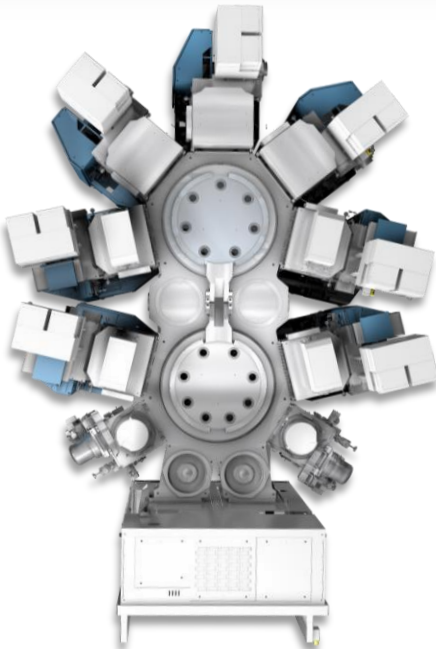
Global EPIC Platform: Collaborating with Customers

- Changing the industry's innovation model to accelerate mutual success rates and increase investment efficiencies
- Deploying our broad, deep and connected portfolio of materials engineering solutions to support high-velocity innovation and commercialization of next-generation technologies
- Anticipating key roadmap inflections and delivering enabling solutions critical to competitive advantage in fast-growing markets



EPIC = Equipment and Process Innovation and Commercialization

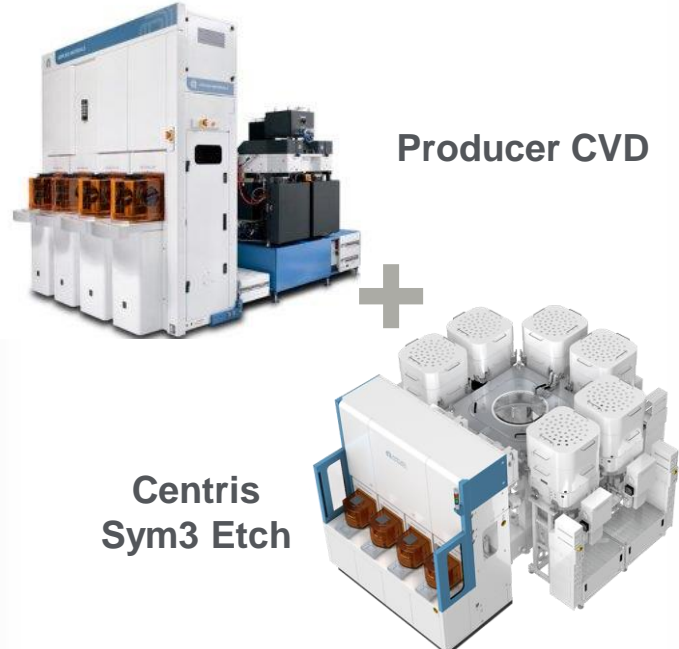
Connected Solutions for High-Value Problems



Endura PVD

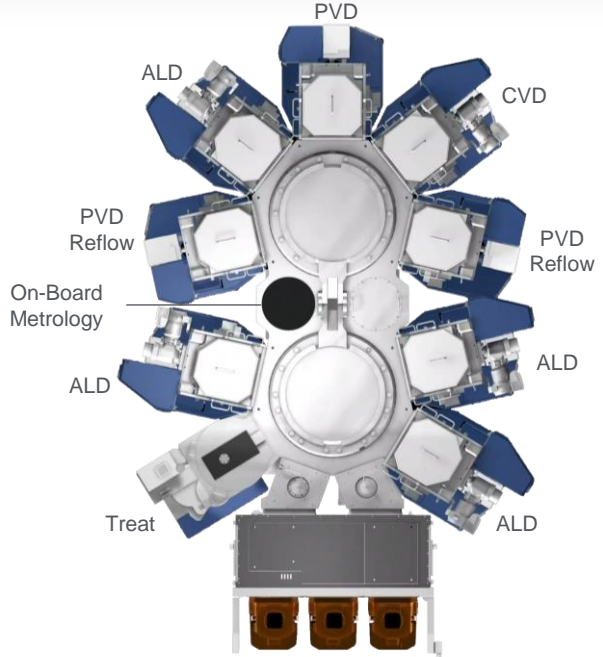
Unit Processes

One technology in one system



Co-optimized Processes

Two or more co-optimized technologies in adjacent systems



Endura IMS™
(Integrated Materials Solution)

Integrated Processes

Two or more co-optimized technologies in one system

IMS Represents ~30% of Semi Systems Revenue (vs ~20% in FY19)



APPLIED GLOBAL SERVICES

- Record revenue of \$1.5B in FQ2, 19 consecutive quarters of YoY growth
- >200k chambers in installed base
- ~2/3 recurring revenue generated from subscriptions
 - » 8% YoY increase in tools under service agreements
 - » ~90% renewal rate

**Enables Customers to Accelerate Technology Transfer
and Optimize Factory Performance**

CEO SUMMARY

- Strong financial performance in FQ2 and well positioned for long-term growth
- Tectonic shifts in technology are built on semiconductors, driving demand for more and better chips
- Key inflections that underpin the semiconductor roadmap are enabled by Applied Materials, supporting our outperformance
- The increasingly complex roadmap is:
 - » Driving earlier, deeper and broader customer collaboration
 - » Accelerating demand for our co-optimized and integrated solutions
 - » Supporting double-digit growth opportunity in our service business

