KLA

Keep Looking Ahead

Letter to Shareholders

Q4 Fiscal 2026

QUARTER ENDED JUNE 30, 2026 | REPORTED JULY 28, 2026



Dear KLA Shareholders,

This letter details KLA's results for the June 2026 quarter and outlook. Effective June 11, 2026, KLA completed a 10-for-1 stock split. All current and prior-period EPS and other per-share amounts in this letter have been adjusted to reflect the split.

CEO Update - June 2026 Quarter Results

KLA delivered another strong quarter, with revenue, profitability, and earnings per share all above the midpoint of guidance. Revenue reached a record $3.66 billion supported by accelerating investment tied to AI infrastructure, continued strength in leading-edge foundry/logic, and increasing process control intensity across memory and advanced packaging.

These results underscore KLA's market leadership and the growing strategic importance of process control as semiconductor innovation becomes more complex. The industry is in a period of accelerating investment driven by AI compute, a robust design environment, larger and more sophisticated device architectures, rising High-Bandwidth Memory (HBM) adoption, and increased advanced packaging requirements. Across these inflection points, customers are relying on KLA's portfolio of systems, services, and expertise to accelerate yield learning, improve productivity, and scale new technologies into high-volume manufacturing.

KLA remains uniquely positioned on the critical path of AI infrastructure expansion, where the increasing number and sophistication of leading-edge designs that are consuming a growing percentage of new wafer starts are driving greater demand for process control. The rapid expansion of the AI ecosystem requires more advanced logic and memory, new complex manufacturing and packaging flows, and additional KLA systems and services to ramp, yield, and sustain high-volume production.

Since our March Investor Day, demand signals across AI infrastructure have strengthened materially, supported by accelerating hyperscale data center investment, rising AI compute requirements, and broader adoption of AI-enabled applications. Customer engagement remains robust, visibility continues to improve, and the wafer equipment market outlook continues to expand. We expect momentum across our business to accelerate through the second half of calendar 2026 and for significant growth to continue in calendar 2027.

Importantly, AI-driven design activity and HBM adoption are only part of the process control story. Faster product cycles, higher-value wafers and masks, more rigorous device performance specifications, and growing design variability are also key catalysts benefiting KLA. In addition, the AI infrastructure buildout is increasing the importance of advanced packaging and its related process-control requirements. This is driving new high-growth opportunities where KLA's market-leading process control portfolio for Advanced Packaging is well positioned. As we have discussed over the past several quarters, the advanced packaging roadmaps are moving towards more sophisticated wafer front-end processes demanding more front-end process control capabilities. With the most comprehensive process control product portfolio in the industry, KLA is well positioned to benefit from this trend. In fact, for calendar 2026, we now expect our Advanced Packaging process control systems revenue to grow to approximately $1.1billion, up more than 70% year-over-year, above our prior expectation of high 50% growth and almost two times faster than the advanced packaging market. Finally, high-performance compute packages and integration are also driving our Specialty Process, PCB, and Component Inspection businesses, augmenting the company's growth momentum. KLA entered many of these markets in 2019 as part of the Orbotech acquisition. Our investment thesis for the transaction was centered around the rising value of the chip package and the ability for the KLA operating model to drive product strategy and business execution to take advantage of

this evolving trend. With these combined products expected to grow over 25% in calendar 2026, we are encouraged by our future opportunities in these markets.

Rising system complexity, longer tool lifecycles, and increasing service intensity all enhance the strategic value of our service offerings. KLA Services delivered $820 million in revenue during the quarter, up 17% year-over-year, as customers rely on KLA to maximize tool performance, productivity, and availability across a growing installed base. This calendar year will be the 17th consecutive year of annual Services revenue growth. This recurring, subscription-like business strengthens our operating model, enhances free cash flow generation, and reinforces our long-term capital allocation strategy.

June 2026 Quarter Financial Highlights

KLA's June quarter results reflect strong sequential and year-over-year growth and an industry-leading profitability profile. This reinforces our market leadership and consistent execution, which is made possible by the dedication of our customer-focused global teams.

Revenue of $3.66 billion was above the midpoint of guidance of $3.575 billion and rose 7% sequentially and 15% year-over-year. Non-GAAP diluted EPS was $1.05, and GAAP diluted EPS was $1.04, each at the upper end of the respective guidance ranges.

