KEYSIGHT TECHNOLOGIES, INC.
Financial Information Index of Schedules

Fiscal Periods:
- Q1'22 - Three months ended January 31, 2022
- Q2'22 - Three months ended April 30, 2022
- Q3'22 - Three months ended July 31, 2022
- Q4'22 - Three months ended October 31, 2022
- Q1'23 - Three months ended January 31, 2023
- Q2'23 - Three months ended April 30, 2023
- Q3'23 - Three months ended July 31, 2023
- Q4'23 - Three months ended October 31, 2023

KEYSIGHT TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In millions, except per share data)
(Unaudited)
PRELIMINARY

	Three months ended October 31,		Percent
	2023	**2022**	**Inc/(Dec)**
Orders	$ 1,327	$ 1,570	(16)%
Revenue	$ 1,311	$ 1,443	(9)%
Costs and expenses:			
Cost of products and services	467	533	(12)%
Research and development	218	215	1%
Selling, general and administrative	313	321	(2)%
Other operating expense (income), net	(4)	(5)	(27)%
Total costs and expenses	994	1,064	(7)%
Income from operations	317	379	(16)%
Interest income	32	10	194%
Interest expense	(20)	(20)	—
Other income (expense), net	(53)	(1)	1510%
Income before taxes	276	368	(25)%
Provision for income taxes	50	69	(27)%
Net income	$ 226	$ 299	(24)%
Net income per share:			
Basic	$ 1.28	$ 1.67	
Diluted	$ 1.28	$ 1.66	
Weighted average shares used in computing net income per share:			
Basic	176	179	
Diluted	177	180	

KEYSIGHT TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In millions, except per share data)
(Unaudited)
PRELIMINARY

	Year ended October 31, 2023	Year ended October 31, 2022	Percent Inc/(Dec)
Orders	$ 5,190	$ 5,984	(13)%
Revenue	$ 5,464	$ 5,420	1%
Costs and expenses:			
Cost of products and services	1,932	1,970	(2)%
Research and development	882	841	5%
Selling, general and administrative	1,307	1,283	2%
Other operating expense (income), net	(15)	(8)	80%
Total costs and expenses	4,106	4,086	1%
Income from operations	1,358	1,334	2%
Interest income	102	16	518%
Interest expense	(78)	(79)	(1)%
Other income (expense), net	(25)	14	—
Income before taxes	1,357	1,285	6%
Provision for income taxes	300	161	87%
Net income	$ 1,057	$ 1,124	(6)%
Net income per share:			
Basic	$ 5.95	$ 6.23	
Diluted	$ 5.91	$ 6.18	
Weighted average shares used in computing net income per share:			
Basic	178	180	
Diluted	179	182	

KEYSIGHT TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(In millions, except par value and share data)
(Unaudited)
PRELIMINARY

	October 31, 2023	October 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,472	$ 2,042
Accounts receivable, net	900	905
Inventory	985	858
Other current assets	452	429
Total current assets	4,809	4,234
Property, plant and equipment, net	761	690
Operating lease right-of-use assets	226	220
Goodwill	1,640	1,582
Other intangible assets, net	155	189
Long-term investments	81	62
Long-term deferred tax assets	671	667
Other assets	340	454
Total assets	$ 8,683	$ 8,098
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 599	$ —
Accounts payable	286	348
Employee compensation and benefits	304	333
Deferred revenue	541	495
Income and other taxes payable	90	96
Operating lease liabilities	40	39
Other accrued liabilities	189	96
Total current liabilities	2,049	1,407
Long-term debt	1,195	1,793
Retirement and post-retirement benefits	64	58
Long-term deferred revenue	216	197
Long-term operating lease liabilities	192	186
Other long-term liabilities	313	296
Total liabilities	4,029	3,937
Stockholders' equity:		
Preferred stock; $0.01 par value; 100 million shares authorized; none issued and outstanding	—	—
Common stock; $0.01 par value; 1 billion shares authorized; issued and outstanding shares: 200 million and 199 million, respectively	2	2
Treasury stock, at cost; 25.4 million shares and 20.5 million shares, respectively	(2,980)	(2,274)
Additional paid-in-capital	2,487	2,333
Retained earnings	5,611	4,554
Accumulated other comprehensive loss	(466)	(454)
Total stockholders' equity	4,654	4,161
Total liabilities and equity	$ 8,683	$ 8,098

