



Keep Looking Ahead

Q2 Fiscal 2024 Earnings

Quarter Ended December 31, 2023 • Reported January 25, 2024

Forward Looking Statements

Statements in this presentation other than historical facts, such as statements pertaining to: (i) future industry demand for semiconductors and WFE; (ii) utilization rates of the installed base; (iii) our market position for the future and timing for the resumption of growth in demand for our products; (iv) our forecast of financial measures for the following quarter and 2024; (v) our long-term financial targets and underlying assumptions; (vi) our future investment plan on R&D, technology 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; costly intellectual property disputes that could result in our inability to sell or use the challenged technology; risks related to the legal, regulatory and tax environments in which we conduct our business; increasing attention to ESG matters and the resulting costs, risks and impact on our business; unexpected delays, difficulties and expenses in executing against our environmental, climate, diversity and inclusion or other ESG target, goals and commitments; our ability to attract, retain and motivate key personnel; our vulnerability to disruptions and delays at our third party service providers; cybersecurity threats, cyber incidents affecting our and our business partners' systems and networks; our inability to access critical information in a timely manner due to system failures; 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 wars between Israel and Hamas and Russia and Ukraine, 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.

Calendar 2023 – A Year In Review

-8%

Revenue Growth
Revenue \$9,671M

62%

Gross Profit Margin*
Gross Profit \$5,972M*

39%

Operating Profit Margin*
Operating Profit \$3,817M*



Voyager 1035 inline defect monitor for advanced logic and memory chip manufacturing

6%

FCF Growth*
FCF \$3,168M

32%

Net Income Margin*
EPS \$22.77***

\$2,499M

Capital Returns
Dividends + Buybacks

Strong Relative Performance Demonstrating Market Leadership

* Non-GAAP metric – Please refer to Appendix for reconciliation to GAAP . Free Cash Flow (FCF) = Cash Flow from Operating Activities minus Capital Expenditures. ** Diluted net income per share is computed independently for each of the quarters presented based on the weighted-average fully diluted shares outstanding for each quarter. Therefore, the sum of quarterly diluted net income per share information may not equal annual (or other multiple-quarter calculations of) diluted net income per share.

Semiconductor Industry Demand Environment

Long-Term Secular Drivers Demonstrate Strategic Value of Semiconductors

The semiconductor industry is expected to grow over the long term due to new enabling technologies and the continued proliferation of semiconductors into more industries. Industry regionalization remains in the early stages. These technologies and trends underpin the broader semiconductor industry view that semiconductor revenue is on track to be \$1 trillion by 2030, representing a compound annual growth rate (CAGR) of approximately 9% from 2023 levels.

Wafer Fabrication Equipment Market Continues to Stabilize at Current Levels

Visibility into the near-term timing of sustainable demand recovery in WFE remains uncertain. However, the WFE industry demand has stabilized, and we are encouraged by recent reports from our customers of an improving demand environment that should continue gradually as we move through the calendar year.

Customer R&D Investment Remains a Top Priority for Capex Investment

With overall WFE demand stabilizing, R&D investments remain a priority for our largest customers. This is important for KLA as our portfolio of products are heavily relied upon during the R&D process as well as the early ramp phase when faster time-to-yield is critical.

The strategic nature of semiconductors in the global economy drives long term secular growth

December Quarter and Calendar 2023 Business Highlights

1

KLA's Consistency Led By Market Leadership and Execution

Market leadership in some of the most critical and fastest-growing segments of WFE over the long-term drives KLA's business. KLA and Process Control's critical role in customers' technology development and R&D initiatives remains a buffer against near-term WFE volatility.

2

KLA Exhibiting Strong Product Success in Legacy/Specialty Node Applications

Strong customer acceptance of KLA's market-leading products across multiple optical inspection markets validates KLA's market leadership and the "Power of the Portfolio." This quarter highlights the growing adoption of the 8900 Series for high throughput macro inspection serving rising legacy node demand. First introduced in 2009, the 8900 platform was one of the best-performing product lines in KLA's Optical Inspection portfolio in CY23, experiencing strong adoption with customers in legacy foundry/logic, specialty semiconductor, and advanced packaging applications.

