

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K  
CURRENT REPORT

Pursuant to Section 13 or 15(d) of The  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 26, 2023

**KLA CORPORATION**

(Exact name of registrant as specified in its charter)

|  |                          |                                      |
|--|--------------------------|--------------------------------------|
| Delaware   | 000-09992                | 04-2564110                           |
| (State or other jurisdiction of incorporation)                     | (Commission File Number) | (I.R.S. Employer Identification No.) |
| One Technology Drive   | Milpitas                 | California                           |
| (Address of principal executive offices)                           |                          | 95035                                |
|  |                          | (Zip Code)                           |
| Registrant's telephone number, including area code: (408) 875-3000 |                          |                                      |
| (Former name or former address, if changed since last report)      |                          |                                      |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u>                | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered</u>                |
|---|--------------------------|---|
| Common Stock, \$0.001 par value per share | KLAC                     | The Nasdaq Stock Market, LLC<br>The Nasdaq Global Select Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Condition.**

On April 26, 2023, KLA Corporation (the “Company”) issued a press release announcing selected financial and operating results for its third quarter of fiscal year 2023. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in Item 2.02 of this Current Report on Form 8-K and the exhibit attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

**Exhibit No.**

**Description**

[99.1](#)  
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[Press release issued April 26 2023](#)  
Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**KLA CORPORATION**

Date: April 26, 2023

By: \_\_\_\_\_ /s/ BREN D. HIGGINS  
Name: Bren D. Higgins  
Title: Executive Vice President and Chief Financial Officer

## FOR IMMEDIATE RELEASE

**Investor Relations:**

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 Vice President, Investor Relations  
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**KLA Corporation Reports Fiscal 2023 Third Quarter Results**

- Total revenues were \$2.43 billion, above the midpoint of the guidance range of \$2.20 to \$2.50 billion;
- GAAP diluted EPS was \$5.03 and non-GAAP diluted EPS was \$5.49, each finishing above the midpoint of the respective guidance ranges;
- Cash flow from operating activities and free cash flow were \$1,010.9 million and \$925.9 million, respectively; and
- Capital returns were \$659.0 million, split between \$180.9 million in dividends paid and \$478.2 million in share repurchases.

MILPITAS, Calif., April 26, 2023 -[KLA Corporation](#) (NASDAQ: KLAC) today announced financial and operating results for its third quarter of fiscal year 2023, which ended on March 31, 2023, and reported GAAP net income of \$697.8 million and GAAP earnings per diluted share of \$5.03 on revenue of \$2.43 billion.

“The March quarter delivered revenue, GAAP and non-GAAP earnings per share above the midpoint of the guidance ranges, reflecting solid execution in a challenging industry environment,” said Rick Wallace, president and CEO, KLA Corporation. “In addition, KLA’s customer focus and product portfolio strategy has been validated by recently published Wafer Fab Equipment (“WFE”) industry analysis for calendar year 2022 that shows increased market leadership in the process control market. This performance reinforces the strength of the KLA Operating Model and the value of KLA to our customers’ fab productivity and technology roadmaps.”

| GAAP Results                                     |                 |                 |                 |
|--|-----------------|-----------------|-----------------|
|  | Q3 FY 2023      | Q2 FY 2023      | Q3 FY 2022      |
| Total Revenue                                    | \$2,433 million | \$2,984 million | \$2,289 million |
| Net Income Attributable to KLA                   | \$698 million   | \$979 million   | \$731 million   |
| Net Income per Diluted Share Attributable to KLA | \$5.03          | \$6.89          | \$4.83          |
| Non-GAAP Results                                 |                 |                 |                 |
|  | Q3 FY 2023      | Q2 FY 2023      | Q3 FY 2022      |
| Net Income Attributable to KLA                   | \$761 million   | \$1,048 million | \$776 million   |
| Net Income per Diluted Share Attributable to KLA | \$5.49          | \$7.38          | \$5.13          |

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 2023 third quarter, along with its outlook, on a conference call today beginning at 2:00 p.m. Pacific Time. A webcast of the call will be available at: [www.kla.com](http://www.kla.com).