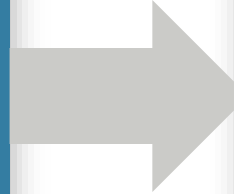
Brice Hill

SVP, Chief Financial Officer



BUSINESS ENVIRONMENT

- » Semiconductor device market grew 15% YoY in CQ1
- » Factory utilization increased across all device types
- » Cloud Service Providers announced strong capex plans
- » Data center expected to become #1 driver of leading-edge F/L wafer starts in coming years



APPLIED PERFORMANCE

Strong quarter in FQ2 across

- » DRAM
- » Advanced packaging
- » ICAPS
- » Applied Global Services

Tectonic Shifts in Technology Are Built on Semiconductors



DATA CENTER AI



EDGE AI AND
INTERNET OF THINGS



ELECTRIC AND
AUTONOMOUS VEHICLES



GLOBAL ENERGY
TRANSFORMATION



ICAPS to remain key driver of Applied's foundry-logic business

- » Megatrends increase unit demand for ICAPS chips
- » Innovating to create better ICAPS chips stimulates new system sales
- » Introducing new ICAPS products in additional markets expands our reach and share

ICAPS = Internet of Things, Communications, Automotive, Power, Sensors; includes F/L spending at 10nm and above nodes.

Capital Allocation Strategy

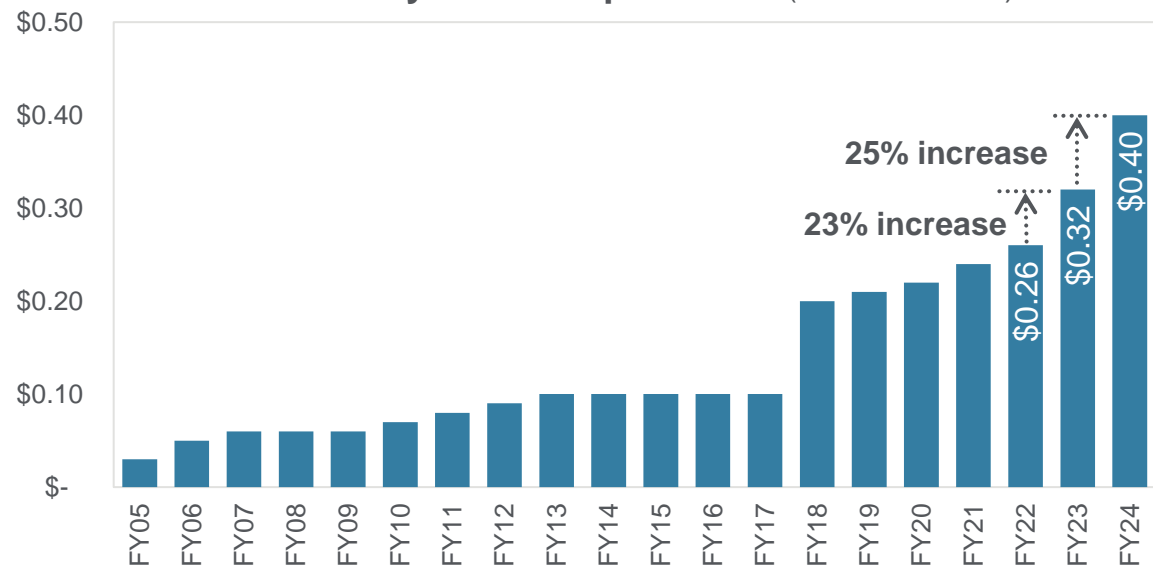
1. Invest in R&D and infrastructure to enable profitable growth

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

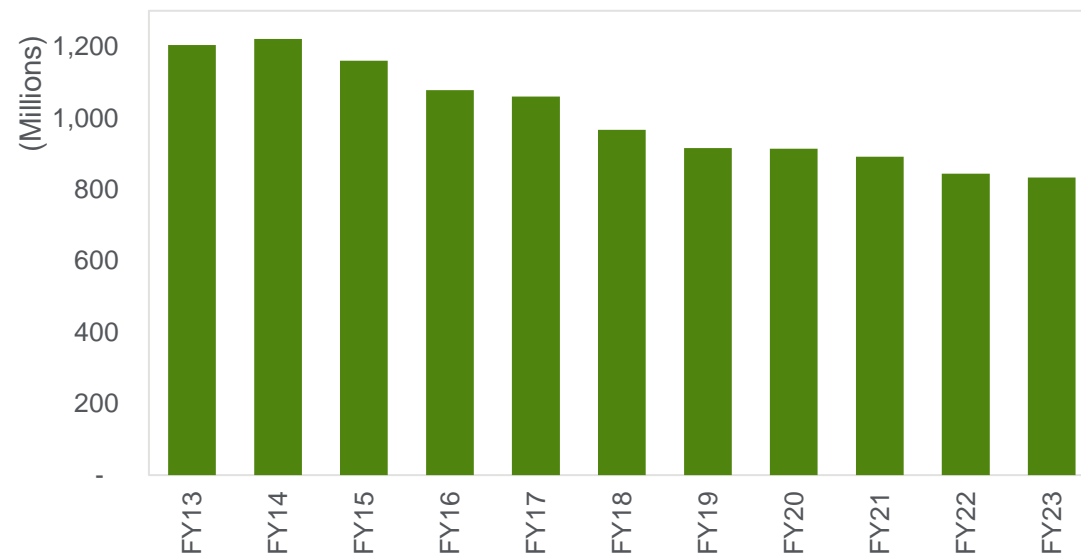
OVER PAST 10 FISCAL YEARS (through FY23)