3

The Rapid Growth of AI both Enables KLA's Differentiation and Helps Drive Industry Growth

KLA is a pioneer in adopting AI to improve system performance and create differentiation, with a long track record of employing deep learning and physics-based algorithms in core technologies. As the cost of computing has declined, this capability can be deployed more broadly across KLA's inspection and metrology product portfolio improving signal-to-noise recognition and reducing process learning cycles as customers resolve critical yield challenges.

4

KLA Services Grew 7% to ~\$2.2 Billion in CY23, Demonstrating Resiliency in a Down WFE Market

KLA Services grew both on a sequential quarterly basis and in CY23, demonstrating resiliency in a declining WFE market. KLA Services grew 1% to \$565 million in the December quarter, and was up 7% year-over-year, finishing just below \$2.2 billion in revenue. KLA Services remains on track to resume the targeted 12-14% annual revenue growth trajectory in calendar 2024, as a record number of new tools shipped over the past two years end the warranty period and move into service contracts.

5

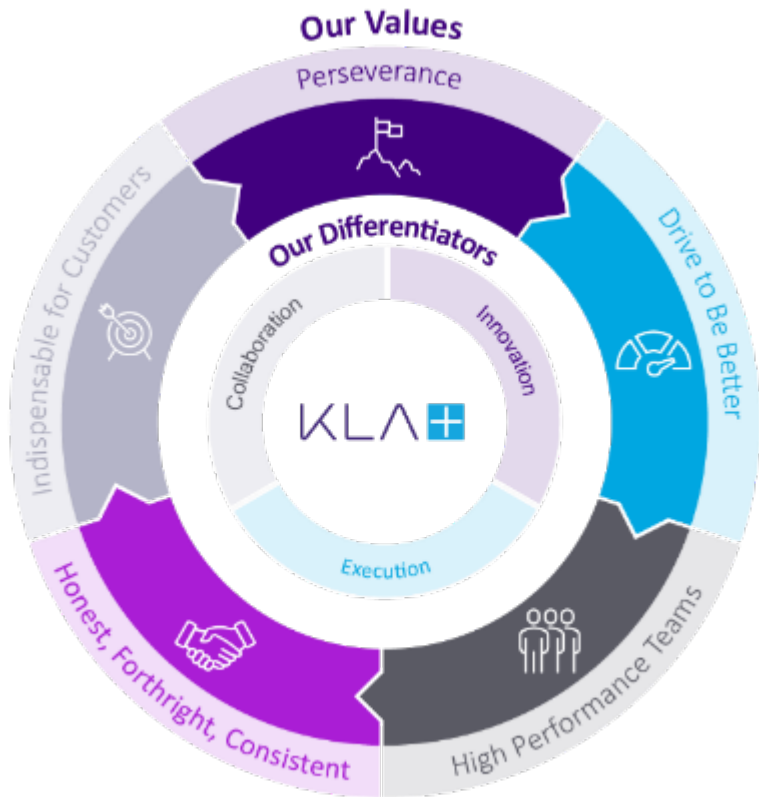
KLA Delivered Strong Free Cash Flow Generation and Capital Returns in CY23

Quarterly free cash flow was \$545 million, which drove CY23 free cash flow growth up 6% to \$3.2 billion. Returning capital to shareholders through both quarterly dividends and a stock repurchase program remains a top priority. Total capital returns in CY23 were \$2.5 billion. Since the June 2022 Investor Day, total capital returns have totaled over \$6 billion, including the \$3 billion accelerated share repurchase (ASR) announced in June 2022. In September 2023, KLA announced the 14th consecutive annual dividend increase and an additional \$2 billion share repurchase authorization. Capital returns in the December quarter were \$635 million, comprised of \$438 million in share repurchases and \$197 million in dividends.

