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**KLA Corporation Reports Fiscal 2024 Third Quarter Results**

- Total revenues were \$2.36 billion, above the midpoint of the guidance range of \$2.30 billion +/- \$125 million;
- GAAP diluted EPS attributable to KLA was \$4.43 and non-GAAP diluted EPS attributable to KLA was \$5.26, both of which were near the upper end of the respective adjusted guidance ranges;
- Cash flow from operating activities for the quarter and last nine months were \$910.0 million and \$2.42 billion, respectively, and free cash flow was \$838.2 million and \$2.20 billion, respectively; and
- Capital returns for the quarter and last nine months were \$569.4 million and \$1.84 billion, respectively.

MILPITAS, Calif., April 25, 2024 - [KLA Corporation](#) (NASDAQ: KLAC) today announced financial and operating results for its third quarter of fiscal year 2024, which ended on March 31, 2024, and reported GAAP net income of \$601.5 million and GAAP earnings per diluted share of \$4.43 on revenue of \$2.36 billion.

“KLA’s March quarter results were above our adjusted guidance as customer demand and company execution tracked consistent with our expectations,” said Rick Wallace, president and CEO, KLA Corporation. “As we have highlighted over the past few quarters, market conditions have stabilized and we expect our business levels to improve as we progress through the year. We are encouraged by the improvement in our customers’ businesses across multiple end markets and this improvement is translating into constructive discussions with our customers about future opportunities for leading edge capacity investments.”

GAAP Results			
	Q3 FY 2024	Q2 FY 2024	Q3 FY 2023
Total Revenue	\$2,360 million	\$2,487 million	\$2,433 million
Net Income Attributable to KLA	\$602 million	\$583 million	\$698 million
Net Income per Diluted Share Attributable to KLA	\$4.43	\$4.28	\$5.03
Non-GAAP Results			
	Q3 FY 2024	Q2 FY 2024	Q3 FY 2023
Net Income Attributable to KLA	\$715 million	\$839 million	\$761 million
Net Income per Diluted Share Attributable to KLA	\$5.26	\$6.16	\$5.49

A reconciliation between GAAP operating results and non-GAAP operating results is provided following the financial statements included in this release. KLA will discuss the results for its fiscal year 2024 third quarter, along with its outlook, on a conference call today beginning at 3 p.m. PT. A webcast of the call will be available at: [www.kla.com](http://www.kla.com).

**Fourth Quarter Fiscal 2024 Guidance**

The following details our guidance for the fourth quarter of fiscal 2024 ending in June:

- Total revenues is expected to be in a range of \$2.50 billion +/- \$125 million
- GAAP gross margin is expected to be in a range of 59.5% +/- 1.0%
- Non-GAAP gross margin is expected to be in a range of 61.5% +/- 1.0%
- GAAP diluted EPS is expected to be in a range of \$5.66 +/- \$0.60
- Non-GAAP diluted EPS is expected to be in a range of \$6.07 +/- \$0.60



For additional details and assumptions underlying our guidance metrics, please see the company's published Letter to Shareholders, Earnings Slide Presentation and Earnings Infographic on the KLA investor relations website. Such Letter to Shareholders, Earnings Slide Presentation and Earnings Infographic are not incorporated by reference into this earnings release.

### **About KLA:**

KLA Corporation ("KLA") develops industry-leading equipment and services that enable innovation throughout the electronics industry. 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. Investors and others should note that KLA announces material financial information including SEC filings, press releases, public earnings calls and conference webcasts using an investor relations website ([ir.kla.com](http://ir.kla.com)). Additional information may be found at: [www.kla.com](http://www.kla.com).

### **Note Regarding Forward-Looking Statements:**

Statements in this press release other than historical facts, such as statements pertaining to total revenues, GAAP and non-GAAP gross margin and GAAP and non-GAAP diluted EPS for the quarter ending June 30, 2024, are forward-looking statements and are 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; 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 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; our ability to identify suitable acquisition targets and successfully integrate and manage acquired businesses; 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, and the war between Israel and Hamas, and the significant military activity in that region; 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 cyclical nature of the industries in which we operate; our ability to timely develop new technologies and products that successfully address changes in the industry; 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; and risks related to receivables factoring arrangements and compliance risk of certain settlement agreements with the government. 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, 2023, 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.



