Third Quarter Fiscal 2026 Earnings Presentation

August 13, 2026

Applied Materials External

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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, legal matters, our business outlook for the fourth quarter of fiscal 2026 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 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.

Calendar Announcements

OCTOBER 12
EPIC Center Unveiling
Sunnyvale, CA

OCTOBER 13
Investor Breakfast Presentation
San Francisco, CA | Webcast

NOVEMBER 12 [PROJECTED]
Q4 2026 Earnings Call
Webcast

Gary Dickerson

President and Chief Executive Officer

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CEO PERSPECTIVE

- Environment: Rapid global AI infrastructure build-out, and Applied's technology leadership, provide strong foundation for multi-year revenue and profit growth
- FQ3: Record-breaking quarter, including highest QoQ revenue growth in company history
- CY26: Further increased Semi Systems revenue outlook and expect to grow faster than the market
  - Chipmakers have found new ways to address cleanroom space constraints and have further increased their demand for tool deliveries
  - AGS growing >20% in CY26 as we help customers ramp faster and achieve higher output and yield
- CY27: Increased visibility gives high confidence in another strong growth year

CY26 refers to FQ2'26-FQ1'27. FQ1'27 will be a 14-week quarter

AI is Becoming Fundamental to Competitiveness

CASE STUDY: How Applied is using AI to grow faster and operate more productively

R&D AND SERVICES

- Using AI to create new, highly differentiated products
- Significantly accelerating product development timelines
- Creating valuable new service solutions for customers

OPERATIONS

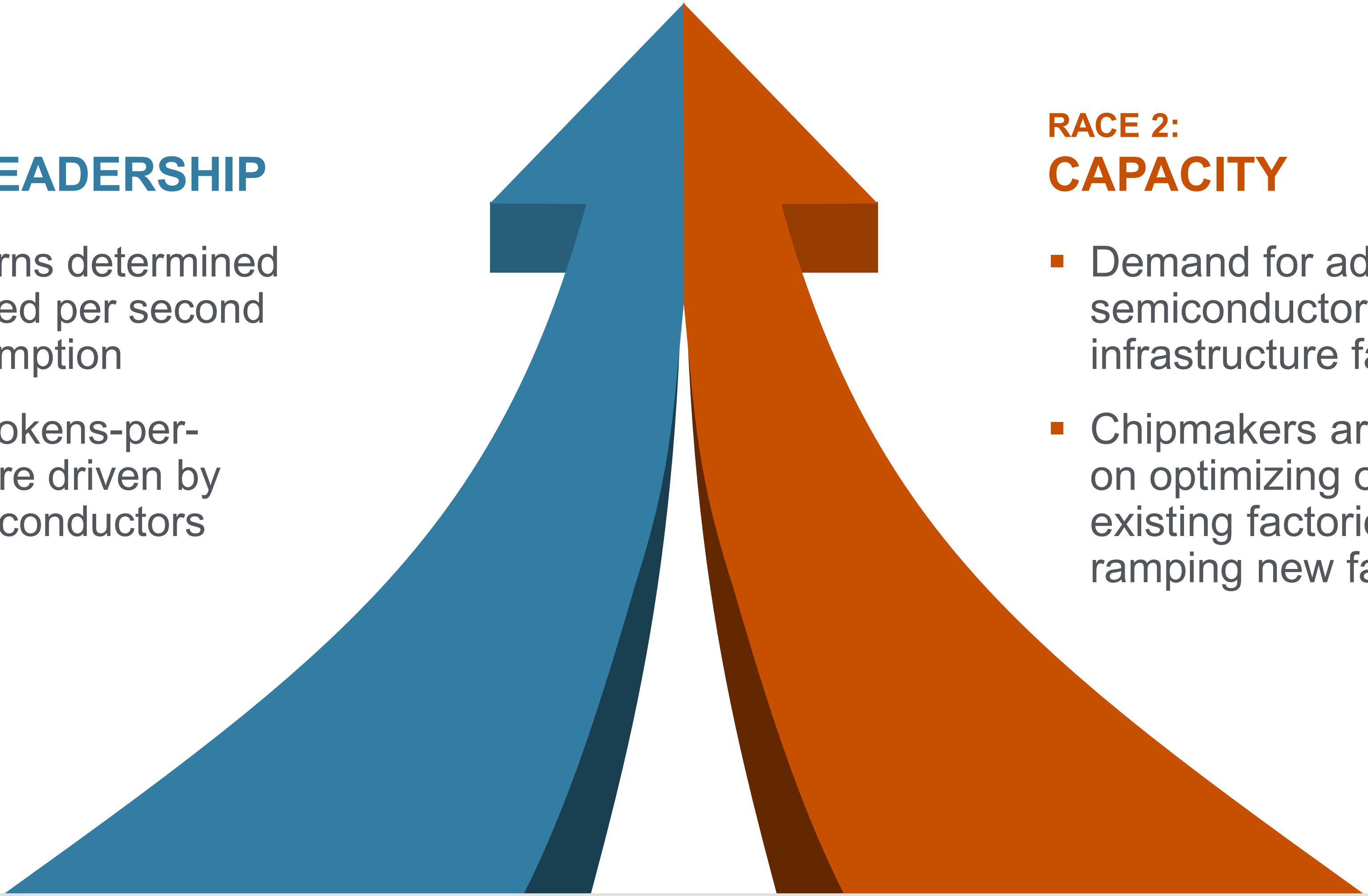
- AI is helping Applied ramp faster
- Driving meaningful productivity improvements across operations, supply chain and corporate functions
- Scaling revenue significantly faster than headcount

