KLA

Keep Looking Ahead

Letter to Shareholders

Q1 Fiscal 2026

QUARTER ENDED SEPTEMBER 30, 2025 | REPORTED OCTOBER 29, 2025

Dear KLA Shareholders,

This quarter's shareholder letter provides business and financial highlights for the September 2025 quarter and guidance for the December 2025 quarter.

September 2025 Quarter Results

KLA delivered strong across-the-board results for the September quarter. Revenue was $3.21 billion, with non-GAAP diluted EPS at $8.81 and GAAP diluted EPS at $8.47.

KLA's leadership in process control uniquely positions the company at the forefront of the infrastructure build-out necessary to support Artificial Intelligence (AI). Demand for leading-edge logic, DRAM led by high-bandwidth memory (HBM) and advanced packaging capabilities were key drivers of KLA's performance in the quarter. Investment in scaling AI infrastructure and capabilities has accelerated growth across the leading-edge of the semiconductor industry, driving more designs, increased complexity, shorter product cycles, higher-value wafers, and rising demand for advanced packaging. In DRAM, AI-driven investments have been focused on HBM, which demands superior performance, improved reliability, reduced redundancy, and advanced logic circuitry integrated into the base die that controls the HBM stack.

The rising relevance of process control is driven by continued semiconductor scaling, the adoption of new architectures and materials, and increasingly complex and diverse device designs. Specifically, process control accelerates time-to-results by resolving process integration challenges during the fab ramp-up phase and optimizing yield in high-volume manufacturing with a diverse mix of semiconductor designs. Increasing design mix of high-value large chips presents new challenges for our customers as they optimize yield, limit process variability, drive capital efficiency, and manage delivery timing in a high-volume production environment. These dynamics serve as a tailwind for higher levels of investment in process control in high-volume production. Now, beyond traditional wafer manufacturing challenges in the front-end of the process, the evolution and growing complexity of advanced packaging is generating new demand and opportunity for KLA's process control and process solutions. Finally, as KLA systems grow more technically advanced and have a longer service life in the fab, our Service business continues to gain importance, driven by rising customer expectations for tool performance and availability, creating a strong long-term tailwind.

To meet this growing demand, the company applies the KLA Operating Model to facilitate customer collaboration, drive focus on productizing new innovations in our product roadmaps and ensuring that our business operations can scale and execute to capitalize on industry growth and expanded market share in the most critical markets for our customers.

Top 5 Highlights September 2025 Quarter

First, KLA revenue increased 13% year-over-year in the September quarter, fueled by continued investment in leading-edge Foundry/Logic and DRAM via High Bandwidth Memory (HBM). In Foundry/Logic, the continuation of scaling with an increasing pipeline of leading-edge design starts, adoption of larger die sizes in advanced architectures, and increasing capital intensity continue to serve as long-term secular drivers that uniquely benefit process control.

Second, AI continues to be a core driver of KLA's performance and a key differentiator in our industry leadership. KLA's systems leverage AI to generate actionable insights that accelerate chip production for the next-generation AI applications. KLA has integrated AI into its systems, redesigning its compute infrastructure to a GPU-based architecture to enhance algorithm robustness and performance while

driving greater cost efficiency and time-to-results. Future innovations with AI will produce actionable data for our customers that accelerate system performance, reduce the cost of ownership, and improve their return on investment in KLA systems.

Third, our advanced packaging portfolio continues to perform well. The rising demand for more powerful systems of chips is driving increasingly complex heterogeneous device integration, enabled by advanced packaging. This trend is increasing the value of process control in the chip package and fueling significant growth in this expanding market for KLA. Customer adoption of KLA's advanced packaging portfolio demonstrates the success of our strategic market diversification and validates the strength of our current product capabilities and our long-term technology roadmap. KLA's advanced packaging systems revenue continues to gain momentum through a combination of market share improvement across all customer segments and intensity gains. As we enter the last quarter of the calendar year, we continue to see momentum in our product offerings versus our competition and expect advanced packaging-related revenue to exceed $925 million in calendar year 2025, rising approximately 70% year-over-year.

Fourth, the KLA Services business grew to $745 million in the September quarter, up 6% sequentially, and 16% year-over-year. This was its 53rd consecutive quarter of year-over-year growth, as its consistency and resiliency remain key aspects of this differentiated business in the industry.

Finally, the September quarter was strong from a cash flow and capital return perspective. Quarterly free cash flow was a record at $1.066 billion. Over the past 12 months, free cash flow was $3.9 billion, with a free cash flow margin (free cash flow as a % of revenue) of 31% over the same period. Total capital return in the September quarter was $799 million, comprised of $545 million in share repurchases and $254 million in dividends. Total capital return over the past twelve months was $3.09 billion.

KLA's performance reinforces our leadership in process control and the value of our broad and differentiated portfolio. It also underscores the critical role KLA's products and services play in supporting semiconductor industry growth. Our consistent execution reflects the resilience of the KLA Operating Model, the strength of our global team, and our disciplined approach to capital allocation focused on long-term investment and maximizing total shareholder value.

September 2025 Quarter Financial Highlights

KLA's September quarter results reflect double-digit year-over-year growth and improved profitability. The results also exemplify our market leadership, consistent execution, and the dedication of our global team in meeting customer commitments.

Revenue was $3.21 billion, above the guidance midpoint of $3.15 billion. Non-GAAP diluted EPS was $8.81 and GAAP diluted EPS was $8.47, each above the midpoint of the respective guidance ranges.

