KLA

Keep Looking Ahead

Letter to Shareholders

Q1 Fiscal 2027

QUARTER ENDED SEPTEMBER 30, 2026 | REPORTED OCTOBER 28, 2026



Dear KLA Shareholders,

This letter details KLA's results for the September 2026 quarter and provides its outlook.

CEO Update - September 2026 Quarter Results

KLA's September quarter beat the midpoint of our guidance ranges across all key metrics, and when combined with our December quarter guidance, demonstrates the growth acceleration we expected for the second half of calendar 2026. Revenue was $4.14 billion supported by continued strength in leading-edge foundry/logic tied to AI infrastructure investments, and increasing process control intensity across leading-edge devices and advanced packaging.

The September quarter reflected continued strength in KLA's leading market position in process control as growing semiconductor complexity drives more stringent requirements. Industry investment is accelerating, driven by AI infrastructure, a strong design environment, larger, more sophisticated, and more valuable device architectures, increasing High-Bandwidth Memory (HBM) adoption, and expanding advanced packaging requirements. Across these trends, customers rely on KLA's portfolio of systems, services, and expertise to accelerate yield learning, scale productivity, and introduce new technologies into high-volume manufacturing.

Since the start of calendar 2026, the AI demand environment has continued to strengthen, driven by increased data center investments, growing compute requirements, and broader adoption of advanced nodes. All of this has led our customers to continue raising their wafer equipment investment guidance for both calendar 2026 and 2027. Customer engagement is exceptionally strong, with meaningfully improving visibility supporting a more favorable outlook for wafer equipment investment. This is reflected in our growing backlog, as well as in our sales funnel forecasts. We expect momentum across our business to continue into the December quarter, and we are positioned to deliver significant growth in calendar 2027. As a result, we have been proactively working with our strategic supply chain partners over the past year to increase their capacity to keep up with our demand.

Advanced packaging has become increasingly critical to AI infrastructure expansion, creating additional process control requirements. These increasing requirements are expanding the opportunity for KLA's advanced packaging process control portfolio. Advanced packaging roadmaps continue to incorporate more sophisticated wafer front-end processes, increasing the need for advanced process control capabilities. KLA's broad process control portfolio enables the company to address these requirements across a growing range of applications. For calendar 2026, Advanced Packaging process control systems revenue remains on track to hit approximately $1.1 billion, or more than 70% year-over-year growth, and nearly twice the growth rate of the advanced packaging market.

The growing complexity of KLA's installed base and longer tool lifecycles continue to increase demand for services. KLA Services revenue was $850 million in the quarter, up 14% year-over-year, supported by a growing installed base and continued customer focus on tool performance, productivity, and availability in this tight system utilization environment. Underscoring its predictability and visibility, the Services business remains on track for its 17th consecutive year of annual revenue growth. This recurring, subscription-like business strengthens our operating model, enhances free cash flow generation, and reinforces our long-term capital allocation strategy. KLA services growth for the calendar year is expected to be at the top end of the Services revenue growth rate model of 13 to 15%.

Finally, KLA's process, PCB, and component inspection businesses are also benefiting from the technology transitions and the rigorous performance requirements of high-performance computing. These products represent a compelling opportunity to broaden KLA's served available market, further augmenting the company's growth profile. KLA's market-leading product portfolio and its associated services offerings are well positioned to address these compelling opportunities as we approach the end of calendar 2026 and look forward to a strong calendar 2027.

September 2026 Quarter Financial Highlights

KLA delivered strong sequential and year-over-year growth in the September quarter. For the first time in our company history, KLA delivered non-GAAP operating margins over 46%. These results reflect our market leadership and disciplined execution, supported by our global teams' dedication and focus on customer success.

Revenue of $4.14 billion was above the midpoint of guidance and rose 13% sequentially and 29% year-over-year. Non-GAAP diluted EPS was $1.22, and GAAP diluted EPS was $1.18, each above the midpoint of the respective guidance ranges.

