KLA

Keep Looking Ahead

Letter to Shareholders

Q4 Fiscal 2025

QUARTER ENDED JUNE 30, 2025 | REPORTED JULY 31, 2025

Dear KLA Shareholders,

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

June 2025 Quarter Results

KLA delivered strong across-the-board results for the June quarter with performance levels at or above the high-end of guidance ranges. Revenue was $3.175 billion, with non-GAAP diluted EPS at $9.38 and GAAP diluted EPS at $9.06.

KLA's leadership in process control has put the company in a unique position at the center of enabling success for our customers to build out infrastructure to support Artificial Intelligence (AI). In the June quarter, demand for leading-edge logic, high-bandwidth memory (HBM) and advanced packaging capabilities were key contributors to KLA's performance. The prioritized investment in ramping AI capabilities has fueled growth across the semiconductor industry through more complex designs, faster product cycles, higher-value wafers, and increased demand for advanced packaging. In DRAM, investments in AI have been focused on HBM, which demands higher performance, enhanced reliability, reduced redundancy, and more sophisticated logic circuitry on base die chips that control the HBM stack.

The importance of Process Control continues to increase due to semiconductor scaling, new architectures and materials, and increasing designs. In particular, Process Control helps improve time-to-results by de-bugging process integration challenges in the fab ramp phase and optimizing yield across a high-volume manufacturing environment with high semiconductor device design mix. In addition to these wafer front-end challenges, the evolution and complexity of advanced packaging requirements are creating new opportunities for the value of KLA's process control and process solutions in this rapidly growing new market. Finally, our Service business continues to increase its relevance as KLA systems become more technically complex, are utilized for longer periods in the fab, and customer expectations for increased tool availability and performance create a growing long-term tailwind.

To deliver solutions to meet this demand, the company leverages the KLA Operating Model to focus on productizing new innovations in our product roadmaps and ensuring that our business operations can scale and execute to capitalize on strong growth and expanded market share in the most critical markets for our customers. To date, we've seen no material changes in customer demand or announced investment plans. As a result, our WFE assessment for 2025 is consistent with our expectations three months ago.

Top 5 Highlights – June 2025 Quarter

KLA grew revenue 24% year-over-year in the June quarter, driven by sustained strong investment in leading-edge Foundry/Logic and HBM. In Foundry/Logic, the continuation of scaling with a healthy pipeline of leading-edge design starts, adoption of larger die sizes in advanced architectures and technologies, and increasing capital intensity continue to serve as long-term secular drivers that uniquely benefit process control.

Second, AI remains a key driver of our results and a significant factor in KLA's differentiated performance. KLA's business has been enabled by the early adoption of AI in our products to handle the growing compute requirements of managing escalating signal-to-noise challenges in defect detection and limiting process variability in leading-edge semiconductor devices. Over the past few years, KLA has integrated AI into its systems, rearchitecting its compute infrastructure with GPUs to

boost algorithmic robustness and performance while improving cost efficiency. Future innovations with AI will produce actionable data that accelerates system performance, reduces the cost of ownership, and improves customer ROI. As AI evolves, KLA will extend its hardware roadmap, improve product effectiveness, and strengthen business execution.

Third, this quarter also marked another period of strong momentum for our advanced packaging portfolio. 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 and product technology roadmap. This allows our customers to optimize performance and throughput, while delivering higher value capability to their customers. KLA's advanced packaging systems revenue grew to over $500 million in calendar 2024 and continues to gain momentum through a combination of market share across all segments and intensity gains. As we see it today, we expect advanced packaging related revenue to exceed $925 million in calendar 2025, up from our previous estimate of $850 million last quarter. Within this estimate, process control represents over 70%.

Fourth, the KLA Services business grew to $703 million in the June quarter, up 5% sequentially, and 14% year-over-year. Its consistency and resiliency remain intact as it recorded its 52nd consecutive quarter of year-over-year growth and continues to track to its long-term growth target despite the restricted fab access challenges caused by US government export controls over the past few years.