Non-GAAP gross margin was 62.5%, 50 basis points above the midpoint of guidance due to stronger product mix and manufacturing efficiencies. Non-GAAP operating expenses were $618 million. Operating expenses included $360 million in R&D and $258 million in SG&A. Non-GAAP operating margin was 43.2%. Non-GAAP other income and expense, net, was a $28 million expense with upside from guidance principally provided by a favorable mark-to-market adjustment of a strategic supplier investment. The quarterly non-GAAP effective tax rate was 14.1%.

$3.21B	62.5%	43.2%	$1.2B
Revenue	Gross Margin*	Operating Margin*	Net Income*

(Right) The Puma™ 9980 laser scanning inspection system incorporates multiple sensitivity and speed enhancements that enable capture of critical defects of interest (DOI) at throughputs required for high volume manufacturing for 1Xnm advanced logic and advanced DRAM and 3D NAND memory devices. Part of a portfolio of advanced wafer defect inspection and review tools, the Puma 9980 provides the highest throughput solution for production ramp monitoring.



$8.81	$8.47
Non-GAAP Diluted EPS*	GAAP Diluted EPS

*Non-GAAP metric – please refer to the appendix for reconciliation to GAAP

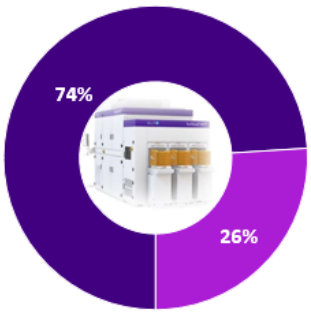
Non-GAAP net income was $1.17 billion, GAAP net income was $1.12 billion, cash flow from operations was $1.16 billion, and free cash flow was $1.07 billion. The company had 132.4 million diluted weighted average shares outstanding for the quarter.

Breakdown of Revenue by Reportable Segments and End Markets

KLA delivered double-digit growth on a year-over-year basis in the September quarter. Revenue for the Semiconductor Process Control segment, including its associated Services business, was $2.90 billion, up 1% sequentially, and 13% on a year-over-year basis. The approximate Semi Process Control systems-only mix for our Foundry/Logic and Memory semiconductor customers was 74% for Foundry/Logic and approximately 26% for Memory, with DRAM accounting for 79% of Memory revenue, driven by HBM investment, and NAND accounting for the remaining 21%.

	Revenue Q1-FY26 ($M)	Y/Y Growth %	Q/Q Growth %	Revenue %
Semiconductor Process Control (Systems + Services)	$2,900	+13%	+1%	90%
Specialty Semiconductor Process (Systems + Services)	$120	-7%	-16%	4%
PCB and Component Inspection (Systems + Services)	$190	+37%	+23%	6%
Total:	**$3,210**	**+13%**	**+1%**	

Q1-FY26: Semi Process Control End Market System Revenue [1]



[1] Represents approximate Semi Process Control system-only sales to Foundry/Logic customers or Memory customers only, which does not represent our aggregate customer base

Revenue for the Specialty Semiconductor Process segment, which includes its associated Services business, was $120 million, down 16% sequentially and down 7% on a year-over-year basis. PCB and Component Inspection revenue was $190 million, up 23% sequentially and up 37% year-over-year.

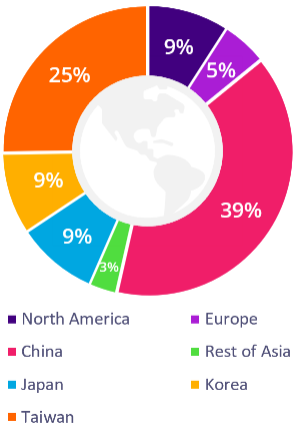
Breakdown of Revenue by Major Products and Regions

Wafer Inspection systems were down 13% sequentially, but rose 12% year-over-year in the September quarter, totaling 48% of total revenue.

	Revenue Q1-FY26 ($M)	Y/Y Growth %	Q/Q Growth %	Revenue %
Wafer Inspection	$1,537	+12%	-13%	48%
Patterning	$668	+16%	+47%	21%
Specialty Semi Process	$100	-11%	-19%	3%
PCB and Component Inspection	$117	+61%	+37%	4%
Services	$745	+16%	+6%	23%
Other [1]	$43	-35%	+9%	1%
Total:	**$3,210**	**+13%**	**+1%**	

[1] Included in the Semiconductor Process Control Segment
[2] Percentages do not add up to 100 due to rounding

Q1-FY26 Revenue by Region [2]



Patterning systems, which include metrology and reticle inspection, were up 47% sequentially and 16% year-over-year, accounting for 21% of revenue in the September quarter. Demand in the quarter was driven by strong customer acceptance of products in our reticle inspection portfolio.

Specialty Semiconductor Process systems revenue was down 19% sequentially and down 11% year-over-year and finished at 3% of revenue. The Specialty Semiconductor Process business creates new growth opportunities for KLA beyond w process control, including the growth in advanced packaging and specialty device manufacturing. Though this business is exposed to different market segments that are experiencing discrete growth profiles in 2025, we expect it to continue its year-over-year growth trajectory for the calendar year.

PCB and Component Inspection systems revenue was up 37% sequentially and up 61% year-over-year, ending at 4% of revenue. The strong growth in this segment reflects the increasing value and more rigorous testing requirements in the final inspection of high performance compute devices after increasingly more complex advanced packaging processing is completed.