KEYSIGHT TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(In millions)
(Unaudited)
PRELIMINARY

	Three months ended October 31,		Year ended October 31,	
	2023	**2022**	**2023**	**2022**
Cash flows from operating activities:				
Net income	$ 226	$ 299	$ 1,057	$ 1,124
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	30	29	120	117
Amortization	20	26	92	106
Share-based compensation	25	23	135	125
Deferred tax expense (benefit)	(13)	(12)	(3)	7
Excess and obsolete inventory-related charges	8	9	27	27
Unrealized loss (gain) on investments in equity securities	11	10	(5)	31
Other non-cash expenses (income), net	1	2	4	11
Changes in assets and liabilities, net of effects of businesses acquired:				
Accounts receivable	(18)	(38)	14	(204)
Inventory	(22)	(37)	(148)	(125)
Accounts payable	(8)	15	(62)	56
Employee compensation and benefits	44	64	(43)	(17)
Deferred revenue	20	10	61	79
Income taxes payable	(12)	45	(40)	(14)
Retirement and post-retirement benefits	(1)	2	(8)	(19)
Interest rate swap agreement termination proceeds	—	—	107	—
Prepaid assets	40	(27)	7	(124)
Other assets and liabilities	27	(22)	93	(36)
Net cash provided by operating activities[(a)]	378	398	1,408	1,144
Cash flows from investing activities:				
Investments in property, plant and equipment	(38)	(58)	(196)	(185)
Acquisitions of businesses and intangible assets, net of cash acquired	—	—	(85)	(33)
Purchase of investments	—	(3)	(7)	(33)
Net cash used in investing activities	(38)	(61)	(288)	(251)
Cash flows from financing activities:				
Proceeds from issuance of common stock under employee stock plans	—	—	67	63
Payment of taxes related to net share settlement of equity awards	—	—	(49)	(74)
Treasury stock repurchases	(426)	(126)	(702)	(849)
Other financing activities	(2)	(1)	(3)	(1)
Net cash used in financing activities	(428)	(127)	(687)	(861)
Effect of exchange rate movements	(12)	(16)	(2)	(43)
Net increase (decrease) in cash, cash equivalents, and restricted cash	(100)	194	431	(11)
Cash, cash equivalents, and restricted cash at beginning of year	2,588	1,863	2,057	2,068
Cash, cash equivalents, and restricted cash at end of year	$ 2,488	$ 2,057	$ 2,488	$ 2,057

[(a)] Cash payments included in operating activities:

Interest payments	$ 38	$ 38	$ 75	$ 75
Income tax paid, net	$ 75	$ 34	$ 343	$ 191

KEYSIGHT TECHNOLOGIES, INC.
COMMUNICATIONS SOLUTIONS GROUP (CSG)
(In millions, except where noted)
(Unaudited)
PRELIMINARY

	FY 2023				
	Q1	Q2	Q3	Q4	Total
Revenue	$ 939	$ 937	$ 918	$ 891	$ 3,685
Gross margin, %	67.5%	68.1%	67.6%	67.7%	67.7%
Income from operations	$ 269	$ 266	$ 276	$ 257	$ 1,068
Operating margin, %	28.7%	28.4%	30.0%	28.8%	29.0%

	FY 2022				
	Q1	Q2	Q3	Q4	Total
Revenue	$ 878	$ 963	$ 970	$ 992	$ 3,803
Gross margin, %	67.3%	66.2%	66.5%	65.9%	66.5%
Income from operations	$ 237	$ 271	$ 288	$ 289	$ 1,085
Operating margin, %	26.9%	28.2%	29.6%	29.1%	28.5%

Segment revenue and income from operations is consistent with the respective non-GAAP financial measures as discussed on last page.