- » Reinvested >\$20B in R&D and >\$5B in capital additions
- » Distributed >90% of FCF*
- » Grew dividend per share at ~12% CAGR
- » Reduced net shares outstanding by >30%

Quarterly Dividend per Share (declared in Q2)



Shares Outstanding at FY End

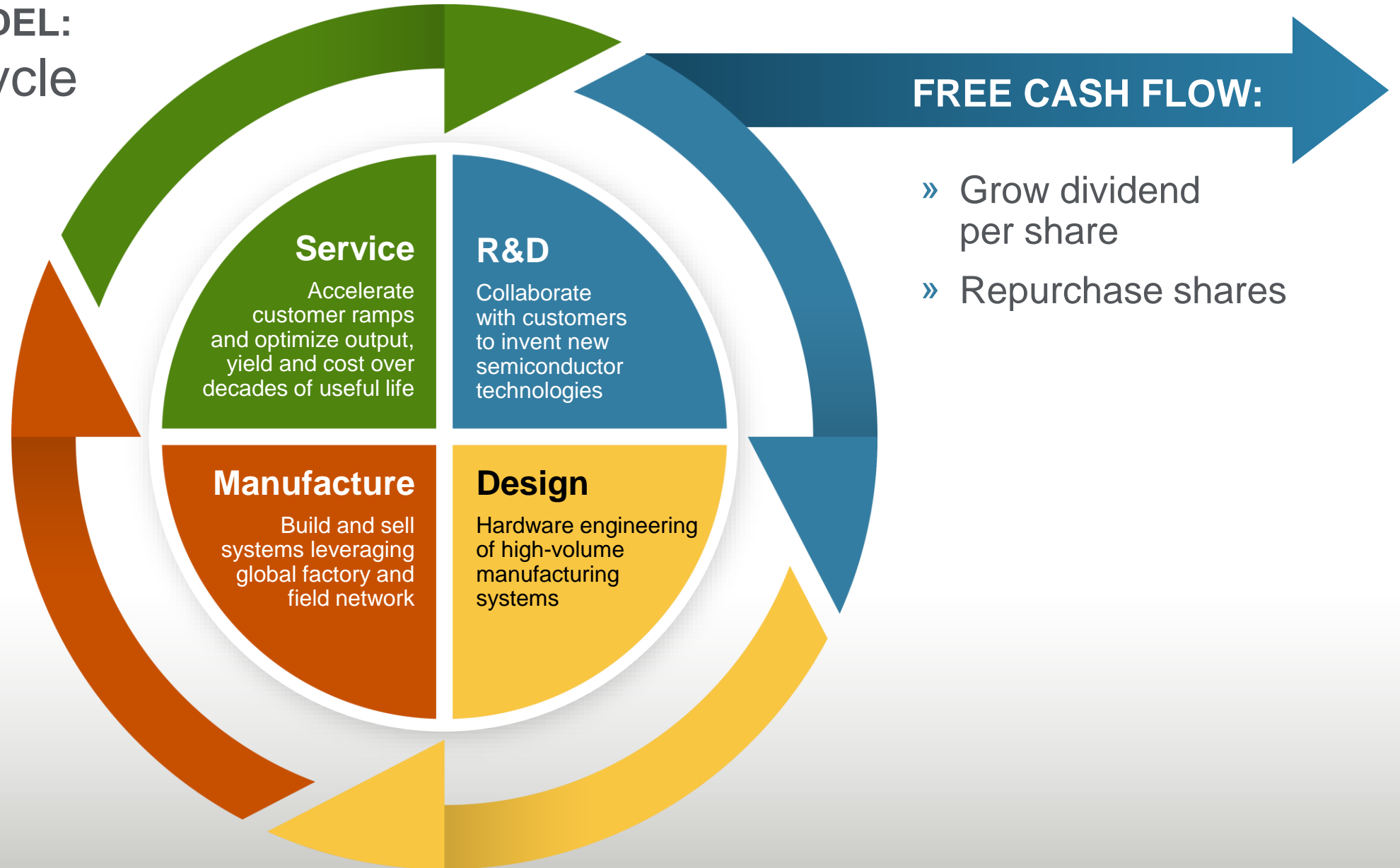


Committed to Distribute 80–100% of FCF to Shareholders Over Time

\$11.2B remaining on share repurchase authorization at end of Q2'24.