Services revenue grew 16% year-over-year and increased 6% sequentially to $745 million, representing 23% of KLA revenue.

Other, which is included in the Semiconductor Process Control segment, was 1% of revenue.

In descending order, the September quarter regional revenue split was China at 39%, Taiwan at 25%, Japan at 9%, Korea at 9%, North America at 9%, Europe at 5%, and the Rest of Asia at 3% of total revenue.

Strong Investment Grade Balance Sheet

KLA ended the quarter with $4.7 billion in total cash, cash equivalents, and marketable securities, and debt of $5.9 billion. The company has a flexible and attractive bond maturity profile, supported by investment-grade ratings from all three major rating agencies. KLA's balance sheet enables us to fund our growth strategies, both organic and inorganic, and offer attractive capital returns to shareholders.

Balance Sheet Summary[1] ($M)

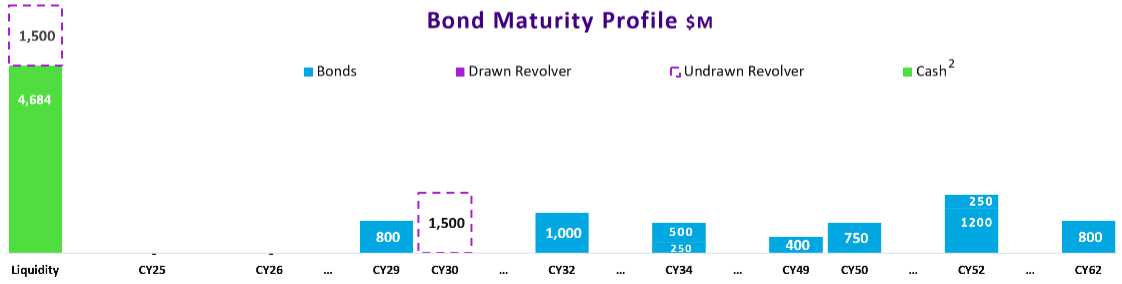
Total Cash [2]	$ 4,684
Working Capital	$ 6,851
Total Assets	$ 16,318
Debt [3]	$ 5,885
Total Shareholders' Equity	$ 4,985

Bond Maturity Profile

Bonds Outstanding	$5.95B
Weighted Average Interest Rate	4.67%
Weighted Average Maturity	18.8 years

Investment Grade Credit Ratings

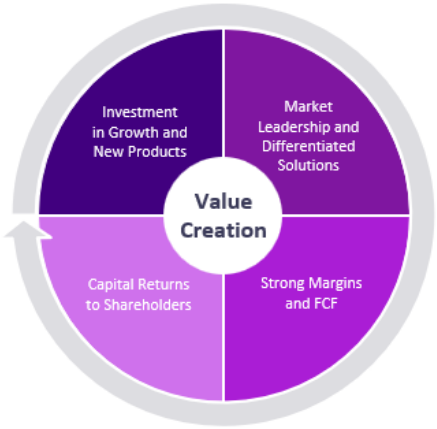
Moody's	A2
S&P	A-
Fitch	A

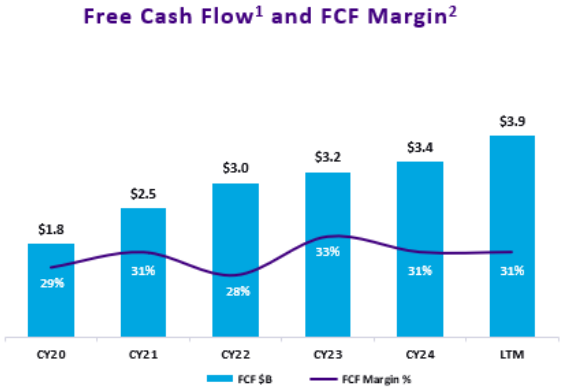


[1] As of 9/30/2025; [2] Total Cash includes Cash, Cash Equivalents and Marketable Securities, [3] $65M in un-amortized debt issuance discounts and costs

FCF Generation Fuels Consistent Capital Return to Shareholders

A cornerstone of KLA's business is consistent strong free cash flow generation, driven by one of the best operating models in the industry and a predictable, highly differentiated services business. This helps drive a comprehensive capital return strategy that includes consistent dividend growth and increasing share repurchases over the long term. This strategy supports a strong track record of predictable and assertive capital deployment and remains an important differentiating element of the KLA investment thesis.





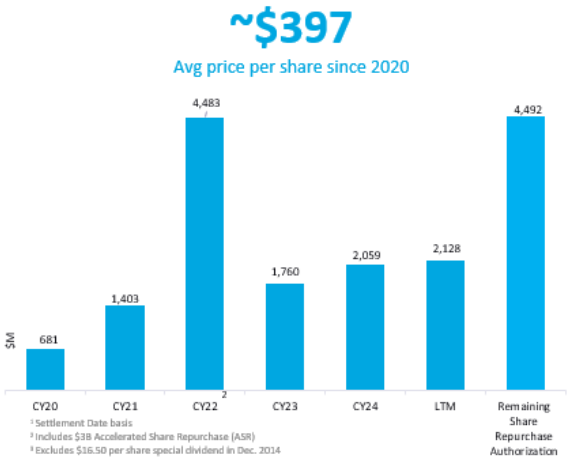
[1] Free Cash Flow (FCF) = Cash Flow from Operating Activities minus Capital Expenditures
[2] FCF Margin defined as FCF/Revenue; Non-GAAP metric – Please refer to Appendix for reconciliation to GAAP