Non-GAAP gross margin was 62.7%, slightly above the midpoint of the guidance range. Non-GAAP operating expenses were $688 million, including $395 million in R&D and $293 million in SG&A. Non-GAAP operating margin rose 240 bps sequentially to 46.1%.

Non-GAAP other income/expense, net, was $38 million in expense. The quarterly non-GAAP effective tax rate was 14.1%.

$4.14B
Revenue

62.7%
Gross Margin*

46.1%
Operating Margin*

$1.60B
Net Income*

(Right) Surfscan® SP7^{XP} 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.



$1.22
Non-GAAP Diluted EPS*

$1.18
GAAP Diluted EPS

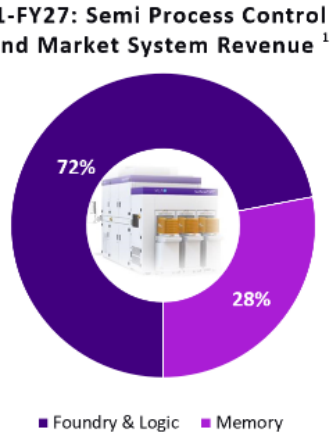
* Non-GAAP metric – please refer to the appendix for reconciliation to GAAP

Non-GAAP net income was $1.60 billion, GAAP net income was $1.55 billion, cash flow from operations was $1.53 billion, and free cash flow was $1.34 billion. The company had 1.311 billion diluted weighted average shares outstanding for the quarter.

Breakdown of Revenue by Reportable Segments and End Markets

	Revenue Q1-FY27 ($M)	Y/Y Growth %	Q/Q Growth %	Revenue %
Semiconductor Process Control (Systems + Services)	$3,754	+29%	+15%	91%
Specialty Semiconductor Process (Systems + Services)	$140	+16%	-13%	3%
PCB and Component Inspection (Systems + Services)	$242	+28%	+0%	6%
Total	$4,136	+29%	+13%	

[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



Semiconductor Process Control revenue, including the associated Services business, was $3.75 billion, increasing 15% sequentially and 29% year-over-year.

The Semi Process Control systems-only mix was approximately 72% Foundry/Logic and 28% Memory.

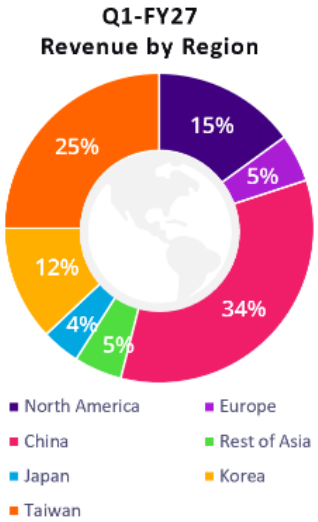
Specialty Semiconductor Process revenue, including Services, was $140 million, down 13% sequentially, but up 16% year-over-year.

PCB and Component Inspection revenue, including Services, was $242 million, flat sequentially and up 28% year-over-year.

Breakdown of Revenue by Major Products and Regions

	Revenue Q1-FY27 ($M)	Y/Y Growth %	Q/Q Growth %	Revenue %
Wafer Inspection	$2,111	+37%	+19%	51%
Patterning	$862	+29%	+18%	21%
Specialty Semi Process	$114	+13%	-17%	3%
PCB and Component Inspection	$168	+43%	+0%	4%
Services	$850	+14%	+4%	20%
Other [1]	$31	-28%	+28%	1%
Total	$4,136	+29%	+13%	

[1] Included in the Semiconductor Process Control Segment



Wafer Inspection systems revenue grew 19% sequentially, and 37% year-over-year in the September quarter, totaling 51% of revenue.

Patterning systems, which include metrology products and reticle inspection, rose 18% sequentially and 29% year-over-year, accounting for 21% of quarterly revenue.

Specialty Semiconductor Process systems revenue decreased 17% sequentially, and grew 13% year-over-year, representing 3% of revenue. Sequential growth will resume in the December quarter.

PCB and Component Inspection systems revenue was flat sequentially and up 43% year-over-year, ending at 4% of revenue. Increasing AI chip package and PCB board complexity are driving higher inspection requirements fueling growth in this business.

