KLA

Keep Looking Ahead

Letter to Shareholders

Q3 Fiscal 2025

QUARTER ENDED MARCH 31, 2025 | REPORTED APRIL 30, 2025

Dear KLA Shareholders,

This letter reviews the business and financial highlights for the March quarter and provides the June 2025 quarter outlook.

March 2025 Quarter Results

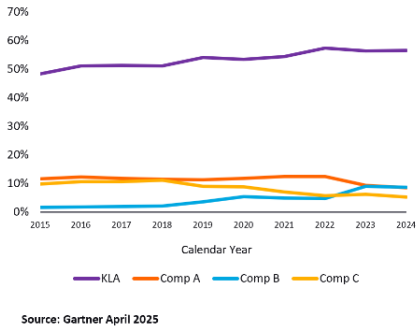
KLA's March quarter results were above the midpoint of all guidance ranges. Revenue was $3.06 billion, non-GAAP diluted EPS was $8.41, and GAAP diluted EPS was $8.16.

Results continued to be fueled by strong demand from leading-edge logic and by high-bandwidth memory (HBM) supporting AI. KLA's growing advanced packaging business also made another strong contribution in the quarter. Having a differentiated portfolio of solutions puts KLA in a position to enable customers who are navigating increasing complexity, growing design starts, and making larger semiconductor devices for a growing semiconductor marketplace.

KLA has not seen any changes in demand or indication of customers adjusting their announced investment plans. However, unprecedented global trade uncertainty and the potential second-order effects on macro demand in the future are far from clear. Given this fluid business operating environment and potential implications on our business, we have decided to postpone our Investor Day from June 18th to early to mid-calendar 2026. It is our hope that the macro picture will structurally stabilize by then, and we look forward to telling what we believe is a continuation of a compelling KLA growth and market relevance story. Our capital return announcements today reflect not only our commitment to assertive and explicit capital allocation but also our confidence in the business opportunities for KLA over the foreseeable future.

Market Share Update: KLA Sustained Strong Share in 2024

Recently published industry research reports showed KLA maintained a strong global share of WFE and Process Control markets in calendar 2024. KLA's continued share leadership was highlighted by persistently strong customer adoption of optical patterned wafer inspection and share gain in Advanced Wafer Level Packaging. Over the past five years, KLA's share of Process Control has grown by nearly 250 basis points. With growing customer acceptance across our wafer inspection, metrology, and process portfolio offering unmatched capability in the marketplace, KLA's Advanced Wafer Level Packaging revenue across our business is on a trajectory for advanced packaging market leadership in calendar 2025. For process control, KLA offers a portfolio of unique capabilities to address the increasing complexity in Advanced Packaging applications.



1	KLA's Process Control market share remained strong at > 56% in 2024, driven by strong customer adoption of optical patterned wafer inspection, and share gains in Advanced Wafer Level Packaging
2	Over the past 5 years, KLA's share of Process Control has grown by nearly 250 basis points, reflecting the critical nature of Process Control in enabling semiconductor market growth and KLA's strong portfolio and execution
3	In 2024, KLA maintained > 85% market share in the very critical and large market of Optical Inspection
4	As Advanced Wafer Level Packaging (AWLP) becomes more complex, KLA's portfolio is more relevant, and its solutions are in higher demand as evidenced by its process control share of the AWLP market growing from a distant #3 position with approximately $10 million in revenue in 2019 to an expectation of leadership in 2025

Top 5 Highlights – March 2025 Quarter

KLA delivered a 30% year-over-year increase in revenue in the March quarter, due to increased investment in leading-edge logic and HBM. In Foundry/Logic, the resumption of scaling, incorporation of new architectures and technologies, larger die sizes, a robust design start environment, and rising capital intensity continue to be long-term secular tailwinds that are unique to process control. In DRAM, investments supporting AI and HBM that require high performance, increased reliability, less redundancy, and more complex logic circuitry on base dies are drivers for our business. This investment, in addition to an improving supply/demand environment, is positioning the DRAM market for growth, which should lead to an increase in memory WFE investment in calendar 2025.