Finally, the June quarter was strong from a cash flow and capital return perspective. Quarterly free cash flow topped $1 billion for the first time, ending at $1.065 billion. Over the past 12 months, free cash flow was $3.75 billion, with a free cash flow margin (free cash flow as a % of revenue) of 31% over the same period. This free cash flow margin ranks in the top 10% to 15% of all S&P 500 companies. Total capital return in the June quarter was $680 million, comprised of $426 million in share repurchases and $254 million in dividends. Total capital return over the past twelve months was $3.05 billion.

KLA's results reaffirm our leadership in process control and the strength of our broad and differentiated portfolio. They also demonstrate the essential role KLA's products and services play in supporting semiconductor industry growth. Our consistent execution reflects the resilience of the KLA Operating Model, the dedication of our global team, and our disciplined capital allocation to invest in our business over the long run and maximize long-term total shareholder value.

June 2025 Quarter Financial Highlights

KLA's June 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.

Revenue was $3.175 billion, above the guidance midpoint of $3.075 billion. Non-GAAP diluted EPS was $9.38, above its guidance range, and GAAP diluted EPS was $9.06, which was at the upper end of its guidance range. At the guided tax rate of 13.5%, non-GAAP diluted earnings per share would have been $9.00.

Non-GAAP gross margin was 63.2%, slightly above the midpoint of guidance as the quarter played out mostly as expected. Non-GAAP operating expenses were $603 million, about $8 million above the guidance

midpoint. Operating expenses were comprised of $353 million in R&D and $250 million in SG&A. Non-GAAP operating margin was 44.2%. Non-GAAP other income and expense, net, was a $23 million expense with upside from guidance provided by a favorable mark-to-market adjustment of a strategic supplier investment. The quarterly non-GAAP effective tax rate was 9.9%, well below guidance, as various discrete items impacted the quarter's result.

$3.175B	63.2%	44.2%	$1.2B
Revenue	Gross Margin*	Operating Margin*	Net Income*

(Right) The Kronos™ patterned wafer inspection system detects critical defects for process development and production monitoring in advanced wafer-level packaging (AWLP) applications. With high throughput and DefectWise® AI technology, Kronos inspectors provide fast defect discovery and accurate defect binning. Kronos systems support a range of substrate types and enable cost-effective defect inspection, helping manufacturers achieve greater control of quality during wafer-level packaging for 3DIC and HBM.



$9.38
Non-GAAP Diluted EPS

$9.06
GAAP Diluted EPS

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

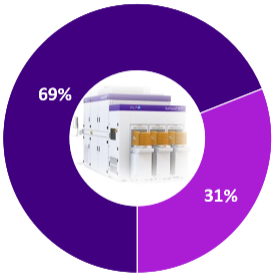
Non-GAAP net income was $1.24 billion, GAAP net income was $1.20 billion, cash flow from operations was $1.16 billion, and free cash flow was $1.06 billion. The company had 132.7 million diluted weighted average shares outstanding for the quarter.

Breakdown of Revenue by Reportable Segments and End Markets

KLA delivered strong growth on a year-over-year basis in all three reportable segments in the June quarter. Revenue for the Semiconductor Process Control segment, including its associated Services business, was $2.88 billion, up 5% sequentially, and 25% on a year-over-year basis. The approximate Semi Process Control systems-only mix for our Foundry/Logic and Memory semiconductor customers was 69% for Foundry/Logic and approximately 31% for Memory, with DRAM accounting for 75% of Memory revenue, driven by HBM investment, and NAND accounting for the remaining 25%.