Services revenue grew 4% sequentially and 14% year-over-year to $850 million in the quarter or 20% of revenue.

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

In descending order, the quarterly regional revenue split was China at 34%, Taiwan at 25%, North America at 15%, Korea at 12%, Rest of Asia at 5%, Europe at 5%, and Japan at 4% of total revenue. China should decline as a percentage of total revenue in the December quarter and represent approximately the high-20s percent of total revenue for calendar 2026, consistent with our forecast highlighted in earnings calls throughout this calendar year.

Strong Investment Grade Balance Sheet

KLA ended the quarter with $4.7 billion in total cash, cash equivalents, and marketable securities, and $5.95 billion of debt. The company maintains a flexible and attractive bond maturity profile, supported by investment-grade ratings from all three major rating agencies. KLA's strong balance sheet provides the financial flexibility to invest in both organic and inorganic growth opportunities, while continuing to return significant capital to shareholders through dividends and share repurchases.

Balance Sheet Summary [1] ($M)

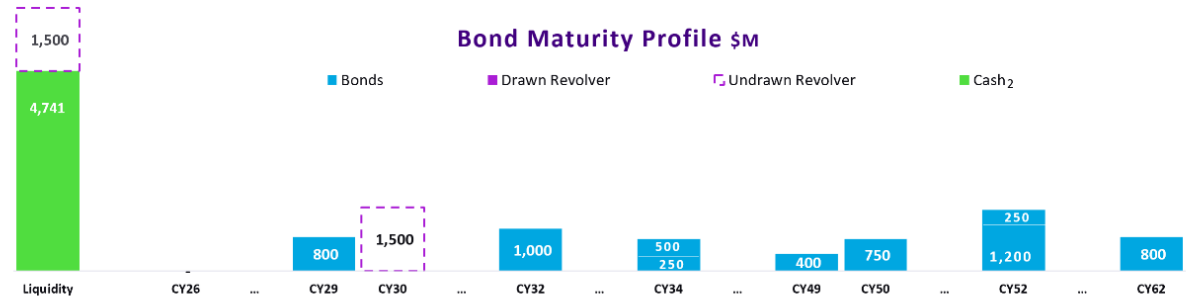
Total Cash [2]	$ 4,741
Working Capital	$ 8,018
Total Assets	$ 18,405
Debt [3]	$ 5,723
Total Shareholders' Equity	$ 6,523

Bond Maturity Profile

Bonds Outstanding	$5.95B
Weighted Average Interest Rate [4]	4.67%
Weighted Average Maturity	17.8 years

Investment Grade Credit Ratings

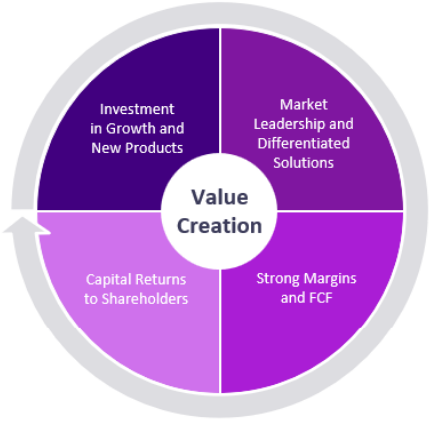
Moody's	A2
S&P	A-
Fitch	A



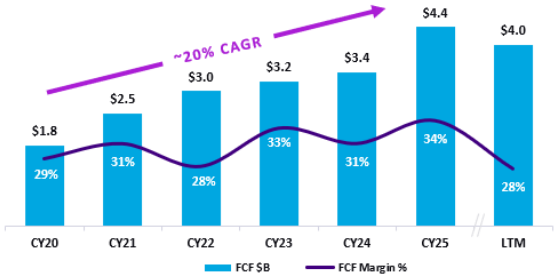
[1] As of 09/30/2026; [2] Total Cash includes Cash, Cash Equivalents and Marketable Securities, [3] $227M in un-amortized debt issuance discounts and costs, and fair value adjustments related to interest rate swaps, [4] Excluding impacts from interest rate swaps

FCF Generation Fuels Consistent Capital Return to Shareholders

KLA generates consistent, strong free cash flow, driven by our high-performing operating model. Over the past five calendar years, free cash flow has grown at an approximate 20% CAGR, above revenue's 15% CAGR over the same period. This growth, coupled with resilience across business cycles, enables a comprehensive capital return strategy featuring double-digit dividend growth and share repurchases to augment long-term shareholder value creation.