KLA's 2024 Priorities



The KLA Operating Model



Consistent Strategy and Execution

- Application of common processes and discipline
- Cascades throughout the organization
- Strong focus on talent development



Management By Metrics

- Culture of performance and accountability
- Expectation of continuous improvement
- Superior margins driven by market leadership and differentiation



Financial Discipline and Rigor

- Exert efficiency and operating discipline in our investments
- Strong track record of high returns
- Focused on enhancing shareholder value

Focused on driving sustainable profitability and growth

December Quarter 2023 Income Statement Highlights

\$2,487M

Revenue

62.6%

Gross Margin*

40.7%

Operating Margin*

\$839M

Net Income*

\$6.16

Diluted EPS*

\$4.28



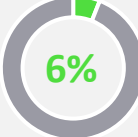
GAAP Diluted EPS

(Right) The C205 broadband plasma optical patterned wafer inspection system provides high-sensitivity discovery and binning of critical defects, helping automotive chipmakers accelerate R&D and ramp cycle time through characterization and optimization of new processes, design nodes and devices

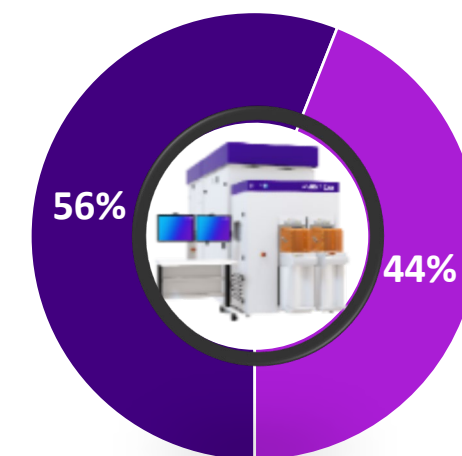


* Non-GAAP metric – please refer to the appendix for reconciliation to GAAP

Breakdown of Revenue by Reportable Segments and End Markets

	Revenue Q2-FY24	Y/Y Growth	Q/Q Growth	Quarterly Revenue %	Revenue CY23	CY23 Growth
Semiconductor Process Control (Systems + Services)	\$2,194	-17%	+3%	 88%	\$8,599	-6%
Specialty Semiconductor Process (Systems + Services)	\$150	-5%	+18%	 6%	\$534	+1%
PCB, Display and Component Inspection (Systems + Services)	\$143	-16%	+5%	 6%	\$540	-34%
Total:	\$2,487	-17%	+4%		\$9,671¹	-8%

Q2-FY24: Semi Process Control End Market System Revenue



■ Foundry & Logic ■ Memory

¹ Amounts may not sum due to rounding and the effects of FX and corporate allocations are not allocated to segments

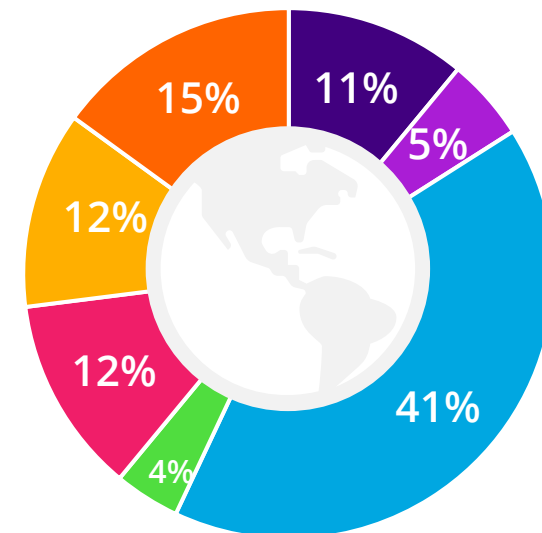
Breakdown of Revenue by Major Product and Regions

	Revenue Q2-FY24	Y/Y Growth	Q/Q Growth	Quarterly Revenue %	Revenue CY23	CY23 Growth
Wafer Inspection	\$1,167	-7%	+15%	47%	\$4,154	-5%
Patterning	\$430	-50%	-21%	17%	\$2,169	-20%
Specialty Semi Process	\$136	-6%	+22%	6%	\$481	+1%
PCB, Display and Comp. Inspection	\$77	-29%	+9%	3%	\$283	-48%
Services	\$565	+9%	+1%	23%	\$2,193	+7%
Other ¹	\$111	+22%	+11%	4%	\$391	+17%
Total:	\$2,487²	-17%	+4%		\$9,671	-8%

¹ Included in the Semiconductor Process Control Segment

² Amounts may not sum due to rounding and the effects of FX and corporate allocations are not allocated to segments

Q2-FY24 Revenue by Region



- North America
- Europe
- China
- SEA
- Japan
- Korea
- Taiwan

Strong Investment Grade Balance Sheet

Balance Sheet Summary¹ (\$M)