	Revenue Q4-FY25 ($M)	Y/Y Growth %	Q/Q Growth %	Revenue %
Semiconductor Process Control (Systems + Services)	$2,879	+25%	+5%	91%
Specialty Semiconductor Process (Systems + Services)	$142	+17%	-9%	4%
PCB and Component Inspection (Systems + Services)	$154	+10%	-9%	5%
Total:	**$3,175**	**+24%**	**+4%**	

Q4-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

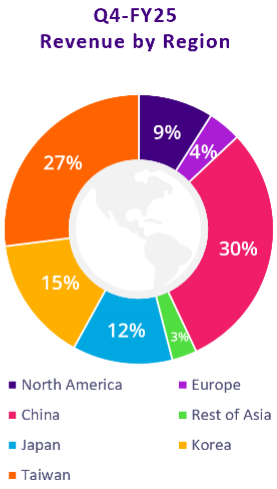
Revenue for the Specialty Semiconductor Process segment, which includes its associated Services business, was $142 million, down 9% sequentially, but up 17% on a year-over-year basis. PCB and Component Inspection revenue was $154 million, down 9% sequentially but up 10% year-over-year.

Breakdown of Revenue by Major Products and Regions

Wafer Inspection systems were up 18% sequentially and rose 52% year-over-year in the June quarter, totaling 56% of total revenue.

	Revenue Q4-FY25 ($M)	Y/Y Growth %	Q/Q Growth %	Revenue %
Wafer Inspection	$1,772	+52%	+18%	56%
Patterning	$453	-16%	-29%	14%
Specialty Semi Process	$123	+16%	-11%	4%
PCB and Component Inspection	$85	+15%	-18%	3%
Services	$703	+14%	+5%	22%
Other[1]	$39	-38%	+106%	1%
Total:	**$3,175**	**+24%**	**+4%**	

[1] Included in the Semiconductor Process Control Segment



Patterning systems, which include metrology and reticle inspection, were down 29% sequentially and 16% year-over-year, accounting for 14% of revenue in the June quarter.

Specialty Semiconductor Process systems revenue was down 11% sequentially and rose 16% year-over-year and finished at 4% of revenue.

PCB and Component Inspection systems revenue was down 18% sequentially and up 15% year-over-year, ending at 3% of revenue.

Services revenue grew 14% year-over-year and increased 5% sequentially to $703 million, representing 22% of KLA revenue.

Other, which is included in the Semiconductor Process Control segment, was 1% of revenue.
In descending order, the June quarter regional revenue split was China at 30%, Taiwan at 27%, Korea at 15%, Japan at 12%, North America at 9%, Europe at 4%, and the Rest of Asia at 3% of total revenue.

Strong Investment Grade Balance Sheet

KLA ended the quarter with $4.5 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 strong investment-grade ratings from all three major rating agencies. On July 3rd, 2025, shortly after the quarter ended, the company refinanced its $1.5 billion revolving credit facility and extended its expiration to 2030. 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)

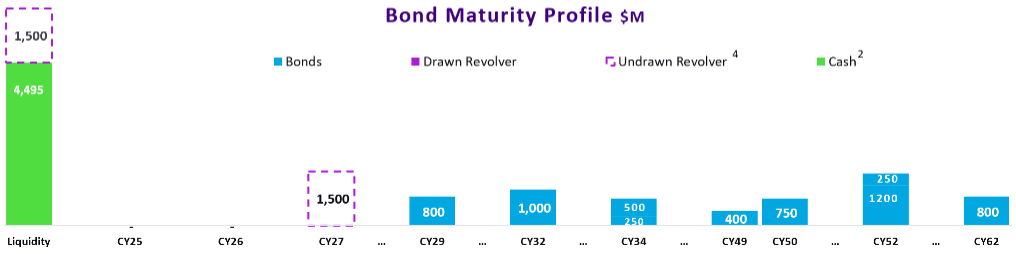
Total Cash [2]	$ 4,495
Working Capital	$ 6,613
Total Assets	$ 16,068
Debt [3]	$ 5,884
Total Shareholders' Equity	$ 4,692