Non-GAAP gross margin was 62.4%. This was also at the upper end of our guidance range, driven by a more favorable services mix than modeled and manufacturing scale that served as positive offsets to the challenging memory pricing environment and tariff headwinds. Non-GAAP operating expenses were $682 million and included $399 million in R&D and $283 million in SG&A. Non-GAAP operating margin was 43.7%. Incremental operating margin in the quarter was 59%.

Non-GAAP other income/expense, net, was $16 million in expense. The quarterly non-GAAP effective tax rate was 12.4% lower than the 14.5% guided planning rate due to various discrete items in the quarter as we true up actuals for the 2026 fiscal year.

$3.66B
Revenue

62.4%
Gross Margin*

43.7%
Operating Margin*

$1.39B
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.



$1.05
Non-GAAP Diluted EPS* [1]

$1.04
GAAP Diluted EPS [1]

* Non-GAAP metric – please refer to the appendix for reconciliation to GAAP
[1] On, June 11, 2026 after market close, KLA effected a 10-for-1 stock split. All current and prior-period EPS and other per-share amounts have been retroactively adjusted to reflect the split.

Non-GAAP net income was $1.39 billion, GAAP net income was $1.36 billion, cash flow from operations was $906 million, and free cash flow was $817 million. The company had 1.315 billion diluted weighted average shares outstanding for the quarter.

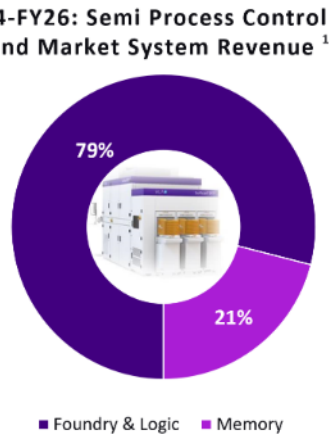
Breakdown of Revenue by Reportable Segments and End Markets

Revenue for the Semiconductor Process Control segment, including its associated Services business, was $3.26 billion, up 6% sequentially, and 13% on a year-over-year basis.

The Semi Process Control systems-only mix for our Foundry/Logic and Memory semiconductor customers was approximately 79% for Foundry/Logic and 21% for Memory, with DRAM accounting for approximately 83% of Memory revenue, and NAND 17%.

	Revenue Q4-FY26 ($M)	Y/Y Growth %	Q/Q Growth %	Revenue %
Semiconductor Process Control (Systems + Services)	$3,257	+13%	+6%	89%
Specialty Semiconductor Process (Systems + Services)	$160	+13%	-3%	4%
PCB and Component Inspection (Systems + Services)	$241	+56%	+44%	7%
Total	$3,658	+15%	+7%	

[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



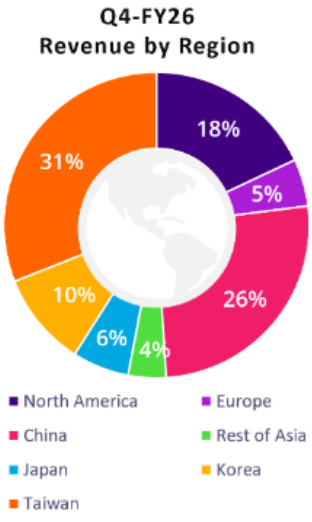
Revenue for the Specialty Semiconductor Process business, which includes its associated Services business, was $160 million, down 3% sequentially, but up 13% on a year-over-year basis.

PCB and Component Inspection revenue, including its related Services business, was $241 million, up 44% sequentially and 56% year-over-year.

Breakdown of Revenue by Major Products and Regions

	Revenue Q4-FY26 ($M)	Y/Y Growth %	Q/Q Growth %	Revenue %
Wafer Inspection	$1,781	+1%	+2%	49%
Patterning	$728	+61%	+18%	20%
Specialty Semi Process	$137	+11%	-5%	4%
PCB and Component Inspection	$168	+96%	+76%	4%
Services	$820	+17%	+6%	22%
Other [1]	$24	-39%	-48%	1%
Total	$3,658	+15%	+7%	

[1] Included in the Semiconductor Process Control Segment



Wafer Inspection systems increased 2% sequentially, and 1% year-over-year in the June quarter, totaling 49% of revenue.

Patterning systems, which include multiple metrology products and reticle inspection, rose 18% sequentially and 61% year-over-year, accounting for 20% of quarterly revenue.