**Fourth Quarter Fiscal 2023 Guidance**

The following details our guidance for the fourth quarter of fiscal 2023 ending in June:

- Total revenues is expected to be between \$2,125 million to \$2,375 million
- GAAP gross margin is expected to be in a range of 57.58% to 59.85%
- Non-GAAP gross margin is expected to be in a range of 59.75% to 61.75%
- GAAP diluted EPS is expected to be in a range of \$3.87 to \$5.07
- Non-GAAP diluted EPS is expected to be in a range of \$4.23 to \$5.43

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, printed circuit boards and flat panel displays. 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, 2023, are forward-looking statements and subject to the Safe Harbor provisions created by the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current information and expectations and involve a number of risks and uncertainties. Actual results may differ materially from those projected in such statements due to various factors, including but not limited to: the impact of the COVID-19 pandemic on the global economy and on our business, financial condition and results of operations, including the supply chain constraints we are experiencing as a result of the pandemic; economic, political and social conditions in the countries in which we, our customers and our suppliers operate, including rising inflation and interest rates, Russia’s invasion of Ukraine and global trade policies; disruption to our manufacturing facilities or other operations, or the operations of our customers, due to natural catastrophic events, health epidemics or terrorism; 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 ability to timely develop new technologies and products that successfully anticipate or address changes in the semiconductor industry; our ability to maintain our technology advantage and protect our proprietary rights; our ability to compete with new products introduced by our competitors; our ability to attract, onboard and retain key personnel; cybersecurity threats, cyber incidents affecting our and our customers, suppliers and other service providers’ systems and networks and our and their ability to access critical information systems for daily business operations; 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; exposure to a highly concentrated customer base; availability and cost of the wide range of materials used in the production of our products; our ability to operate our business in accordance with our business plan; legal, regulatory and tax environments in which we perform our operations and conduct our business and our ability to comply with relevant laws and regulations; increasing attention to environmental, social and governance matters and the resulting costs, risks and impact on our business; our ability to pay interest and repay the principal of our current indebtedness is dependent upon our ability to manage our business operations, our credit rating and the ongoing interest rate environment, among other factors; our ability or the ability of our customers to obtain licenses for the sale of certain products or provision of certain services to customers in China, pursuant to regulations recently issued by the Bureau of Industry and Security of the U.S. Department of Commerce, which could impact our business, financial condition and results of operations; instability in the global credit and financial markets; our exposure to currency exchange rate fluctuations, or declining economic conditions in those countries where we conduct our business; changes in our effective tax rate resulting from changes in the tax rates imposed by jurisdictions where our profits are determined to be earned and taxed, expiration of tax holidays in certain jurisdictions, resolution of issues arising from tax audits with various authorities or changes in tax laws or the interpretation of such tax laws; our ability to identify suitable acquisition targets and successfully integrate and manage acquired businesses; and unexpected delays, difficulties and expenses in executing against our environmental, climate, inclusion and diversity or other Environmental, Social and Governance targets, goals and commitments. 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, 2022, 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>   | March 31, 2023       | June 30, 2022        |
|---|----------------------|----------------------|
| <b>ASSETS</b>   |                      |                      |
| Current assets:   |                      |                      |
| Cash and cash equivalents   | \$ 1,568,513         | \$ 1,584,908         |
| Marketable securities   | 1,321,696            | 1,123,100            |
| Accounts receivable, net  | 1,940,067            | 1,811,877            |
| Inventories   | 2,749,743            | 2,146,889            |
| Other current assets  | 438,731              | 502,137              |
| Total current assets  | 8,018,750            | 7,168,911            |
| Land, property and equipment, net                                     | 984,271              | 849,929              |
| Goodwill  | 2,278,817            | 2,320,049            |
| Deferred income taxes   | 783,843              | 579,173              |
| Purchased intangible assets, net                                      | 999,958              | 1,194,414            |
| Other non-current assets  | 617,910              | 484,612              |
| Total assets  | <u>\$ 13,683,549</u> | <u>\$ 12,597,088</u> |
| <b>LIABILITIES, NON-CONTROLLING INTEREST AND STOCKHOLDERS' EQUITY</b> |                      |                      |
| Current liabilities:  |                      |                      |
| Accounts payable  | \$ 410,885           | \$ 443,338           |
| Deferred system revenue   | 533,791              | 500,969              |
| Deferred service revenue  | 364,394              | 381,737              |
| Other current liabilities   | 2,109,451            | 1,545,039            |
| Total current liabilities   | 3,418,521            | 2,871,083            |
| Long-term debt  | 5,889,740            | 6,660,718            |
| Deferred tax liabilities  | 514,269              | 658,937              |
| Deferred service revenue  | 176,260              | 124,618              |
| Other non-current liabilities   | 1,001,978            | 882,642              |
| Total liabilities   | 11,000,768           | 11,197,998           |
| Stockholders' equity:   |                      |                      |
| Common stock and capital in excess of par value                       | 1,996,773            | 1,061,940            |
| Retained earnings   | 721,299              | 366,882              |
| Accumulated other comprehensive loss                                  | (35,291)             | (27,471)             |
| Total KLA stockholders' equity  | 2,682,781            | 1,401,351            |
| Non-controlling interest in consolidated subsidiaries                 | —                    | (2,261)              |
| Total stockholders' equity  | 2,682,781            | 1,399,090            |
| Total liabilities and stockholders' equity                            | <u>\$ 13,683,549</u> | <u>\$ 12,597,088</u> |