Bond Maturity Profile

Bonds Outstanding	$5.95B
Weighted Average Interest Rate	4.67%
Weighted Average Maturity	19.1 years

Investment Grade Credit Ratings

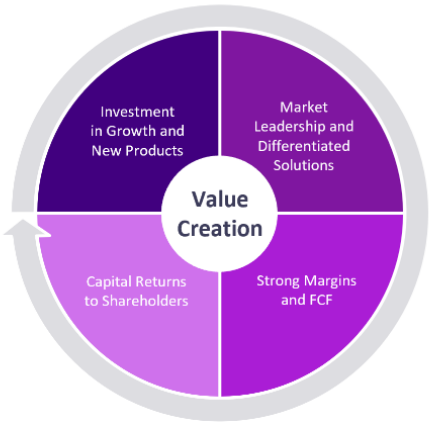
Moody's	A2
S&P	A-
Fitch	A

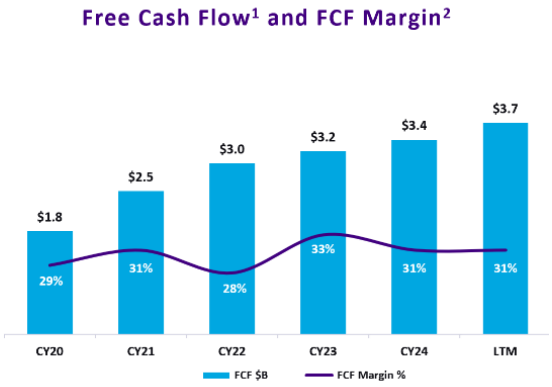


[1] As of 6/30/2025; [2] Total Cash includes Cash, Cash Equivalents and Marketable Securities, [3] $66M in un-amortized debt issuance discounts and costs, [4] Revolver was refinanced and extended to CY30 maturity on 7/3/25

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

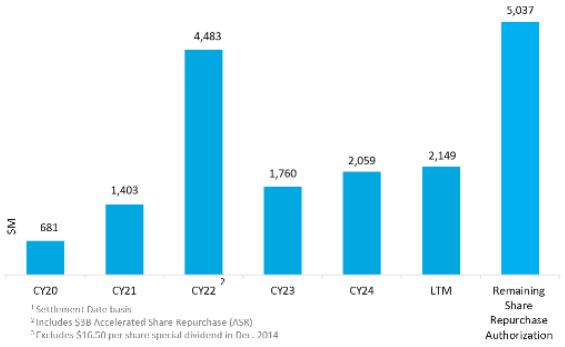
Our recent actions emphasize our commitment to capital returns and our confidence in the long-term shareholder value accretion of KLA. On April 30th, 2025, we announced the 16th consecutive annual dividend increase, up 12% to $1.90 per share per quarter or an annualized dividend of $7.60 per share. Along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

Return to Shareholders Across Both Share Repurchases & Dividends

Share Repurchases - Last 5 Years[1]

~$386

Avg price per share since 2020



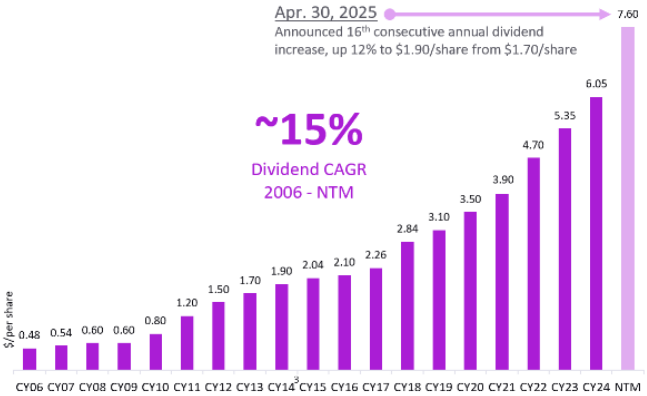
[1] Settlement Date basis
[2] Includes $3B Accelerated Share Repurchase (ASR)
[3] Excludes $16.50 per share special dividend in Dec., 2014

Track Record of Dividend Increases

Apr. 30, 2025
Announced 16th consecutive annual dividend increase, up 12% to $1.90/share from $1.70/share

~15%

Dividend CAGR
2006 - NTM



[3] Excludes $16.50 per share special dividend in Dec., 2014

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 business model and growth strategies.