Second, AI is a key catalyst driving KLA's strong performance. Despite macro uncertainties, the continued investment in AI is both an important driver and enabler of KLA's growth. The semiconductor industry is experiencing more complex designs, accelerating product cycles, higher value wafer volumes, and growing advanced packaging demand that can all be traced back to AI. These trends underscore the increasing value of process control in assisting our customers in managing a dynamic production environment as investments and complexity increase, which benefits KLA. From an enablement perspective, KLA has been at the forefront of adopting AI in our systems and services for over a decade. We have re-engineered our compute architecture to adopt GPUs to enhance our algorithmic capabilities and achieve cost efficiencies across most of our product portfolio. KLA's future product and service enhancements will continue to leverage AI to improve the performance and cost of ownership of our leading-edge systems in a way that directly benefits our customers' time to results, yield entitlement, and ROI on fab investments. KLA will continue to benefit from more efficient compute cost and AI enhancements, extend the hardware roadmap of our product platforms, which will improve our product effectiveness and business execution.

Third, this quarter captured another period of strong momentum for our advanced packaging portfolio, again driven by AI and High Performance Computing (HPC) investments. The rising demand for more powerful systems of chips is driving more complex heterogeneous device integration enabled by advanced packaging, increasing the value of process control in the chip package and fueling growth in this important and rapidly growing market for KLA. Customer adoption of KLA's advanced packaging portfolio of products demonstrates the success of our market diversification, product portfolio technology roadmap, and growth strategies. KLA's advanced packaging revenue grew to over $500 million in calendar 2024 and is now expected to exceed $850 million in calendar 2025.
Fourth, the KLA Services business grew to $669 million in the March quarter, up modestly sequentially, and up 13% year-over-year. Newly announced market access restrictions in early December 2024 from the U.S. government export controls impacted service revenue growth in the March quarter. Still, as a sign of its predictability and resiliency, our Services business marked its 51st consecutive quarter of growth on a year-over-year basis.

Finally, the March quarter was another solid quarter from a cash flow and capital return perspective. Quarterly free cash flow was $990 million. Over the past 12 months, free cash flow was $3.5 billion, with a free cash flow margin (free cash flow as a percentage of revenue) of 30% over the same period. This free cash flow margin ranks amongst the top 10% of companies in the S&P 500. Total capital return in the March quarter was $733 million, comprised of $507 million in share repurchases and $226 million in dividends. Total capital return over the past twelve months was $3 billion.

KLA's results once again demonstrated process control leadership and the success of our broad portfolio and competitive differentiation. This further exemplifies the critical nature of KLA's products

and services in enabling the proliferation of semiconductors into more products, industries, and applications. Our consistent execution is a testament to the resiliency of the KLA Operating Model, the dedication of our global team, our commitment to assertive capital allocation, and maximizing long-term total shareholder value.

March 2025 Quarter Financial Highlights

KLA's March quarter results demonstrate market leadership combined with the consistent execution and dedication of our global team to meet customer commitments and drive strong results which fueled double-digit year-over-year growth and profitability improvement.

$3.06B	63.0%	44.2%	$1.1B
Revenue	Gross Margin*	Operating Margin*	Net Income*

KLA's high-performance Teron™ SL670e XP reticle inspection systems are used during chip manufacturing to identify yield-critical defects on EUV reticles in 5nm/3nm logic and advanced DRAM chip production



$8.41
Non-GAAP Diluted EPS

$8.16
GAAP Diluted EPS

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

Revenue was $3.06 billion, above the guidance midpoint of $3 billion. Non-GAAP diluted EPS was $8.41 and GAAP diluted EPS was $8.16, each finishing at the upper end of their respective guidance ranges. At the guided tax rate of 13.5%, non-GAAP diluted earnings per share would have been $8.55.

Non-GAAP gross margin was 63%, about 50 basis points higher than the midpoint of guidance, as product mix within our process control segment was stronger than modeled for the quarter. Non-GAAP operating expenses were $575 million, about $10 million below the guidance midpoint as the timing of prototype material expenses were lower than expected. operating expenses were comprised of $338 million in R&D and $237 million in SG&A. Non-GAAP operating margin was 44.2%. Non-GAAP other income and expense, net, was a $36 million expense. The quarterly non-GAAP effective tax rate was 15%.

Non-GAAP net income was $1.12 billion, GAAP net income was $1.09 billion, cash flow from operations was $1.1 billion, and free cash flow was $990 million. The company had 133.3 million diluted weighted average shares outstanding for the quarter.

