

Lam Research Corporation

September quarter 2025 financial results

October 22, 2025



Cautionary statement regarding forward-looking statements

This presentation and the accompanying discussion contain “forward-looking statements” under U.S. securities laws. Forward-looking statements include any statements that are not statements of historical fact. Examples of forward-looking statements include, but are not limited to: (1) anticipated business, balance sheet, cash flow and financial measures and results and related drivers, including guidance, whether on a GAAP or non-GAAP basis; (2) economic, market, industry and industry segment expectations; (3) product performance and changes in market share or customer demands; (4) our ability to successfully execute business, capital allocation, product and growth plans or strategies, or otherwise deliver value for customers and stockholders; and (5) the impact of trade regulations, export controls, tariffs and trade disputes. Forward-looking statements speak only as of the date they are made and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed, including: business, economic, political and/or regulatory conditions in the consumer electronics industry, the semiconductor industry and the overall economy may deteriorate or change; the actions of our customers and competitors may be inconsistent with our expectations; trade regulations, export controls, tariffs, trade disputes, and other geopolitical tensions may inhibit our ability to sell our products; supply chain cost increases, tariffs and other inflationary pressures have impacted and may continue to impact our profitability; supply chain disruptions or manufacturing capacity constraints may limit our ability to manufacture and sell our products; and natural and human caused disasters, disease outbreaks, war, terrorism, political or governmental unrest or instability, or other events beyond our control may impact our operations and revenue in affected areas; as well as the other factors discussed in our filings with the Securities and Exchange Commission (“SEC”), including specifically the Risk Factors described in our annual report on Form 10-K for the fiscal year ended June 29, 2025. You should not place undue reliance on forward-looking statements. Lam undertakes no obligation to update any forward-looking statements.



Business review & industry outlook

Tim Archer

President and Chief Executive Officer



September 2025: Strong company-wide execution

\$5.3 billion

Record revenue

50.6%

Record gross margin*
post-Novellus merger

35.0%

Record operating
margin*

WFE: Higher 2025 outlook, robust 2026 set-up

WFE outlook
improving as
AI accelerates
leading-edge
device roadmaps



CY 2025 WFE: Slightly higher than ~\$105B prior forecast due to stronger HBM investments



CY 2026 WFE: Robust set-up driven by AI-related demand



Expecting sustained strength across all three device segments in CY 2026, partially offset by decline in domestic China investments

AI growth creates significant opportunity for Lam

~\$100B

In incremental AI
data center
investment



~\$8B

in WFE spending



**Lam etch
& deposition**



Billions

In potential SAM
expansion and
share gain



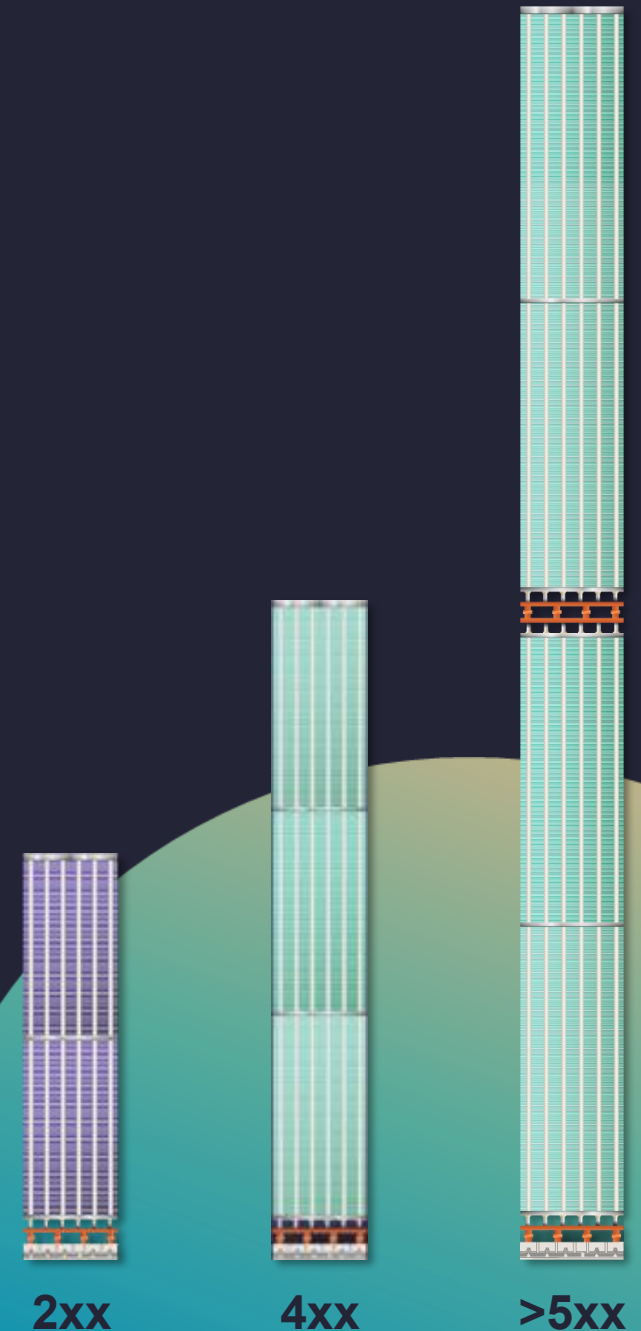
Continued NAND upgrades spending expected in 2026