AI Investments Accelerating Revenue Growth and Operating Profit Margins

Global Competition for AI Leadership: Two Concurrent Races

RACE 1:
TECHNOLOGY LEADERSHIP

- AI datacenter returns determined by tokens generated per second and energy consumption
- Improvements in tokens-per-second-per-watt are driven by innovation in semiconductors and systems



RACE 2:
CAPACITY

- Demand for advanced semiconductors to support AI infrastructure far exceeds supply
- Chipmakers are intensely focused on optimizing output and yield in existing factories, while rapidly ramping new factories

Both Races Fuel New Opportunities for Applied to Create and Capture Value

How Applied Enables the Technology Race

LEADING-EDGE FOUNDRY/LOGIC

- Strong leadership position in leading-edge foundry-logic
- Introduced Centris™ Spectral™ SiN ALD to help chipmakers extend scaling and deliver high performance and better manufacturing yield NEW
- Innovative pipeline of next-generation solutions

DRAM

- Strong leadership position across the DRAM roadmap
- Introduced enhanced Centura™ Prime™ epitaxy, which boosts DRAM speed and power efficiency with logic-class technology NEW
- Introduced Producer™ Avila™ 2, which enables higher-performance, higher-layer-count HBM NEW

ADVANCED PACKAGING

- Market leader with strong positions in HBM and 3D chiplet stacking
- Now expect advanced packaging revenues to grow >70% in CY26
- Introduced Nokota™ VMax™ 2 plating, Opta™ Quad CMP and two eBeam systems NEW
- Broadest portfolio for emerging panel format

Leading-edge F/L, DRAM, and Advanced Packaging are Driving ~80% of WFE Growth

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How Applied Enables the Capacity Race

ADVANCED SERVICES

- >37,000 chambers connected to AI^x software
- Helping customers optimize fab operations and accelerate new node ramps
- Expect AGS revenue to grow >20% in CY26; mid-teens long-term CAGR

PROCESS DIAGNOSTICS AND CONTROL

- Advanced logic and DRAM require more eBeam steps; Applied is #1 in the growing eBeam market
- Introducing new optical inspection products and increasing Applied's share
- Expect process diagnostics and control revenue to grow >50% in CY26

OUTPUT INNOVATION PRODUCTS

- Developing new portfolio of output innovation products to increase wafers processed per square foot of cleanroom
- Increasingly valuable as customers race to expand capacity
- Example: new epitaxy system increases DRAM performance while using 20% less cleanroom space

Enabling Customers to Increase Output and Yield in Existing Fabs; Accelerate Ramp of New Fabs

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EPIC CENTER R&D PARTNERSHIPS EXPANDING

FOUNDING PARTNERS	INNOVATION PARTNERS	RESEARCH PARTNERS
Micron	Advantest	ASU
Samsung	Broadcom	RPI
SK hynix	SCREEN	Stanford
TSMC		UC Berkeley

11 Announced EPIC Engagements | EPIC Center to Begin Operations in the Fall

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CEO SUMMARY

- Market environment
  - Demand for advanced semiconductors and equipment continues to strengthen
  - Raising Semi Systems revenue outlook for CY26; expect to grow faster than the market
  - On track for strong revenue growth and margin expansion in 2027 and beyond
- Race for AI technology leadership
  - Improvements in tokens-per-second-per-watt are driven by innovation in semiconductors and systems
  - Leading-edge foundry-logic, DRAM and advanced packaging have greatest impact on AI computing; Applied has strong leadership positions and introduced eight new products this quarter
- Race for capacity
  - Enabling customers to increase output and yield, and accelerate new fab ramps

Brice Hill

SVP, Chief Financial Officer

Demand Strengthening

- Cloud service providers generating positive returns from growing AI infrastructure investments
- Semiconductor fab utilization levels rising across leading-edge F/L, memory and ICAPS
- Customers announced more than 10 new fab projects in the quarter
- ICAPS experiencing strong demand in AI-related markets like power and optical chips