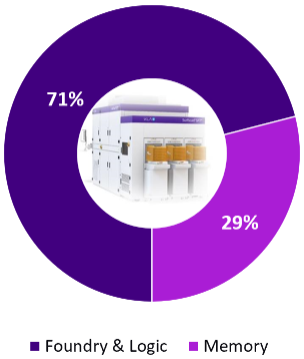
Breakdown of Revenue by Reportable Segments and End Markets

KLA delivered strong year-over year growth in all three reportable segments in the March quarter. Revenue for the Semiconductor Process Control segment, including its associated Services business, was $2.74 billion, down 1% sequentially, but up 31% on a year-over-year basis. The approximate Semi

Process Control system semiconductor customer mix for Foundry/Logic customers was 71Memory was approximately 29%, with DRAM accounting for 76% of Memory revenue and NAND the other 24%.

	Revenue Q3-FY25 ($M)	Y/Y Growth %	Q/Q Growth %	Revenue %
Semiconductor Process Control (Systems + Services)	$2,739	+31%	-1%	89%
Specialty Semiconductor Process (Systems + Services)	$156	+20%	-2%	5%
PCB and Component Inspection (Systems + Services)	$168	+26%	+5%	6%
Total:	**$3,063**	**+30%**	**-0.4%**	

Q3-FY25: 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 $156 million, down 2% sequentially, but up 20% on a year-over-year basis. PCB and Component Inspection revenue was $169 million, up 5% sequentially and 26% year-over-year.

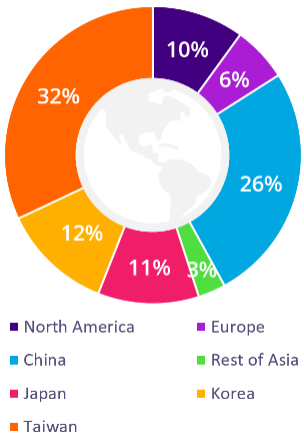
Breakdown of Revenue by Major Products and Regions

Driven by demand from Foundry/Logic customers, Wafer Inspection systems were down 4% sequentially and rose 51% year-over-year in the March quarter, totaling 49% of total revenue.

	Revenue Q3-FY25 ($M)	Y/Y Growth %	Q/Q Growth %	Revenue %
Wafer Inspection	$1,496	+51%	-4%	49%
Patterning	$636	+18%	+20%	21%
Specialty Semi Process	$138	+19%	-3%	4%
PCB and Component Inspection	$104	+53%	+12%	3%
Services	$669	+13%	+0.3%	22%
Other[1]	$19	-67%	-76%	1%
Total:	**$3,063[2]**	**+30%**	**-0.4%**	

[1] Included in the Semiconductor Process Control Segment
[2] Due to rounding, amounts do not total exactly

Q3-FY25 Revenue by Region



Patterning systems, which include metrology and reticle inspection, grew 20% sequentially and 18% year-over-year, accounting for 21% of revenue in the March quarter.

Specialty Semiconductor Process systems revenue was down 3% sequentially and rose 19% year-over-year and finished at 4% of revenue.

PCB and Component Inspection systems revenue was up 12% sequentially and 53% year-over-year, ending at 3% of revenue.

Services revenue grew 13% year-over-year and was up modestly sequentially at $669 million and was 22% of KLA revenue.

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

In descending order, the March quarter regional revenue split was Taiwan at 32%, China at 26%, Korea at 12%, Japan at 11% and North America at 10% of total revenue. Other regions that accounted for less than 10% of revenue were Europe at 6%, and Rest of Asia at 3%.

Strong Investment Grade Balance Sheet

KLA ended the quarter with $4 billion in total cash, cash equivalents and marketable securities, debt of $5.9 billion, and a flexible and attractive bond maturity profile supported by strong investment-grade ratings from all three major rating agencies. KLA's balance sheet provides the ability to fund our growth strategies, organic and inorganic, and offer attractive capital returns to shareholders.

Balance Sheet Summary[1] ($M)

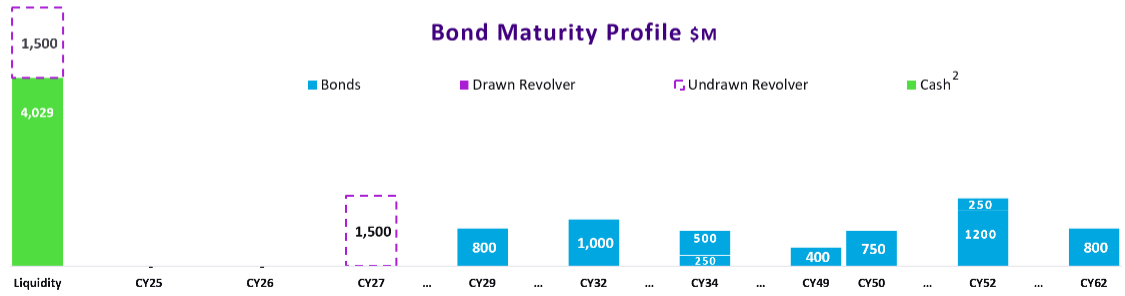
Total Cash [2]	$ 4,029
Working Capital	$ 6,035
Total Assets	$ 15,188
Debt [3]	$ 5,883
Total Shareholders' Equity	$ 4,005