**KLA Corporation**  
**Condensed Consolidated Unaudited Balance Sheets**

<i>(In thousands)</i>	<b>March 31, 2024</b>	<b>June 30, 2023</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,848,167	\$ 1,927,865
Marketable securities	2,446,135	1,315,294
Accounts receivable, net	1,625,257	1,753,361
Inventories	3,007,053	2,876,784
Other current assets	601,470	498,728
Total current assets	9,528,082	8,372,032
Land, property and equipment, net	1,106,278	1,031,841
Goodwill, net	2,015,727	2,278,820
Deferred income taxes	879,380	816,899
Purchased intangible assets, net	727,601	935,303
Other non-current assets	700,221	637,462
Total assets	<u>\$ 14,957,289</u>	<u>\$ 14,072,357</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 354,720	\$ 371,026
Deferred system revenue	994,469	651,720
Deferred service revenue	450,933	416,606
Current portion of long-term debt	749,889	—
Other current liabilities	1,908,527	2,303,490
Total current liabilities	4,458,538	3,742,842
Long-term debt	5,879,025	5,890,736
Deferred tax liabilities	480,270	529,287
Deferred service revenue	271,365	176,681
Other non-current liabilities	773,206	813,058
Total liabilities	11,862,404	11,152,604
Stockholders' equity:		
Common stock and capital in excess of par value	2,177,501	2,107,663
Retained earnings	958,904	848,431
Accumulated other comprehensive loss	(41,520)	(36,341)
Total stockholders' equity	3,094,885	2,919,753
Total liabilities and stockholders' equity	<u>\$ 14,957,289</u>	<u>\$ 14,072,357</u>



**KLA Corporation**  
**Condensed Consolidated Unaudited Statements of Operations**

	Three Months Ended March 31,		Nine Months Ended March 31,	
<i>(In thousands, except per share amounts)</i>	2024	2023	2024	2023
Revenues:				
Product	\$ 1,769,369	\$ 1,903,484	\$ 5,527,842	\$ 6,562,501
Service	590,461	529,124	1,715,670	1,578,418
Total revenues	2,359,830	2,432,608	7,243,512	8,140,919
Costs and expenses:				
Costs of revenues	993,885	1,005,346	2,917,522	3,255,358
Research and development	321,590	328,276	953,222	979,617
Selling, general and administrative	237,514	238,393	714,403	735,469
Impairment of goodwill and purchased intangible assets	70,474	—	289,474	—
Interest expense	79,981	74,774	228,417	223,449
Loss on extinguishment of debt	—	—	—	13,286
Other expense (income), net	(45,622)	(14,864)	(104,515)	(79,944)
Income before income taxes	702,008	800,683	2,244,989	3,013,684
Provision for income taxes	100,467	102,846	319,539	310,987
Net income	601,541	697,837	1,925,450	2,702,697
Less: Net income attributable to non-controlling interest	—	—	—	74
Net income attributable to KLA	\$ 601,541	\$ 697,837	\$ 1,925,450	\$ 2,702,623
Net income per share attributable to KLA				
Basic	\$ 4.46	\$ 5.06	\$ 14.20	\$ 19.26
Diluted	\$ 4.43	\$ 5.03	\$ 14.11	\$ 19.16
Weighted-average number of shares:				
Basic	134,954	137,865	135,638	140,349
Diluted	135,856	138,645	136,428	141,073



**KLA Corporation**  
**Condensed Consolidated Unaudited Statements of Cash Flows**

<i>(In thousands)</i>	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Cash flows from operating activities:		
Net income	\$ 601,541	\$ 697,837
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment of goodwill	70,474	—
Depreciation and amortization	99,263	104,854
Unrealized foreign exchange (gain) loss and other	7,629	(16,531)
Stock-based compensation expense	56,682	48,130
Deferred income taxes	11,886	(66,596)
Changes in assets and liabilities, net of assets acquired and liabilities assumed in business acquisitions:		
Accounts receivable	194,311	342,090
Inventories	28,359	(211,216)
Other assets	(111,233)	(60,973)
Accounts payable	(10,238)	(119,606)
Deferred system revenue	110,442	(1,765)
Deferred service revenue	54,288	5,332
Other liabilities	(203,426)	289,299
Net cash provided by operating activities	909,978	1,010,855
Cash flows from investing activities:		
Business acquisitions, net of cash acquired	(3,682)	—
Capital expenditures	(71,793)	(84,914)
Purchases of available-for-sale and equity securities	(1,172,264)	(402,672)
Proceeds from sale of available-for-sale securities	55,722	37,786
Proceeds from maturity of available-for-sale securities	342,808	345,972
Purchases of trading securities	(46,456)	(40,176)
Proceeds from sale of trading securities	37,619	30,797
Net cash used in investing activities	(858,046)	(113,207)
Cash flows from financing activities:		
Proceeds from issuance of debt, net of issuance costs	735,043	—
Repayment of debt	—	(225,000)
Common stock repurchases	(372,251)	(478,186)
Payment of dividends to stockholders	(197,154)	(180,854)
Tax withholding payments related to vested and released restricted stock units	(24,274)	(16,154)
Contingent consideration payable and other, net	(2,440)	(2,527)
Net cash provided by (used in) financing activities	138,924	(902,721)
Effect of exchange rate changes on cash and cash equivalents	(7,743)	2,109
Net increase (decrease) in cash and cash equivalents	183,113	(2,964)
Cash and cash equivalents at beginning of period	1,665,054	1,571,477
Cash and cash equivalents at end of period	\$ 1,848,167	\$ 1,568,513
Supplemental cash flow disclosures:		
Income taxes paid, net	\$ 159,848	\$ 56,779
Interest paid	\$ 113,372	\$ 125,055
Non-cash activities:		
Contingent consideration payable - financing activities	\$ —	\$ (75)
Dividends payable - financing activities	\$ 2,105	\$ 1,915
Unsettled common stock repurchase - financing activities	\$ 10,999	\$ 15,943
Accrued purchase of land, property and equipment - investing activities	\$ 15,378	\$ 14,390



