

Keysight Technologies Q1 Fiscal Year 2026 Results

February 23, 2026

Safe Harbor

This communication contains forward-looking statements as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and is subject to the safe harbors created therein. Statements preceded by, followed by, or that otherwise include the words “anticipate,” “assume,” “plan,” “estimate,” “expect,” “guidance,” “intend,” “implied,” “target,” “believe,” “outlook,” and similar words or expressions, or future or conditional verbs such as “will,” “should,” “would,” “may,” or “could”, or statements regarding the company’s goals, priorities, anticipated revenues, anticipated demand, growth opportunities, customer service and innovation plans, new product introductions, anticipated financial condition, anticipated gross and operating margins, future earnings, the anticipated continued strengths and expected growth of the markets the company sells into, and future operations, earnings, and tax rates are intended to identify forward-looking statements. Keysight disclaims any intention to, and undertakes no responsibility to, update or revise any forward-looking statements, whether as a result of new information, a future event, or otherwise. The forward-looking statements contained herein include, but are not limited to, predictions, guidance, projections, assumptions, beliefs, opinions, and expectations regarding the company’s future goals, revenues, financial condition, earnings, and operations that involve risks and uncertainties that could cause Keysight’s results to differ materially from those expressed in such statements. Such risks and uncertainties include, but are not limited to, impacts of global economic conditions such as inflation or recession, impacts of tariffs and reciprocal tariffs, volatility in financial markets, reduced access to credit, changing interest rates, slowing demand for products or services, impacts of US export control regulations, impacts of geopolitical tension and conflict, impacts related to net-zero emissions commitments, customer purchasing decisions and timing, order cancellations. For additional risks and uncertainties that could impact Keysight’s actual results, please see our latest Annual Report on Form 10-K for the fiscal year ended October 31, 2025 filed with the SEC on December 17, 2025, included but not limited to the discussion under “Risk Factors” therein, which may be viewed at www.sec.gov.

This presentation includes a number of different financial measures, both GAAP and non-GAAP, in analyzing and assessing the overall performance of Keysight’s business, for making operating decisions and for forecasting and planning for future periods. Non-GAAP measures exclude primarily the impacts of amortization of acquisition-related balances, share-based compensation, acquisition and integration costs, restructuring and related costs, and any one-time adjustments that may have a material effect on Keysight’s expenses and income from operations calculated in accordance with GAAP. Also excluded are 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. For future periods, most of these excluded amounts pertain to events that have not yet occurred and are not currently possible to estimate with a reasonable degree of accuracy. This limits our ability to provide a reconciliation of the expected non-GAAP earnings per share to the GAAP equivalent. The definitions of these non-GAAP financial measures may differ from similarly titled measures used by others, and such non-GAAP measures should be considered supplemental to and not a substitute for financial information prepared in accordance with GAAP. Keysight generally uses non-GAAP financial measures to facilitate management’s comparisons to historic operating results, to competitors’ operating results and to guidance provided to investors. In addition, Keysight believes that the use of these non-GAAP financial measures provides greater transparency to investors of information used by management in its financial and operational decision-making. Refer to the last slide of this Presentation for more details on the use of non-GAAP financial measures.

Key Takeaways

Delivering Robust Results - Q1'26

- Record Q1 orders
- Record revenue
- Double-digit growth across segments
- Margin expansion
- EPS growth
- Healthy free cash flow

Seeing Accelerating Demand

- Convergence of structural tailwinds
- Strong momentum for AI-enabling solutions and defense modernization demand
- Closely engaging with customers to meet rapidly evolving needs

Leveraging Organic & Inorganic Portfolio

- First-to-market solutions to address needs across a diversified set of end markets
- Expanding opportunities with enhanced portfolio from completed acquisitions

Creating Shareholder Value

- Topline growth driven by portfolio investments made over the past 3 years
- On track for \$100M acquisition synergy target
- Enhanced base case expectation with FY26 revenue and earnings growth just above 20%