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

|   | Three Months Ended March 31, |              | Nine Months Ended March 31, |              |
|---|------------------------------|--------------|-----------------------------|--------------|
|   | 2023                         | 2022         | 2023                        | 2022         |
| <i>(In thousands, except per share amounts)</i>           |                              |              |                             |              |
| Revenues:   |                              |              |                             |              |
| Product   | \$ 1,903,484                 | \$ 1,800,659 | \$ 6,562,501                | \$ 5,326,316 |
| Service   | 529,124                      | 488,017      | 1,578,418                   | 1,398,828    |
| Total revenues  | 2,432,608                    | 2,288,676    | 8,140,919                   | 6,725,144    |
| Costs and expenses:                                       |                              |              |                             |              |
| Costs of revenues   | 1,005,346                    | 892,091      | 3,255,358                   | 2,613,877    |
| Research and development                                  | 328,276                      | 285,189      | 979,617                     | 808,373      |
| Selling, general and administrative                       | 238,393                      | 216,489      | 735,469                     | 623,229      |
| Interest expense  | 74,774                       | 39,978       | 223,449                     | 116,142      |
| Loss on extinguishment of debt                            | —                            | —            | 13,286                      | —            |
| Other expense (income), net                               | (14,864)                     | 8,644        | (79,944)                    | 23,985       |
| Income before income taxes                                | 800,683                      | 846,285      | 3,013,684                   | 2,539,538    |
| Provision for income taxes                                | 102,846                      | 115,625      | 310,987                     | 22,876       |
| Net income  | 697,837                      | 730,660      | 2,702,697                   | 2,516,662    |
| Less: Net income attributable to non-controlling interest | —                            | 88           | 74                          | 229          |
| Net income attributable to KLA                            | \$ 697,837                   | \$ 730,572   | \$ 2,702,623                | \$ 2,516,433 |
| Net income per share attributable to KLA                  |                              |              |                             |              |
| Basic   | \$ 5.06                      | \$ 4.87      | \$ 19.26                    | \$ 16.64     |
| Diluted   | \$ 5.03                      | \$ 4.83      | \$ 19.16                    | \$ 16.52     |
| Weighted-average number of shares:                        |                              |              |                             |              |
| Basic   | 137,865                      | 150,145      | 140,349                     | 151,250      |
| Diluted   | 138,645                      | 151,186      | 141,073                     | 152,346      |