Committed to long-term >85% FCF returned to shareholders through dividends and share repurchases

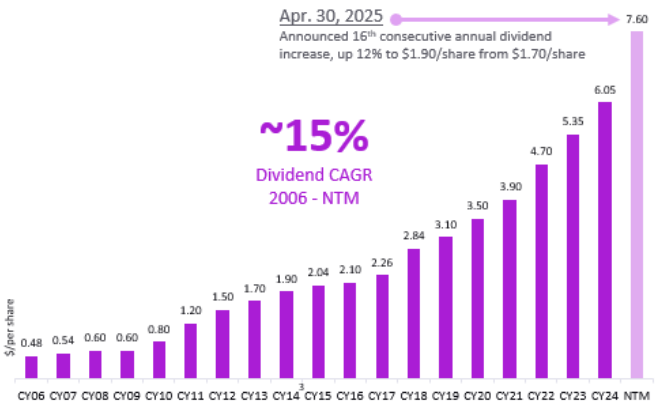
Our actions this year emphasize our commitment to capital returns and our confidence in the long-term shareholder value accretion of KLA. On April 30th, 2025, we announced the 16th consecutive annual dividend increase, up 12% to $1.90 per share per quarter or an annualized dividend of $7.60 per share. Along with this action, we also announced a $5 billion share repurchase authorization.

Return to Shareholders Across Both Share Repurchases & Dividends

Share Repurchases - Last 5 Years[1]



Track Record of Dividend Increases



Free Cash Flow and Capital Return Highlights

KLA's well-documented history of consistent free cash flow generation, high free cash flow margins, and strong free cash flow conversion runs across all business cycles and economic conditions. KLA has grown the quarterly dividend level in line with an approximately 15% compound annual growth rate target since its inception. The company has also consistently repurchased shares. These capital return actions reflect our focus on assertive capital allocation, confidence in our long-term business model and growth strategies.

$1.066B
September Quarter Free Cash Flow*

33%
September Quarter FCF Margin*

91%
September Quarter FCF Conversion*

(Below) Surfscan® SP7XP is an advanced wafer defect inspection system developed by KLA Corporation to discover the smallest defects and imperfections on bare wafers and blanket films used in semiconductor manufacturing.

It helps semiconductor substrate, equipment, materials, and chip manufacturers achieve strict quality standards for producing the most advanced chips.



$545M
September Quarter Share Buyback

$2.13B
LTM Share Buyback

$254M
September Quarter Dividends Paid

$961M
LTM Dividends Paid

* Free Cash Flow (FCF) = Cash Flow from Operating Activities minus Capital Expenditures. FCF Margin = FCF/Revenue. FCF Conversion = FCF / Non-GAAP Net Income. Non-GAAP metric Refer to Appendix for Reconciliation to GAAP. Capital Returns = Dividends + Share Repurchases

Semiconductor Industry Demand Environment

The Semiconductor industry has experienced significant market expansion and diversification over the past two decades. Semiconductors are a significant factor in the global economy, and as semiconductor end markets continue to diversify, we see continued innovations in semiconductor designs and manufacturing processes. Today, the expanding demands of high-performance computing and data centers, fueled by widespread adoption of AI, are driving industry growth. Combined with the broadening adoption of semiconductor-based technology and diversified end market demand, these changes are driving stronger, more resilient long-term industry growth.

AI is creating a technology inflection point that is driving innovation and demand at the leading-edge. KLA's portfolio of solutions are uniquely positioned to enable leading-edge demand and the ongoing buildout and upgrade of the world's data centers serving both commercial and sovereign high-performance computing requirements.

For providers of leading-edge semiconductor production capacity, this growth, coupled with rising and diverse design starts, accelerating product cycles and larger die, increases the opportunity but also the risk in accelerating time-to-market and ensuring chips function in line with higher performance specifications in increasingly higher value devices. These trends are encouraging and should lead to increasing relevancy for KLA as measured by the share of the WFE market over the next several years, as our broad product portfolio plays a critical role in enabling our customers' success. This growth opportunity, in combination with the emerging and faster-growing advanced packaging market, positions KLA well on a relative basis. Finally, increasing semiconductor content across diverse end markets, along with strategic investments in legacy nodes, are key drivers of dependable, long-term growth for the semiconductor equipment industry.

Industry Outlook

The industry outlook continues to be driven by increasing investment in leading-edge logic, HBM and advanced packaging.

The growth of advanced packaging supporting heterogeneous chip integration has led to a new, meaningful served market for KLA. What was once a rounding error in WFE calculations is now, according to KLA internal estimates, an approximately $11 billion market growing faster than the core WFE market. This is particularly true as chip densities shrink and the processing required for packaging creates risk for our customers. For KLA, this creates a new served available market (SAM) that will augment the company's revenue growth over the next several years. The market and technology roadmap for leading-edge WFE supporting high performance compute is driving relative inflections for process control. This opportunity, coupled with the evolving complexity of advanced packaging, supports an even broader market for KLA.