* 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

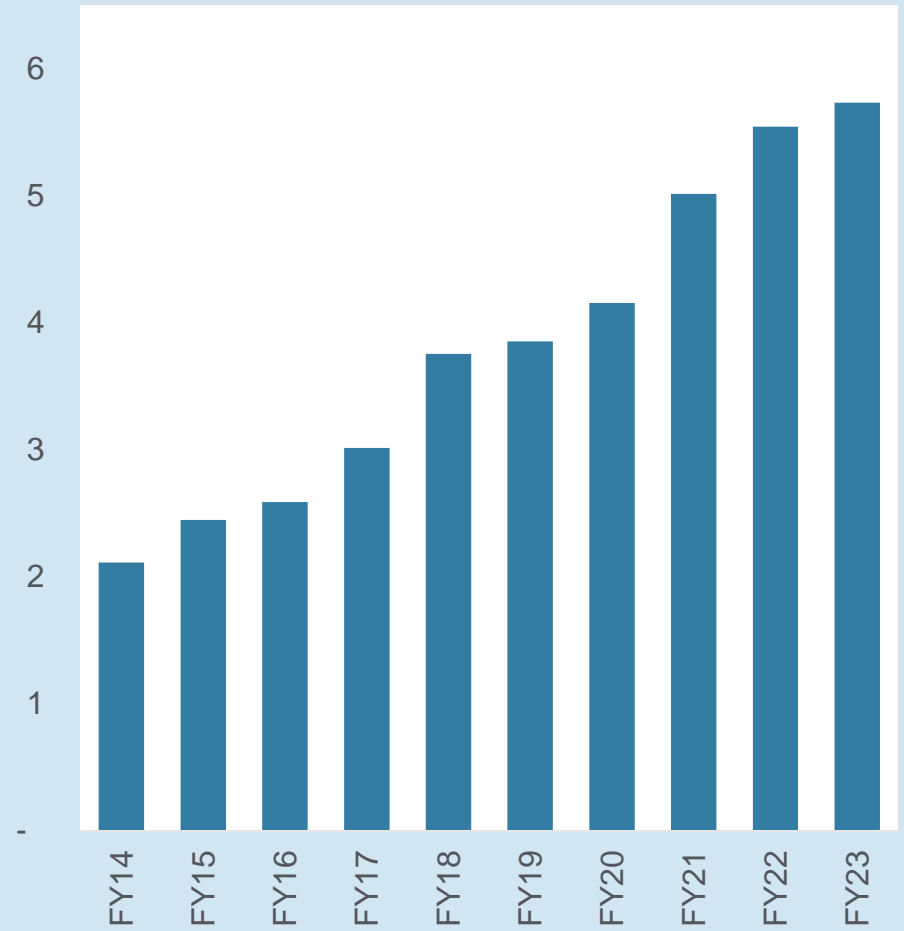
OPERATING MODEL: A Virtuous Cycle



AGS Delivering Stable Growth

- Every tool we ship grows our installed base and service opportunity
- Delivered 19 consecutive quarters of YoY growth, spanning two memory downcycles
- >80% of AGS revenue is recurring services and parts
 - » ~2/3 recurring revenue generated from subscriptions
 - » ~90% renewal rate
- AGS produces more than enough operating profit to fund company's growing dividend
 - » March 2023: declared 23% increase in dividend per share
 - » March 2024: declared 25% increase in dividend per share

AGS Revenue (\$B)



COMPOUND ANNUAL GROWTH RATE OVER 10 FISCAL YEARS

>13%

REVENUE

~30%

NON-GAAP EPS*

33%

FREE CASH FLOW*

~12%

DIVIDENDS / SHARE

**Over Past 10 Fiscal Years, Increased ROIC* from 8% to 35%
and Reduced Net Shares Outstanding by Over 30%**

* 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

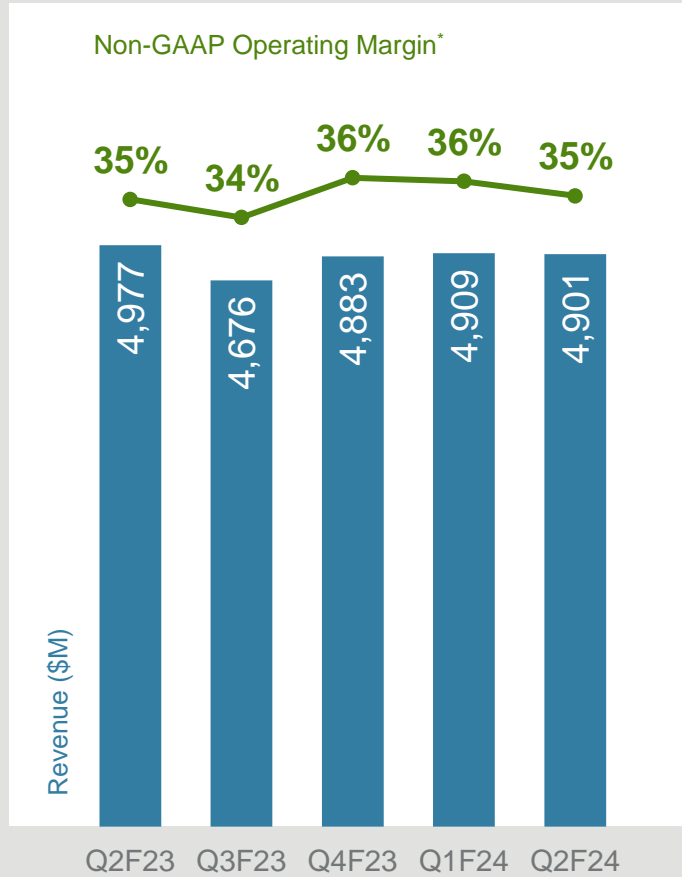
Q2F24 Non-GAAP Financial Results

	Q2F23	Q1F24	Q2F24	YoY	QoQ
<small>\$M, except EPS</small>					
Revenue	6,630	6,707	6,646	-	(1%)
Gross Margin*	46.8%	47.9%	47.5%	70bps	(40bps)
Operating Expenses*	1,171	1,230	1,233	5%	-
Operating Income*	1,930	1,981	1,927	-	(3%)
Operating Margin*	29.1%	29.5%	29.0%	(10bps)	(50bps)
EPS*	\$2.00	\$2.13	\$2.09	5%	(2%)