Bond Maturity Profile

Bonds Outstanding	$5.95B
Weighted Average Interest Rate	4.67%
Weighted Average Maturity	19.3 years

Investment Grade Credit Ratings

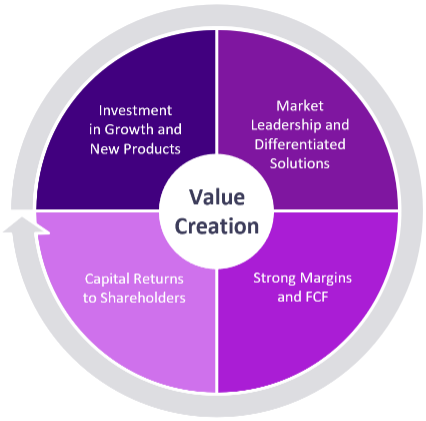
Moody's	A2
S&P	A-
Fitch	A



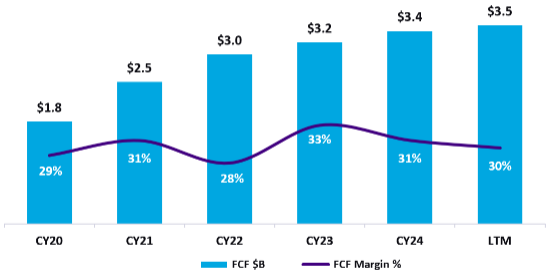
[1] As of 3/31/2025; [2] Total Cash includes Cash, Cash Equivalents and Marketable Securities; [3] $67M in un-amortized debt issuance discounts and costs

FCF Generation Fuels Consistent Capital Return to Shareholders

A cornerstone of KLA's business is how consistently it generates strong free cash flow driven by one of the best operating models in the industry and a predictable and highly differentiated services business, which helps drive a 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.



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



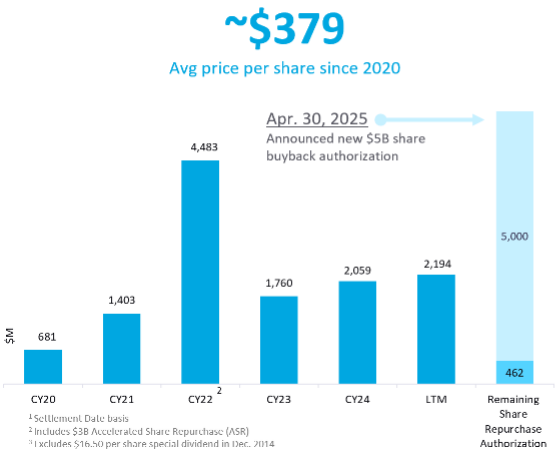
[1] Free Cash Flow (FCF) = Cash Flow from Operating Activities minus Capital Expenditures
[2] FCF Margin defined as FCF/Revenue; Non-GAAP metric – Please refer to Appendix for reconciliation to GAAP

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

To further emphasize our commitment to capital returns and our confidence in the long-term value accretion of KLA, today we announced the 16th consecutive annual dividend increase, up 12% to $1.90 per share per quarter or an annualized dividend of $7.60. Along with this action, we also announced a new $5 billion share buyback authorization, raising our total buyback authorization to $5.46 billion.

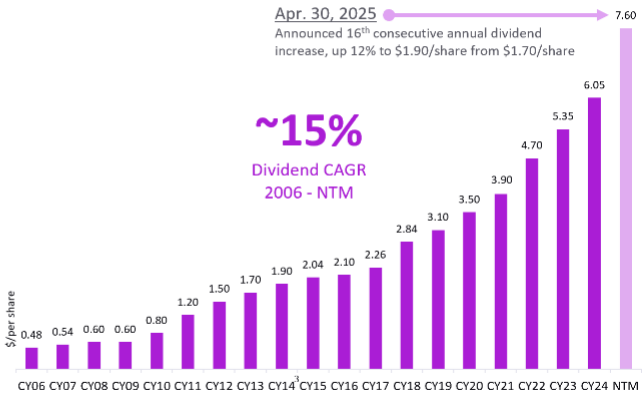
Return to Shareholders Across Both Share Repurchases & Dividends