As we approach the close of calendar year 2025, we continue to expect mid-to-high-single digit growth in WFE, modestly improved from our previous outlook discussed last quarter. Growth in 2025 is being driven principally by increasing investment in both leading-edge Foundry/Logic and Memory to support growing AI and premium mobile demand, partially offset by lower demand from domestic China. Given KLA's strong business momentum, expanding market share opportunities, and higher process control intensity at the leading-edge across all segments, we remain on track to outperform the WFE market in

2025. The advanced packaging market is also expected to grow more than 20% compared to last year. Finally, customer discussions have become more constructive on expectations for calendar year 2026 to be a growth year for the industry, with a broader spending profile than 2025 for both WFE and Advanced Packaging. While it is still too early to provide precise calendar 2026 revenue guidance, our view today is that first half revenue levels will be roughly flat to modestly up compared to the second half of calendar 2025, with accelerating growth in the second half of the calendar year. This outlook is inclusive of the revenue impact related to additional market access loss related to certain customers in China resulting from extended export controls from the US government. We estimate the revenue impact on the December quarter and calendar 2026 to be approximately $300 to $350 million for KLA. For calendar 2026, this impact is spread roughly evenly across the first and second half of the year.

KLA's unique product portfolio differentiation and value proposition are focused on enabling technology transitions, accelerating process node capacity ramps, and ensuring yield entitlement in high-volume production. The market environment and the complexity of our customers' technology roadmaps are compelling and bring challenges and opportunities for KLA to continue its relative performance. In this industry environment, KLA remains focused on supporting customers, investing for the future, executing product roadmaps, and driving productivity across the enterprise.

Outlook for the December 2025 Quarter

KLA's December quarter guidance is as follows: total revenue is expected to be $3.225 billion, plus or minus $150 million. Foundry/Logic revenue from semiconductor customers is forecasted to be approximately 59%, and Memory is expected to be approximately 41% of Semi Process Control systems revenue to semiconductor customers. Within Memory, DRAM is expected to be about 78% and NAND the remaining 22%.. As always, these business mix approximations pertain solely to our semiconductor customers and do not fully reflect our total semiconductor process control systems revenue.

Non-GAAP gross margin is forecasted to be 62% plus or minus one percentage point based on relatively consistent factory output vs. September and product revenue mix expectations.

December 2025 Quarter Guidance

Revenue	$3.225B +/- $150M
Non-GAAP Gross Margin*	62% +/- 1%
GAAP Diluted EPS	$8.46 +/- $0.78
Non-GAAP Diluted EPS*	$8.70 +/- $0.78

Macro Assumptions

Semi PC Revenue By End Market [1]

- Foundry/Logic: ~59%
- Memory: ~41% → DRAM ~78% | NAND ~22%

Model Assumptions

- Non-GAAP Operating Expenses*: ~$635M
- Other Income & Expense (OIE)*, Net: ~$32M
- Effective Tax Rate*: ~14.0%
- Diluted Share Count: ~132M

* Non-GAAP metric – Refer to Appendix for Reconciliation to GAAP
[1] Represents approximate Semi Process Control system-only sales to Foundry/Logic customers or Memory customers only, which does not represent our aggregate customer base

Strong, resilient and delivering shareholder value

Non-GAAP operating expenses are forecasted to be approximately $635 million in the December quarter, as we continue to make product development and infrastructure investments to support expected revenue growth. Given our expectations for company growth and product development

roadmap requirements, we will maintain our operating expense trajectory. Our business model is designed to deliver 40% to 50% incremental non-GAAP operating margin leverage on revenue growth over the long run.

Other model assumptions include: Non-GAAP other income and expense, net, of approximately a $32 million expense for the December quarter. The non-GAAP effective tax rate assumption has risen slightly to 14% reflecting the impact of recent global tax changes. For the December quarter, GAAP diluted EPS is expected to be $8.46 plus or minus $0.78, and non-GAAP diluted EPS of $8.70 plus or minus $0.78. EPS guidance is based on a fully diluted share count of approximately 132 million shares.

In Conclusion

Our near-term revenue guidance shows modest growth and is consistent with our views from the start of this year of relative top-line stability. We expect to meaningfully outperform the mid-to-high single-digit WFE growth rate in 2025 driven by rising process control intensity inclusive of the significant growth of the advanced packaging market. KLA focuses on delivering a differentiated product portfolio that addresses customers' technology roadmap requirements which are driving our longer-term relevance and growth expectations. With the KLA Operating Model guiding our best-in-class execution, KLA is focused on implementing our strategic objectives designed to drive outperformance. KLA's focus on customer success, innovative solutions, and operational excellence drives industry-leading financial performance, enabling us to return capital consistently.

KLA's business is well-positioned for today's technology inflections and growth drivers. We are encouraged by the customer engagement that informs our business forecast. The long-term secular trends driving semiconductor industry demand and investments in WFE and advanced packaging are compelling and represent a relative performance opportunity for KLA over the next several years. KLA's business has gone from being primarily indexed to leading-edge R&D investment and Foundry/Logic customers, to now addressing all growth markets in WFE, including memory, advanced packaging, and both leading-edge and legacy-node logic. In addition, the growing investment in custom silicon, particularly among hyperscalers developing their own custom chips, has led to a proliferation of unique device designs and increased demand on our customers to deliver performance, volume, and time-to-market. As design complexity and diversity grow, so does the need for advanced process control. As a result, KLA is seeing growth in process control intensity, as each new chip design requires rigorous inspection, metrology, and yield optimization solutions. KLA is uniquely positioned to benefit from these trends as we expand our market leadership and deliver differentiated value to our customers.