\$40B in WFE conversion spending projected over the next several years

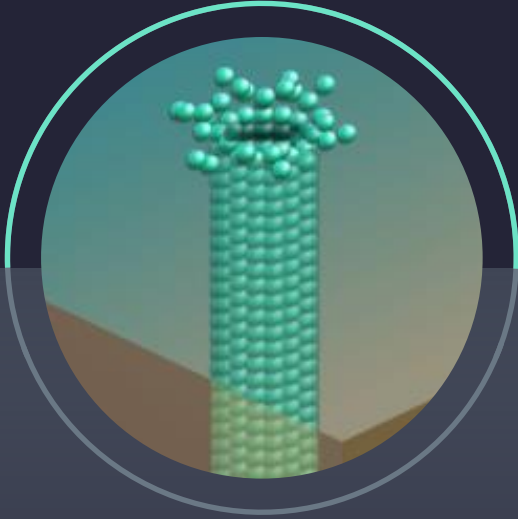
Fabs must scale for higher layer counts and performance; rising NAND demand from AI SSDs should accelerate conversions

NAND bit demand looks to be trending higher than prior expectations

Cleanroom space constraints could limit pace of NAND supply growth

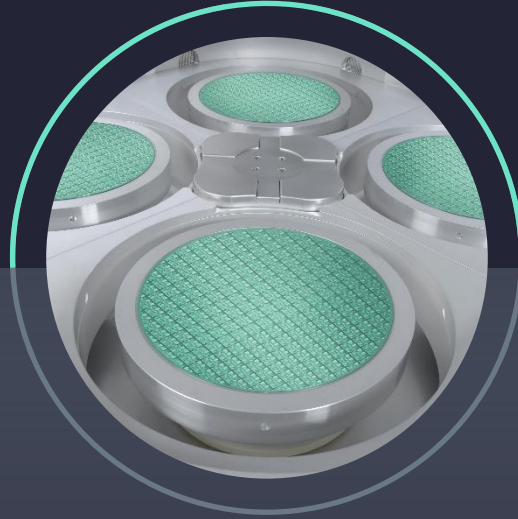


Lam's NAND portfolio: Delivering *industry-firsts*



CRYO™ 3.0 FOR HAR ETCH

Winner of 2025 SEMI™ Award



ALD FOR GAPFILL

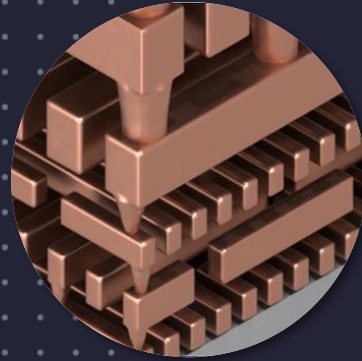
Critical deposition win at
major NAND customer