KEYSIGHT TECHNOLOGIES, INC.
ELECTRONIC INDUSTRIAL SOLUTIONS GROUP (EISG)
(In millions, except where noted)
(Unaudited)
PRELIMINARY

	FY 2023				
	Q1	Q2	Q3	Q4	Total
Revenue	$ 442	$ 453	$ 464	$ 420	$ 1,779
Gross margin, %	60.5%	63.7%	62.5%	60.7%	61.9%
Income from operations	$ 140	$ 157	$ 157	$ 127	$ 581
Operating margin, %	31.8%	34.5%	33.9%	30.3%	32.7%

	FY 2022				
	Q1	Q2	Q3	Q4	Total
Revenue	$ 372	$ 388	$ 406	$ 451	$ 1,617
Gross margin, %	62.6%	62.0%	61.3%	60.2%	61.5%
Income from operations	$ 114	$ 118	$ 127	$ 142	$ 501
Operating margin, %	30.7%	30.3%	31.3%	31.6%	31.0%

Segment revenue and income from operations is consistent with the respective non-GAAP financial measures as discussed on last page.

KEYSIGHT TECHNOLOGIES, INC.
GROSS PROFIT AND OPERATING MARGIN RECONCILIATIONS
(In millions, except where noted)
(Unaudited)
PRELIMINARY

Reconciliation of Gross Profit to non-GAAP Gross Profit

	Three months ended October 31,		Year ended October 31,	
	2023	**2022**	**2023**	**2022**
Gross Profit, as reported	$ 844	$ 910	$ 3,532	$ 3,450
Amortization of acquisition-related balances	5	11	34	48
Share-based compensation	5	4	25	23
Acquisition and integration costs	—	1	—	1
Restructuring and others	4	—	5	—
Non-GAAP Gross Profit	$ 858	$ 926	$ 3,596	$ 3,522
GAAP Gross margin, %	64.4%	63.1%	64.6%	63.7%
Non-GAAP Gross margin, %	65.5%	64.2%	65.8%	65.0%

Reconciliation of Income from Operations to non-GAAP Income from Operations

	Three months ended October 31,		Year ended October 31,	
	2023	**2022**	**2023**	**2022**
Income from operations, as reported	$ 317	$ 379	$ 1,358	$ 1,334
Amortization of acquisition-related balances	19	25	90	103
Share-based compensation	25	23	136	126
Acquisition and integration costs	2	2	13	9
Restructuring and others	21	2	52	14
Non-GAAP income from operations	$ 384	$ 431	$ 1,649	$ 1,586
GAAP Operating margin, %	24.2%	26.3%	24.8%	24.6%
Non-GAAP Operating margin, %	29.3%	29.9%	30.2%	29.3%

Please refer last page for details on the use of non-GAAP financial measures.

KEYSIGHT TECHNOLOGIES, INC.
OPERATING EXPENSES RECONCILIATIONS
(In millions)
(Unaudited)
PRELIMINARY

Reconciliation of research & development expenses to non-GAAP research & development expenses

	Three months ended October 31,		Year ended October 31,	
	2023	2022	2023	2022
Research & development expenses, as reported	$ 218	$ 215	$ 882	$ 841
Share-based compensation	(7)	(6)	(38)	(28)
Restructuring and others	(1)	—	(2)	—
Non-GAAP research & development expenses	$ 210	$ 209	$ 842	$ 813

Reconciliation of selling, general & administrative expenses to non-GAAP selling, general & administrative expenses

	Three months ended October 31,		Year ended October 31,	
	2023	2022	2023	2022
Selling, general & administrative expenses, as reported	$ 313	$ 321	$ 1,307	$ 1,283
Amortization of acquisition-related balances	(14)	(14)	(56)	(55)
Share-based compensation	(13)	(13)	(73)	(75)
Acquisition and integration costs	(2)	(1)	(13)	(8)
Restructuring and others	(16)	(3)	(45)	(8)
Non-GAAP selling, general & administrative expenses	$ 268	$ 290	$ 1,120	$ 1,137