$1.065B
June Quarter
Free Cash Flow*

34%
June Quarter
FCF Margin*

86%
June Quarter
FCF Conversion*

(Below) The KLA 3935 is part of the 39xx Series (also called Gen5) and is designed for leading-edge logic and foundry manufacturing. It is a super resolution broadband plasma patterned wafer defect inspection system that supports wafer-level defect discovery, yield learning, and inline monitoring with high throughput, enabling rapid defect detection. Other key capabilities of the system include hotspot discovery, process debug, EUV print check, and line monitoring.



$426M
June Quarter
Share Buyback

$2.15B
LTM Share Buyback

$254M
June Quarter
Dividends Paid

$905M
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 industry growth.

AI is 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. The commentary on incremental investment from the hyper-scalers has shown consistent momentum and it continues to drive strong growth in HPC capabilities.

Current projections of compounded annual growth for HPC are expected to fundamentally alter the composition of semiconductor revenue, with the segment growing to be 40 to 50% or more of overall revenue by calendar year 2030. 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, 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, in combination 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.

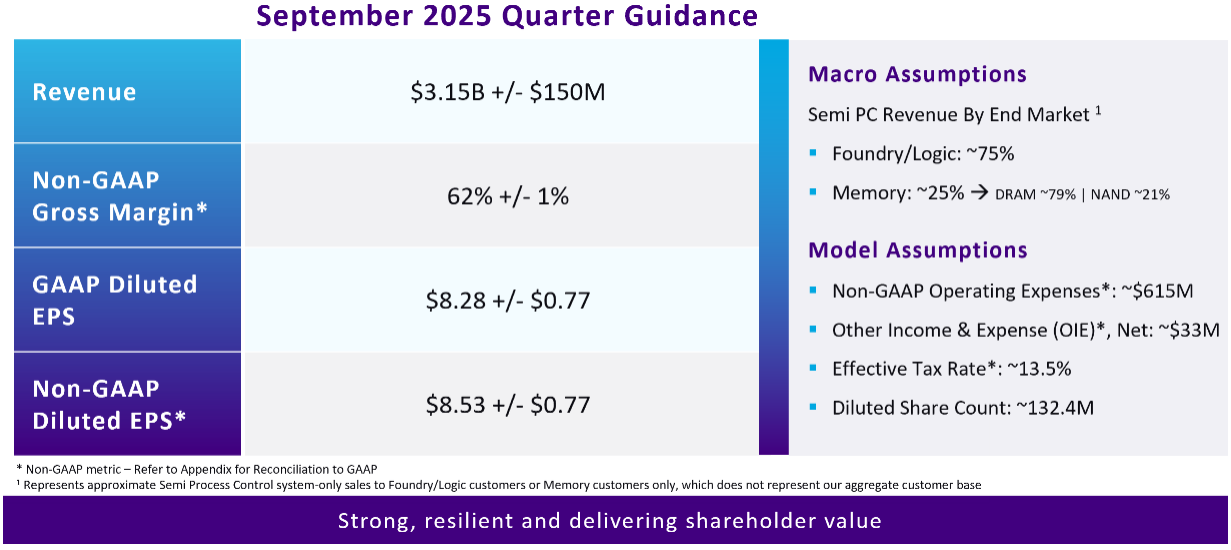
For 2025, as stated earlier, we are maintaining our original outlook for mid-single-digit growth in WFE from approximately $100 billion in 2024. This growth is expected to be driven principally by increasing investment in both leading-edge Foundry/Logic and Memory to support growing AI and premium mobile demand, partially offset by lower overall demand from China. Given KLA's strong business momentum, expanding market share opportunities, and higher process control intensity at the leading edge across all segments, we remain confident in our ability to outperform the overall WFE market in 2025. Finally, early customer discussions are constructive on expectations for calendar year 2026 to be a growth year for the industry.