Expect to achieve FY26 revenue and EPS growth well above LT target level

Q1'26 Highlights

1

Outstanding Q1 results exceeded high end of guidance range

- Record revenue of \$1.60B, +23% y/y (+14% core¹)
- Earnings per share² of \$2.17, +19% y/y
- Robust growth in Communications Solutions (CSG) (+27%) and Electronic Industrial Solutions (EISG) (+15%)
- Gross margin² of 66.7% (+90 bps y/y); operating margin² of 27.4% (+20 bps y/y)
- Core¹ operating margin incremental of 41%

2

Seeing accelerating demand momentum

- Orders +30% y/y (+22% core¹) to a record \$1.645B
- Strong growth across business segments and key regions
- Record \$2.75B backlog with strong scheduled shipments for Q2

3

Creating increased value for shareholders

- Free cash flow² of \$407M
- Q1 share repurchases of ~420K shares, or \$87M
- Expect FY26 revenue and non-GAAP EPS growth just above 20%³
 - Integration of recent acquisitions on track with \$375M of revenue expected in FY26
 - Expect \$100M in run-rate synergies and other operational efficiencies, weighted to late FY26

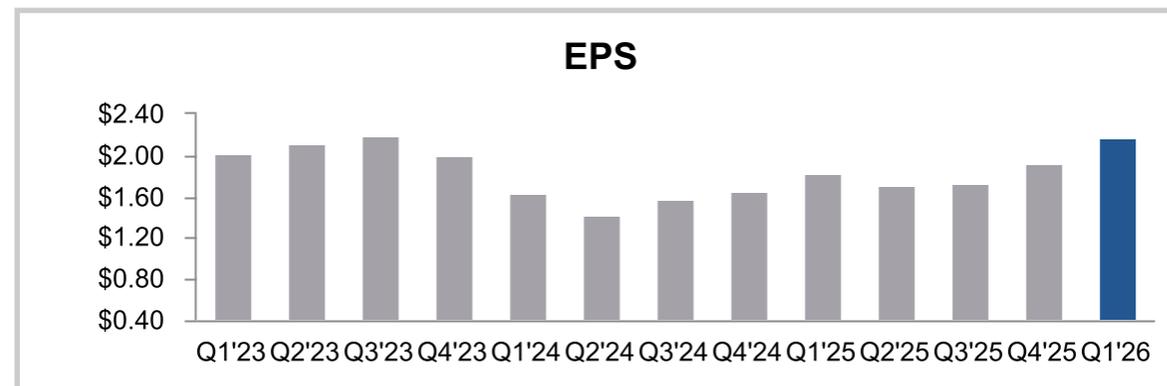
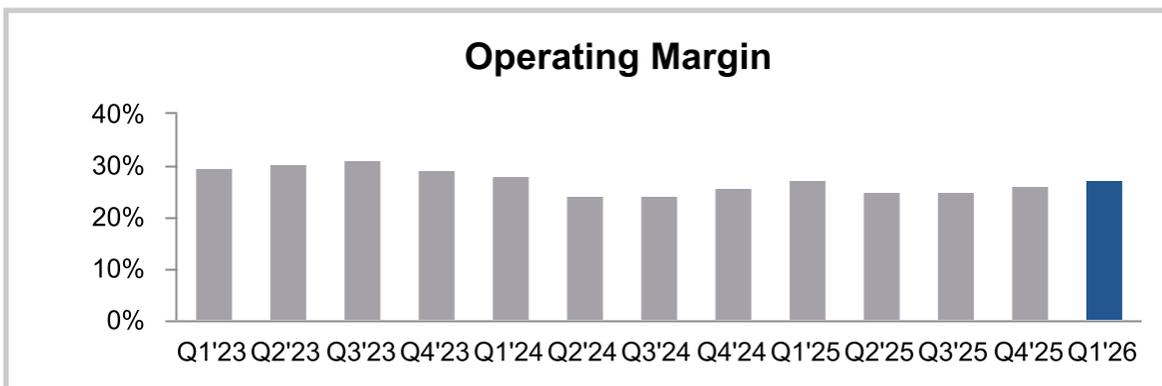
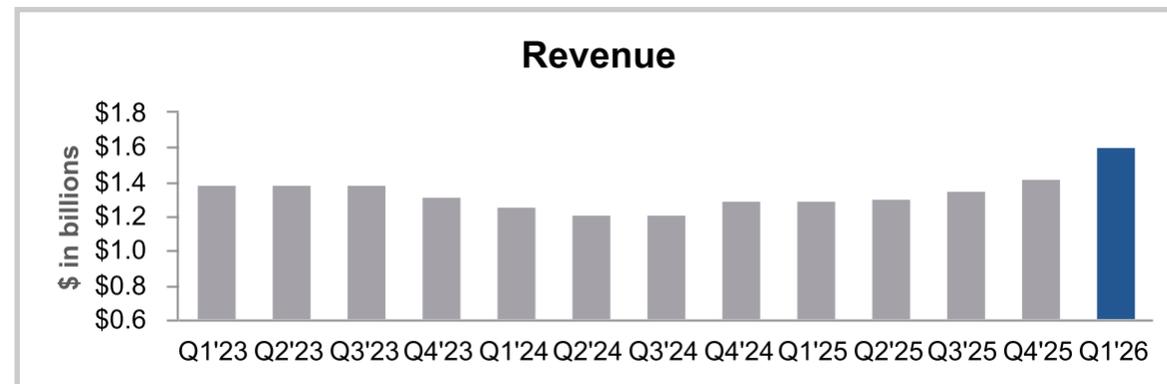
¹ Core excludes the impact of currency, acquisitions or divestitures closed in the last twelve months; reconciliations included.