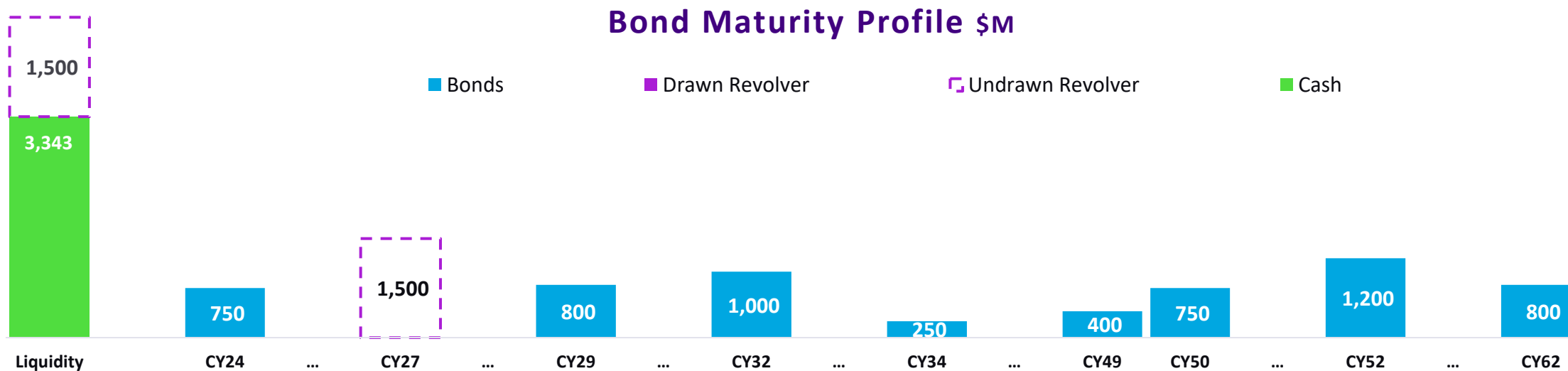
Total Cash ²	\$ 3,343
Working Capital	\$ 4,178
Total Assets	\$ 14,281
Debt ³	\$ 5,893
Total Shareholders' Equity	\$ 3,044

Bond Maturity Profile

Bonds Outstanding	\$5.95B
Weighted Average Interest Rate	4.64%
Weighted Average Maturity	18.6 years