Sincerely,



Rick Wallace, CEO



Bren Higgins, CFO

Appendix

Reconciliation of Non-GAAP Financial Measures

(In millions, except EPS $ and percentages)		For the three months ended Sep. 30, 2025
GAAP net income		**$ 1,121.0**
Adjustments to reconcile GAAP net income to non-GAAP net income*		
Acquisition-related charges	a	49.0
Income tax effect of non-GAAP adjustments	b	(18.3)
Discrete tax items	c	15.1
Non-GAAP net income		**$ 1,166.8**
GAAP diluted EPS		**$ 8.47**
Non-GAAP diluted EPS		**$ 8.81**
Shares used in diluted shares calculation		132.4
GAAP income tax expense		**$ 188.4**
Adjustments to reconcile GAAP effective tax rate to non-GAAP effective tax rate*		
Income tax effect of non-GAAP adjustments	b	18.3
Discrete tax items	c	(15.1)
Non-GAAP income tax expense		**$ 191.6**
GAAP income before income taxes		**$ 1,309.5**
Adjustments to reconcile GAAP income before income taxes to non-GAAP income before income taxes*		
Acquisition-related charges	a	49.0
Non-GAAP income before income taxes		**$ 1,358.5**
GAAP income tax rate		**14.4%**
Non-GAAP income tax rate		**14.1%**
GAAP other expense (income), net		**$ 27.7**
Non-GAAP other expense (income), net		**$ 27.7**

(Dollars in millions)		For the three months ended Sep. 30, 2025
GAAP gross margin		**61.3%**
Adjustments to reconcile GAAP gross margin to non-GAAP gross margin*		
Acquisition-related charges	a	1.2%
Non-GAAP gross margin		**62.5%**
GAAP research and development ("R&D") expenses		**$ 360.5**
Non-GAAP R&D expenses		**$ 360.5**
GAAP selling, general and administrative ("SG&A") expenses (1)		**$ 269.0**
Adjustments to reconcile GAAP SG&A expenses to non-GAAP SG&A expenses*		
Acquisition-related charges	a	(11.0)
Non-GAAP SG&A expenses (1)		**$ 258.0**
GAAP operating expense (1)		**$ 629.4**
Adjustments to reconcile GAAP operating expense to non-GAAP operating expense*		
Acquisition-related charges	a	(11.0)
Non-GAAP operating expense (1)		**$ 618.4**
GAAP operating income (1)		**$ 1,337.2**
Adjustments to reconcile GAAP operating income to non-GAAP operating income*		
Acquisition-related charges	a	49.0
Non-GAAP operating income (1)		**$ 1,386.2**
GAAP operating margin		**41.7%**
Non-GAAP operating margin		**43.2%**

Amounts may not sum due to rounding

* Refer to "Reconciliation of Non-GAAP Measures - Explanation of Non-GAAP Financial Measures" for detailed descriptions and information for each reconciling item.

(1) Non-GAAP operating income and operating expenses include the effects of the changes in the Company's Executive Deferred Savings Plan Program ("EDSP"), because the changes in the EDSP liability and asset are recorded in selling, general and administrative expense in operating expenses. The expense associated with changes in the EDSP liability included in selling, general and administrative expense for the quarter ended September 30, 2025 was $18.2 million. The gain associated with changes in the EDSP assets included in selling, general and administrative expense for the quarter ended September 30, 2025 was $18.2 million.

Reconciliation of Free Cash Flow and Related Metrics

Free Cash Flow Measures

(Dollars in millions)	For the three months ended Sep. 30, 2025	For the twelve months ended Sep. 30, 2025	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Net cash provided by operating activities	$ 1,161.6	$ 4,248.3	$ 3,647.3	$ 3,476.0	$ 3,337.9	$ 2,786.4	$ 1,968.1
Less Capital expenditures	(95.9)	(370.7)	(285.3)	(308.4)	(351.5)	(250.4)	(200.3)
Free cash flow	**$ 1,065.7**	**$ 3,877.6**	**$ 3,362.1**	**$ 3,167.5**	**$ 2,986.5**	**$ 2,536.0**	**$ 1,767.8**
Free cash flow	$ 1,065.7	$ 3,877.6	$ 3,362.1	$ 3,167.5	$ 2,986.5	$ 2,536.0	$ 1,767.8
Revenue	$ 3,209.7	$ 12,524.3	$ 10,847.0	$ 9,671.4	$ 10,483.7	$ 8,165.7	$ 6,073.0
Free cash flow margin	**33.2%**	**31.0%**	**31.0%**	**32.8%**	**28.5%**	**31.1%**	**29.1%**
Free cash flow	$ 1,065.7						
Non-GAAP net income	$ 1,166.8						
Free cash flow conversion	**91.3%**						
Net cash provided by operating activities	$ 1,161.6						
GAAP net income	$ 1,121.0						
GAAP metric comparable to free cash flow conversion	**103.6%**						

	For the three months ended Sep. 30, 2025	For the twelve months ended Sep. 30, 2025
Cash paid for dividends	$ 254.0	$ 960.6
Cash paid for share repurchases	545.1	2,127.6
Capital returns	**$ 799.1**	**$ 3,088.2**

Amounts may not sum due to rounding

The Company presents free cash flow and certain related metrics as supplemental non-GAAP measures of its performance. Free cash flow is determined by adjusting GAAP net cash provided by operating activities for capital expenditures. Free cash flow conversion is defined as free cash flow divided by non-GAAP net income, and free cash flow margin is defined as free cash flow divided by revenue.