Scaling for Growth

- Nearly doubled our manufacturing space over the past several years
- Doubling quarterly system manufacturing capacity from current levels by 2028
- Planning our next manufacturing capacity expansion, ensuring we have the option to support further increases in demand by 2030
- Added more than 1,500 people in worldwide manufacturing and AGS customer support this quarter

Value Creation and Sharing

- Applied is investing to deliver value in more ways than ever before
  - Increased R&D every year since 2012
  - Better chips: broadening from equipment innovations to materials engineering solutions
  - Better systems: significantly increased advanced packaging R&D, reinforced by two recent acquisitions
  - Better fab returns: increasing investments in technologies that accelerate ramps and boost output and yields
  - EPIC Center combines all our technologies for co-innovation with customers and partners to accelerate AI roadmap
- Investments have made us a more valuable partner to our customers and enabled us to share in the value we create
- Value-based pricing driving strong revenue growth and gross margin expansion to >50% for Applied and >55% for Semi Systems
  - Higher pricing and margins across both new and existing products

FQ3’26 Non-GAAP Financial Results

$M, except EPS	FQ3’25	FQ2’26	FQ3’26	YoY	QoQ
Revenue	7,302	7,910	9,115	25%	15%
Gross Margin*	48.9%	50.0%	50.4%	150bps	40bps
Operating Expenses*	1,324	1,417	1,501	13%	6%
Operating Income*	2,245	2,536	3,096	38%	22%
Operating Margin*	30.7%	32.1%	34.0%	330bps	190bps
EPS*	$2.48	$2.86	$3.50	41%	22%

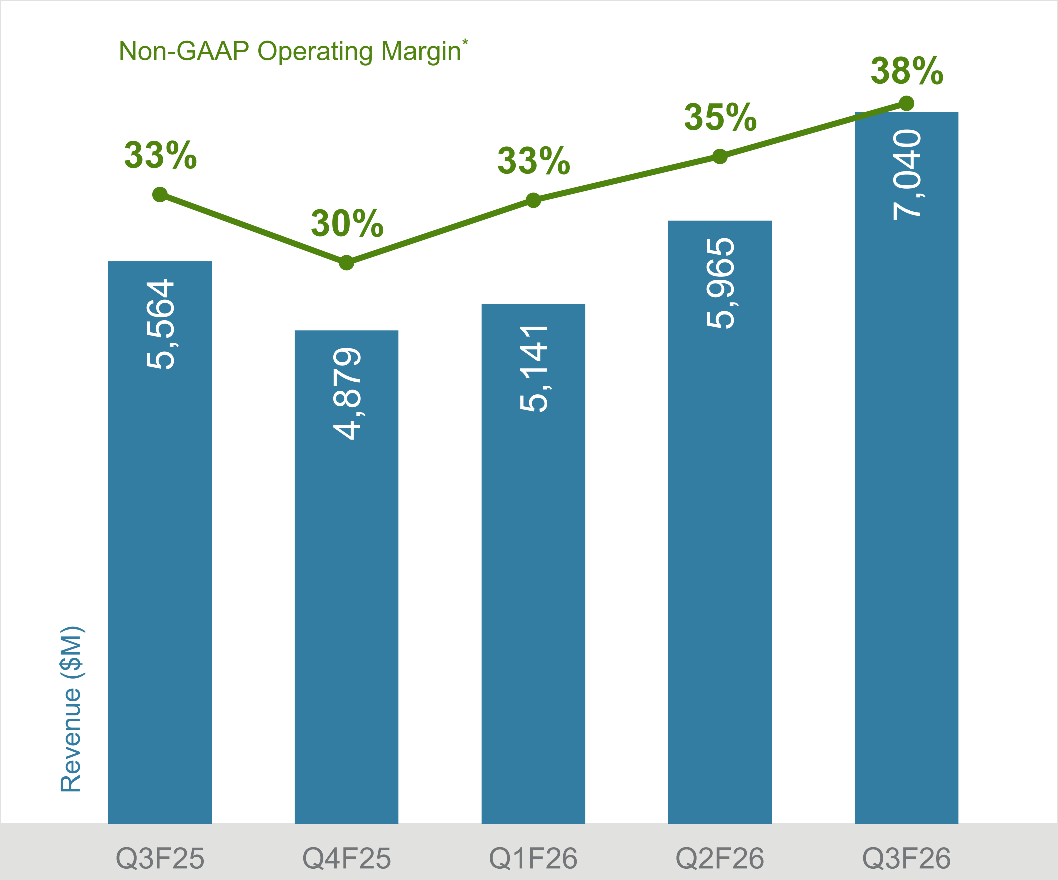
Year-over-year highlights:

- Record revenue, up 25% YoY
- Gross margins up 150bps YoY
  - 13th consecutive quarter of YoY expansion
  - Value-based pricing and ongoing cost improvements
- Increasing operating leverage
  - Opex as a percentage of revenue lowest in nearly four years
  - G&A as a percentage of Opex declined to lowest level in company history