Reconciliation of other operating expense (income), net to non-GAAP other operating expense (income), net

	Three months ended October 31,		Year ended October 31,	
	2023	2022	2023	2022
Other operating expense (income), net, as reported	$ (4)	$ (5)	$ (15)	$ (8)
Restructuring and others	—	1	—	(6)
Non-GAAP other operating expense (income), net	$ (4)	$ (4)	$ (15)	$ (14)

Reconciliation of operating expenses to non-GAAP operating expenses

	Three months ended October 31,		Year ended October 31,	
	2023	2022	2023	2022
Operating expenses, as reported	$ 527	$ 531	$ 2,174	$ 2,116
Amortization of acquisition-related balances	(14)	(14)	(56)	(55)
Share-based compensation	(20)	(19)	(111)	(103)
Acquisition and integration costs	(2)	(1)	(13)	(8)
Restructuring and others	(17)	(2)	(47)	(14)
Non-GAAP operating expenses	$ 474	$ 495	$ 1,947	$ 1,936

Please refer last page for details on the use of non-GAAP financial measures.

KEYSIGHT TECHNOLOGIES, INC.
NET INCOME AND DILUTED EPS RECONCILIATION
(In millions, except per share data)
(Unaudited)
PRELIMINARY

	Three months ended October 31,				Year ended October 31,			
	2023		2022		2023		2022	
	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS
Net income, as reported	$ 226	$ 1.28	$ 299	$ 1.66	$ 1,057	$ 5.91	$ 1,124	$ 6.18
Non-GAAP adjustments:								
Amortization of acquisition-related balances	19	0.11	25	0.14	90	0.50	103	0.57
Share-based compensation	25	0.14	23	0.13	136	0.76	126	0.69
Acquisition and integration costs	48	0.27	2	0.01	60	0.34	9	0.05
Restructuring and others	32	0.18	20	0.12	48	0.27	54	0.30
Adjustment for taxes[a]	2	0.01	17	0.08	97	0.55	(28)	(0.16)
Non-GAAP Net income	$ 352	$ 1.99	$ 386	$ 2.14	$ 1,488	$ 8.33	$ 1,388	$ 7.63
Weighted average shares outstanding - diluted	177		180		179		182	

[a] For both the three and twelve months ended October 31, 2023 and 2022, management uses a non-GAAP effective tax rate of 12%.

Please refer last page for details on the use of non-GAAP financial measures.

KEYSIGHT TECHNOLOGIES, INC.
RECONCILIATIONS OF CORE REVENUE BY SEGMENT AND REGION
(In millions)
(Unaudited)
PRELIMINARY

	Year-over-Year								
	Revenue			Revenue from acquisitions or divestitures		Currency Adjustments[a]	Core Revenue		
Revenue by Segment	Q4'23	Q4'22	YoY % Chg.	Q4'23	Q4'22	Q4'23	Q4'23	Q4'22	YoY % Chg.
Communications Solutions Group	$ 891	$ 992	(10)%	$ 3	$ —	$ (1)	$ 889	$ 992	(10)%
Electronic Industrial Solutions Group	420	451	(7)%	2	—	1	417	451	(8)%
Total Revenue	$ 1,311	$ 1,443	(9)%	$ 5	$ —	$ —	$ 1,306	$ 1,443	(10)%

	Revenue			Revenue from acquisitions or divestitures		Currency Adjustments[a]	Core Revenue		
Revenue by Region	Q4'23	Q4'22	YoY % Chg.	Q4'23	Q4'22	Q4'23	Q4'23	Q4'22	YoY % Chg.
Americas	$ 571	$ 594	(4)%	$ 4	$ —	$ —	$ 567	$ 594	(5)%
Europe	227	231	(2)%	—	—	5	222	231	(4)%
Asia Pacific	513	618	(17)%	1	—	(5)	517	618	(16)%
Total Revenue	$ 1,311	$ 1,443	(9)%	$ 5	$ —	$ —	$ 1,306	$ 1,443	(10)%

[a] We compare the year-over-year change in revenue excluding the effect of foreign currency rate fluctuations to assess the performance of our underlying business. To determine the impact of currency fluctuations, current period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the actual exchange rate in effect during the respective prior periods.