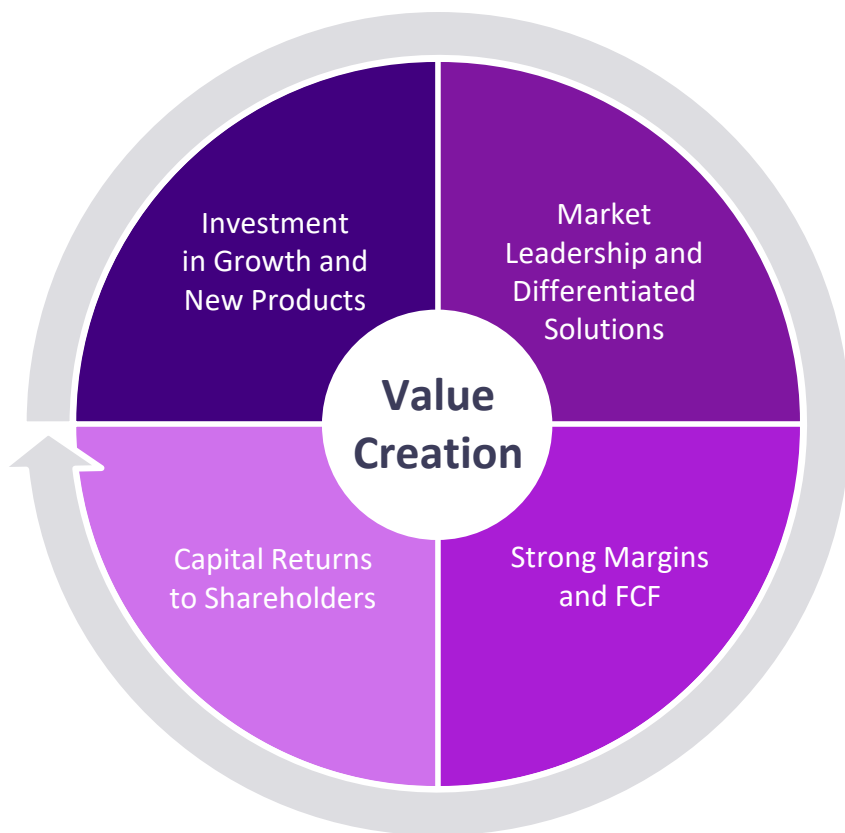
Investment Grade Credit Ratings

Moody's	A2
S&P	A-
Fitch ⁴	A

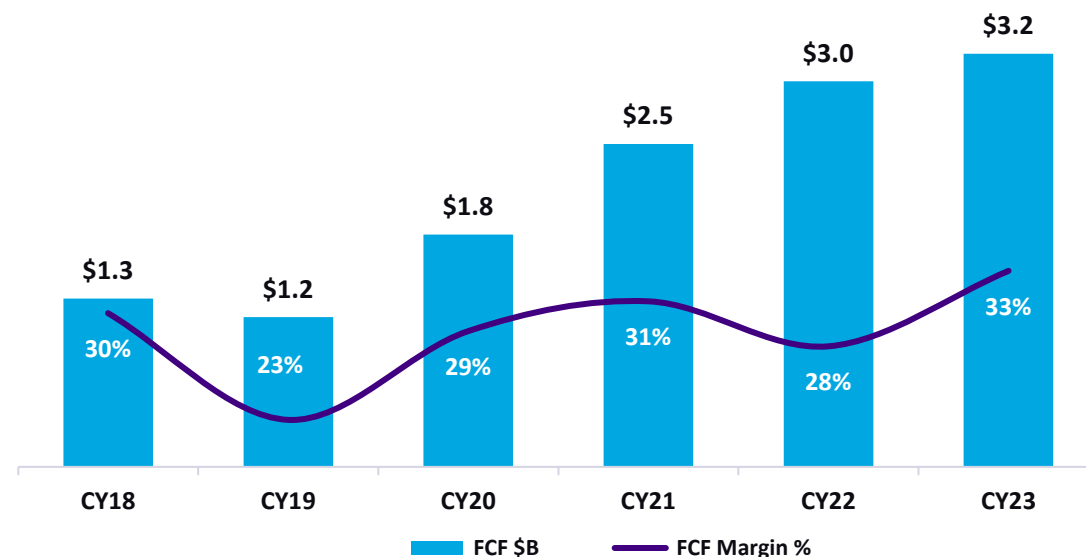


¹ As of 12/31/23; ² Total Cash includes Cash, Cash Equivalents and Marketable Securities; ³ \$57M in un-amortized debt issuance discounts and costs; ⁴ Upgraded from A- December 20, 2023