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

|   | Three Months Ended March 31, |                     |
|---|------------------------------|---------------------|
|   | 2023                         | 2022                |
| <i>(In thousands)</i>   |                              |                     |
| Cash flows from operating activities:   |                              |                     |
| Net income  | \$ 697,837                   | \$ 730,660          |
| Adjustments to reconcile net income to net cash provided by operating activities:                           |                              |                     |
| Depreciation and amortization   | 104,854                      | 92,127              |
| Unrealized foreign exchange (gain) loss and other   | (16,531)                     | (7,059)             |
| Stock-based compensation expense  | 48,130                       | 37,087              |
| Deferred income taxes   | (66,596)                     | (11,747)            |
| Changes in assets and liabilities, net of assets acquired and liabilities assumed in business acquisitions: |                              |                     |
| Accounts receivable   | 342,090                      | 126,414             |
| Inventories   | (211,216)                    | (156,513)           |
| Other assets  | (60,973)                     | (25,972)            |
| Accounts payable  | (119,606)                    | 41,797              |
| Deferred system revenue   | (1,765)                      | (4,734)             |
| Deferred service revenue  | 5,332                        | 47,748              |
| Other liabilities   | 289,299                      | (50,930)            |
| Net cash provided by operating activities   | <u>1,010,855</u>             | <u>818,878</u>      |
| Cash flows from investing activities:   |                              |                     |
| Business acquisitions, net of cash acquired   | —                            | (432,901)           |
| Capital expenditures  | (84,914)                     | (100,304)           |
| Purchases of available-for-sale securities  | (402,672)                    | (207,546)           |
| Proceeds from sale of available-for-sale securities   | 37,786                       | 26,713              |
| Proceeds from maturity of available-for-sale securities   | 345,972                      | 151,724             |
| Purchases of trading securities   | (40,176)                     | (43,000)            |
| Proceeds from sale of trading securities  | 30,797                       | 35,820              |
| Net cash used in investing activities   | <u>(113,207)</u>             | <u>(569,494)</u>    |
| Cash flows from financing activities:   |                              |                     |
| Proceeds from revolving credit facility   | —                            | 300,000             |
| Repayment of debt   | (225,000)                    | (45,000)            |
| Common stock repurchases  | (478,186)                    | (564,666)           |
| Payment of dividends to stockholders  | (180,854)                    | (158,976)           |
| Tax withholding payments related to vested and released restricted stock units                              | (16,154)                     | (16,661)            |
| Contingent consideration payable and other, net   | (2,527)                      | (1,100)             |
| Net cash used in financing activities   | <u>(902,721)</u>             | <u>(486,403)</u>    |
| Effect of exchange rate changes on cash and cash equivalents  | 2,109                        | (4,866)             |
| Net decrease in cash and cash equivalents   | (2,964)                      | (241,885)           |
| Cash and cash equivalents at beginning of period  | 1,571,477                    | 1,657,057           |
| Cash and cash equivalents at end of period  | <u>\$ 1,568,513</u>          | <u>\$ 1,415,172</u> |
| Supplemental cash flow disclosures:   |                              |                     |
| Income taxes paid, net  | \$ 56,779                    | \$ 128,233          |
| Interest paid   | \$ 125,055                   | \$ 40,020           |
| Non-cash activities:  |                              |                     |
| Contingent consideration payable - financing activities   | \$ (75)                      | \$ 423              |
| Dividends payable - financing activities  | \$ 1,915                     | \$ 1,638            |
| Unsettled common stock repurchase - financing activities  | \$ 15,943                    | \$ 6,000            |
| Accrued purchase of land, property and equipment - investing activities                                     | \$ 14,390                    | \$ 22,305           |