Please refer last page for details on the use of non-GAAP financial measures.

KEYSIGHT TECHNOLOGIES, INC.
REVENUE BY END MARKETS
(In millions)
(Unaudited)
PRELIMINARY

	Q4'23	Q4'22	Percent Inc/(Dec)	FY23	FY22	Percent Inc/(Dec)
Aerospace, Defense and Government	$ 323	$ 311	4%	$ 1,250	$ 1,171	7%
Commercial Communications	568	681	(17)%	2,435	2,632	(7)%
Electronic Industrial	420	451	(7)%	1,779	1,617	10%
Total Revenue	$ 1,311	$ 1,443	(9)%	$ 5,464	$ 5,420	1%

KEYSIGHT TECHNOLOGIES, INC.
FREE CASH FLOW
(In millions)
(Unaudited)
PRELIMINARY

	Three months ended October 31,		Year ended October 31,	
	2023	2022	2023	2022
Net cash provided by operating activities	$ 378	$ 398	$ 1,408	$ 1,144
Less: Investments in property, plant and equipment	(38)	(58)	(196)	(185)
Free cash flow	$ 340	$ 340	$ 1,212	$ 959
Free cash flow as a percentage of Revenue	26%	24%	22%	18%
Free cash flow as a percentage of Non-GAAP Net Income	97%	88%	81%	69%
Share repurchases as a percentage of Free Cash Flow	125%	37%	58%	89%

Please refer last page for details on the use of non-GAAP financial measures.

KEYSIGHT TECHNOLOGIES, INC.
RECONCILIATION OF CORE REVENUE
(In millions)
(Unaudited)
PRELIMINARY

	Year-over-year			Year-over-year		
	Q4'23	**Q4'22**	**Percent Inc/(Dec)**	**FY23**	**FY22**	**Percent Inc/(Dec)**
Revenue	$ 1,311	$ 1,443	(9)%	$ 5,464	$ 5,420	1%
Adjustments:						
Revenue from acquisitions or divestitures	(5)	—		(17)	—	
Currency impacts	—	—		94	—	
Core Revenue	$ 1,306	$ 1,443	(10)%	$ 5,541	$ 5,420	2%

Please refer last page for discussion on our non-GAAP financial measures.

Non-GAAP Financial Measures

Management uses both GAAP and non-GAAP financial measures to analyze and assess the overall performance of the business, to make operating decisions and to forecast and plan for future periods. We believe that our investors benefit from seeing our results “through the eyes of management” in addition to seeing our GAAP results. This information enhances investors’ understanding of the continuing performance of our business and facilitates comparison of performance to our historical and future periods.

Our non-GAAP financial measures may not be comparable to similarly titled measures used by other companies, including industry peer companies, limiting the usefulness of these measures for comparative purposes.

These non-GAAP measures should be considered supplemental to and not a substitute for financial information prepared in accordance with GAAP. The discussion below presents information about each of the non-GAAP financial measures and the company’s reasons for including or excluding certain categories of income or expenses from our non-GAAP results. In future periods, we may exclude such items and may incur income and expenses similar to these excluded items. Accordingly, adjustments for these items and other similar items in our non-GAAP presentation should not be interpreted as implying that these items are non-recurring, infrequent or unusual.

Non-GAAP Revenue generally relates to an acquisition and includes recognition of acquired deferred revenue that was written down to fair value in purchase accounting. Management believes that excluding fair value purchase accounting adjustments more closely correlates with the ordinary and ongoing course of the acquired company’s operations and facilitates analysis of revenue growth and business trends. We may not have non-GAAP revenue in all periods.

Core Revenue is GAAP/non-GAAP revenue (as applicable) excluding the impact of foreign currency changes and revenue associated with material acquisitions or divestitures completed within the last twelve months. We exclude the impact of foreign currency changes as currency rates can fluctuate based on factors that are not within our control and can obscure revenue growth trends. As the nature, size and number of acquisitions can vary significantly from period to period and as compared to our peers, we exclude revenue associated with recently acquired businesses to facilitate comparisons of revenue growth and analysis of underlying business trends.