Specialty Semiconductor Process systems revenue decreased 5% sequentially, but rose 11% year-over-year, representing 4% of revenue.

PCB and Component Inspection systems revenue was up 76% sequentially and 96% year-over-year, ending at 4% of revenue. The primary driver of growth in this business remains the increasing value of more complex processing and more rigorous requirements for AI chip packages.

Services revenue grew 6% sequentially and 17% year-over-year to $820 million in the quarter or 22% 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 Taiwan at 31%, China at 26%, North America at 18%, Korea at 10%, Japan at 6%, Europe at 5%, and Rest of Asia at 4% of total revenue.

Strong Investment Grade Balance Sheet

KLA ended the quarter with $4.9 billion in total cash, cash equivalents, and marketable securities, and $5.9 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)

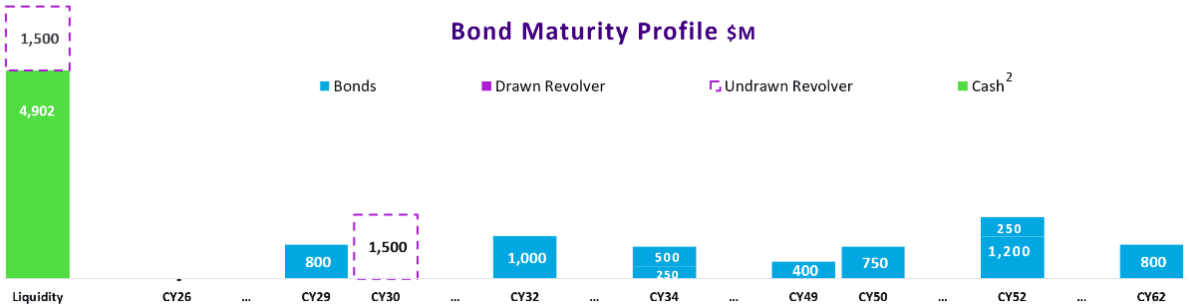
Total Cash [2]	$ 4,902
Working Capital	$ 8,077
Total Assets	$ 17,952
Debt [3]	$ 5,887
Total Shareholders' Equity	$ 6,350

Bond Maturity Profile

Bonds Outstanding	$5.95B
Weighted Average Interest Rate [4]	4.67%
Weighted Average Maturity	18.1 years

Investment Grade Credit Ratings

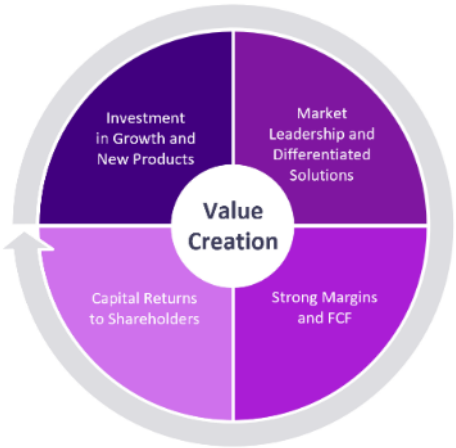
Moody's	A2
S&P	A-
Fitch	A

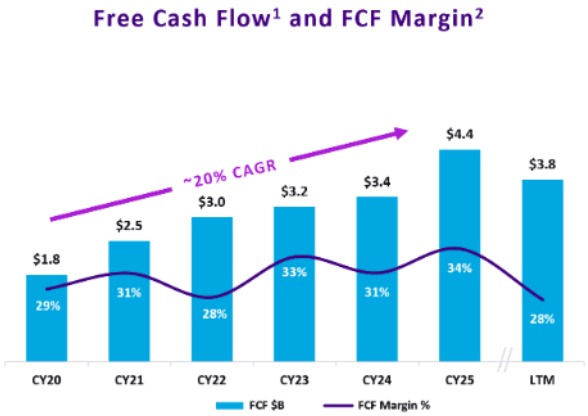


[1] As of 06/30/2026; [2] Total Cash includes Cash, Cash Equivalents and Marketable Securities, [3] $63M in un-amortized debt issuance discounts and costs, and fair value adjustments related to interest rate swaps, [4] Excluding impacts from interest rate swaps

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 the revenue CAGR of 15% 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.