Share Repurchases - Last 5 Years[1]



[1] Settlement Date basis
[2] Includes $3B Accelerated Share Repurchase (ASR)
[3] Excludes $16.50 per share special dividend in Dec. 2014

Track Record of Dividend Increases



Free Cash Flow and Capital Return Highlights

KLA's well-documented history of strong free cash flow generation, free cash flow margins, and high 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% compounded annual growth rate target since its inception. The company has also consistently repurchased shares. These capital returns actions reflect our focus on assertive capital allocation and confidence in our business model and growth strategies.

$990M
March Quarter
Free Cash Flow*

32%
March Quarter
FCF Margin*

88%
March Quarter
FCF Conversion*



(Above) Utilizing enhanced 150nm Broadband Spectroscopic Ellipsometry technology, the Aleris 8510 film thickness measurement system provides engineers with the film metrology data required for development and inline monitoring of DPN layers and all HKMG layers – from gate through poly, including Hf and N dose and film thickness

$507M
March Quarter
Share Buyback

$2.2B
LTM Share Buyback

$226M
March Quarter
Dividends Paid

$848M
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

Semiconductor Industry Demand Environment

The Semiconductor industry has changed for the better over the past two decades, semiconductors are now strategic to a growing number of industries and countries worldwide. The industry evolved from being heavily dependent on one end-market, personal computers, to later having mobile phones emerge as a significant demand catalyst. Today, the semiconductor industry is experiencing higher levels of through-cycle growth, principally due to having an even more diversified demand profile led by high-performance computing and data centers which are being fueled by rapid AI adoption.

AI is a disruptive technology that is taking shape at the leading-edge and 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. Despite recent global trade turbulence, the commentary on incremental investment from the hyperscalers has remained consistent and is driving strong expected growth for HPC capability.

Current projections of compounded annual growth for HPC are expected to fundamentally change the composition of semiconductor revenue to grow to be 40 to 50% or more of overall revenue over the next several years. 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. These trends, in the fastest-growing segment of semiconductor revenue, 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 substantive role in enabling our customers' success. This WFE opportunity, coupled with the emerging and potentially faster growing advanced packaging market, positions KLA well on a relative basis. Finally, rising semiconductor content across more end markets and strategic investments in legacy nodes are other factors that provide 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, high-bandwidth memory, and advanced packaging.

For WFE in 2025, our outlook remains the same as in January, we forecast WFE to grow by a mid-single-digit percentage in 2025 from approximately $99 to $100 billion level in calendar 2024. Growth is expected to be 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 overall demand from China. Given KLA's business momentum, market share opportunities, and higher expected process control intensity at the leading edge across all segments, we are confident we will continue to deliver growth outperformance compared with the WFE market in 2025.

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. We remain encouraged that our customer discussions have not changed and are working hard to align shipment slots with their requirements. In this industry environment, KLA will continue to focus on supporting our customers, executing on product roadmaps, and driving productivity across the enterprise.

June 2025 Quarterly Guidance

KLA's June quarter guidance is as follows: Total revenue is expected to be $3.075 billion, plus or minus $150 million. Foundry/Logic revenue from semiconductor customers is forecasted to be approximately 69%, and Memory is expected to be approximately 31% of Semi Process Control systems revenue to semiconductor customers. Within Memory, DRAM is expected to be about 76% of the revenue mix and NAND the remaining 24%.

Non-GAAP gross margin is forecasted to be 63% plus or minus one percentage point, inclusive of the impact of recently announced global tariffs. This estimate is to the best of our ability, given the complexity and fluidity of the regulations and how they align with our global processes. Consistent with this assessment, we expect global tariffs to have a roughly ~100 basis point headwind to gross margin per quarter, assuming relatively stable revenue expectations for the remainder of the calendar year. Of course, this environment is changing rapidly, and we will continue our assessment and evaluate mitigation opportunities within our operational processes and pricing strategies. For calendar 2025, based on results for the March quarter, guidance for the June quarter, and our expectations for business mix across systems and services, systems product mix and factory utilization, we expect non-GAAP gross margins for the year to be approximately 62.5% plus or minus 50 basis points.