² Non-GAAP measure. Reconciliations to the closest GAAP equivalent provided for the current period.

³ Does not include any potential impacts related to the February 20, 2026 Supreme Court ruling on IEEPA tariffs or subsequent actions by the U.S. administration.

Q1'26 Non-GAAP Financial Highlights

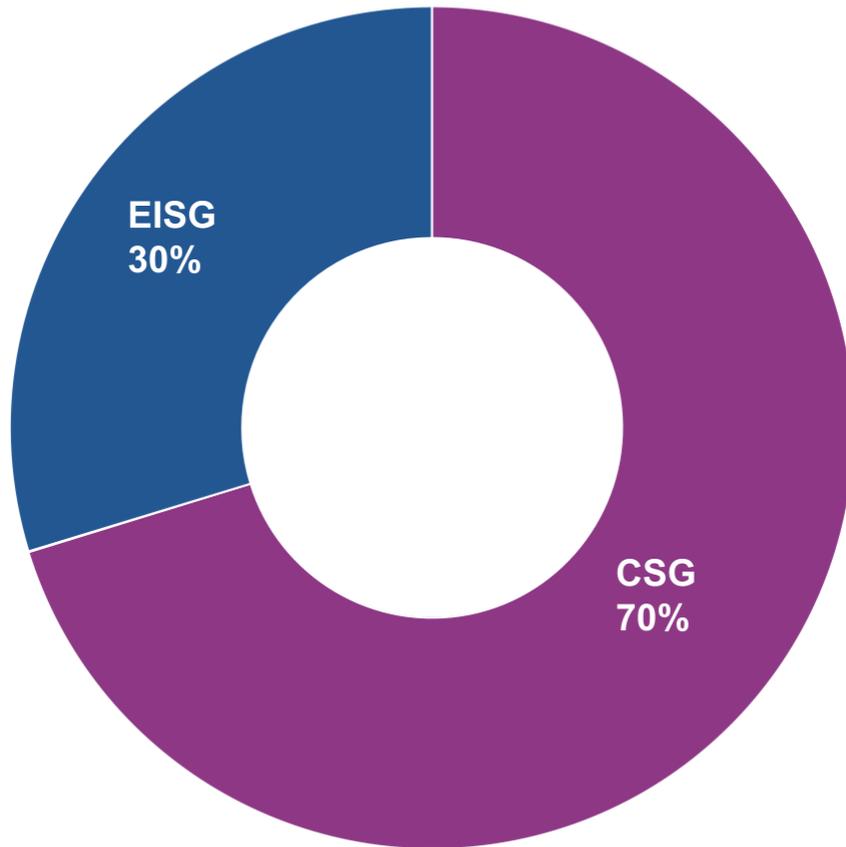
Orders \$1.645B +30%/y/y (+22%core*)	Revenue \$1.600B +23%/y/y (+14% core*)	Operating Margin 27.4% +20 basis points y/y	EPS \$2.17 +19%/y/y
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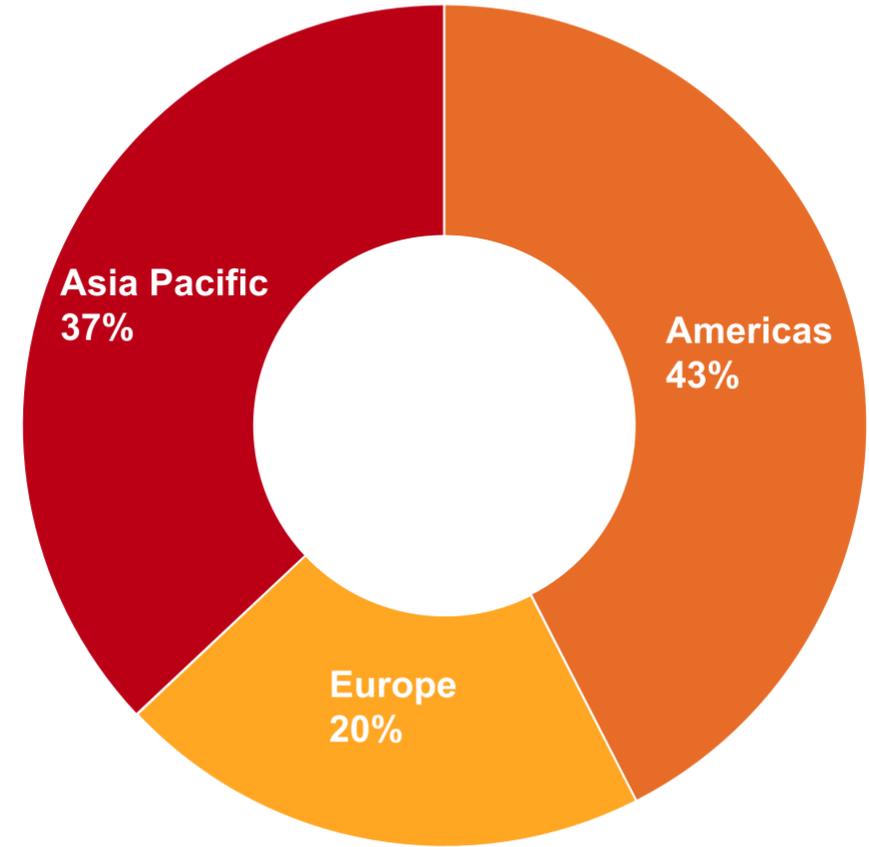
Revenue by Segment & by Region