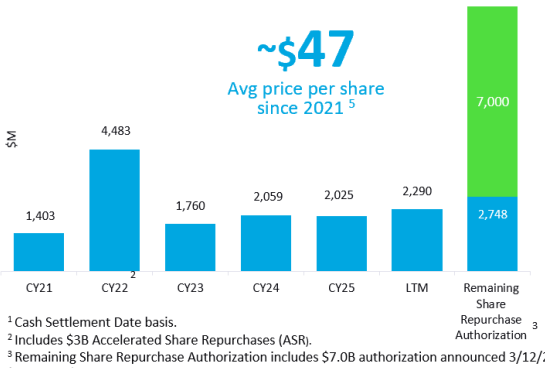


[1] Free Cash Flow (FCF) = Cash Flow from Operating Activities minus Capital Expenditures
[2] FCF Margin defined as FCF/Revenue; Non-GAAP metric – Please refer to Appendix for reconciliation to GAAP

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

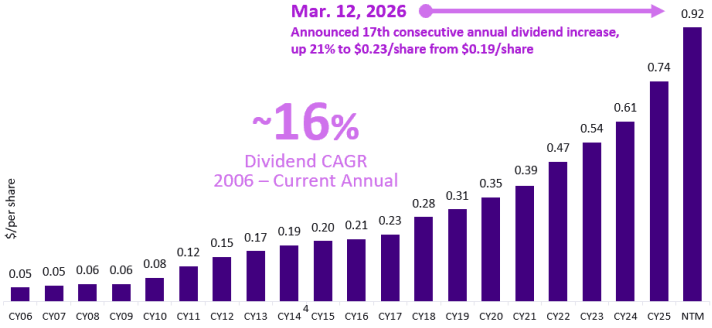
Consistent Returns Across Both Share Repurchases and Dividends

Share Repurchases - Last 5 Years [1]



[1] Cash Settlement Date basis.
[2] Includes $3B Accelerated Share Repurchases (ASR).
[3] Remaining Share Repurchase Authorization includes $7.0B authorization announced 3/12/26 and $2.7B remaining previous authorization as of 6/30/2026.
[4] Excludes $16.50 per share special dividend in Dec. 2014.
[5] Reflects 10 for 1 stock split.

Track Record of Dividend Increases [5]



Free Cash Flow and Capital Return Highlights

KLA's strong cash generation continues to support meaningful capital returns to shareholders. In the June quarter, free cash flow was $817 million. During the quarter, KLA returned $876 million to shareholders, including $571 million in share repurchases and $305 million in dividends. Over the past 12 months, total capital returns were $3.3 billion and free cash flow margin was 28%. KLA has made meaningful investments in our working capital and facilities to support the current growth environment. Given the expected aggregate investment in wafer equipment over the next several

years, our expectation is that these investments will continue to ensure that the company is positioned to take advantage of the strong market opportunity and deliver on our customer commitments. This consistent cash generation, combined with our disciplined approach to capital allocation, supports investment in future growth opportunities while delivering attractive returns to shareholders.

$817M
June Quarter
Free Cash Flow*

22%
June Quarter
FCF Margin*

59%
June Quarter
FCF Conversion*



(Above) 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.

$571M
June Quarter
Share Buyback

$2.29B
LTM Share Buyback

$305M
June Quarter
Dividends Paid

$1.06B
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 have become increasingly important to the global economy, and as end markets continue to expand, we see ongoing innovation in both semiconductor designs and manufacturing processes. Industry growth is increasingly being driven by investment in AI infrastructure, while semiconductor demand has broadened across a wider range of applications and end markets over the past ten years. Together, these trends are supporting stronger, more durable, and more diversified long-term industry growth.

As AI systems become larger and more complex, process control is increasingly important throughout the semiconductor manufacturing flow. KLA's comprehensive portfolio is uniquely positioned to benefit from these trends. The expansion of AI data center investment and increasing adoption of advanced packaging architectures further reinforce the long-term growth opportunities for KLA.

Calendar 2026 and 2027 Market Outlook

The industry outlook continues to improve with extended visibility. Despite well-chronicled fab space limitations, we continue to see the market for wafer equipment strengthening as customers accelerate their delivery expectations across all segments. As a result, we are raising our expectation for the wafer equipment market, including advanced packaging, to approximately the low $150 billion range in calendar 2026, up from our prior expectation of $140 billion plus and mid 20 percent growth above the approximate $120 billion level in calendar 2025. Given the unprecedented visibility from customers, we continue to plan for significant growth in calendar 2027 as broad-based investment across leading-edge logic, foundry, DRAM, both conventional and HBM, NAND, and advanced packaging drives continued capacity expansion.