Non-GAAP operating expenses are forecasted in the June quarter to be approximately $595 million as we see a full quarter impact of our recent annual merit increases and continue to make product development and infrastructure investments to support expected revenue growth. Given our expectations for company growth over the next couple of years, we will maintain our operating

expense trajectory. For the remainder of calendar 2025, we expect sequential increases of approximately $15 million in incremental non-GAAP operating expenses per quarter. This is driven by our priority around our product development roadmap requirements as well as revenue growth expectations. Our business model is predicated on ensuring 40% to 50% incremental non-GAAP operating margin leverage on revenue growth over the long run.

June 2025 Quarter Guidance

Revenue	$3.075B +/- $150M
Non-GAAP Gross Margin*	63% +/- 1%
GAAP Diluted EPS	$8.28 +/- $0.78
Non-GAAP Diluted EPS*	$8.53 +/- $0.78

* Non-GAAP metric – Refer to Appendix for Reconciliation to GAAP

Macro Assumptions

Semi PC Revenue By End Market

- Foundry/Logic: ~69%
- Memory: ~31% → DRAM ~76% | NAND ~24%

Model Assumptions

- Non-GAAP Operating Expenses*: ~$595M
- Other Income & Expense (OIE)*, Net: ~$35M
- Effective Tax Rate*: ~13.5%
- Diluted Share Count: ~132.5M

Strong, resilient and delivering shareholder value

Other model assumptions include: non-GAAP other income and expense, net, of approximately a $35 million expense for the June quarter and expect this to be roughly consistent throughout the calendar year. The non-GAAP effective tax rate assumption for June is 13.5%. Beginning in the September quarter, which is the first quarter of our fiscal year, our effective tax rate will reflect the adoption of global taxation pillar 2 which is expected to increase the non-GAAP rate to approximately 14% for the second half of the calendar year. For the June quarter, GAAP diluted EPS is expected to be $8.28 plus or minus $0.78, and non-GAAP diluted EPS of $8.53 plus or minus $0.78. EPS guidance is based on a fully diluted share count of approximately 132.5 million shares.

A quick update on our remaining performance obligations (RPO) disclosure in our SEC filings. As a reminder, RPO is primarily a systems-only metric for KLA. We do not report RPO during earnings as it is disclosed in our subsequently filed SEC 10-Q and 10-K reports. There is significant divergence in practices, and companies have different definitions and disclosure practices on RPO. This lack of consistency among companies' reporting can be a source of confusion for investors and makes the disclosure difficult to compare across industries and peer companies. We will continue to provide our backlog balance annually in our 10-K report. We will update our quarterly disclosures for RPO starting in the first quarter of fiscal 2026 (ending September 30, 2025) to be the transaction price for contracts that have not yet been recognized as revenue as of the end of the quarter. This disclosure of RPO would be consistent with the disclosure by our industry peers.

In Conclusion

Our near-term revenue guidance continues to point to relative stability around current business levels despite the increased uncertainty from changes to global trade. We are staying close to customers as they also navigate this challenging environment. We continue to see solid growth in calendar 2025 and expect to outperform the mid-single-digit WFE growth rate by several points. KLA focuses on delivering a differentiated product portfolio that addresses customers' technology roadmap requirements and drives our longer-term relevancy 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 and allows us to return capital consistently.

The continuation of semiconductor scaling leads to increasing complexity and new technologies that have strengthened our confidence in the rising importance of Process Control for enabling new technology advancements. Process Control helps improve time-to-results in process integration and fab ramp and optimizes yield across a high-volume manufacturing environment with high semiconductor device design mix. In addition, our Service business continues to increase its relevance as KLA systems rise in technical complexity, are utilized longer in the fab, and customer expectations for increased tool availability and performance create a growing long-term tailwind. This bolsters KLA's long-term growth outlook and the industry demand trends favoring KLA. In summary, KLA's business remains very well-positioned for the current technology inflections. While the near-term trends may present more volatility due to global trade and tariff uncertainty, the long-term secular trends driving semiconductor industry demand and investments in WFE are firmly in place.