ALTUS® HALO MO ALD

Tool of record for 3 consecutive
nodes with leading customer

Product expansion investments *paying off*



Aether[®] dry resist EUV

Helps resolve <15 nm patterning features



Low-k ALD film deposition

Single-wafer plasma process deposits
≤5 nm conformal films



Panel packaging

SABRE[®] 3D, Kallisto[™], Phoenix being
engineered for large substrates

Expecting a record CY2025 and a strong CY2026

AI's technology
requirements align
well to Lam's
product strengths



September quarter 2025 financial results & December quarter 2025 outlook

Doug Bettinger

Executive Vice President and Chief Financial Officer

September quarter highlights



QSEP'25 REVENUE

\$5.32B

QJun'25 revenue: \$5.17B

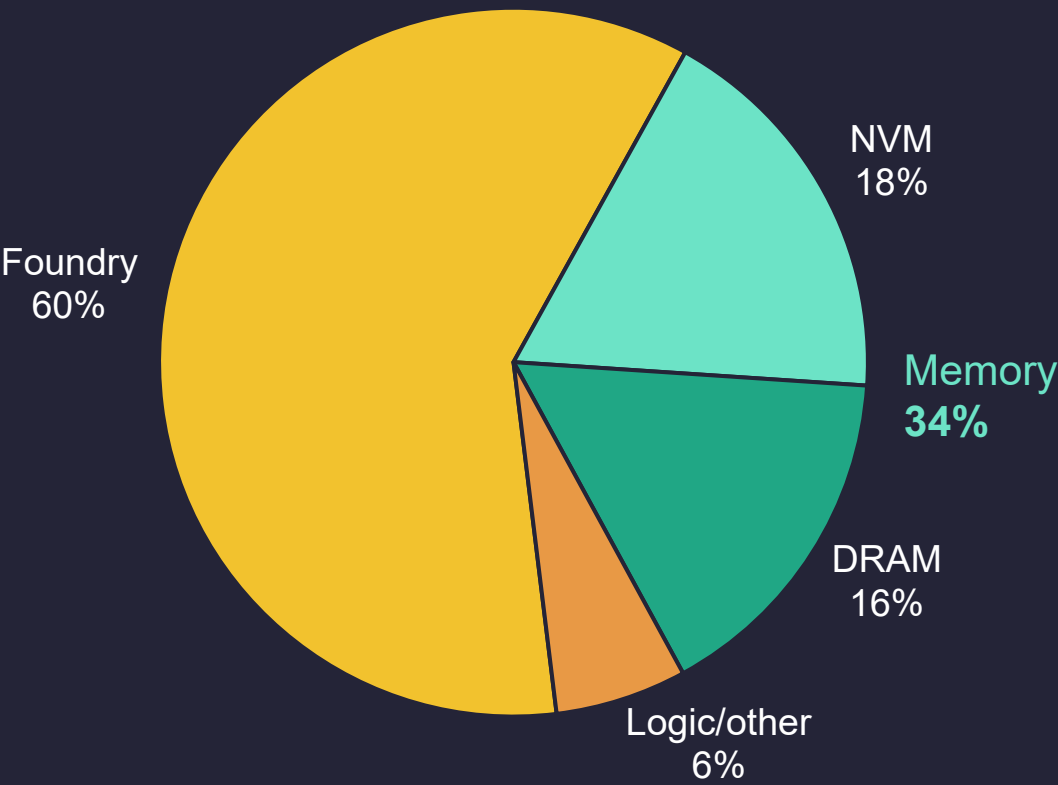
QSEP'25 EARNINGS PER SHARE*

\$1.26

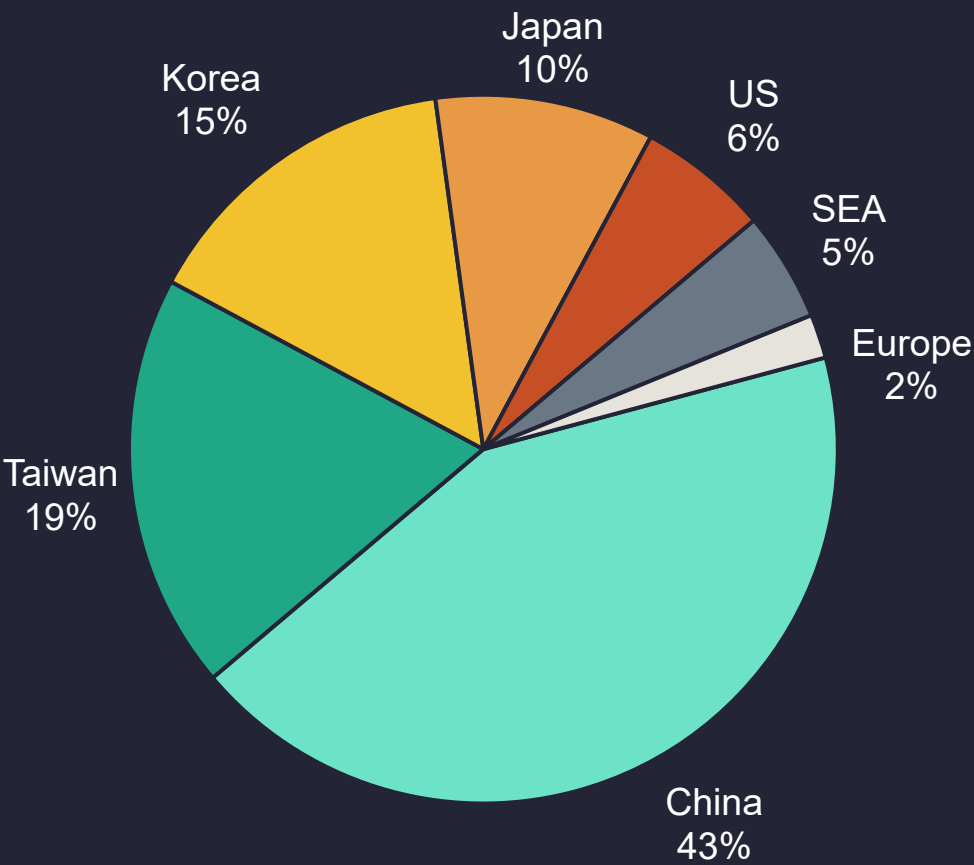
QJun'25 earnings per share*: \$1.33

September quarter revenue mix

SYSTEM REVENUE SEGMENTS*



REVENUE BY REGION



Customer Support Business Group (CSBG)



QSEP'25 CSBG REVENUE

\$1,777M

QJun'25 CSBG revenue: \$1,734M

QSep'24 CSBG revenue: \$1,775M

September quarter financial results

	QSEP'25	QJUN'25
Revenue	\$5,324M	\$5,171M
Non-GAAP Gross Margin*	50.6%	50.3%
Non-GAAP Operating Expenses*	\$832M	\$822M
Non-GAAP Operating Income*	\$1,862M	\$1,779M
Non-GAAP Operating Income as a percentage of Revenue*	35.0%	34.4%
Non-GAAP Other Income (Expense), Net*	\$8M	\$4M
U.S. GAAP Diluted EPS	\$1.24	\$1.35
Non-GAAP Diluted EPS*	\$1.26	\$1.33
Diluted Share Count	1,269M	1,277M

Key balance sheet and financial metrics

	QSEP'25	QJUN'25
Total Consolidated Gross Cash Balance	\$6,712M	\$6,408M
Account Receivables, Net	\$3,633M	\$3,378M
Days sales outstanding	62 Days	59 Days
Inventories	\$4,095M	\$4,308M
Inventory Turns	2.6	2.4
Deferred Revenue*	\$2,769M	\$2,681M
Capital Expenditures	\$185M	\$172M
Equity Compensation Expense	\$97M	\$94M