FCF Generation Fuels Consistent Capital Return to Shareholders



Free Cash Flow¹ and FCF Margin²



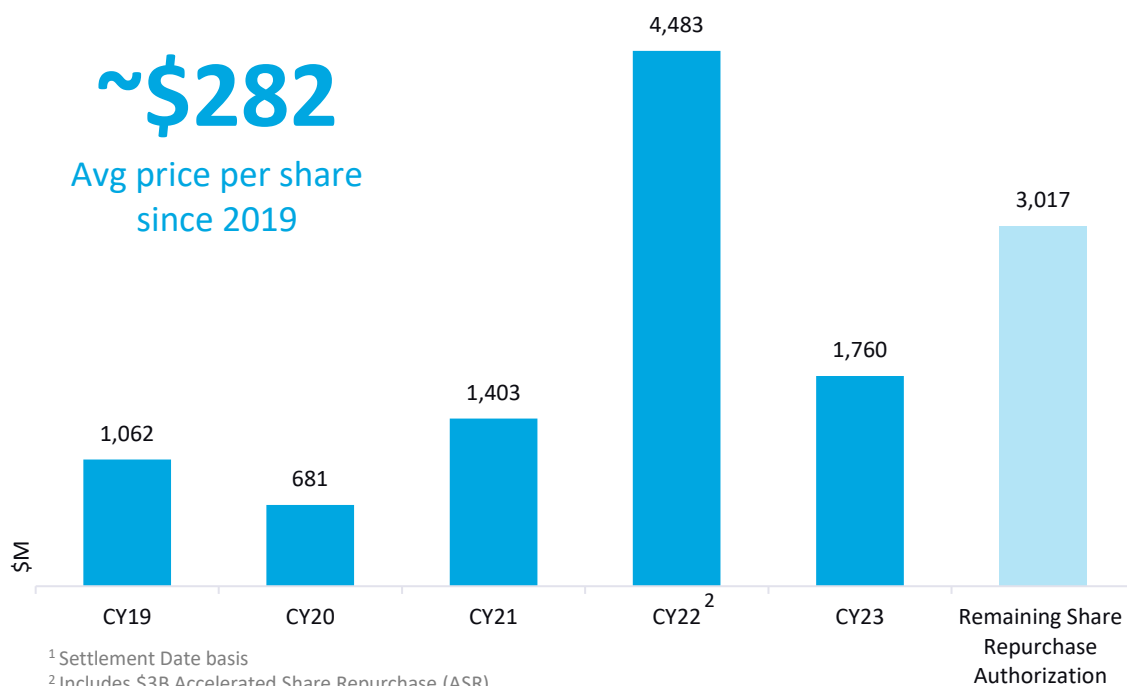
¹ Free Cash Flow (FCF) = Cash Flow from Operating Activities minus Capital Expenditures

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

Return to Shareholders Across Both Share Repurchases & Dividends

Share Repurchases¹

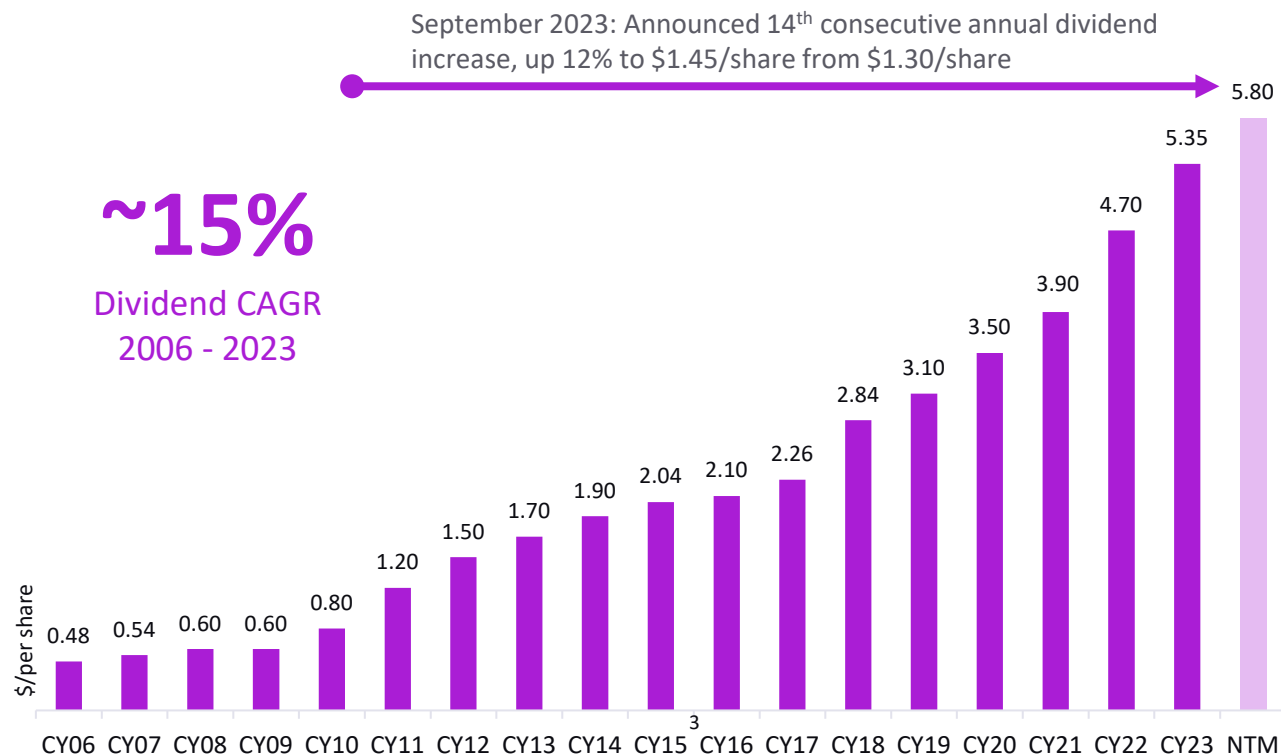


¹ Settlement Date basis

² Includes \$3B Accelerated Share Repurchase (ASR)