Customer engagement remains intense with numerous new fab projects and greenfield facilities actively underway. Against this backdrop, KLA's business momentum, and critical role in leading-edge process control position us to deliver accelerating growth in the second half of calendar 2026 and continued strong growth in 2027. High-performance computing (HPC), HBM, increasing EUV adoption in DRAM, and recently adopted advanced packaging technologies such as hybrid bonding are driving higher process control intensity across the semiconductor ecosystem. Our expectations of revenue growth acceleration in the second half of 2026 are materializing as more capacity comes online in our long-lead-time supply chain areas. We anticipate this resulting in second half of calendar 2026 growth for KLA over the first half to be approximately 20% and positioning the company for continued sequential growth into calendar 2027.

Outlook for the September 2026 Quarter

KLA's September quarter guidance is for revenue of $4 billion, plus or minus $200 million. Foundry/Logic revenue from semiconductor customers is forecasted to increase to approximately 73%, and memory is expected to be approximately 27% of Semiconductor Process Control systems revenue to semiconductor customers.

Within memory, DRAM is expected to account for approximately 90%, with NAND representing the remaining 10%. 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 September quarter is forecasted to be 62.5%, plus or minus one percentage point. While guidance is roughly flat sequentially with results, it is up 75 basis points from gross margin guidance last quarter, benefiting from operating leverage on revenue growth.

September 2026 Quarter Guidance

Revenue	$4.0B +/- $200M
Non-GAAP Gross Margin*	62.5% +/- 1%
GAAP Diluted EPS	$1.14 +/- $0.10
Non-GAAP Diluted EPS*	$1.16 +/- $0.10

Macro Assumptions

Semi PC Revenue By End Market [1]

- Foundry/Logic: ~73%
- Memory: ~27% → DRAM ~90% | NAND ~10%

Model Assumptions

- Non-GAAP Operating Expenses*: ~$690M
- Other Income & Expense (OIE)*, Net: ~$25M
- Effective Tax Rate*: ~14.5%
- Diluted Share Count: ~1.312B

* 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 $690 million in the September quarter. We will continue to prioritize next-generation product development and company infrastructure investments to support expected revenue growth over the next several years, and we anticipate these expenses to grow by roughly $15 to $20 million sequentially over the next several

quarters. 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 September quarter, and we expect it to remain at approximately this quarterly level for the calendar year. The non-GAAP planning tax rate is 14.5%. Our tax rate will vary quarter-to-quarter due to discrete items. For the September quarter, non-GAAP diluted EPS is expected to be $1.16 plus or minus $0.10, and GAAP diluted EPS is expected to be $1.14 plus or minus $0.10. EPS guidance is based on a fully diluted share count of approximately 1.312 billion shares.

Conclusion

KLA enters the second half of calendar 2026 with strengthening momentum, expanding visibility, and a broader set of growth drivers across the semiconductor ecosystem. The acceleration of AI infrastructure investment, the rising complexity of leading-edge logic and memory devices, the rapid adoption of HBM, and the increasing importance of advanced packaging are all raising the strategic value of process control. These trends reinforce KLA's critical role in helping customers accelerate yield learning, improve productivity, and ramp increasingly complex technologies into high-volume manufacturing.

Our June quarter results demonstrate the strength of KLA's market position, operating model execution, and drive continued confidence in our performance moving forward.

Looking ahead, customer engagement and demand signals continue to strengthen and we are adding capacity to support expected demand. Growth is accelerating in the second half of calendar 2026 and we are well positioned to execute against the expected demand environment across all segments over the remainder of calendar 2026 and into calendar 2027. As AI-driven semiconductor complexity increases, KLA's differentiated portfolio, compounding R&D investments, growing installed base, and disciplined execution position us to capture a larger market opportunity.

As we progress toward our 2030 target model, adjusted to reflect our recent 10-for-1 stock split (see update below), we remain focused on supporting our customers, investing in innovation, scaling our global capabilities, and executing our proven capital allocation strategy. We believe KLA is well positioned to enable the next era of growth and to create durable shareholder value through customer collaboration, technology leadership, operational excellence, and consistent free cash flow generation.