**KLA Corporation**  
**Segment Information (Unaudited)**

The following is a summary of results for each of our three reportable segments and reconciliations to total revenues for the indicated periods:

<i>(In thousands)</i>	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
Revenues:				
Semiconductor Process Control	\$ 2,096,005	\$ 2,171,557	\$ 6,425,562	\$ 7,226,711
Specialty Semiconductor Process	130,649	128,438	407,433	414,390
PCB, Display and Component Inspection	133,399	131,923	412,474	502,627
Total revenues for reportable segments	2,360,053	2,431,918	7,245,469	8,143,728
Corporate allocations and effects of changes in foreign currency exchange rates	(223)	690	(1,957)	(2,809)
Total revenues	\$ 2,359,830	\$ 2,432,608	\$ 7,243,512	\$ 8,140,919

**KLA Corporation**  
**Condensed Consolidated Unaudited Supplemental Information**

**Reconciliation of GAAP Net Income to Non-GAAP Net Income**

<i>(In thousands, except per share amounts)</i>		Three Months Ended			Nine Months Ended	
		March 31, 2024	Dec. 31, 2023	March 31, 2023	March 31, 2024	March 31, 2023
GAAP net income attributable to KLA		\$ 601,541	\$ 582,534	\$ 697,837	\$ 1,925,450	\$ 2,702,623
<u>Adjustments to reconcile GAAP net income to non-GAAP net income:</u>						
Acquisition-related charges	a	58,573	59,307	65,050	181,124	206,999
Restructuring, severance and other charges	b	2,042	1,270	19,089	3,312	13,900
Impairment of goodwill and purchased intangible assets	c	70,474	219,000	—	289,474	—
Loss on extinguishment of debt	d	—	—	—	—	13,286
Income tax effect of non-GAAP adjustments	e	(19,879)	(22,806)	(22,942)	(63,084)	(69,517)
Discrete tax items	f	2,386	(103)	1,688	4,538	(52,277)
Non-GAAP net income attributable to KLA		\$ 715,137	\$ 839,202	\$ 760,722	\$ 2,340,814	\$ 2,815,014
GAAP net income per diluted share attributable to KLA		\$ 4.43	\$ 4.28	\$ 5.03	\$ 14.11	\$ 19.16
Non-GAAP net income per diluted share attributable to KLA		\$ 5.26	\$ 6.16	\$ 5.49	\$ 17.16	\$ 19.95
Shares used in diluted net income per share calculation		135,856	136,254	138,645	136,428	141,073



**Pre-tax Impact of GAAP to Non-GAAP Adjustments Included in Condensed Consolidated Unaudited Statements of Operations**

	Acquisition - Related Charges	Restructuring, Severance and Other Charges	Goodwill and Purchased Intangible Asset Impairment	Total Pre-tax GAAP to Non-GAAP Adjustments
<i>(In thousands)</i>				
<b><u>Three Months Ended March 31, 2024</u></b>				
Costs of revenues	\$ 44,839	\$ 805	\$ —	\$ 45,644
Research and development	867	922	—	1,789
Selling, general and administrative	12,867	315	—	13,182
Impairment of goodwill	—	—	70,474	70,474
Total in three months ended March 31, 2024	<u>\$ 58,573</u>	<u>\$ 2,042</u>	<u>\$ 70,474</u>	<u>\$ 131,089</u>
<b><u>Three Months Ended Dec. 31, 2023</u></b>				
Costs of revenues	\$ 46,078	\$ 467	\$ —	\$ 46,545
Research and development	—	417	—	417
Selling, general and administrative	13,229	386	—	13,615
Impairment of goodwill and purchased intangible assets	—	—	219,000	219,000
Total in three months ended Dec. 31, 2023	<u>\$ 59,307</u>	<u>\$ 1,270</u>	<u>\$ 219,000</u>	<u>\$ 279,577</u>
<b><u>Three Months Ended March 31, 2023</u></b>				
Costs of revenues	\$ 45,437	\$ 6,039	\$ —	\$ 51,476
Research and development	—	6,664	—	6,664
Selling, general and administrative	19,613	6,386	—	25,999
Total in three months ended March 31, 2023	<u>\$ 65,050</u>	<u>\$ 19,089</u>	<u>\$ —</u>	<u>\$ 84,139</u>