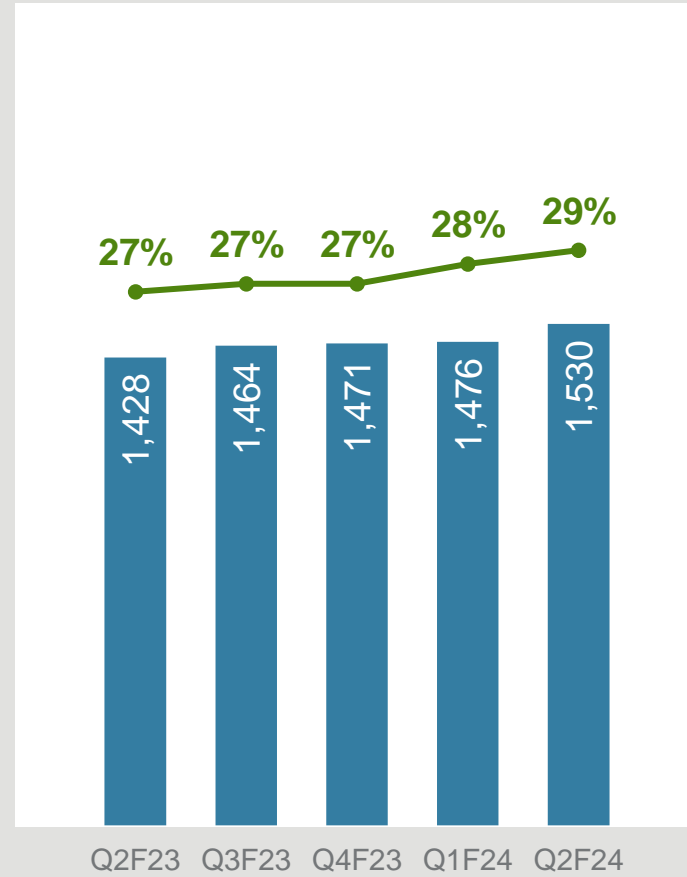
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Q2F24 Segment Results

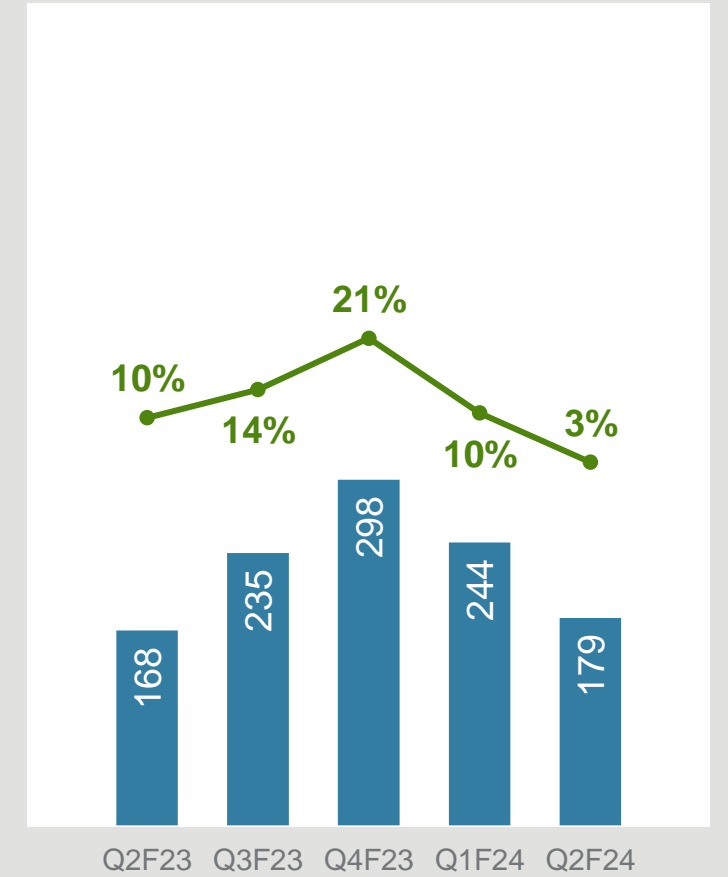
SEMICONDUCTOR SYSTEMS



APPLIED GLOBAL SERVICES



DISPLAY & ADJACENT MARKETS



* 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

Cash Flows and Shareholder Distributions

CASH FLOWS (\$M)	Q2F23	Q3F23	Q4F23	Q1F24	Q2F24
Operating Cash Flow	2,292	2,583	1,555	2,325	1,392
Free Cash Flow*	2,037	2,328	1,246	2,096	1,135
SHAREHOLDER DISTRIBUTIONS (\$M)					
Total Shareholder Distributions	(1,019)	(707)	(968)	(966)	(1,086)
Share Repurchases	(800)	(439)	(700)	(700)	(820)
Dividends	(219)	(268)	(268)	(266)	(266)