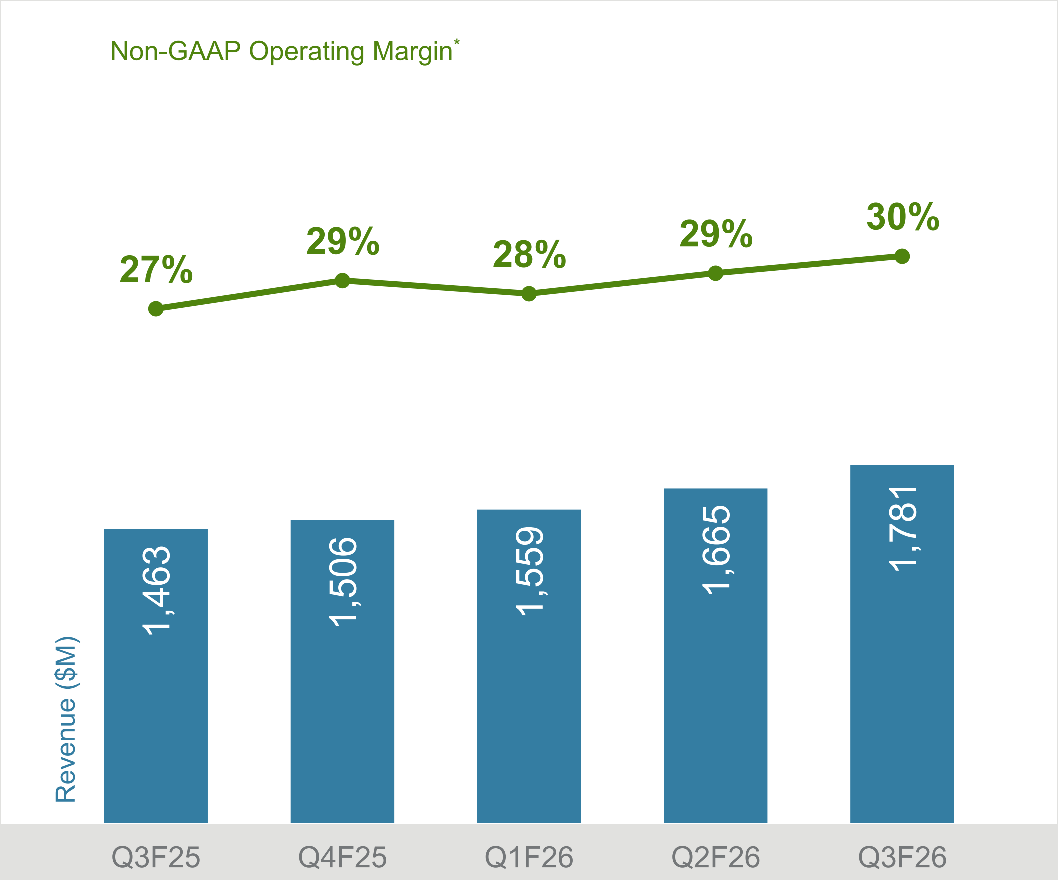
* For reconciliation of GAAP to non-GAAP results, see appendix of this presentation and non-GAAP reconciliation on the investor relations website at ir.appliedmaterials.com

FQ3'26 Segment Results

SEMICONDUCTOR SYSTEMS



APPLIED GLOBAL SERVICES



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Effective in the first quarter of fiscal 2026, management moved our 200-millimeter equipment business to Semiconductor Systems. The business was previously included in Applied Global Services. Additionally, effective in the first quarter of fiscal 2026, management began fully allocating corporate support costs to our operating segments. Prior-period numbers have been recast to conform to the current-year presentation.

Cash Flows and Shareholder Distributions

CASH FLOWS ($M)	FQ3'25	FQ4'25	FQ1'26	FQ2'26	FQ3'26
Operating Cash Flow	2,634	2,828	1,686	845	3,037
Free Cash Flow*	2,050	2,043	1,040	210	2,330
SHAREHOLDER DISTRIBUTIONS ($M)					
Total Shareholder Distributions	(1,424)	(1,216)	(702)	(765)	(860)
Share Repurchases	(1,056)	(851)	(337)	(400)	(440)
Dividends	(368)	(365)	(365)	(365)	(420)

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

$12.8B remaining on share repurchase authorization at end of FQ3'26
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Business Outlook

Fourth QUARTER FISCAL 2026

OUTLOOK*	Total Revenue	~$10.250B ± $500M
	Non-GAAP EPS*	~$4.02 ± $0.20
REVENUE	Semiconductor Systems (includes 200mm equipment)	~$7.900B
	Applied Global Services (excludes 200mm equipment)	~$1.840B
	Other	~$510M
OTHER	Non-GAAP Gross Margin*	~50.4%
	Non-GAAP Operating Expenses*	~$1.580B
	Non-GAAP Tax Rate*	~11%