**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, |              |
|---|------------------------------|--------------|-----------------------------|--------------|
|   | 2023                         | 2022         | 2023                        | 2022         |
| Revenues:   |                              |              |                             |              |
| Semiconductor Process Control   | \$ 2,171,557                 | \$ 1,979,295 | \$ 7,226,711                | \$ 5,810,580 |
| Specialty Semiconductor Process   | 128,438                      | 117,253      | 414,390                     | 332,020      |
| PCB, Display and Component Inspection   | 131,923                      | 192,533      | 502,627                     | 583,318      |
| Total revenues for reportable segments  | 2,431,918                    | 2,289,081    | 8,143,728                   | 6,725,918    |
| Corporate allocations and effects of changes in foreign currency exchange rates | 690                          | (405)        | (2,809)                     | (774)        |
| Total revenues  | \$ 2,432,608                 | \$ 2,288,676 | \$ 8,140,919                | \$ 6,725,144 |

**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, 2023     | December 31, 2022 | March 31, 2022 | March 31, 2023    | March 31, 2022 |
| GAAP net income attributable to KLA                                     | \$ 697,837         | \$ 978,795        | \$ 730,572     | \$ 2,702,623      | \$ 2,516,433   |
| <u>Adjustments to reconcile GAAP net income to non-GAAP net income:</u> |                    |                   |                |                   |                |
| Acquisition-related charges   | a 65,050           | 66,689            | 59,898         | 206,999           | 174,405        |
| Restructuring, severance and other charges                              | b 19,089           | —                 | 2,513          | 13,900            | 2,638          |
| Loss on extinguishment of debt  | c —                | —                 | —              | 13,286            | —              |
| Income tax effect of non-GAAP adjustments                               | d (22,942)         | (19,293)          | (18,803)       | (69,517)          | (55,245)       |
| Discrete tax items  | e 1,688            | 21,511            | 1,457          | (52,277)          | (299,527)      |
| Non-GAAP net income attributable to KLA                                 | \$ 760,722         | \$ 1,047,702      | \$ 775,637     | \$ 2,815,014      | \$ 2,338,704   |
| GAAP net income per diluted share attributable to KLA                   | \$ 5.03            | \$ 6.89           | \$ 4.83        | \$ 19.16          | \$ 16.52       |
| Non-GAAP net income per diluted share attributable to KLA               | \$ 5.49            | \$ 7.38           | \$ 5.13        | \$ 19.95          | \$ 15.35       |
| Shares used in diluted net income per share calculation                 | 138,645            | 141,966           | 151,186        | 141,073           | 152,346        |

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

| <i>(In thousands)</i>                         | Acquisition - Related Charges | Restructuring, Severance and<br>Other Charges | Total Pre-tax GAAP to Non-<br>GAAP Adjustments |
|---|-------------------------------|---|--|
| <b>Three Months Ended March 31, 2023</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>\$ 84,139</u>                               |
| <b>Three Months Ended December 31, 2022</b>   |                               |   |  |
| Costs of revenues                             | \$ 45,437                     | \$ —  | \$ 45,437                                      |
| Research and development                      | 748                           | —   | 748  |
| Selling, general and administrative           | 20,504                        | —   | 20,504   |
| Total in three months ended December 31, 2022 | <u>\$ 66,689</u>              | <u>\$ —</u>                                   | <u>\$ 66,689</u>                               |
| <b>Three Months Ended March 31, 2022</b>      |                               |   |  |
| Costs of revenues                             | \$ 42,576                     | \$ —  | \$ 42,576                                      |
| Selling, general and administrative           | 17,322                        | —   | 17,322   |
| Other expense (income), net                   | —                             | 2,513   | 2,513  |
| Total in three months ended March 31, 2022    | <u>\$ 59,898</u>              | <u>\$ 2,513</u>                               | <u>\$ 62,411</u>                               |