KLA 2030 Target Model Financial Framework – Split Adjusted [2]

KLA 2030 Target Model Originally Published on March 12, 2026, Investor Day

	2026 Target Model	2030 Target Model	Ongoing Financial Framework
Revenue	$14B +/- $500M	$26B +/- $2.5B	~13% - 17% CAGR
Gross Margin% [1]	~63%	~63.5% +/- 50 bps	
R&D% [1]	~13%	~11%	
SG&A% [1]	~8%	~7%	
Operating Margin% [1]	41-43%	45% - 47%	40% - 50% (Incremental)
Diluted EPS [1, 2]	$3.80 +/- $0.15	$8.40 +/- $0.80	~1.3x Revenue Growth Rate
Capital Allocation	Target > 85% of FCF	Target > 90% of FCF	Hybrid Approach: Dividend + Repurchases

[1] Non-GAAP measure
[2] On, June 11, 2026 after market close, KLA effected a 10-for-1 stock split. Diluted EPS has been adjusted to reflect the split.

Macro Assumptions

- CY25-CY30E semiconductor industry CAGR of ~11%
- Wafer Equipment grows ~1 pt. faster than Semi to $215B +/- $20B
- ~60% foundry / logic, ~40% memory
- Process Control market grows > WFE

Business Assumptions

- Intensity / market share gain at leading edge of core WFE
- Advanced Packaging augments growth
- KLA share of Wafer Equipment grows > 150 bps
- Services grows 13-15%
- EPC grows mid-high single digits
- Planning tax rate at 14.5%

Focused on Driving Consistent, Profitable Growth and Delivering 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 Jun. 30, 2026
GAAP net income		$ 1,363.1
Adjustments to reconcile GAAP net income to non-GAAP net income*		
Acquisition-related charges	a	33.1
Income tax effect of non-GAAP adjustments	b	(17.2)
Discrete tax items	c	6.8
Non-GAAP net income		$ 1,385.7
GAAP diluted EPS		$ 1.04
Non-GAAP diluted EPS		$ 1.05
Shares used in diluted shares calculation		1,315.0
GAAP income tax expense		$ 186.3
Adjustments to reconcile GAAP effective tax rate to non-GAAP effective tax rate*		
Income tax effect of non-GAAP adjustments	b	17.2
Discrete tax items	c	(6.8)
Non-GAAP income tax expense		$ 196.7
GAAP income before income taxes		$ 1,549.4
Adjustments to reconcile GAAP income before income taxes to non-GAAP income before income taxes*		
Acquisition-related charges	a	33.1
Non-GAAP income before income taxes		$ 1,582.5
GAAP income tax rate		12.0%
Non-GAAP income tax rate		12.4%
GAAP other expense (income), net		$ 4.6
Adjustments to reconcile GAAP other expense (income) to non-GAAP other expense (income)*		
Acquisition-related charges	a	11.6
Non-GAAP other expense (income), net		$ 16.2

(Dollars in millions)		For the three months ended Jun. 30, 2026
GAAP gross margin		61.4%
Adjustments to reconcile GAAP gross margin to non-GAAP gross margin*		
Acquisition-related charges	a	1.0%
Non-GAAP gross margin		62.4%
GAAP research and development ("R&D") expenses		$ 399.0
Non-GAAP R&D expenses		$ 399.0
GAAP selling, general and administrative ("SG&A") expenses (1)		$ 291.5
Adjustments to reconcile GAAP SG&A expenses to non-GAAP SG&A expenses*		
Acquisition-related charges	a	(8.5)
Non-GAAP SG&A expenses (1)		$ 283.0
GAAP operating expense (1)		$ 690.5
Adjustments to reconcile GAAP operating expense to non-GAAP operating expense*		
Acquisition-related charges	a	(8.5)
Non-GAAP operating expense (1)		$ 682.0
GAAP operating income (1)		$ 1,553.9
Adjustments to reconcile GAAP operating income to non-GAAP operating income*		
Acquisition-related charges	a	44.7
Non-GAAP operating income (1)		$ 1,598.6
GAAP operating margin		42.5%
Non-GAAP operating margin		43.7%

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, 2026 was $44.1 million. The gain associated with changes in the EDSP assets included in selling, general and administrative expense for the quarter ended June 30, 2026 was $44.0 million.