Reconciliation of Guidance

Q2 FY2026 Guidance Range:

(Dollars in millions, except per share amounts)		Low	High
GAAP diluted net income per share		**$ 7.68**	**$ 9.24**
Acquisition-related charges	a	0.38	0.38
Income tax effect of non-GAAP adjustments	c	(0.14)	(0.14)
Non-GAAP diluted net income per share		**$ 7.92**	**$ 9.48**
Shares used in diluted shares calculation		131.9	131.9
GAAP gross margin		**59.8%**	**61.8%**
Acquisition-related charges	a	1.2%	1.2%
Non-GAAP gross margin		**61.0%**	**63.0%**
GAAP operating expenses		**$ 640**	**$ 652**
Acquisition-related charges	a	(11)	(11)
Non-GAAP operating expenses		**$ 629**	**$ 641**
GAAP other expense (income), net		**$ 32.0**	**$ 32.0**
Non-GAAP other expense (income), net		**$ 32.0**	**$ 32.0**
GAAP tax rate		**13.1%**	**13.1%**
Effect of acquisition-related charges	a	0.9%	0.9%
Non-GAAP tax rate		**14.0%**	**14.0%**

Note: The guidance as of October 29, 2025 represents our best estimate considering the information known as of the date of issuing the guidance. We undertake no responsibility to update the above in light of new information or future events. Refer to forward looking statements for important information. Also refer to "Reconciliation of Non-GAAP Financial Measures - Explanation of Non-GAAP Financial Measures" for detailed descriptions and information about each reconciling item.

Reconciliation of Non-GAAP Financial Measures

Explanation of Non-GAAP Financial Measures:

To supplement our Condensed Consolidated Financial Statements presented in accordance with GAAP, we provide certain non-GAAP financial information, which is adjusted from results based on GAAP to exclude certain gains, costs and expenses, as well as other supplemental information. The non-GAAP and supplemental information is provided to enhance the user's overall understanding of our operating performance and our prospects in the future. Specifically, we believe that the non-GAAP information, including non-GAAP net income, non-GAAP net income per diluted share, non-GAAP gross margin and free cash flow, provides useful measures to both management and investors regarding financial and business trends relating to our financial performance by excluding certain costs and expenses that we believe are not indicative of our core operating results to help investors compare our operating performances with our results in prior periods as well as with the performance of other companies. The non-GAAP information is among the budgeting and planning tools that management uses for future forecasting. However, because there are no standardized or generally accepted definitions for most non-GAAP financial metrics, definitions of non-GAAP financial metrics are inherently subject to significant discretion (for example, determining which costs and expenses to exclude when calculating such a metric). As a result, non-GAAP financial metrics may be defined very differently from company to company, or even from period to period within the same company, which can potentially limit the usefulness of such information to an investor. The presentation of non-GAAP and supplemental information is not meant to be considered in isolation or as a substitute for results prepared and presented in accordance with United States GAAP.

The following are descriptions of the adjustments made to reconcile GAAP net income to non-GAAP net income:

a) Acquisition-related charges primarily include amortization of intangible assets. Although we exclude the effect of amortization of all acquired intangible assets from these non-GAAP financial measures, management believes that it is important for investors to understand that such intangible assets were recorded as part of purchase price accounting arising from acquisitions, and such amortization of intangible assets related to past acquisitions will recur in future periods until such intangible assets have been fully amortized. Investors should note that the use of these intangible assets contributed to our revenues earned during the periods presented and are expected to contribute to our future period revenues as well.

b) Income tax effect of non-GAAP adjustments includes the income tax effects of the excluded items noted above.

c) Discrete tax items consist of certain income tax expenses/benefits that, by excluding, help investors compare our operating performance with our results in prior periods as well as with the performance of other companies.

About KLA Corporation

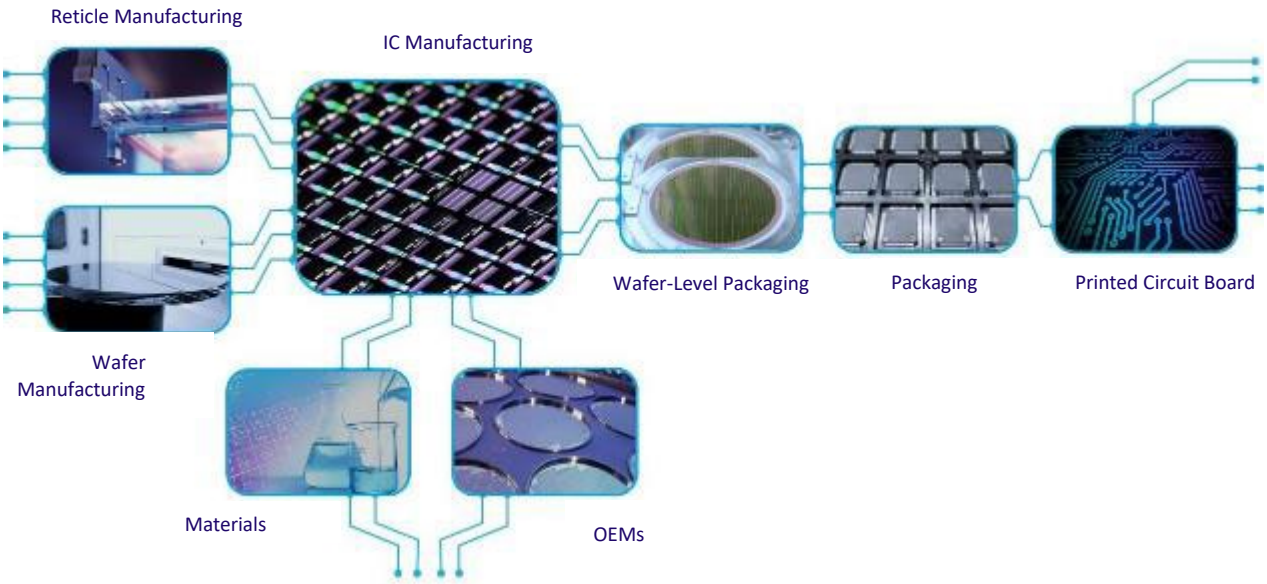
KLA Corporation (KLA) is the world's leading supplier of process control and yield management solutions for the semiconductor and related microelectronics industries. The company's comprehensive portfolio of products, software, analysis, services, and expertise is designed to help Integrated Circuit (IC) manufacturers manage yield throughout the entire wafer fabrication process-from Research & Development to final yield analysis. KLA offers a broad spectrum of products and services that are used by every major semiconductor manufacturer in the world. We provide advanced process control and process-enabling solutions for manufacturing wafers and reticles, integrated circuits, Packaging, and printed circuit boards. In close collaboration with leading customers across the globe, our expert teams of physicists, engineers, data scientists and problem-solvers design solutions that move the world forward. Additional information may be found at: www.kla.com.