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 continue to be encouraged that our customer discussions on product roadmaps and capacity planning have remained consistent. In this industry environment, KLA will stay focused on supporting customers, executing product roadmaps, and driving productivity across the enterprise.

September 2025 Quarterly Guidance

KLA's September quarter guidance is as follows: total revenue is expected to be $3.15 billion, plus or minus $150 million. Our quarterly revenue expectation of general stability for the remainder of the calendar year remains consistent with that articulated over the past two quarters. Foundry/Logic revenue from semiconductor customers is forecasted to be approximately 75%, and Memory is expected to be approximately 25% of Semi Process Control systems revenue to semiconductor customers. Within Memory, DRAM is expected to be about 79% and NAND the remaining 21% of Semi-Process Control system-only sales. As always, these business mix approximations are for our semiconductor customers only and do not completely represent our aggregate process control systems revenue.

Non-GAAP gross margin is forecasted to be 62% plus or minus one percentage point, reflecting a slightly weaker systems revenue mix expectation and a 50 to 100 basis-point impact from announced global tariffs. This tariff impact estimate is below our original estimate of roughly a 100 basis-point headwind to gross margin that we discussed last quarter. This environment is new to our industry, and the long-term tariff situation remains unclear. We continue to assess the impact across our business and identify potential mitigation actions to reduce our exposure to this headwind over time. We will provide periodic updates on our assessment when appropriate. For calendar 2025, based on the results for the June quarter, guidance for the September quarter, and our expectations for the business mix across systems and services, including systems product mix, tariffs, and factory utilization, we expect non-GAAP gross margins for calendar 2025 to remain approximately 62.5%.



Non-GAAP operating expenses are forecasted to be approximately $615 million in the September 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 $33 million expense for the September quarter. The non-GAAP effective tax rate assumption for September and the remainder of the calendar year is 13.5%, lower than the 14% we had previously

estimated based on our expectations for the geographic distribution of income for the remainder of the calendar year. For the September quarter, GAAP diluted EPS is expected to be $8.28 plus or minus $0.77, and non-GAAP diluted EPS of $8.53 plus or minus $0.77. EPS guidance is based on a fully diluted share count of approximately 132.4 million shares.

In Conclusion

Our near-term revenue guidance remains stable, indicating a continuation of current business levels and our customer discussions support this outlook. Given the revenue commentary for the remainder of the calendar year, we expect to meaningfully outperform the mid-single-digit WFE growth rate in 2025. 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 the current technology inflections. While we cannot ignore the near-term geopolitical trends, 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.

Sincerely,



Rick Wallace, CEO



Bren Higgins, CFO

Appendix

Reconciliation of Non-GAAP Financial Measures

(In millions, except per share amounts and percentages)		For the three months ended June 30, 2025
GAAP net income		$ 1,202.8
Adjustments to reconcile GAAP net income to non-GAAP net income*		
Acquisition-related charges	a	50.7
Restructuring, severance and other charges	b	2.1
Income tax effect of non-GAAP adjustments	c	(18.6)
Discrete tax items	d	7.3
Non-GAAP net income		$ 1,244.4
GAAP diluted EPS		$ 9.06
Non-GAAP diluted EPS		$ 9.38
Shares used in diluted shares calculation		132.7
GAAP income tax expense		$ 126.0
Adjustments to reconcile GAAP effective tax rate to non-GAAP effective tax rate*		
Income tax effect of non-GAAP adjustments	c	18.6
Discrete tax items	d	(7.3)
Non-GAAP income tax expense		$ 137.2
GAAP income before income taxes		$ 1,328.8
Adjustments to reconcile GAAP income before income taxes to non-GAAP income before income taxes*		
Acquisition-related charges	a	50.7
Restructuring, severance and other charges	b	2.1
Non-GAAP income before income taxes		$ 1,381.6
GAAP income tax rate		9.5%
Non-GAAP income tax rate		9.9%
GAAP Other expense (income), net		$ 23.0
Non-GAAP Other expense (income), net		$ 23.0