* 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
200mm equipment business is in Semiconductor Systems effective FQ1'26. Previously, 200mm equipment business was in Applied Global Services

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CFO SUMMARY

- Rapid adoption of AI we've been investing for is driving strong growth and record revenue and profitability
- Applied is enabling better chips, systems and fab returns – and increasing pricing and gross margins
- Record performance continuing in 2H CY26, with sizeable increase in DRAM and leading-edge foundry-logic revenue expected
- Unprecedented customer visibility supports another strong, record year in CY27
- Making substantial investments in operations and capacity to be able to meet strong industry growth through 2030

Q&A

Segment Financial Table

RECAST

In Millions, Except Percentages	FY24	Q1F25	Q2F25	Q3F25	Q4F25
SEMICONDUCTOR SYSTEMS					
Revenue	$ 21,014	$ 5,597	$ 5,401	$ 5,564	$ 4,879
Foundry, logic and other	70%	69%	66%	69%	66%
DRAM	26%	27%	27%	22%	28%
Flash memory	4%	4%	7%	9%	6%
Operating income	$ 6,674	$ 1,872	$ 1,770	$ 1,837	$ 1,430
Operating margin	31.8%	33.4%	32.8%	33.0%	29.3%
Non-GAAP results					
Non-GAAP operating income	$ 6,723	$ 1,886	$ 1,781	$ 1,849	$ 1,442
Non-GAAP operating margin	32.0%	33.7%	33.0%	33.2%	29.6%
APPLIED GLOBAL SERVICES					
Revenue	$ 5,122	$ 1,353	$ 1,420	$ 1,463	$ 1,506
Operating income	$ 1,328	$ 336	$ 378	$ 400	$ 433
Operating margin	25.9%	24.8%	26.6%	27.3%	28.8%
Non-GAAP results					
Non-GAAP operating income	$ 1,330	$ 337	$ 378	$ 400	$ 434
Non-GAAP operating margin	26.0%	24.9%	26.6%	27.3%	28.8%
OTHER					
Revenue	$ 1,040	$ 216	$ 279	$ 275	$ 415
Operating income (loss)	$ (135)	$ (33)	$ 21	$ (4)	$ (151)

PREVIOUSLY REPORTED

In Millions, Except Percentages	FY24	Q1F25	Q2F25	Q3F25	Q4F25
SEMICONDUCTOR SYSTEMS					
Revenue	$ 19,911	$ 5,356	$ 5,255	$ 5,427	$ 4,760
Foundry, logic and other	68%	68%	65%	69%	65%
DRAM	28%	28%	27%	22%	29%
Flash memory	4%	4%	8%	9%	6%
Operating income	$ 6,981	$ 1,986	$ 1,900	$ 1,966	$ 1,527
Operating margin	35.1%	37.1%	36.2%	36.2%	32.1%
Non-GAAP results					
Non-GAAP operating income	$ 7,021	$ 1,998	$ 1,911	$ 1,977	$ 1,538
Non-GAAP operating margin	35.3%	37.3%	36.4%	36.4%	32.3%
APPLIED GLOBAL SERVICES					
Revenue	$ 6,225	$ 1,594	$ 1,566	$ 1,600	$ 1,625
Operating income	$ 1,812	$ 447	$ 446	$ 445	$ 454
Operating margin	29.1%	28.0%	28.5%	27.8%	27.9%
Non-GAAP results					
Non-GAAP operating income	$ 1,812	$ 447	$ 446	$ 445	$ 454
Non-GAAP operating margin	29.1%	28.0%	28.5%	27.8%	27.9%
CORPORATE AND OTHER					
Revenue	$ 1,040	$ 216	$ 279	$ 275	$ 415
Operating income (loss)	$ (926)	$ (258)	$ (177)	$ (178)	$ (269)