Investors and others should note that KLA announces material financial information to investors using an investor relations website (ir.kla.com), including SEC filings, press releases, public earnings calls, and conference webcasts. These channels are used to communicate with the public about the company, products, services, and other matters.



KLA's Broad Portfolio Addresses Entire Semiconductor Ecosystem

Semiconductor Manufacturing	Related Electronics Industries
• IC Manufacturing • Wafer Manufacturing • Reticle Manufacturing • IC Packaging • Printed Circuit Board	• Compound Semiconductor • Power Device • LED • MEMS • Data Storage/Media Head • General Purpose/Labs



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Note on Forward-Looking Statements

Statements in this letter other than historical facts, such as statements pertaining to: (i) future industry demand for semiconductors, WFE, and advanced packaging; (ii) our market position for the future and future growth in demand for our products; (iii) our forecast of financial measures for the following quarter and 2025; (iv) our future revenues by customer segment for our Semi Process Control systems; (v) our long-term financial targets and underlying assumptions; (vi) our future investment plan on R&D, technology, manufacturing capacity and infrastructure; and (vii) future shareholder returns, are forward-looking statements and subject to the Safe Harbor provisions created by the Private Securities Litigation Reform Act of 1995.

These forward-looking statements are based on current information and expectations and involve a number of risks and uncertainties. Actual results may differ materially from those projected in such statements due to various factors, including but not limited to: our vulnerability to a weakening in the condition of the financial markets and the global economy; risks related to our international operations; evolving Bureau of Industry and Security of the U.S. Department of Commerce rules and regulations and their impact on our ability to sell products to and provide services to certain customers in China; tariffs and other trade restrictions; costly intellectual property disputes that could result in our inability to sell or use the challenged technology; risks related to the legal, regulatory and tax environments in which we conduct our business; differing stakeholder expectations, requirements and attention to ESG matters and the resulting costs, risks and impact on our business; unexpected delays, difficulties and expenses in executing against our environmental, climate, or other ESG target, goals and commitments; our ability to attract, retain and motivate key personnel; our vulnerability to disruptions and delays at our third-party service providers; cybersecurity threats, cyber incidents affecting our and our business partners' systems and networks; our inability to access critical information in a timely manner due to system failures; risks related to acquisitions, integrations, strategic alliances or collaborative arrangements; climate change, earthquake, flood or other natural catastrophic events, public health crises or terrorism and the adverse impact on our business operations; the war between Ukraine and Russia, continued escalation of hostilities in the Middle East, and the significant military activity in those regions; lack of insurance for losses and interruptions caused by terrorists and acts of war, and our self-insurance of certain risks including earthquake risk; risks related to fluctuations in foreign currency exchange rates; risks related to fluctuations in interest rates and the market values of our portfolio investments; risks related to tax and regulatory compliance audits; any change in taxation rules or practices and our effective tax rate; compliance costs with federal securities laws, rules, regulations, NASDAQ requirements, and evolving accounting standards and practices; ongoing changes in the technology industry, and the semiconductor industry in particular, including future growth rates, pricing trends in end-markets, or changes in customer capital spending patterns; our vulnerability to a highly concentrated customer base; the cyclicality of the industries in which we operate; our ability to timely develop new technologies and products that successfully address changes in the industry; risks related to artificial intelligence; our ability to maintain our technology advantage and protect proprietary rights; our ability to compete in the industry; availability and cost of the materials and parts used in the production of our products; our ability to operate our business in accordance with our business plan; risks related to our debt and leveraged capital structure; we may not be able to declare cash dividends at all or in any particular amount; liability to our customers under indemnification provisions if our products fail to operate properly or contain defects or our customers are sued by third parties due to our products; our government funding for R&D is subject to audit, and potential termination or penalties; we may incur significant restructuring charges or other asset impairment charges or inventory write offs; we are subject to risks related to receivables factoring arrangements and compliance risk of certain settlement agreements with the government; and risks related to the Court of Chancery of the State of Delaware being the sole and exclusive forum for certain actions and proceedings. For other factors that may cause actual results to differ materially from those projected and anticipated in forward-looking statements in this press release, please refer to KLA's Annual Report on Form 10-K for the year ended June 30, 2025, and other subsequent filings with the Securities and Exchange Commission (including, but not limited to, the risk factors described therein). KLA assumes no obligation to, and does not currently intend to, update these forward-looking statements.