³ Excludes \$16.50 per share special dividend in CY15

Track Record of Dividend Increases



Free Cash Flow and Capital Returns Highlights

\$545M

December Quarter
Free Cash Flow*

22%

December Quarter
FCF Margin*

65%

December Quarter
FCF Conversion*



(Above) The latest-generation Archer™ overlay metrology system provides accurate feedback of on-product overlay error for fast technology ramps and stable production of leading-edge memory and logic devices.

\$438M

December Quarter
Share Buyback

\$1,760M

CY23 Share Buyback

\$197M

December Quarter
Dividends Paid

\$739M

CY23 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

Guidance for Q3 FY2024 – March 2024 Quarter

March 2024 Quarter Guidance

Revenue	\$2.3B +/- \$125M
Non-GAAP Gross Margin*	61.5% +/- 1%
GAAP Diluted EPS	\$4.93 +/- \$0.60
Non-GAAP Diluted EPS*	\$5.26 +/- \$0.60

Macro Assumptions

Semi PC Revenue By End Market

- Foundry/Logic: 60%
- Memory: 40% → DRAM 85% | NAND 15%

Model Assumptions

- Non-GAAP Operating Expenses*: ~\$545M
- Other Income & Expense (OIE)*, Net: ~\$45M
- Effective Tax Rate: ~13.5%
- Diluted Share Count: ~135.6M

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

Strong, resilient and delivering shareholder value

Appendix

Reconciliation of Financial Results

Reconciliation of Non-GAAP Financial Measures

	For the three months ended		For the twelve months ended	
	Dec. 31, 2023		Dec. 31, 2023	
<i>(In millions, except EPS \$ and percentages)</i>				
GAAP net income	\$	582.5	\$	2,706.4
<u>Adjustments to reconcile GAAP net income to non-GAAP net income*</u>				
Acquisition-related charges	a	59.3		252.2
Restructuring, severance and other charges	b	1.3		28.5
Impairment of goodwill and purchased intangible assets	c	219.0		219.0
Income tax effect of non-GAAP adjustments	d	(22.8)		(87.0)
Discrete tax items	e	(0.1)		10.0
Non-GAAP net income	\$	839.2	\$	3,129.1
GAAP net income margin				28.0%
Non-GAAP net income margin				32.4%
GAAP diluted EPS	\$	4.28	\$	19.70
Non-GAAP diluted EPS	\$	6.16	\$	22.77
Shares used in diluted shares calculation		136.3		137.4
GAAP income tax expense	\$	108.7		
<u>Adjustments to reconcile GAAP effective tax rate to non-GAAP effective tax rate*</u>				
Income tax effect of non-GAAP adjustments	d	22.8		
Discrete tax items	e	0.1		
Non-GAAP income tax expense	\$	131.6		
GAAP income before income taxes	\$	691.3		
<u>Adjustments to reconcile GAAP income before income taxes to non-GAAP income before income taxes*</u>				
Acquisition-related charges	a	59.3		
Restructuring, severance and other charges	b	1.3		
Impairment of goodwill and purchased intangible assets	c	219.0		
Non-GAAP income before income taxes	\$	970.8		
GAAP income tax rate		15.7%		
Non-GAAP income tax rate		13.6%		
GAAP Other expense (income), net	\$	42.0		
Non-GAAP Other expense (income), net	\$	42.0		