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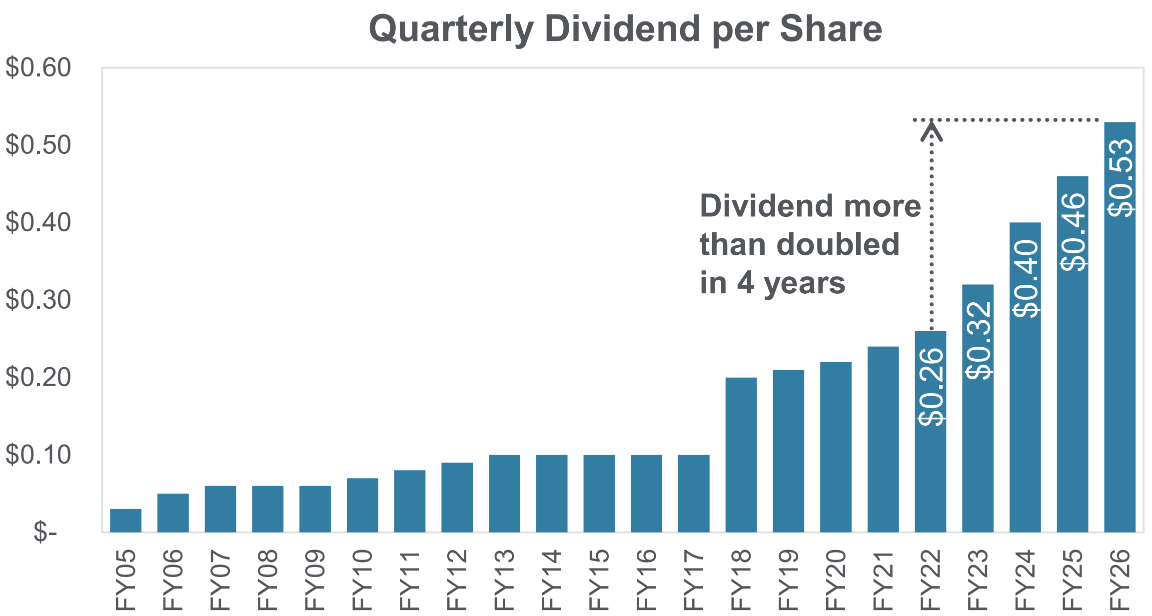
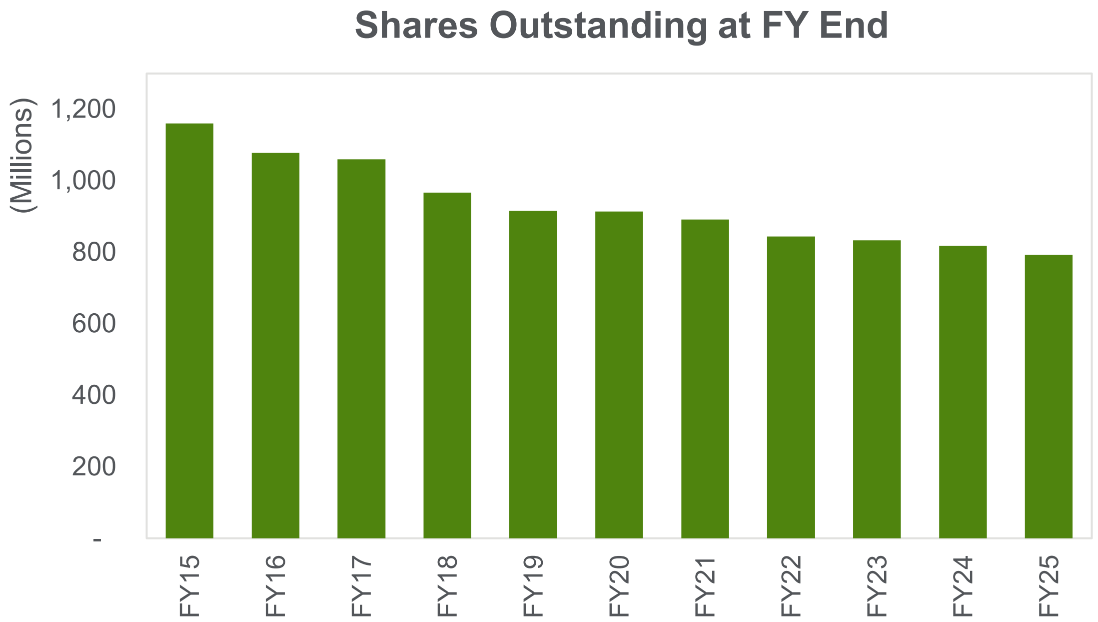
Capital Allocation Strategy

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 FY25)

» Reinvested nearly $25B in R&D and >$8B in capital additions
» Distributed nearly 90% of FCF*
» Grew dividend per share at 16% CAGR
» Reduced shares outstanding by ~32%





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

$12.8B remaining on share repurchase authorization at end of FQ3'26

* 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

Strong Investment-Grade Balance Sheet

CASH AND INVESTMENTS ($M)	FQ3'25	FQ4'25	FQ1'26	FQ2'26	FQ3'26
Cash and Cash Equivalents	5,384	7,241	7,218	6,301	7,037
Short-Term Investments	1,630	1,332	1,293	1,940	2,196
Long-Term Investments	4,133	4,327	4,968	5,142	5,268
Total Cash and Investments	**11,147**	**12,900**	**13,479**	**13,383**	**14,501**
DEBT ($M)					
Short-Term Debt* Current ratings (Moody's / S&P): P-1 / A-1	799	100	100	1,199	1,299
Long-Term Debt Current ratings (Moody's / S&P): A2 / A	5,463	6,455	6,453	5,256	5,245
Total Debt	**6,262**	**6,555**	**6,553**	**6,455**	**6,544**