(Dollars in millions)		For the three months ended June 30, 2025
GAAP gross margin		62.0%
Adjustments to reconcile GAAP gross margin to non-GAAP gross margin*		
Acquisition-related charges	a	1.2%
Non-GAAP gross margin		63.2%
GAAP research and development ("R&D") expenses		$ 353.0
Non-GAAP R&D expenses		$ 353.0
GAAP selling, general and administrative ("SG&A") expenses (1)		$ 262.7
Adjustments to reconcile GAAP SG&A expenses to non-GAAP SG&A expenses*		
Acquisition-related charges	a	(11.7)
Restructuring, severance and other charges	b	(0.9)
Non-GAAP SG&A expenses (1)		$ 250.2
GAAP operating expense (1)		$ 615.7
Adjustments to reconcile GAAP operating expense to non-GAAP operating expense*		
Acquisition-related charges	a	(11.7)
Restructuring, severance and other charges	b	(0.9)
Non-GAAP operating expense (1)		$ 603.1
GAAP operating income (1)		$ 1,351.8
Adjustments to reconcile GAAP operating income to non-GAAP operating income*		
Acquisition-related charges	a	50.7
Restructuring, severance and other charges	b	2.1
Non-GAAP operating income (1)		$ 1,404.6
GAAP operating margin		42.6%
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 expense associated with changes in the EDSP liability included in selling, general and administrative expense for the quarter ended June 30, 2025 was $28.1 million. The gain associated with changes in the EDSP assets included in selling, general and administrative expense for the quarter ended June 30, 2025 was $28.3 million.

Reconciliation of Free Cash Flow and Related Metrics

Free Cash Flow Measures

(Dollars in millions)	For the three months ended June 30, 2025	For the twelve months ended June 30, 2025	Dec. 31, 2024	Dec. 31, 2023	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Net cash provided by operating activities	$ 1,165.0	$ 4,081.9	$ 3,647.3	$ 3,476.0	$ 3,337.9	$ 2,786.4	$ 1,968.1
Less Capital expenditures	(100.4)	(335.3)	(285.3)	(308.4)	(351.5)	(250.4)	(200.3)
Free cash flow	**$ 1,064.6**	**$ 3,746.6**	**$ 3,362.1**	**$ 3,167.5**	**$ 2,986.5**	**$ 2,536.0**	**$ 1,767.8**
Free cash flow	$ 1,064.6	$ 3,746.6	$ 3,362.1	$ 3,167.5	$ 2,986.5	$ 2,536.0	$ 1,767.8
Revenue	$ 3,174.7	$ 12,156.2	$ 10,847.0	$ 9,671.4	$ 10,483.7	$ 8,165.7	$ 6,073.0
Free cash flow margin	**33.5%**	**30.8%**	**31.0%**	**32.8%**	**28.5%**	**31.1%**	**29.1%**
Free cash flow	$ 1,064.6						
Non-GAAP net income	$ 1,244.4						
Free cash flow conversion	**85.6%**						
Net cash provided by operating activities	$ 1,165.0						
GAAP net income	$ 1,202.8						
GAAP metric comparable to free cash flow conversion	**96.9%**						

	For the three months ended June 30, 2025	For the twelve months ended June 30, 2025
Cash paid for dividends	$ 254.0	$ 904.6
Cash paid for share repurchases	425.7	2,149.9
Capital returns	**$ 679.7**	**$ 3,054.5**