Reconciliation of Free Cash Flow and Related Metrics

Free Cash Flow Measures

(Dollars in millions)	For the three months ended Jun. 30, 2026	For the twelve months ended Jun. 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	$ 906.4	$ 4,143.1	$ 4,766.3	$ 3,647.3	$ 3,476.0	$ 3,337.9	$ 2,786.4	$ 1,968.1
Less Capital expenditures	(89.3)	(375.9)	(384.0)	(285.3)	(308.4)	(351.5)	(250.4)	(200.3)
Free cash flow	**$ 817.1**	**$ 3,767.1**	**$ 4,382.3**	**$ 3,362.1**	**$ 3,167.5**	**$ 2,986.5**	**$ 2,536.0**	**$ 1,767.8**
Free cash flow	$ 817.1	$ 3,767.1	$ 4,382.3	$ 3,362.1	$ 3,167.5	$ 2,986.5	$ 2,536.0	$ 1,767.8
Revenue	$ 3,657.6	$ 13,579.5	$ 12,744.5	$ 10,847.0	$ 9,671.4	$ 10,483.7	$ 8,165.7	$ 6,073.0
Free cash flow margin	**22.3%**	**27.7%**	**34.4%**	**31.0%**	**32.8%**	**28.5%**	**31.1%**	**29.1%**

Free cash flow	$ 817.1
Non-GAAP net income	$ 1,385.7
Free cash flow conversion	**59.0%**
Net cash provided by operating activities	$ 906.4
GAAP net income	$ 1,363.1
GAAP metric comparable to free cash flow conversion	**66.5%**

	For the three months ended Jun. 30, 2026	For the twelve months ended Jun. 30, 2026
Cash paid for dividends	$ 305.3	$ 1,057.8
Cash paid for share repurchases	571.0	2,289.8
Capital returns	**$ 876.3**	**$ 3,347.6**

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 FY2026 Guidance Range:

(Dollars in millions, except per share amounts)		Low	High
GAAP diluted net income per share		**$ 1.04**	**$ 1.24**
Acquisition-related charges	a	0.03	0.03
Income tax effect of non-GAAP adjustments	c	(0.01)	(0.01)
Non-GAAP diluted net income per share		**$ 1.06**	**$ 1.26**
Shares used in diluted shares calculation		1,312	1,312
GAAP gross margin		**60.6%**	**62.6%**
Acquisition-related charges	a	0.9%	0.9%
Non-GAAP gross margin		**61.5%**	**63.5%**
GAAP operating expenses		**$ 692**	**$ 704**
Acquisition-related charges	a	(8)	(8)
Non-GAAP operating expenses		**$ 684**	**$ 696**
GAAP other expense (income), net		**$ 25**	**$ 25**
Non-GAAP other expense (income), net		**$ 25**	**$ 25**
GAAP tax rate		**13.9%**	**13.9%**
Effect of acquisition-related charges	a	0.6%	0.6%
Non-GAAP tax rate		**14.5%**	**14.5%**

Note: The guidance as of July 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.

CY 2026 Guidance:

(Dollars in millions)		CY 2026
GAAP other expense (income), net		**$ 45**
Acquisition-related charges	a	12
Non-GAAP other expense (income), net		**$ 57**
GAAP tax rate		**13.5%**
Effect of acquisition-related charges	a	0.7%
Non-GAAP tax rate		**14.2%**

		Low	High
GAAP operating expenses		**$ 2,782**	**$ 2,787**
Acquisition-related charges	a	(35)	(35)
Non-GAAP operating expenses		**$ 2,747**	**$ 2,752**

Note Regarding Reconciliations of Long-Term Forecasts:

The 2026 target model presented reflects financial targets originally established and disclosed in 2022 and is provided for historical context only. The Company is not updating or reaffirming these targets. The non-GAAP measures include gross margin, R&D as a percent of sales, SG&A as a percent of sales, operating margin, and diluted EPS, and were originally presented on a forward-looking basis. A reconciliation of these forward-looking non-GAAP measures to the most directly comparable GAAP measures is not available without unreasonable effort due to the inherent difficulty in predicting, with a reasonable degree of certainty, the occurrence, financial impact and timing of items that would have been expected to impact GAAP results but would not impact non-GAAP adjusted results, such as acquisition costs, restructuring costs and discrete taxable events, at the time the targets were established. These reconciling items could significantly impact, either individually or in the aggregate, the corresponding GAAP measures

This presentation includes certain forward-looking non-GAAP financial measures, including gross margin, R&D as a percent of sales, SG&A as a percent of sales, operating margin and diluted EPS, in forecasts for calendar year 2030. The reconciliations for these non-GAAP financial measures to the most directly comparable GAAP measures are not presented because of the inherent difficulty in predicting, with a reasonable degree of certainty, the occurrence, financial impact, and timing of items that would be expected to impact GAAP results but would not impact non-GAAP adjusted results, such as acquisition costs, restructuring costs and discrete taxable events, without unreasonable efforts. These reconciling items could significantly impact, either individually or in the aggregate, the corresponding GAAP measures.