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

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NET ZERO
2040 PLAYBOOK™

LATEST 3rd PARTY ESG RATINGS	
CDP Climate	**B**
CDP Water	**A-**
MSCI	**AAA**
Sustainalytics Risk Rating	**Low**
ISS (E/S/G)	**1/3/1**

Link: 2025 Impact Report

Additional Resources

Investor Relations Home Page	LINK
Newsroom	LINK
2026: DRAM and Advanced Packaging Master Class	LINK
2026: Logic Master Class	LINK
2026: SPIE Advanced Lithography + Patterning Conference	LINK
2025: SEMICON West Technology Breakfast	LINK

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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 and on Applied’s website, 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 RESULTS

IN MILLIONS, EXCEPT PERCENTAGES	FQ3'25	FQ4'25	FQ1'26	FQ2'26	FQ3'26
Non-GAAP Gross Profit					
GAAP reported gross profit	$ 3,562	$ 3,265	$ 3,435	$ 3,947	$ 4,586
Certain items associated with acquisitions [1]	7	7	7	6	11
Non-GAAP gross profit	$ 3,569	$ 3,272	$ 3,442	$ 3,953	$ 4,597
Non-GAAP gross margin	48.9 %	48.1 %	49.1 %	50.0 %	50.4 %
Non-GAAP Operating Income					
GAAP reported operating income	$ 2,233	$ 1,712	$ 1,831	$ 2,523	$ 3,075
Certain items associated with acquisitions[1]	11	11	11	10	16
Acquisition integration and deal costs	1	2	—	3	5
Impairment of goodwill	—	41	—	—	—
Legal settlement[2]	—	—	253	—	—
Restructuring charges[3]	—	181	12	—	—
Non-GAAP operating income	$ 2,245	$ 1,947	$ 2,107	$ 2,536	$ 3,096
Non-GAAP operating margin	30.7 %	28.6 %	30.0 %	32.1 %	34.0 %
Non-GAAP Net Income					
GAAP reported net income	$ 1,779	$ 1,897	$ 2,026	$ 2,806	$ 2,538
Certain items associated with acquisitions[1]	11	11	11	10	16
Acquisition integration and deal costs	1	2	—	3	5
Impairment of goodwill	—	41	—	—	—
Legal settlement[2]	—	—	253	—	—
Restructuring charges[3]	—	181	12	—	—
Realized loss (gain), dividends and impairments on strategic investments, net	16	(55)	14	15	(7)
Unrealized loss (gain) on strategic investments, net	(314)	(467)	(484)	(685)	220
Income tax effect of share-based compensation[4]	7	(1)	(21)	7	10
Income tax effect related to intra-entity intangible asset transfers	32	39	31	32	33
Resolution of prior years' income tax filings and other tax items[5]	460	(7)	40	9	(46)
Income tax effect of non-GAAP adjustments[6]	(3)	91	17	89	26
Non-GAAP net income	$ 1,989	$ 1,732	$ 1,899	$ 2,286	$ 2,795

FOOTNOTES:

1. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
2. Charge of $253 million for settlement with the U.S. Commerce Department Bureau of Industry and Security to resolve a previously disclosed export controls compliance matter.
3. The restructuring charges related to a workforce reduction plan announced in the fourth quarter of fiscal 2025.
4. GAAP basis tax benefit related to share-based compensation is recognized ratably over the fiscal year on a non-GAAP basis.
5. Amount for the third quarter of fiscal 2025 included the impact of the recognition of a $410 million valuation allowance against deferred tax assets related to corporate alternative minimum tax credits.
6. Adjustment to provision for income taxes related to non-GAAP adjustments reflected in income before income taxes.

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UNAUDITED QUARTERLY RECONCILIATION OF GAAP TO NON-GAAP RESULTS

IN MILLIONS, EXCEPT PER SHARE AMOUNTS	FQ3'25	FQ4'25	FQ1'26	FQ2'26	FQ3'26
Non-GAAP Earnings Per Diluted Share					
GAAP reported earnings per diluted share	$ 2.22	$ 2.38	$ 2.54	$ 3.51	$ 3.17
Certain items associated with acquisitions	0.01	0.01	0.01	0.01	0.02
Acquisition integration and deal costs	—	—	—	—	0.01
Impairment of goodwill	—	0.05	—	—	—
Legal settlement	—	—	0.32	—	—
Restructuring charges	—	0.19	0.02	—	—
Realized loss (gain), dividends and impairments on strategic investments, net	0.02	(0.07)	0.01	0.08	(0.01)
Unrealized loss (gain) on strategic investments, net	(0.39)	(0.43)	(0.58)	(0.80)	0.31
Income tax effect of share-based compensation	0.01	—	(0.03)	0.01	0.02
Income tax effects related to intra-entity intangible asset transfers	0.04	0.05	0.04	0.04	0.04
Resolution of prior years' income tax filings and other tax items[1]	0.57	(0.01)	0.05	0.01	(0.06)
Non-GAAP earnings per diluted share	$ 2.48	$ 2.17	$ 2.38	$ 2.86	$ 3.50
Weighted average number of diluted shares	802	798	799	799	800

FOOTNOTES:

1. Amount for the third quarter of fiscal 2025 included a $0.51 per diluted share impact of the recognition of a valuation allowance against deferred tax assets related to corporate alternative minimum tax credits.