Free Cash Flow[1] and FCF Margin[2]

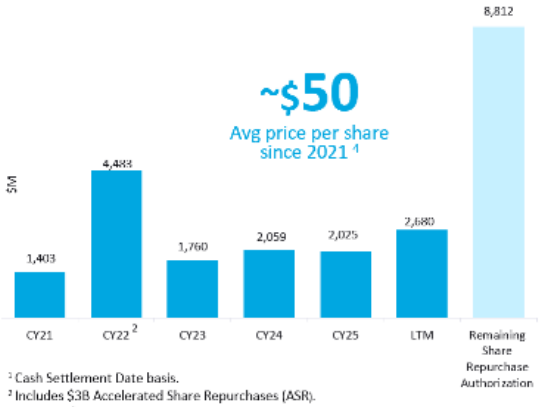


[1] Free Cash Flow (FCF) = Cash Flow from Operating Activities minus Capital Expenditures
[2] FCF Margin defined as FCF/Revenue; Non-GAAP metric – Please refer to Appendix for reconciliation to GAAP

Committed to long-term >90% FCF returned to shareholders through dividends and share repurchases

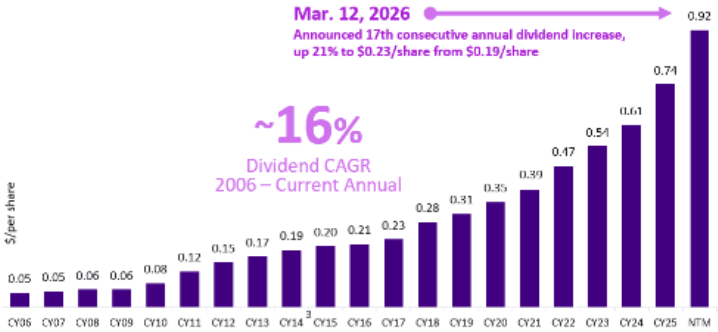
Consistent Returns Across Both Share Repurchases and Dividends

Share Repurchases – Since 2021 [1]



[2] Cash Settlement Date basis.
[3] Includes $3B Accelerated Share Repurchases (ASR).
[3] Excludes $16.50 per share special dividend in Dec. 2014.
[4] Reflects 10 for 1 stock split.

Track Record of Dividend Increases [4]



Free Cash Flow and Capital Return Highlights

KLA's strong cash generation continues to support meaningful capital returns to shareholders. In the September quarter, free cash flow was a record $1.34 billion. During the quarter, KLA returned $1.24 billion to shareholders, including $936 million in share repurchases and $305 million in dividends. Share repurchases in the September quarter were the second-highest on record, topped only by the $3 billion

accelerated share repurchase completed in the June 2022 quarter. Over the past 12 months, total capital returns were $3.8 billion and free cash flow was $4.0 billion. KLA has made meaningful investments in working capital, facilities, the supply chain, and company headcount to support the current business outlook and the expected growth environment. Given the forecasted aggregate investment in wafer equipment over the next several years, we expect these investments will keep the company positioned to take advantage of the strong market opportunity and deliver on our customer commitments. This consistent cash generation supported by our business model, combined with our disciplined approach to capital allocation, enables investment in business scale and future growth opportunities while delivering attractive returns to shareholders.

$1.34B
September Quarter
Free Cash Flow*

32%
September Quarter
FCF Margin*

83%
September Quarter
FCF Conversion*



(Above) 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.