Amounts may not sum due to rounding

	For the three months ended		For the twelve months ended	
	Dec. 31, 2023		Dec. 31, 2023	
<i>(Dollars in millions)</i>				
GAAP gross profit	\$	1,510.0	\$	5,779.5
<u>Adjustments to reconcile GAAP gross profit to non-GAAP gross profit*</u>				
Acquisition-related charges	a	46.1		183.0
Restructuring, severance and other charges	b	0.5		9.1
Non-GAAP gross profit	\$	1,556.5	\$	5,971.6
GAAP gross margin		60.7%		59.8%
<u>Adjustments to reconcile GAAP gross margin to non-GAAP gross margin*</u>				
Acquisition-related charges	a	1.9%		1.9%
Restructuring, severance and other charges	b	0.0%		0.1%
Non-GAAP gross margin		62.6%		61.7%
GAAP research and development ("R&D") expenses	\$	320.4	\$	1,277.0
<u>Adjustments to reconcile GAAP R&D expenses to non-GAAP R&D expenses*</u>				
Restructuring, severance and other charges	b	(0.4)		(9.8)
Non-GAAP R&D expenses	\$	320.0	\$	1,267.2
GAAP selling, general and administrative ("SG&A") expenses (1)	\$	237.2	\$	966.1
<u>Adjustments to reconcile GAAP SG&A expenses to non-GAAP SG&A expenses*</u>				
Acquisition-related charges	a	(13.2)		(69.1)
Restructuring, severance and other charges	b	(0.4)		(9.6)
Non-GAAP SG&A expenses (1)	\$	223.6	\$	887.4
GAAP operating expense (1)	\$	776.7	\$	2,462.2
<u>Adjustments to reconcile GAAP operating expense to non-GAAP operating expense*</u>				
Acquisition-related charges	a	(13.2)		(69.1)
Restructuring, severance and other charges	b	(0.8)		(19.4)
Impairment of goodwill and purchased intangible assets	c	(219.0)		(219.0)
Non-GAAP operating expense (1)	\$	543.6	\$	2,154.6
GAAP operating income (1)	\$	733.3	\$	3,317.3
<u>Adjustments to reconcile GAAP operating income to non-GAAP operating income*</u>				
Acquisition-related charges	a	59.3		252.2
Restructuring, severance and other charges	b	1.3		28.5
Impairment of goodwill and purchased intangible assets	c	219.0		219.0
Non-GAAP operating income (1)	\$	1,012.9	\$	3,817.0
GAAP operating margin		29.5%		34.3%
Non-GAAP operating margin		40.7%		39.5%

(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 net expense associated with changes in the EDSP liability included in selling, general and administrative expense for the quarter ended and twelve months ended December 31, 2023 was \$25.8 million and \$42.5 million, respectively. The net gain associated with changes in the EDSP assets included in selling, general and administrative expense for the quarter ended and twelve months ended December 31, 2023 was \$25.7 million and \$42.2 million, respectively.

* Refer to "Reconciliation of Non-GAAP Financial Measures - Explanation of Non-GAAP Financial Measures" for detailed descriptions and information for each reconciling item

Reconciliation of Guidance

Q3 FY2024 Guidance Range:

<i>(Dollars in millions except per share amounts)</i>		Low	High
GAAP diluted net income per share		\$ 4.33	\$ 5.53
Acquisition-related charges	a	0.42	0.42
Restructuring, severance and other charges	b	0.06	0.06
Income tax effect of non-GAAP adjustments	d	(0.15)	(0.15)
Non-GAAP diluted net income per share		\$ 4.66	\$ 5.86
Shares used in net income per diluted shares calculation		135.6	135.6
GAAP gross margin		58.4%	60.4%
Acquisition-related charges	a	1.9%	1.9%
Restructuring, severance and other charges	b	0.2%	0.2%
Non-GAAP gross margin		60.5%	62.5%
GAAP operating expenses		\$ 556	\$ 568
Acquisition-related charges	a	(13)	(13)
Restructuring, severance and other charges	b	(4)	(4)
Non-GAAP operating expenses		\$ 539	\$ 551

Note: The guidance as of January 25, 2024 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 and transaction costs associated with our acquisitions. 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, acceleration of recognition of certain stock-based compensation arrangements and other compensation expenses, and other exit costs.
- c) Impairment of goodwill and purchased intangible assets includes non-cash expense recognized as a result of the company's testing for goodwill impairment and long-lived asset impairment performed in the three months ended December 31, 2023. The impairment charge resulted from the downward revision of financial outlook for the PCB and Display reporting units. 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.
- d) Income tax effect of non-GAAP adjustments includes the income tax effects of the excluded items noted above.
- e) 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.



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