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

Q1 FY2026 Guidance Range:

(Dollars in millions, except per share amounts)		Low	High
GAAP diluted net income per share		**$ 7.51**	**$ 9.05**
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		**$ 7.76**	**$ 9.30**
Shares used in diluted shares calculation		132.4	132.4
GAAP gross margin		**59.7%**	**61.7%**
Acquisition-related charges	a	1.3%	1.3%
Non-GAAP gross margin		**61.0%**	**63.0%**
GAAP operating expenses		**$ 621**	**$ 633**
Acquisition-related charges	a	(12)	(12)
Non-GAAP operating expenses		**$ 609**	**$ 621**
GAAP other expense (income), net		**$ 33**	**$ 33**
Non-GAAP other expense (income), net		**$ 33**	**$ 33**
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 gross margin		**61.0%**
Acquisition-related charges	a	1.5%
Non-GAAP gross margin		**62.5%**
GAAP other expense (income), net		**$ 125**
Non-GAAP other expense (income), net		**$ 125**
GAAP tax rate		**12.1%**
Effect of acquisition-related charges	a	0.8%
Non-GAAP tax rate		**12.9%**

Note: The guidance as of July 31, 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

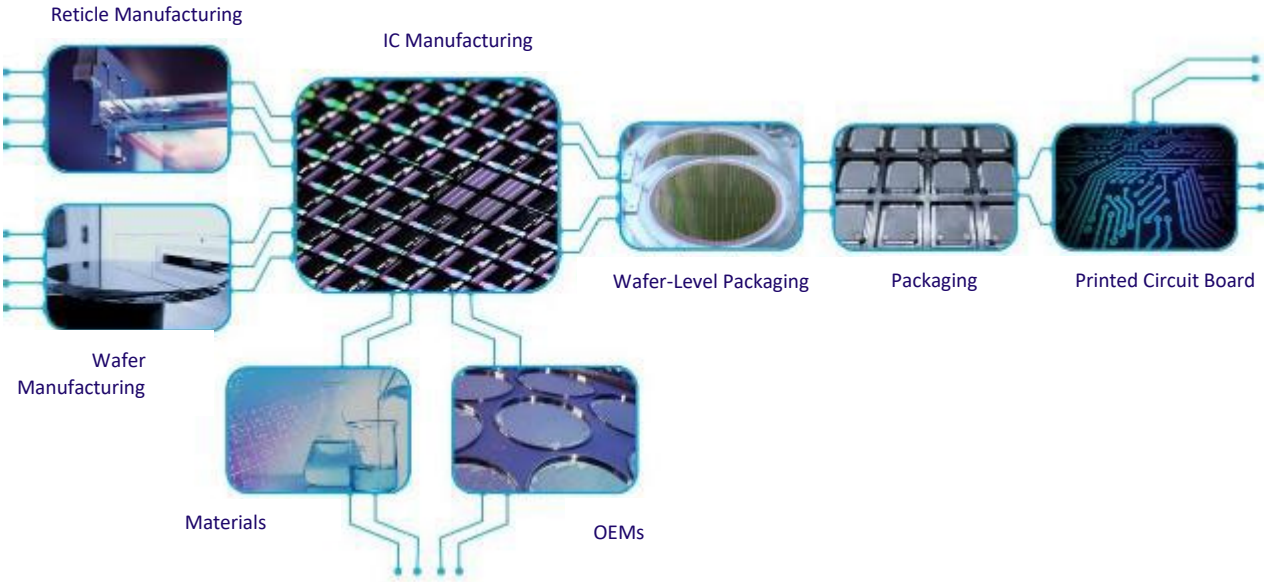
KLA Corporation (KLA) is the world's leading supplier of process control and yield management solutions for the semiconductor and related microelectronics industries. The company's comprehensive portfolio of products, software, analysis, services, and expertise is designed to help Integrated Circuit (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: 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, 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.