$936M
September Quarter
Share Buyback

$2.68B
LTM Share Buyback

$305M
September Quarter
Dividends Paid

$1.11B
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

Semiconductors continue to play an increasingly important role in the global economy, with industry growth driven by investment in AI infrastructure and expanding demand across a broader range of applications and end markets. Together, these trends are supporting stronger, more durable, and more diversified long-term growth for the industry.

At the same time, the growing complexity of AI-enabled semiconductors is increasing process-control intensity throughout the manufacturing flow, reinforcing KLA's long-term growth opportunity. KLA's differentiated portfolio is uniquely positioned to address these requirements, while sustained AI data center investment and broader adoption of advanced packaging architectures continue to expand the company's addressable market.

Calendar 2026 and 2027 Market Outlook

The industry outlook continues to strengthen, with visibility improving as customers increase long-term investment plans. Despite some fab space limitations, customers have been very resourceful and are accelerating delivery expectations across all segments. We are therefore raising our expectation for the wafer equipment market, including advanced packaging, to approximately the mid-$150 billion range in calendar 2026. KLA backlog continues to grow, and our sales funnel visibility is unprecedented, supported by new fab investments by a broad base of customers. We continue to plan for significant growth in calendar 2027. While we will have more to say about market and customer segment expectations for next year in our earnings call in late January, we currently expect the wafer equipment market to exceed $200 billion in calendar 2027.

Customer engagement remains robust with numerous new fab projects and greenfield facilities scheduled to come online in the quarters ahead. The primary area of focus for our customers is on delivery urgency aligned with new project plans. Against this backdrop, KLA's business momentum and critical role in leading-edge process control position us to deliver accelerating growth for the remainder of calendar 2026 and continued strong growth in 2027. Our expectations of revenue growth acceleration in the second half of 2026 are playing out as more capacity comes online in our long-lead-time supply chain areas. This is resulting in growth in the second half of calendar year 2026 over the first half of approximately 25% and positions the company for continued sequential growth into calendar 2027.

Outlook for the December 2026 Quarter

KLA's December quarter guidance is for revenue of $4.7 billion, plus or minus $200 million. Foundry/Logic revenue from semiconductor customers is forecast to be approximately 60%, and memory is expected to be about 40% of Semiconductor Process Control systems revenue from semiconductor customers.

Within memory, DRAM is expected to account for approximately 84%, with NAND representing the remaining 16%. As a reminder, 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 for the December quarter is forecasted to be 62.5%, plus or minus one percentage point. While the company is demonstrating expected operating leverage across the business as it grows, this is being offset by persistently high memory costs for our system image processing requirements as we have discussed in prior quarters. We are actively engaged across the portfolio to optimize memory efficiency in our systems along with other product cost-reduction initiatives. These efforts, coupled with driving our usual returns-based value sharing with our customers, should offset this headwind over time.

December 2026 Quarter Guidance

Revenue	$4.7B +/- $200M
Non-GAAP Gross Margin*	62.5% +/- 1%
GAAP Diluted EPS	$1.41 +/- $0.11
Non-GAAP Diluted EPS*	$1.44 +/- $0.11

Macro Assumptions

Semi PC Revenue By End Market [1]

- Foundry/Logic: ~60%
- Memory: ~40% → DRAM ~84% | NAND ~16%

Model Assumptions

- Non-GAAP Operating Expenses*: ~$710M
- Other Income & Expense (OIE)*, Net: ~$25M
- Effective Tax Rate*: ~14.5%
- Diluted Share Count: ~1.306B

* 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 $710 million in the December quarter. We will continue to prioritize next-generation product development, scaling our business execution and company infrastructure investments to support expected revenue growth over the next several years, and we anticipate these expenses to grow sequentially throughout 2027, but at a much slower pace than revenue growth and consistent with our business model for operating margin leverage. As a reminder, 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 $25 million expense for the December quarter, and we expect it to remain at approximately this quarterly level. The non-GAAP planning tax rate is 14.5%. Our tax rate will vary quarter-to-quarter due to the geographic distribution of profit and various discrete items. For the December quarter, non-GAAP diluted EPS is expected to be $1.44 plus or minus $0.11, and GAAP diluted EPS is expected to be $1.41 plus or minus $0.11. EPS guidance is based on a fully diluted share count of approximately 1.306 billion shares.

