KEYSIGHT TECHNOLOGIES, INC.
Financial Information Index of Schedules

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

	Three months ended January 31, 2026	Three months ended January 31, 2025
Orders	$ 1,645	$ 1,263
Revenue	$ 1,600	$ 1,298
Costs and expenses:		
Cost of products and services	605	478
Research and development	303	249
Selling, general and administrative	447	361
Other operating expense (income), net	(3)	(8)
Total costs and expenses	1,352	1,080
Income from operations	248	218
Interest income	16	19
Interest expense	(29)	(20)
Other income (expense), net	(37)	(18)
Income before taxes	198	199
Provision (benefit) for income taxes	(83)	30
Net income	$ 281	$ 169
Net income per share:		
Basic	$ 1.64	$ 0.97
Diluted	$ 1.63	$ 0.97
Weighted average shares used in computing net income per share:		
Basic	172	173
Diluted	173	174

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

	January 31, 2026	October 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,178	$ 1,873
Accounts receivable, net	914	939
Inventory	1,048	1,050
Other current assets	561	486
Total current assets	4,701	4,348
Property, plant and equipment, net	757	795
Operating lease right-of-use assets	229	236
Goodwill	3,474	3,424
Other intangible assets, net	1,251	1,304
Long-term investments	147	211
Long-term deferred tax assets	330	373
Other assets	592	610
Total assets	$ 11,481	$ 11,301
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 334	$ 355
Employee compensation and benefits	329	399
Deferred revenue	729	652
Income and other taxes payable	196	207
Operating lease liabilities	52	51
Other accrued liabilities	165	186
Total current liabilities	1,805	1,850
Long-term debt	2,534	2,534
Retirement and post-retirement benefits	75	75
Long-term deferred revenue	237	232
Long-term operating lease liabilities	186	193
Other long-term liabilities	439	536
Total liabilities	5,276	5,420
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; 203 million and 202 million shares issued, respectively	2	2
Treasury stock, at cost; 31.2 million shares and 30.8 million shares, respectively	(3,886)	(3,799)
Additional paid-in-capital	2,932	2,851
Retained earnings	7,356	7,075
Accumulated other comprehensive loss	(199)	(248)
Total stockholders' equity	6,205	5,881
Total liabilities and equity	$ 11,481	$ 11,301

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

	Three months ended January 31,	
	2026	**2025**
Cash flows from operating activities:		
Net income	$ 281	$ 169
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	38	31
Amortization	67	35
Share-based compensation	76	62
Deferred tax expense (benefit)	(1)	(10)
Excess and obsolete inventory-related charges	9	9
Gain on sale of investments	(5)	—
Unrealized loss (gain) on investments in equity securities	53	(37)
Other non-cash expenses (income), net	6	1
Changes in assets and liabilities, net of effects of businesses acquired:		
Accounts receivable	33	53
Inventory	(3)	(26)
Accounts payable	(13)	(16)
Employee compensation and benefits	(61)	(38)
Deferred revenue	70	43
Income taxes payable	(41)	34
Income taxes receivable	(53)	(5)
Other assets and liabilities	(15)	73
Net cash provided by operating activities[a]	441	378
Cash flows from investing activities:		
Investments in property, plant and equipment	(34)	(32)
Acquisitions of businesses and intangible assets, net of cash acquired	(16)	—
Proceeds from sale of investments	7	—
Other investing activities	(1)	(1)
Net cash used in investing activities	(44)	(33)
Cash flows from financing activities:		
Proceeds from issuance of common stock under employee stock plans	32	31
Payment of taxes related to net share settlement of equity awards	(31)	(29)
Treasury stock repurchases, including excise tax payments	(87)	(75)
Payment of acquisition-related consideration	(13)	—
Other financing activities	—	(1)
Net cash used in financing activities	(99)	(74)
Effect of exchange rate movements	7	(8)
Net increase in cash, cash equivalents, and restricted cash	305	263
Cash, cash equivalents, and restricted cash at beginning of period	1,890	1,814
Cash, cash equivalents, and restricted cash at end of period	$ 2,195	$ 2,077

[a] Cash payments included in operating activities:		
Interest payments	$ 32	$ —
Income tax paid, net	$ 18	$ 9

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

	FY 2026				
	Q1	**Q2**	**Q3**	**Q4**	**Total**
Revenue	$ 1,124				$ 1,124
Gross margin, %	68.5%				68.5%
Income from operations	$ 309				$ 309
Operating margin, %	27.5%				27.5%

	FY 2025				
	Q1	**Q2**	**Q3**	**Q4**	**Total**
Revenue	$ 883	$ 913	$ 940	$ 990	$ 3,726
Gross margin, %	68.0%	66.9%	66.7%	65.9%	66.9%
Income from operations	$ 240	$ 236	$ 246	$ 264	$ 986
Operating margin, %	27.2%	25.9%	26.1%	26.7%	26.5%

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 percentages)
(Unaudited)
PRELIMINARY

	FY 2026				
	Q1	Q2	Q3	Q4	Total
Revenue	$ 476				$ 476
Gross margin, %	62.4%				62.4%
Income from operations	$ 130				$ 130
Operating margin, %	27.2%				27.2%

	FY 2025				
	Q1	Q2	Q3	Q4	Total
Revenue	$ 415	$ 393	$ 412	$ 429	$ 1,649
Gross margin, %	61.1%	59.4%	57.4%	60.4%	59.6%
Income from operations	$ 114	$ 92	$ 92	$ 109	$ 407
Operating margin, %	27.4%	23.4%	22.3%	25.4%	24.7%

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 percentages)
(Unaudited)
PRELIMINARY