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

IN MILLIONS, EXCEPT PERCENTAGES	FQ3'25	FQ4'25	FQ1'26	FQ2'26	FQ3'26
Semiconductor Systems Non-GAAP Gross Profit					
GAAP reported gross profit	$ 2,970	$ 2,569	$ 2,794	$ 3,264	$ 3,892
Certain items associated with acquisitions[1]	7	7	7	6	11
Non-GAAP gross profit	$ 2,977	$ 2,576	$ 2,801	$ 3,270	$ 3,903
Non-GAAP gross margin	53.5 %	52.8 %	54.5 %	54.8 %	55.4 %
AGS Non-GAAP Gross Profit					
GAAP reported gross profit	$ 494	$ 514	$ 537	$ 577	$ 634
Non-GAAP gross profit	$ 494	$ 514	$ 537	$ 577	$ 634
Non-GAAP gross margin	33.8 %	34.1 %	34.4 %	34.7 %	35.6 %
Semiconductor Systems Non-GAAP Operating Income					
GAAP reported operating income	$ 1,837	$ 1,430	$ 1,427	$ 2,092	$ 2,657
Certain items associated with acquisitions[1]	11	11	11	10	16
Acquisition integration and deal costs	1	1	—	—	—
Legal settlement[2]	—	—	253	—	—
Non-GAAP operating income	$ 1,849	$ 1,442	$ 1,691	$ 2,102	$ 2,673
Non-GAAP operating margin	33.2 %	29.6 %	32.9 %	35.2 %	38.0 %
AGS Non-GAAP Operating Income					
GAAP reported operating income	$ 400	$ 433	$ 438	$ 487	$ 536
Acquisition integration and deal costs	—	1	—	—	—
Non-GAAP operating income	$ 400	$ 434	$ 438	$ 487	$ 536
Non-GAAP operating margin	27.3 %	28.8 %	28.1 %	29.2 %	30.1 %

FOOTNOTE:

1. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
2. Charge of $253 million for settlement with the U.S. Commerce Department Bureau of Industry and Security to resolve a previously disclosed export controls compliance matter.

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 other and included in consolidated operating income.

APPLIED MATERIALS

UNAUDITED QUARTERLY RECONCILIATION OF GAAP TO NON-GAAP OPERATING EXPENSES

IN MILLIONS	FQ3'25	FQ4'25	FQ1'26	FQ2'26	FQ3'26
GAAP reported Operating Expenses	$ 1,329	$ 1,553	$ 1,604	$ 1,424	$ 1,511
Certain items associated with acquisitions[1]	(4)	(4)	(4)	(4)	(5)
Acquisition integration and deal costs	(1)	(2)	—	(3)	(5)
Impairment of goodwill	—	(41)	—	—	—
Legal settlement[2]	—	—	(253)	—	—
Restructuring charges[3]	—	(181)	(12)	—	—
Non-GAAP operating expenses	$ 1,324	$ 1,325	$ 1,335	$ 1,417	$ 1,501

FOOTNOTE:

1. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
2. Charge of $253 million for settlement with the U.S. Commerce Department Bureau of Industry and Security to resolve a previously disclosed export controls compliance matter.
3. The restructuring charges related to a workforce reduction plan announced in the fourth quarter of fiscal 2025.

UNAUDITED QUARTERLY RECONCILIATION OF NON-GAAP FREE CASH FLOW

IN MILLIONS	FQ3'25	FQ4'25	FQ1'26	FQ2'26	FQ3'26
Non-GAAP Free Cash Flows[1]					
Cash provided by operating activities	$ 2,634	$ 2,828	$ 1,686	$ 845	$ 3,037
Capital expenditures	(584)	(785)	(646)	(635)	(707)
Non-GAAP free cash flow	$ 2,050	$ 2,043	$ 1,040	$ 210	$ 2,330

FOOTNOTE:

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

APPLIED MATERIALS

UNAUDITED FULL YEAR RECONCILIATION OF NON-GAAP FREE CASH FLOW

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

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

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 fourth quarter of fiscal 2026 (including non-GAAP gross margin, operating margin, operating expenses and EPS) excludes known charges related to completed acquisitions of ~$12 million, includes the normalized tax benefit of share-based compensation of ~$4 million and includes a net income tax benefit related to intra-entity intangible asset transfers of ~$38 million, 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.

APPLIED MATERIALS™

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