Conclusion

In conclusion, process control, and KLA in particular, remains critical to the AI ecosystem build-out and benefits from numerous ongoing relevance inflections, including increases in leading-edge designs across foundry and logic, device size and value, rising complexity and performance requirements, and the growing importance of advanced packaging.

KLA is experiencing strengthening momentum and a broader set of growth drivers across the semiconductor ecosystem. The rate and pace of our backlog growth is a key signal of our accelerating momentum and increased confidence in our visibility leading into calendar 2027. Our September quarter results demonstrate the strength of KLA's market position and operating model execution and support continued confidence in our performance moving forward. These recent results also illustrate the strength of KLA's market-leading portfolio, disciplined operating model execution, and continued confidence in improving our performance moving forward.

Looking ahead, we remain focused on supporting customer roadmaps, investing in innovation, and scaling our global capabilities to meet expected demand growth throughout calendar 2027 and beyond. As we progress toward our 2030 target model, we remain committed to disciplined execution, technology leadership, our proven capital allocation strategy, and creating durable shareholder value.

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, 2026
GAAP net income		**$ 1,548.6**
Adjustments to reconcile GAAP net income to non-GAAP net income*		
Acquisition-related charges	a	43.0
Income tax effect of non-GAAP adjustments	b	(14.6)
Pillar Two Undertaxed Profits Rule taxes	c	20.2
Discrete tax items	d	5.8
Non-GAAP net income		**$ 1,603.0**
GAAP diluted EPS		**$ 1.18**
Non-GAAP diluted EPS		**$ 1.22**
Shares used in diluted shares calculation		1,311.1
GAAP income tax expense		**$ 275.5**
Adjustments to reconcile GAAP effective tax rate to non-GAAP effective tax rate*		
Income tax effect of non-GAAP adjustments	b	14.6
Pillar Two Undertaxed Profits Rule taxes	c	(20.2)
Discrete tax items	d	(5.8)
Non-GAAP income tax expense		**$ 264.1**
GAAP income before income taxes		**$ 1,824.1**
Adjustments to reconcile GAAP income before income taxes to non-GAAP income before income taxes*		
Acquisition-related charges	a	43.0
Non-GAAP income before income taxes		**$ 1,867.1**
GAAP income tax rate		**15.1%**
Non-GAAP income tax rate		**14.1%**
GAAP other expense (income), net		**$ 37.6**
Non-GAAP other expense (income), net		**$ 37.6**

(Dollars in millions)		For the three months ended Sep. 30, 2026
GAAP gross profit		**$ 2,558.2**
Adjustments to reconcile GAAP gross profit to non-GAAP gross profit*		
Acquisition-related charges	a	34.9
Non-GAAP gross profit		**$ 2,593.2**
GAAP gross margin		**61.9%**
Adjustments to reconcile GAAP gross margin to non-GAAP gross margin*		
Acquisition-related charges	a	0.8%
Non-GAAP gross margin		**62.7%**
GAAP research and development ("R&D") expenses		**$ 395.1**
Non-GAAP R&D expenses		**$ 395.1**
GAAP selling, general and administrative ("SG&A") expenses (1)		**$ 301.5**
Adjustments to reconcile GAAP SG&A expenses to non-GAAP SG&A expenses*		
Acquisition-related charges	a	(8.1)
Non-GAAP SG&A expenses (1)		**$ 293.3**
GAAP operating expense (1)		**$ 696.6**
Adjustments to reconcile GAAP operating expense to non-GAAP operating expense*		
Acquisition-related charges	a	(8.1)
Non-GAAP operating expense (1)		**$ 688.4**
GAAP operating income (1)		**$ 1,861.7**
Adjustments to reconcile GAAP operating income to non-GAAP operating income*		
Acquisition-related charges	a	43.0
Non-GAAP operating income (1)		**$ 1,904.7**
GAAP operating margin		**45.0%**
Non-GAAP operating margin		**46.1%**

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 benefit associated with changes in the EDSP liability included in selling, general and administrative expense for the quarter ended September 30, 2026 was $2.6 million. The loss associated with changes in the EDSP assets included in selling, general and administrative expense for the quarter ended September 30, 2026 was $2.6 million.