Reconciliation of Gross Profit to non-GAAP Gross Profit

	Three months ended January 31, 2026	Three months ended January 31, 2025
Gross Profit, as reported	$ 995	$ 820
Amortization of acquisition-related balances	51	19
Share-based compensation	15	11
Acquisition and integration costs	1	1
Restructuring and others	5	3
Non-GAAP Gross Profit	$ 1,067	$ 854
GAAP Gross margin, %	62.2%	63.1%
Non-GAAP Gross margin, %	66.7%	65.8%

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

	Three months ended January 31, 2026	Three months ended January 31, 2025
Income from operations, as reported	$ 248	$ 218
Amortization of acquisition-related balances	73	33
Share-based compensation	77	62
Acquisition and integration costs	29	28
Restructuring and others	12	13
Non-GAAP income from operations	$ 439	$ 354
GAAP Operating margin, %	15.5%	16.8%
Non-GAAP Operating margin, %	27.4%	27.3%

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

KEYSIGHT TECHNOLOGIES, INC.
CORE OPERATING MARGIN RECONCILIATION
(In millions, except percentages)
(Unaudited)
PRELIMINARY

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

	Three months ended January 31, 2026	Three months ended January 31, 2025
Non-GAAP income from operations	$ 439	$ 354
Adjustments:		
Operating profit from acquisitions or divestitures	(12)	—
Currency impacts	1	—
Core Income from operations	$ 428	$ 354
Core Revenue	$ 1,479	$ 1,298
Core Operating margin, %	28.9%	27.3%

Please refer to the 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 January 31, 2026	Three months ended January 31, 2025
Research & development expenses, as reported	$ 303	$ 249
Share-based compensation	(22)	(16)
Acquisition and integration costs	(1)	(1)
Restructuring and others	(1)	(2)
Non-GAAP research & development expenses	$ 279	$ 230

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

	Three months ended January 31, 2026	Three months ended January 31, 2025
Selling, general & administrative expenses, as reported	$ 447	$ 361
Amortization of acquisition-related balances	(22)	(14)
Share-based compensation	(40)	(35)
Acquisition and integration costs	(27)	(26)
Restructuring and others	(6)	(8)
Non-GAAP selling, general & administrative expenses	$ 352	$ 278

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

	Three months ended January 31, 2026	Three months ended January 31, 2025
Other operating expense (income), net, as reported	$ (3)	$ (8)
Non-GAAP other operating expense (income), net	$ (3)	$ (8)

Reconciliation of operating expenses to non-GAAP operating expenses

	Three months ended January 31, 2026	Three months ended January 31, 2025
Operating expenses, as reported	$ 747	$ 602
Amortization of acquisition-related balances	(22)	(14)
Share-based compensation	(62)	(51)
Acquisition and integration costs	(28)	(27)
Restructuring and others	(7)	(10)
Non-GAAP operating expenses	$ 628	$ 500

Please refer to the 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 January 31,			
	2026		2025	
	Net Income	Diluted EPS	Net Income	Diluted EPS
GAAP Net income	$ 281	$ 1.63	$ 169	$ 0.97
Non-GAAP adjustments:				
Amortization of acquisition-related balances	73	0.42	33	0.19
Share-based compensation	77	0.44	62	0.36
Acquisition and integration costs	29	0.17	98	0.56
Restructuring and others	60	0.34	(24)	(0.14)
Adjustment for taxes[a]	(144)	(0.83)	(21)	(0.12)
Non-GAAP Net income	$ 376	$ 2.17	$ 317	$ 1.82
Weighted average shares outstanding - diluted	173		174	

[a] For the three months ended January 31, 2026 and 2025, management used a non-GAAP effective tax rate of 14%, respectively.

Please refer to the 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	Q1'26	Q1'25	YoY % Chg.	Q1'26	Q1'26	Q1'26	Q1'25	YoY % Chg.
Communications Solutions Group	$ 1,124	$ 883	27%	$ 89	$ 9	$ 1,026	$ 883	16%
Electronic Industrial Solutions Group	476	415	15%	15	8	453	415	9%
Total Revenue	$ 1,600	$ 1,298	23%	$ 104	$ 17	$ 1,479	$ 1,298	14%

	Revenue			Revenue from acquisitions or divestitures	Currency Adjustments[a]	Core Revenue		
Revenue by Region	Q1'26	Q1'25	YoY % Chg.	Q1'26	Q1'26	Q1'26	Q1'25	YoY % Chg.
Americas	$ 680	$ 551	23%	$ 73	$ —	$ 607	$ 551	10%
Europe	328	259	27%	17	18	293	259	14%
Asia Pacific	592	488	21%	14	(1)	579	488	18%
Total Revenue	$ 1,600	$ 1,298	23%	$ 104	$ 17	$ 1,479	$ 1,298	14%

[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 to the last page for details on the use of non-GAAP financial measures.

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

	Q1'26	Q1'25	Percent Inc/(Dec)
Aerospace, Defense and Government	$ 366	$ 311	18%
Commercial Communications	758	572	33%
Electronic Industrial	476	415	15%
Total Revenue	$ 1,600	$ 1,298	23%

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

	Three months ended January 31,	
	2026	**2025**
Net cash provided by operating activities	$ 441	$ 378
Adjustments:		
Investments in property, plant and equipment	(34)	(32)
Free cash flow	$ 407	$ 346

Please refer to the last page for details on the use of 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.

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

Percentages and period over period changes are calculated using underlying unrounded values and may not precisely reconcile to the rounded figures presented.

Free cash flow includes cash provided by operating activities adjusted for net 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. We also exclude other acquisition and integration costs associated with business acquisitions that are not normal recurring operating expenses, including gain/loss on foreign exchange contracts 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 including those of acquired entities, 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 gains/losses on investments, 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, adjustment attributable to non-controlling interest, 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 second quarter of fiscal 2026 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.