Reconciliation of Non-GAAP Financial Measures

Explanation of Non-GAAP Financial Measures:

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

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

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

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

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

About KLA Corporation

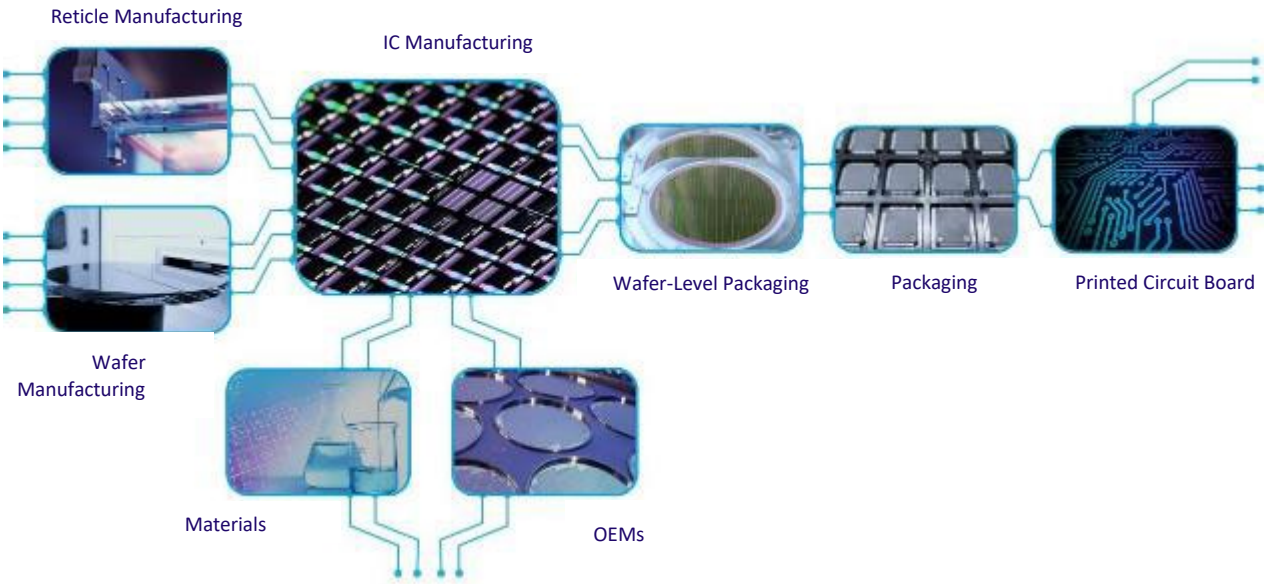
KLA Corporation (KLA) is the world's leading supplier of process control and yield management solutions for the semiconductor and related microelectronics industries. The company's comprehensive portfolio of products, software, analysis, services, and expertise is designed to help Integrated Circuit (IC) manufacturers manage yield throughout the entire wafer fabrication process, from Research & Development to final yield analysis. KLA offers a broad spectrum of products and services 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 September 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 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 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; 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, escalation of hostilities in Iran and 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 research and development is subject to audit, and potential termination or penalties; we may incur significant restructuring charges or other asset impairment charges or inventory write offs; we are subject to risks related to receivables factoring arrangements and compliance risk of certain settlement agreements with the government; and risks related to the Court of Chancery of the State of Delaware being the sole and exclusive forum for certain actions and proceedings. For other factors that may cause actual results to differ materially from those projected and anticipated in forward-looking statements in this press release, please refer to KLA's Annual Report on Form 10-K for the year ended June 30, 2025, and other subsequent filings with the Securities and Exchange Commission (including, but not limited to, the risk factors described therein). KLA assumes no obligation to, and does not currently intend to, update these forward-looking statements.