Amortization Expense	\$13M	\$12M
Depreciation Expense	\$89M	\$86M
Share Repurchases	\$990M	\$1,307M
Cash Dividends	\$292M	\$295M
Headcount	~19,400	~19,000

December 2025 quarter guidance



5.20B +/- \$300M

Revenue



48.5% +/- 1%

Non-GAAP gross margin*



33.0% +/- 1%

Non-GAAP operating margin*



\$1.15 +/- \$0.10

Non-GAAP earnings per share*

Q&A

Appendix – reconciliation

Reconciliation of U.S. GAAP Net Income to Non-GAAP Net Income
(in thousands, except per share data)
(unaudited)

	Three Months Ended	
	September 28, 2025	June 29, 2025
U.S. GAAP net income	\$ 1,568,660	\$ 1,720,088
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	2,687	2,687
Elective deferred compensation ("EDC") related liability valuation increase - cost of goods sold	6,016	8,556
EDC related liability valuation increase - research and development	10,828	15,401
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	538	538
EDC related liability valuation increase - selling, general and administrative	7,219	10,267
Impairment of long-lived assets - selling, general and administrative	5,290	—
Amortization of note discounts - other income (expense), net	695	689
Gain on EDC related asset - other income (expense), net	(23,088)	(34,102)
Net income tax benefit on non-GAAP items	(1,698)	(1,668)
Income tax expense from a change in tax law	27,450	—
Income tax benefit on the conclusion of certain tax matters	—	(24,740)
Non-GAAP net income	<u>\$ 1,604,597</u>	<u>\$ 1,697,716</u>
Non-GAAP net income per diluted share	\$ 1.26	\$ 1.33
U.S. GAAP net income per diluted share	\$ 1.24	\$ 1.35
U.S. GAAP and non-GAAP number of shares used for per diluted share calculation	1,269,313	1,276,933

Appendix – reconciliation

Reconciliation of U.S. GAAP Gross Margin, Operating Expenses and Operating Income to Non-GAAP Gross Margin, Operating Expenses and Operating Income
(in thousands, except percentages)
(unaudited)