Reconciliation of Free Cash Flow and Related Metrics

Free Cash Flow Measures

(Dollars in millions)	For the three months ended Sep. 30, 2026	For the twelve months ended Sep. 30, 2026	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Net cash provided by operating activities	$ 1,530.9	$ 4,512.4	$ 4,766.3	$ 3,647.3	$ 3,476.0	$ 3,337.9	$ 2,786.4	$ 1,968.1
Less Capital expenditures	(194.8)	(474.8)	(384.0)	(285.3)	(308.4)	(351.5)	(250.4)	(200.3)
Free cash flow	**$ 1,336.2**	**$ 4,037.6**	**$ 4,382.3**	**$ 3,362.1**	**$ 3,167.5**	**$ 2,986.5**	**$ 2,536.0**	**$ 1,767.8**
Free cash flow	$ 1,336.2	$ 4,037.6	$ 4,382.3	$ 3,362.1	$ 3,167.5	$ 2,986.5	$ 2,536.0	$ 1,767.8
Revenue	$ 4,136.0	$ 14,505.8	$ 12,744.5	$ 10,847.0	$ 9,671.4	$ 10,483.7	$ 8,165.7	$ 6,073.0
Free cash flow margin	**32.3%**	**27.8%**	**34.4%**	**31.0%**	**32.8%**	**28.5%**	**31.1%**	**29.1%**
Free cash flow	$ 1,336.2							
Non-GAAP net income	$ 1,603.0							
Free cash flow conversion	**83.4%**							
Net cash provided by operating activities	$ 1,530.9							
GAAP net income	$ 1,548.6							
GAAP metric comparable to free cash flow conversion	**98.9%**							

	For the three months ended Sep. 30, 2026	For the twelve months ended Sep. 30, 2026
Cash paid for dividends	$ 305.1	$ 1,109.0
Cash paid for share repurchases	935.8	2,680.5
Capital returns	**$ 1,240.9**	**$ 3,789.4**

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 FY2027 Guidance Range:

(Dollars in millions, except per share amounts)		Low	High
GAAP diluted net income per share		**$ 1.30**	**$ 1.52**
Acquisition-related charges	a	0.03	0.03
Income tax effect of non-GAAP adjustments	b	(0.01)	(0.01)
Pillar Two undertaxed profits rule taxes	c	0.01	0.01
Non-GAAP diluted net income per share		**$ 1.33**	**$ 1.55**
Shares used in diluted shares calculation		1,306	1,306
GAAP gross margin		**60.8%**	**62.8%**
Acquisition-related charges	a	0.7%	0.7%
Non-GAAP gross margin		**61.5%**	**63.5%**
GAAP operating expenses		**$ 712**	**$ 724**
Acquisition-related charges	a	(8)	(8)
Non-GAAP operating expenses		**$ 704**	**$ 716**
GAAP other expense (income), net		**$ 25**	**$ 25**
Non-GAAP other expense (income), net		**$ 25**	**$ 25**
GAAP tax rate		**14.7%**	**14.7%**
Effect of acquisition-related charges	a	0.5%	0.5%
Pillar Two undertaxed profits rule taxes	c	-0.7%	-0.7%
Non-GAAP tax rate		**14.5%**	**14.5%**

Note: The guidance as of October 28, 2026 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) Pillar Two undertaxed profits rule taxes represents the impact of Undertaxed Profits Rule taxes arising from Pillar Two legislation. We expect these taxes to be temporary and reverse upon adoption of the Side-by-Side Safe Harbor provisions, which would exempt U.S.-parented groups from the Undertaxed Profits Rule.