Committed to Distribute 80–100% of FCF to Shareholders Over Time

* 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

Business Outlook

Third QUARTER FISCAL 2024

OUTLOOK	Total Revenue	~\$6.65B ± \$400M
	Non-GAAP EPS	~\$2.01 ± \$0.18
SEGMENT REVENUE	Semiconductor Systems	~\$4.80B
	Applied Global Services	~\$1.57B
	Display and Adjacent Markets	~\$245M
OTHER	Non-GAAP Gross Margin	~47.0%
	Non-GAAP Operating Expenses	~\$1,260M
	Non-GAAP Tax Rate	~12.3%

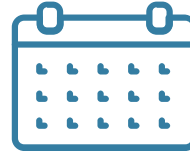
Q&A

APPLIED MATERIALS AT-A-GLANCE

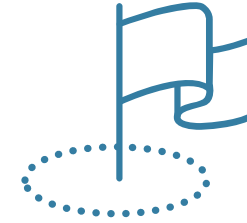


REPORTING SEGMENTS

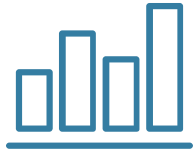
Semiconductor Systems
Applied Global Services
Display and Adjacent Markets



CURRENT FISCAL
YEAR ENDS
27 October 2024



FOUNDED
1967
FIRST PUBLIC
OFFERING
1972



\$26.5 billion
TTM REVENUE



\$3.1 billion
TTM R&D
INVESTMENTS



~34,800*
employees
in **24**** countries



~19,600**
active patents



FTSE4Good



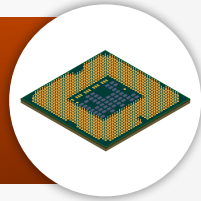
TTM is trailing twelve months. *As of fiscal Q2'24 ended 4/28/2024 **As of fiscal year-ended 10/29/2023.

Growth Thesis

Global GDP



Semiconductors



Wafer Fab Equipment



Applied Semi Systems



Applied Global Services



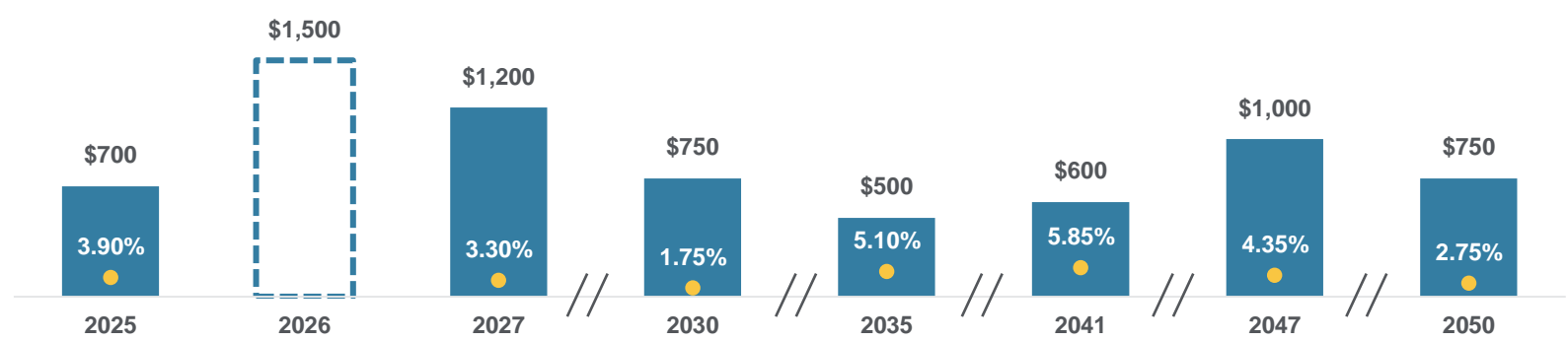
1. **Semiconductors** significantly outgrow GDP
2. **Fab equipment** grows as fast or faster than semiconductors
3. **Applied Semi Systems** outgrows fab equipment market
4. **Applied Global Services** grows as fast or faster than Semi Systems

Strong and Flexible Balance Sheet

CASH AND INVESTMENTS (\$M)	Q2F23	Q3F23	Q4F23	Q1F24	Q2F24
Cash and cash equivalents	4,588	6,025	6,132	6,854	7,085
Short-term investments	510	510	737	638	472
Long-term investments	2,024	2,177	2,281	2,910	2,983
Total cash and investments	7,122	8,712	9,150	10,402	10,540
Commercial paper Current ratings (Moody's / S&P): P-1 / A-1	199	199	100	100	99
Long-term debt Current ratings (Moody's / S&P): A2 / A	5,459	5,460	5,461	5,462	5,463

Long-term debt maturity profile

- Undrawn Revolver
- Outstanding Notes





NET ZERO 2040 PLAYBOOK™

LATEST 3rd PARTY ESG RATINGS

CDP Climate	A-
CDP Water	B
MSCI	AAA
Sustainalytics Risk Rating	Low
ISS (E/S/G)	1/2/1

Links: [Net Zero 2040 Playbook](#) | [2022 Sustainability Report](#) | [2022 Sustainability Report Data Annex](#)