Free cash flow includes net cash provided by operating activities adjusted for investments in property, plant & equipment.

Non-GAAP Income from Operations, Non-GAAP Net Income and Non-GAAP Diluted EPS may include the following types of adjustments:

- *Acquisition-related Items:* We exclude the impact of certain items recorded in connection with business combinations from our non-GAAP financial measures that are either non-cash or not normal, recurring operating expenses due to their nature, variability of amounts and lack of predictability as to occurrence or timing. These amounts may include non-cash items such as the amortization of acquired intangible assets and amortization of items associated with fair value purchase accounting adjustments, including recognition of acquired deferred revenue (see Non-GAAP Revenue above). We also exclude other acquisition and integration costs associated with business acquisitions that are not normal recurring operating expenses, including amortization of amounts paid to redeem acquirees’ unvested stock-based compensation awards, and legal, accounting and due diligence costs. We exclude these charges to facilitate a more meaningful evaluation of our current operating performance and comparisons to our past operating performance.

- *Share-based Compensation Expense:* We exclude share-based compensation expense from our non-GAAP financial measures because share-based compensation expense can vary significantly from period to period based on the company’s share price, as well as the timing, size and nature of equity awards granted. Management believes the exclusion of this expense facilitates the ability of investors to compare the company’s operating results with those of other companies, many of which also exclude share-based compensation expense in determining their non-GAAP financial measures.

- *Restructuring and others:* We exclude incremental expenses associated with restructuring initiatives, usually aimed at material changes in the business or cost structure. Such costs may include employee separation costs, asset impairments, facility-related costs, contract termination fees, and costs to move operations from one location to another. These activities can vary significantly from period to period based on the timing, size and nature of restructuring plans; therefore, we do not consider such costs to be normal, recurring operating expenses. We also exclude “others”, not normal, recurring, cash operating income/expenses from our non-GAAP financial measures. Such items are evaluated on an individual basis, based on both quantitative and qualitative factors and generally represent items that we do not anticipate occurring as part of our normal business. While not all-inclusive, examples of such items would include net unrealized gains on equity investments still held, significant non-recurring events like realized gains or losses associated with our employee benefit plans, costs and recoveries related to unusual events, gain on sale of assets/divestitures, etc. We believe that these costs do not reflect expected future operating expenses and do not contribute to a meaningful evaluation of the company’s current operating performance or comparisons to our operating performance in other periods.

- *Estimated Tax Rate:* We utilize a consistent methodology for long-term projected non-GAAP tax rate. When projecting this long-term rate, we exclude any tax benefits or expenses that are not directly related to ongoing operations and which are either isolated or cannot be expected to occur again with any regularity or predictability. Additionally, we evaluate our current long-term projections, current tax structure and other factors, such as existing tax positions in various jurisdictions and key tax holidays in major jurisdictions where Keysight operates. This tax rate could change in the future for a variety of reasons, including but not limited to significant changes in geographic earnings mix including acquisition activity, or fundamental tax law changes in major jurisdictions where Keysight operates. The above reasons also limit our ability to reasonably estimate the future GAAP tax rate and provide a reconciliation of the expected non-GAAP earnings per share for the first quarter of fiscal 2024 to the GAAP equivalent.

Management recognizes these items can have a material impact on our cash flows and/or our net income. Our GAAP financial statements, including our Condensed Consolidated Statement of Cash Flows, portray those effects. Although we believe it is useful for investors to see core performance free of special items, investors should understand that the excluded costs are actual expenses that may impact the cash available to us for other uses. To gain a complete picture of all effects on the company’s profit and loss from any and all events, management does (and investors should) rely upon the Condensed Consolidated Statement of Operations prepared in accordance with GAAP. The non-GAAP measures focus instead upon the core business of the company, which is only a subset, albeit a critical one, of the company’s performance.