d) 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

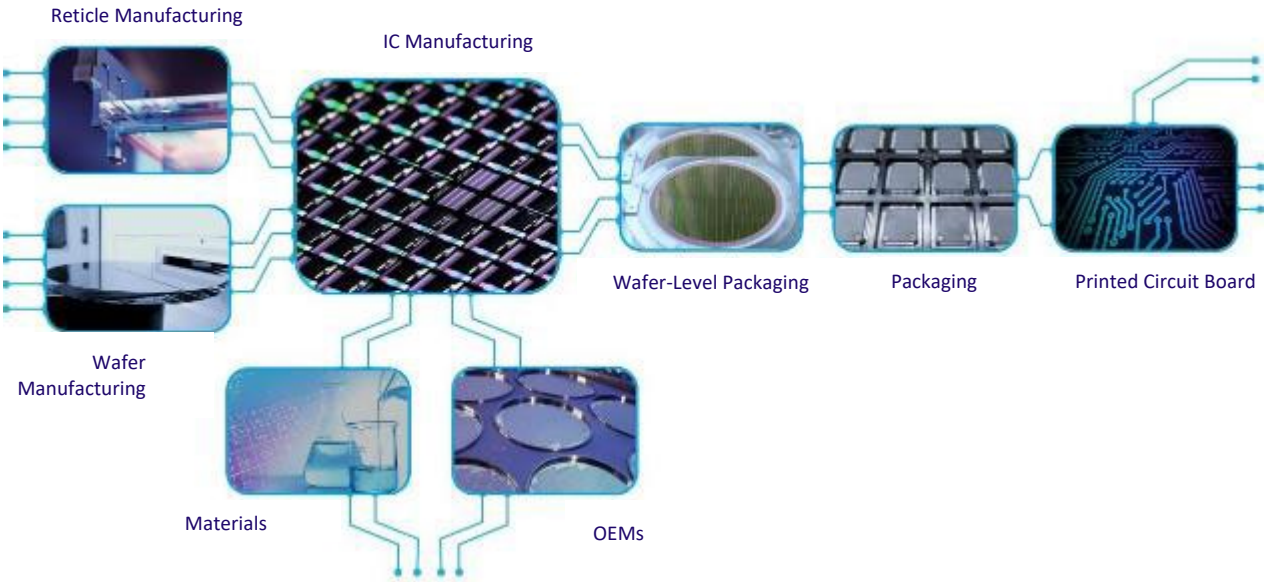
KLA Corporation (KLA) is the world's leading supplier of process control and yield management solutions for the semiconductor and related microelectronics industries. The company's comprehensive portfolio of products, software, analysis, services, and expertise is designed to help Integrated Circuit (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 used by every major semiconductor manufacturer worldwide. 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 on its 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, Wafer Equipment, 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, calendar 2026, calendar 2027 and our 2030 Target Model; (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, retaliatory trade measures and other trade restrictions, as well as uncertainty regarding tariff authority, implementation and refund process; 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 environment, social and governance ("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 targets, goals and commitments, or meeting stakeholder expectations; 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 reliance on critical information, including our enterprise resource planning system for daily operations; risks related to acquisitions, integrations, strategic alliances or collaborative arrangements; climate change, natural disasters, public health crises, terrorism, acts of war and other catastrophic events and the adverse impact on our business operations; the war between Ukraine and Russia, the armed conflict in Iran and elsewhere 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 associated with our interest rate hedging activities, 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, including artificial intelligence ("AI") related developments and changes in the semiconductor manufacturing process, customer investment patterns and end-market demands; 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 the development, adoption, governance and use of AI by us, our competitors and third parties; our ability to maintain our technology advantage and protect proprietary rights; our ability to compete in the industry; availability and cost of components, materials or subassemblies used in the production of our products, including due to limited-source suppliers, the availability of rare earth elements or DRAM chip shortages; 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; risks associated with our receipt of government funding; we may incur significant restructuring charges or other asset impairment charges or inventory write offs; we are subject to risks related to receivables factoring, banking 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 letter, please refer to KLA's Annual Report on Form 10-K for the year ended June 30, 2026, 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.