Additional Resources

Investor Relations Home Page

[LINK](#)

Latest News

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Blog: Ideas, Actions & Technologies

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2021: Memory Master Class

[LINK](#)

2021: Logic Master Class

[LINK](#)

2021: ICAPS and Packaging Master Class

[LINK](#)

2021: Process Control and AppliedPRO Master Class

[LINK](#)

2022: New Ways to Shrink Master Class

[LINK](#)

2022: New Ways to Wire and Integrate Chips

[LINK](#)

2022: Services Master Class

[LINK](#)

2022: eBeam Technology and Product Launch

[LINK](#)

2023: New Ways to Shrink: Advanced Patterning Products Launch

[LINK](#)

2023: SEMICON West Technology Breakfast

[LINK](#)

2023: Panel Discussion during IEDM 2023

[LINK](#)

2024: Applied Materials Panel Discussion during SPIE Conference

[LINK](#)

2024: 2023 WFE Market Summary

[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, <https://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

	Q2F23	Q3F23	Q4F23	Q1F24	Q2F24
GAAP reported gross profit	\$ 3,094	\$ 2,976	\$ 3,169	\$ 3,204	\$ 3,153
Certain items associated with acquisitions ¹	7	7	8	7	7
Non-GAAP gross profit	<u>\$ 3,101</u>	<u>\$ 2,983</u>	<u>\$ 3,177</u>	<u>\$ 3,211</u>	<u>\$ 3,160</u>
Non-GAAP gross margin	46.8%	46.4%	47.3%	47.9%	47.5%

Non-GAAP Operating Income

GAAP reported operating income	\$ 1,911	\$ 1,802	\$ 1,971	\$ 1,967	\$ 1,912
Certain items associated with acquisitions ¹	11	10	11	11	10
Acquisition integration and deal costs	8	6	2	3	5
Non-GAAP operating income	<u>\$ 1,930</u>	<u>\$ 1,818</u>	<u>\$ 1,984</u>	<u>\$ 1,981</u>	<u>\$ 1,927</u>
Non-GAAP operating margin	29.1%	28.3%	29.5%	29.5%	29.0%

Non-GAAP Net Income

GAAP reported net income	\$ 1,575	\$ 1,560	\$ 2,004	\$ 2,019	\$ 1,722
Certain items associated with acquisitions ¹	11	10	11	11	10
Acquisition integration and deal costs	8	6	2	3	5
Realized loss (gain), dividends and impairments on strategic investments, net	117	(4)	(2)	(1)	(3)
Unrealized loss (gain) on strategic investments, net	11	6	(147)	(280)	(20)
Earn-out	-	-	(15)	-	-
Income tax effects related to intra-entity intangible asset transfers	(1)	9	(65)	22	18
Resolution of prior years' income tax filings and other tax items	(27)	10	(9)	33	-
Income tax effect of share-based compensation ²	3	5	6	(26)	11
Income tax effect of non-GAAP adjustments ³	(5)	(2)	1	1	1
Non-GAAP net income	<u>\$ 1,692</u>	<u>\$ 1,600</u>	<u>\$ 1,786</u>	<u>\$ 1,782</u>	<u>\$ 1,744</u>

Non-GAAP Earnings Per Diluted Share

GAAP reported earnings per diluted share	\$ 1.86	\$ 1.85	\$ 2.38	\$ 2.41	\$ 2.06
Certain items associated with acquisitions ¹	0.01	0.01	0.01	0.01	0.01
Acquisition integration and deal costs	0.01	0.01	-	-	0.01
Realized loss (gain), dividends and impairments on strategic investments, net	0.14	-	-	-	-
Unrealized loss (gain) on strategic investments, net	0.01	-	(0.18)	(0.33)	(0.02)
Earn-out	-	-	(0.01)	-	-
Income tax effects related to intra-entity intangible asset transfers	-	0.01	(0.08)	0.03	0.02
Income tax effect of share-based compensation ²	-	0.01	0.01	(0.03)	0.01
Resolution of prior years' income tax filings and other tax items	(0.03)	0.01	(0.01)	0.04	-
Non-GAAP earnings per diluted share	<u>\$ 2.00</u>	<u>\$ 1.90</u>	<u>\$ 2.12</u>	<u>\$ 2.13</u>	<u>\$ 2.09</u>
Weighted average number of diluted shares	847	843	842	837	836

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. Adjustment to provision for income taxes related to non-GAAP adjustments reflected in income before income taxes.

UNAUDITED QUARTERLY RECONCILIATION OF GAAP TO NON-GAAP OPERATING EXPENSES

IN MILLIONS	Q2F23	Q3F23	Q4F23	Q1F24	Q2F24
GAAP Reported Operating Expenses	\$ 1,183	\$ 1,174	\$ 1,198	\$ 1,237	\$ 1,241
Certain items associated with acquisitions	(4)	(3)	(3)	(4)	(3)
Acquisition integration and deal costs	(8)	(6)	(2)	(3)	(5)
Non-GAAP operating expenses	<u>\$ 1,171</u>	<u>\$ 1,165</u>	<u>\$ 1,193</u>	<u>\$ 1,230</u>	<u>\$ 1,233</u>