**Free Cash Flow Reconciliation**

| <i>(In thousands)</i>                     | Three Months Ended March 31, |                   | Nine Months Ended March 31, |                     |
|---|------------------------------|-------------------|-----------------------------|---------------------|
|   | 2023                         | 2022              | 2023                        | 2022                |
| Net cash provided by operating activities | \$ 1,010,855                 | \$ 818,878        | \$ 2,710,690                | \$ 2,493,473        |
| Capital expenditures                      | (84,914)                     | (100,304)         | (262,908)                   | (234,160)           |
| Free cash flow                            | <u>\$ 925,941</u>            | <u>\$ 718,574</u> | <u>\$ 2,447,782</u>         | <u>\$ 2,259,313</u> |

**Capital Returns Calculation**

| <i>(In thousands)</i>                 | Three Months Ended March 31, |                   | Nine Months Ended March 31, |                     |
|---------------------------------------|------------------------------|-------------------|-----------------------------|---------------------|
|                                       | 2023                         | 2022              | 2023                        | 2022                |
| Payments of dividends to stockholders | \$ 180,854                   | \$ 158,976        | \$ 553,046                  | \$ 480,926          |
| Common stock repurchases              | 478,186                      | 564,666           | 923,039                     | 1,394,217           |
| Capital returns                       | <u>\$ 659,040</u>            | <u>\$ 723,642</u> | <u>\$ 1,476,085</u>         | <u>\$ 1,875,143</u> |

#### Fourth Quarter Fiscal 2023 Guidance

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

| <i>(In millions, except per share amounts)</i>          |   | Three Months Ending June 30, 2023 |        |
|---|---|-----------------------------------|--------|
|   |   | Low                               | High   |
| GAAP net income per diluted share                       |   | \$3.87                            | \$5.07 |
| Acquisition-related charges                             | a | 0.49                              | 0.49   |
| Restructuring, severance and other charges              | b | 0.01                              | 0.01   |
| Income tax effect of non-GAAP adjustments               | d | (0.14)                            | (0.14) |
| Non-GAAP net income per diluted share                   |   | \$4.23                            | \$5.43 |
| Shares used in net income per diluted share calculation |   | 137.5                             | 137.5  |

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

|  |   | Three Months Ending June 30, 2023 |        |
|--|---|-----------------------------------|--------|
|  |   | Low                               | High   |
| GAAP gross margin                          |   | 57.58%                            | 59.85% |
| Acquisition-related charges                | a | 2.14%                             | 1.87%  |
| Restructuring, severance and other charges | b | 0.03%                             | 0.03%  |
| Non-GAAP gross margin                      |   | 59.75%                            | 61.75% |

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:

- Acquisition-related charges primarily include amortization of intangible assets, transaction costs associated with our acquisitions and dispositions, as well as intangible asset impairment charges.
- 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, charges related to liquidation of legal entities and adjustments related to non-controlling interest. Restructuring, severance and other charges in the nine months ended March 31, 2023 include 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.
- Loss on extinguishment of debt includes a pre-tax loss on early extinguishment of the \$500 million 4.650% Senior Notes due in November 2024.
- Income tax effect of non-GAAP adjustments includes the income tax effects of the excluded items noted above.

- e. Discrete tax items in all periods presented include a tax impact relating to the amortization of certain intellectual property as a result of an internal restructuring of ownership rights to align with how our business operates. Discrete tax items in the three months ended December 31, 2022 also consist of a tax expense of \$19.8 million from an internal restructuring. Discrete items in the nine months ended March 31, 2023 include the aggregate of the aforementioned discrete tax items as well as 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 include a tax impact from the sale of Orbograph. Discrete tax items in the nine months ended March 31, 2022 primarily include a tax expense of \$163.7 million from an increase in deferred tax liabilities on unremitted foreign earnings due to a change in tax law, partially offset by a net benefit of \$69.2 million from an internal restructuring as well as a one-time tax benefit of \$394.5 million resulting from changes made to our international structure to better align ownership of certain intellectual property rights with how our business operates.