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 Mar. 31, 2025
GAAP net income		$ 1,088.4
Adjustments to reconcile GAAP net income to non-GAAP net income*		
Acquisition-related charges	a	53.7
Income tax effect of non-GAAP adjustments	c	(18.3)
Discrete tax items	d	(3.1)
Non-GAAP net income		$ 1,120.7
GAAP diluted EPS		$ 8.16
Non-GAAP diluted EPS		$ 8.41
Shares used in diluted shares calculation		133.3
GAAP income tax expense		$ 176.0
Adjustments to reconcile GAAP effective tax rate to non-GAAP effective tax rate*		
Income tax effect of non-GAAP adjustments	c	18.3
Discrete tax items	d	3.1
Non-GAAP income tax expense		$ 197.4
GAAP income before income taxes		$ 1,264.4
Adjustments to reconcile GAAP income before income taxes to non-GAAP income before income taxes*		
Acquisition-related charges	a	53.7
Non-GAAP income before income taxes		$ 1,318.1
GAAP income tax rate		13.9%
Non-GAAP income tax rate		15.0%
GAAP Other expense (income), net		$ 36.0
Non-GAAP Other expense (income), net		$ 36.0

(Dollars in millions)		For the three months ended Mar. 31, 2025
GAAP gross margin		61.6%
Adjustments to reconcile GAAP gross margin to non-GAAP gross margin*		
Acquisition-related charges	a	1.4%
Non-GAAP gross margin		63.0%
GAAP research and development ("R&D") expenses		$ 338.0
Non-GAAP R&D expenses		$ 338.0
GAAP selling, general and administrative ("SG&A") expenses (1)		$ 248.9
Adjustments to reconcile GAAP SG&A expenses to non-GAAP SG&A expenses*		
Acquisition-related charges	a	(11.8)
Non-GAAP SG&A expenses (1)		$ 237.1
GAAP operating expense (1)		$ 586.9
Adjustments to reconcile GAAP operating expense to non-GAAP operating expense*		
Acquisition-related charges	a	(11.8)
Non-GAAP operating expense (1)		$ 575.1
GAAP operating income (1)		$ 1,300.4
Adjustments to reconcile GAAP operating income to non-GAAP operating income*		
Acquisition-related charges	a	53.7
Non-GAAP operating income (1)		$ 1,354.1
GAAP operating margin		42.5%
Non-GAAP operating margin		44.2%

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 benefit associated with changes in the EDSP liability included in selling, general and administrative expense for the quarter ended March 31, 2025 was $7.9 million. The loss associated with changes in the EDSP assets included in selling, general and administrative expense for the quarter ended March 31, 2025 was $9.1 million.

Reconciliation of Free Cash Flow and Related Metrics

Free Cash Flow Measures

(Dollars in millions)	For the three months ended Mar. 31, 2025	For the twelve months ended Mar. 31, 2025	Dec. 31, 2024	Dec. 31, 2023	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Net cash provided by operating activities	$ 1,072.2	$ 3,809.5	$ 3,647.3	$ 3,476.0	$ 3,337.9	$ 2,786.4	$ 1,968.1
Less Capital expenditures	(82.1)	(295.6)	(285.3)	(308.4)	(351.5)	(250.4)	(200.3)
Free cash flow	**$ 990.0**	**$ 3,513.9**	**$ 3,362.1**	**$ 3,167.5**	**$ 2,986.5**	**$ 2,536.0**	**$ 1,767.8**
Free cash flow	$ 990.0	$ 3,513.9	$ 3,362.1	$ 3,167.5	$ 2,986.5	$ 2,536.0	$ 1,767.8
Revenue	$ 3,063.0	$ 11,550.2	$ 10,847.0	$ 9,671.4	$ 10,483.7	$ 8,165.7	$ 6,073.0
Free cash flow margin	**32.3%**	**30.4%**	**31.0%**	**32.8%**	**28.5%**	**31.1%**	**29.1%**

Free cash flow	$ 990.0
Non-GAAP net income	$ 1,120.7
Free cash flow conversion	**88.3%**
Net cash provided by operating activities	$ 1,072.2
GAAP net income	$ 1,088.4
GAAP metric comparable to free cash flow conversion	**98.5%**

	For the three months ended Mar. 31, 2025	For the twelve months ended Mar. 31, 2025
Cash paid for dividends	$ 225.8	$ 848.2
Cash paid for share repurchases	506.7	2,194.5
Capital returns	**$ 732.5**	**$ 3,042.7**

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

Q4 FY2025 Guidance Range:

(Dollars in millions, except per share amounts)		Low	High
GAAP diluted net income per share		**$ 7.50**	**$ 9.06**
Acquisition-related charges	a	0.38	0.38
Restructuring, severance and other charges	b	0.01	0.01
Income tax effect of non-GAAP adjustments	d	(0.14)	(0.14)
Non-GAAP diluted net income per share		**$ 7.75**	**$ 9.31**
Shares used in diluted shares calculation		132.5	132.5
GAAP gross margin		**60.7%**	**62.7%**
Acquisition-related charges	a	1.3%	1.3%
Non-GAAP gross margin		**62.0%**	**64.0%**
GAAP operating expenses		**$ 602**	**$ 614**
Acquisition-related charges	a	(11)	(11)
Restructuring, severance and other charges	b	(2)	(2)
Non-GAAP operating expenses		**$ 589**	**$ 601**
GAAP other (income)/expense, net		**$ 35**	**$ 35**
Non-GAAP other (income)/expense, net		**$ 35**	**$ 35**
GAAP tax rate		**12.6%**	**12.6%**
Effect of acquisition-related charges	a	0.9%	0.9%
Non-GAAP tax rate		**13.5%**	**13.5%**

CY 2025 Guidance:

(Dollars in millions)		CY 2025	
GAAP operating expenses		**$ 2,455**	
Acquisition-related charges	a	(45)	
Restructuring, severance and other charges	b	(5)	
Non-GAAP operating expenses		**$ 2,405**	
GAAP tax rate		**13.2%**	
Effect of acquisition-related charges	a	0.9%	
Non-GAAP tax rate		**14.1%**	
		Low	High
GAAP gross margin		**60.7%**	**61.7%**
Acquisition-related charges	a	1.3%	1.3%
Non-GAAP gross margin		**62.0%**	**63.0%**

Note: The guidance as of April 30, 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) Restructuring, severance and other charges primarily include costs associated with employee severance and other exit costs.

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

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

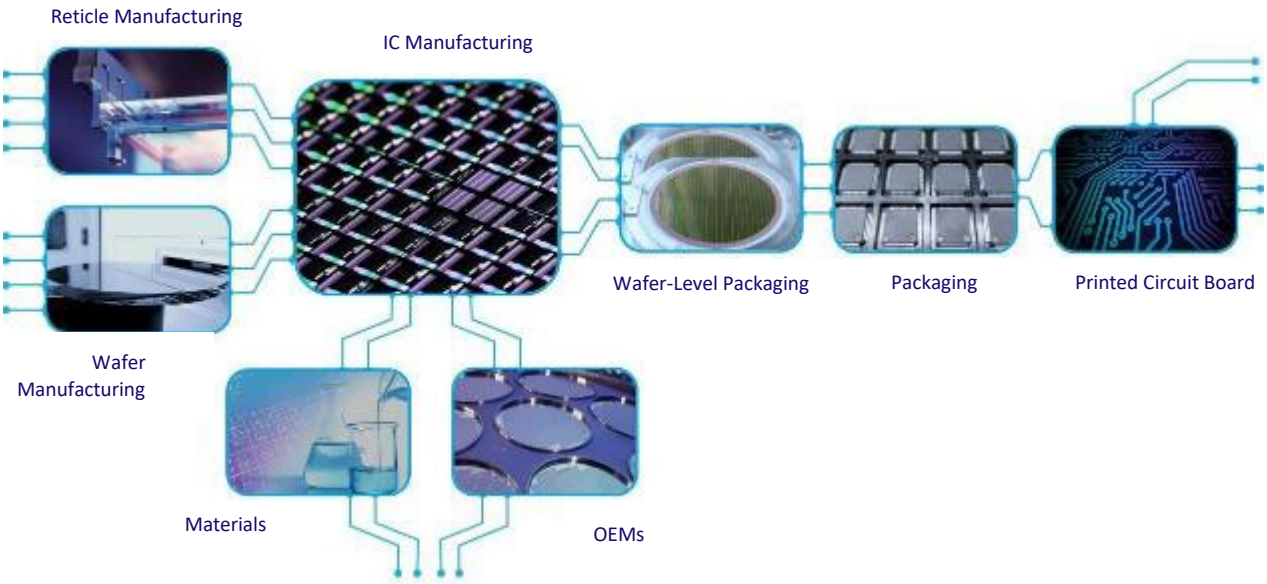
KLA Corporation (KLA) is the world's leading supplier of process control and yield management solutions for the semiconductor and related microelectronics industries. The company's comprehensive portfolio of products, software, analysis, services, and expertise is designed to help Integrated Circuit (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 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 and WFE; (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: the impact of tariffs on our business; 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; 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; increasing 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, diversity and inclusion 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, integration, strategic alliances or collaborative arrangements; climate change, earthquake, flood or other natural catastrophic events, public health crises such as the COVID-19 pandemic or terrorism and the adverse impact on our business operations; the war between Ukraine and Russia, 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; 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, 2024, 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.