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

IN MILLIONS, EXCEPT PERCENTAGES

Semiconductor Systems Non-GAAP Operating Income

	Q2F23	Q3F23	Q4F23	Q1F24	Q2F24
GAAP reported operating income	\$ 1,715	\$ 1,568	\$ 1,741	\$ 1,744	\$ 1,701
Certain items associated with acquisitions ¹	10	10	10	10	10
Non-GAAP operating income	<u>\$ 1,725</u>	<u>\$ 1,578</u>	<u>\$ 1,751</u>	<u>\$ 1,754</u>	<u>\$ 1,711</u>
Non-GAAP operating margin	34.7%	33.7%	35.9%	35.7%	34.9%

AGS Non-GAAP Operating Income

GAAP reported operating income	\$ 384	\$ 399	\$ 401	\$ 417	\$ 436
Non-GAAP operating income	<u>\$ 384</u>	<u>\$ 399</u>	<u>\$ 401</u>	<u>\$ 417</u>	<u>\$ 436</u>
Non-GAAP operating margin	26.9%	27.3%	27.3%	28.3%	28.5%

Display and Adjacent Markets Non-GAAP Operating Income

GAAP reported operating income	\$ 16	\$ 32	\$ 63	\$ 25	\$ 5
Non-GAAP operating income	<u>\$ 16</u>	<u>\$ 32</u>	<u>\$ 63</u>	<u>\$ 25</u>	<u>\$ 5</u>
Non-GAAP operating margin	9.5%	13.6%	21.1%	10.2%	2.8%

FOOTNOTE:

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

NOTE:

Effective in the first quarter of fiscal 2024, management began including share-based compensation expense in the evaluation of reportable segments' performance. Prior year numbers have been recast to conform to the current year presentation.

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 NON-GAAP FREE CASH FLOW

IN MILLIONS	Q2F23	Q3F23	Q4F23	Q1F24	Q2F24
Non-GAAP Free Cash Flows¹					
Cash provided by operating activities	\$ 2,292	\$ 2,583	\$ 1,555	\$ 2,325	\$ 1,392
Capital expenditures	(255)	(255)	(309)	(229)	(257)
Non-GAAP free cash flow	<u>\$ 2,037</u>	<u>\$ 2,328</u>	<u>\$ 1,246</u>	<u>\$ 2,096</u>	<u>\$ 1,135</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 RECONCILIATION OF GAAP TO NON-GAAP RESULTS

IN MILLIONS, EXCEPT PER SHARE AMOUNTS

Non-GAAP Earnings Per Diluted Share

	FY2023	FY2013
GAAP reported earnings per diluted share	\$ 8.11	\$ 0.21
Certain items associated with acquisitions ¹	0.05	0.14
Acquisition integration and deal costs	0.02	0.02
Impairment of goodwill and intangible assets	–	0.21
Certain items associated with announced business combination ²	–	0.01
Restructuring charges and assets impairments ³	–	0.03
Realized loss (gain), dividends and impairments on strategic investments, net	0.13	–
Unrealized loss (gain) on strategic investments, net	(0.16)	–
Earn-out	(0.01)	–
Income tax effects related to intra-entity intangible asset transfers	(0.05)	–
Resolution of prior years' income tax filings and other tax items	(0.04)	(0.03)
Non-GAAP adjusted earnings per diluted share	<u>\$ 8.05</u>	<u>\$ 0.59</u>
Weighted average number of diluted shares	845	1,219

FOOTNOTES:

1. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
2. These items are incremental charges related to the announced business combination agreement with Tokyo Electron Limited, consisting of acquisition-related costs and other charges.
3. Results for fiscal 2013 included \$39 million of employee-related costs, net, related to the restructuring program announced on October 3, 2012, and restructuring and asset impairment charges of \$26 million related to the restructuring program announced on May 10, 2012, partially offset by a favorable adjustment of \$2 million related to other restructuring plans.

UNAUDITED CALCULATION OF NON-GAAP MEASURES

IN MILLIONS	FY2023	FY2013
Free Cash Flow¹		
Cash provided by operating activities	\$ 8,700	\$ 623
Capital expenditures	<u>(1,106)</u>	<u>(197)</u>
Free cash flow	<u>\$ 7,594</u>	<u>\$ 426</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 CALCULATION OF RETURN ON INVESTED CAPITAL

IN MILLIONS, EXCEPT PERCENTAGES

	FY2023	FY2022	FY2013	FY2012
Non-GAAP operating income after tax				
Non-GAAP operating income before tax	\$ 7,719		\$ 1,032	
Non-GAAP effective income tax rate	12.1%		24.5%	
Non-GAAP operating income after tax (a)	\$ 6,785		\$ 779	
Invested Capital				
Total assets		\$ 26,726		\$ 12,102
Current liabilities		(7,379)		(2,265)
Invested capital (b)		<u>\$ 19,347</u>		<u>\$ 9,837</u>
Return on invested capital (a/b)	35%		8%	

RECONCILIATION INFORMATION FOR BUSINESS OUTLOOK

Non-GAAP outlook for the third quarter of fiscal 2024 (including non-GAAP gross margin, operating margin, operating expenses and EPS) excludes known charges related to completed acquisitions of approximately \$10 million, or \$0.01 per share, includes the normalized tax benefit of share-based compensation of approximately \$8 million, or \$0.01 per share, and includes a net income tax benefit related to intra-entity intangible asset transfers of \$18 million, or \$0.02 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.



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