**Free Cash Flow Reconciliation**

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
<i>(In thousands)</i>				
Net cash provided by operating activities	\$ 909,978	\$ 1,010,855	\$ 2,415,960	\$ 2,710,690
Capital expenditures	(71,793)	(84,914)	(216,639)	(262,908)
Free cash flow	<u>\$ 838,185</u>	<u>\$ 925,941</u>	<u>\$ 2,199,321</u>	<u>\$ 2,447,782</u>

**Capital Returns Calculation**

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2024	2023	2024	2023
<i>(In thousands)</i>				
Payments of dividends to stockholders	\$ 197,154	\$ 180,854	\$ 575,520	\$ 553,046
Common stock repurchases	372,251	478,186	1,265,480	923,039
Capital returns	<u>\$ 569,405</u>	<u>\$ 659,040</u>	<u>\$ 1,841,000</u>	<u>\$ 1,476,085</u>



#### Fourth Quarter Fiscal 2024 Guidance

##### Reconciliation of GAAP Diluted EPS to Non-GAAP Diluted EPS

		Three Months Ending June 30, 2024	
		Low	High
<i>(In millions, except per share amounts)</i>			
GAAP net income per diluted share		\$5.06	\$6.26
Acquisition-related charges	a	0.44	0.44
Restructuring, severance and other charges	b	0.14	0.14
Income tax effect of non-GAAP adjustments	c	(0.17)	(0.17)
Non-GAAP net income per diluted share		\$5.47	\$6.67
Shares used in net income per diluted share calculation		135.4	135.4

##### Reconciliation of GAAP Gross Margin to Non-GAAP Gross Margin

		Three Months Ending June 30, 2024	
		Low	High
GAAP gross margin		58.5%	60.5%
Acquisition-related charges	a	1.9%	1.9%
Restructuring, severance and other charges	b	0.1%	0.1%
Non-GAAP gross margin		60.5%	62.5%

The non-GAAP and supplemental information provided in this press release is a supplement to, and not a substitute for, KLA's financial results presented in accordance with United States GAAP.

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 attributable to KLA, non-GAAP net income per diluted share attributable to KLA, 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 attributable to KLA to non-GAAP net income attributable to KLA:

- a. Acquisition-related charges primarily include amortization of intangible assets, transaction costs associated with our acquisitions and dispositions, as well as intangible asset impairment charges. 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 including associated acceleration of recognition of certain stock-based and other compensation expenses, gains and losses from exiting non-core businesses and adjustments related to non-controlling interest. Restructuring, severance and other charges in the nine months ended March 31, 2023 included a gain on the sale of Orbograph, Ltd. (“Orbograph”), which was sold in the first quarter of fiscal 2023, partially offset by certain transaction bonuses triggered by the sale of Orbograph.
- c. Impairment of goodwill and purchased intangible assets included non-cash expense recognized in the three months ended March 31, 2024 and Dec. 31, 2023, following the downward revision of financial outlook for the PCB and Display reporting units in the second quarter of fiscal 2024 and the subsequent decision to exit the Company's Display business that was based on many factors, including the cancellation of a significant new technology project by a major customer, in the third quarter of fiscal 2024. Management believes that it is appropriate to exclude these impairment charges as they are not indicative of ongoing operating results and therefore limit comparability. Management also believes excluding this item helps investors compare our operating performance with our results in prior periods as well as with the performance of other companies.
- b. Loss on extinguishment of debt during the nine months ended March 31, 2023 included a pre-tax loss on early extinguishment of the \$500 million 4.650% Senior Notes due in Nov. 2024.
- c. Income tax effect of non-GAAP adjustments includes the income tax effects of the excluded items noted above.
- c. Discrete tax items in the nine months ended March 31, 2024 included a one-time tax benefit resulting from changes made to our international structure to better align ownership of certain intellectual property rights with how our business operates. Discrete tax items in all periods presented included a tax impact relating to the amortization of the aforementioned tax benefit or similar tax benefits recorded in other periods. Discrete items in the nine months ended March 31, 2023 included an adjustment of the net benefit of the Orbotech Ltd. 2012 to 2018 Israel tax audit settlement, for which the net benefit includes the liability on the audit settlement less reductions in unrecognized tax positions and deferred tax assets and liabilities. Discrete tax items in the nine months ended March 31, 2023 also included a tax impact from the sale of Orbograph and a tax expense of \$19.8 million from an internal restructuring.