	Three Months Ended	
	September 28, 2025	June 29, 2025
U.S. GAAP gross margin	\$ 2,684,879	\$ 2,589,709
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	2,687	2,687
EDC related liability valuation increase	6,016	8,556
Non-GAAP gross margin	\$ 2,693,582	\$ 2,600,952
U.S. GAAP gross margin as a percentage of revenue	50.4 %	50.1 %
Non-GAAP gross margin as a percentage of revenue	50.6 %	50.3 %
U.S. GAAP operating expenses	\$ 855,791	\$ 848,581
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	(538)	(538)
EDC related liability valuation increase	(18,047)	(25,668)
Impairment of long-lived assets	(5,290)	—
Non-GAAP operating expenses	\$ 831,916	\$ 822,375
U.S. GAAP operating income	\$ 1,829,088	\$ 1,741,128
Non-GAAP operating income	\$ 1,861,666	\$ 1,778,577
U.S. GAAP operating income as percent of revenue	34.4 %	33.7 %
Non-GAAP operating income as a percent of revenue	35.0 %	34.4 %

Appendix – reconciliation

Reconciliation of U.S. GAAP Other Income (Expense), Net to Non-GAAP Other Income (Expense), Net
(in thousands)
(unaudited)

U.S. GAAP Other income (expense), net
Pre-tax non-GAAP items:
 Amortization of note discounts
 Gain on EDC related asset
Non-GAAP Other income (expense), net

Three Months Ended	
September 28, 2025	June 29, 2025
\$ 30,074	\$ 37,853
695	689
(23,088)	(34,102)
<u>\$ 7,681</u>	<u>\$ 4,440</u>

Appendix – reconciliation

Reconciliation of U.S. GAAP Income Tax Rate to Non-GAAP Income Tax Rate
(in thousands, except percentages)
(unaudited)

U.S. GAAP income before income taxes

U.S. GAAP income tax expense

U.S. GAAP income tax rate

Pre-tax non-GAAP items:

Amortization related to intangible assets acquired through certain business combinations - cost of goods sold

EDC related liability valuation increase - cost of goods sold

EDC related liability valuation increase - research and development

Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative

EDC related liability valuation increase - selling, general and administrative

Impairment of long-lived assets - selling, general and administrative

Amortization of note discounts - other income (expense), net

Gain on EDC related asset - other income (expense), net

Non-GAAP income before taxes

Net income tax benefit on non-GAAP items

Income tax benefit on conclusion of certain tax matters

Income tax expense from a change in tax law

Non-GAAP income tax expense

Non-GAAP income tax rate

Three Months Ended	
September 28, 2025	June 29, 2025
\$ 1,859,162	\$ 1,778,981
\$ 290,502	\$ 58,893
15.6 %	3.3 %
\$ 2,687	\$ 2,687
6,016	8,556
10,828	15,401
538	538
7,219	10,267
5,290	—
695	689
(23,088)	(34,102)
\$ 1,869,347	\$ 1,783,017
\$ 1,698	\$ 1,668
\$ —	\$ 24,740
\$ (27,450)	\$ —
\$ 264,750	\$ 85,301
14.2 %	4.8 %

Appendix – reconciliation

Reconciliation of U.S. GAAP to Non-GAAP Guidance for the
quarter ended December 28, 2025

	U.S. GAAP			Reconciling Items	Non-GAAP		
	\$5.20 Billion	+/-	\$300 Million	—	\$5.20 Billion	+/-	\$300 Million
Revenue							
Gross margin as a percentage of revenue	48.4%	+/-	1%	\$ 2.7 Million	48.5%	+/-	1%
Operating income as a percentage of revenue	32.9%	+/-	1%	\$ 3.0 Million	33.0%	+/-	1%
Net income per diluted share	\$1.15	+/-	\$0.10	\$ 3.5 Million	\$1.15	+/-	\$0.10
Diluted share count	1.26 Billion			—	1.26 Billion		

The information provided above is only an estimate of what the Company believes is realizable as of the date of this release and does not incorporate the potential impact of any business combinations, asset acquisitions, divestitures, restructuring, balance sheet valuation adjustments, financing arrangements, other investments, or other significant arrangements that may be completed or realized after the date of this release, except as described below. U.S. GAAP to non-GAAP reconciling items provided include only those items that are known and can be estimated as of the date of this release. Actual results will vary from this model and the variations may be material. Reconciling items included above are as follows:

- Gross margin as a percentage of revenue - amortization related to intangible assets acquired through business combinations, \$2.7 million.
- Operating income as a percentage of revenue - amortization related to intangible assets acquired through business combinations, \$3.0 million.
- Net income per diluted share - amortization related to intangible assets acquired through business combinations, \$3.0 million; amortization of debt discounts, \$0.7 million; and associated tax benefit for non-GAAP items (\$0.2 million); totaling \$3.5 million.