Q1'26 Revenue: \$1.600B

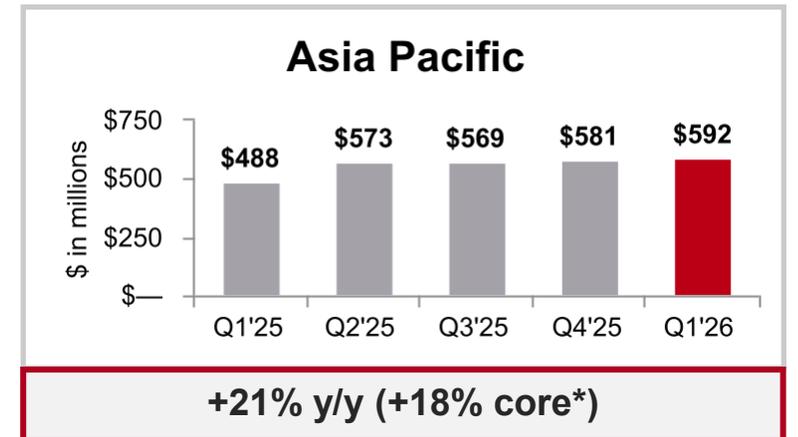
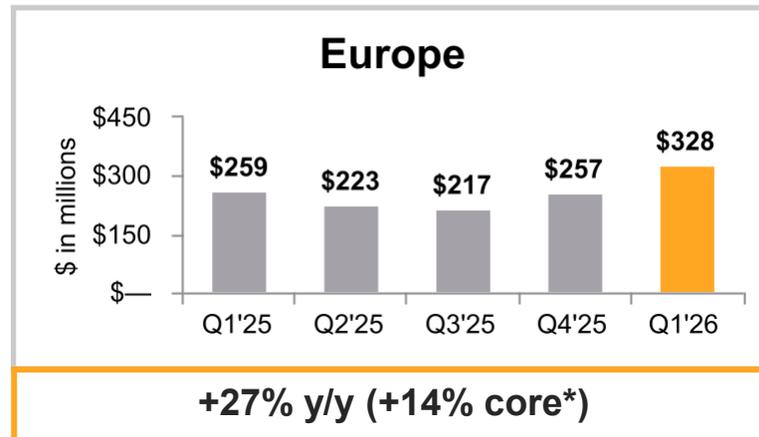
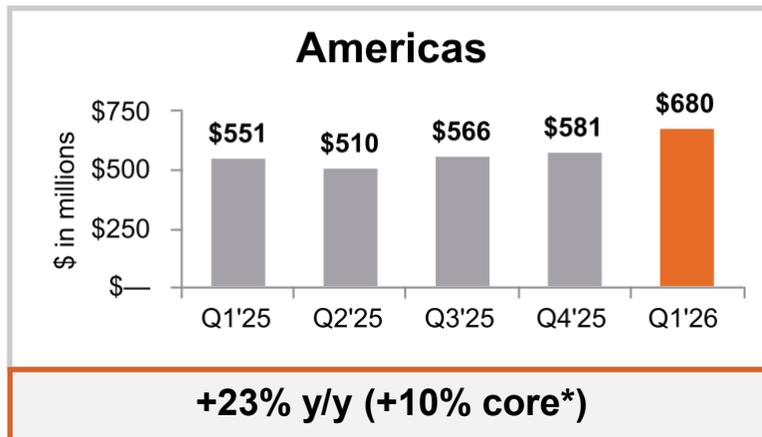
By Segment



By Region



Revenue Trend by Region



Q1'26 Communications Solutions Group Highlights



Revenue

\$1,124M

+27% y/y (+16% core*)



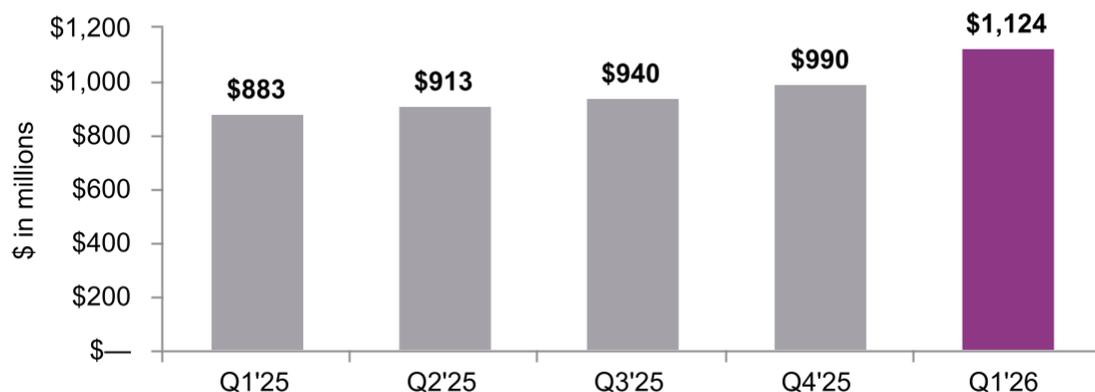
Operating Margin

27.5%

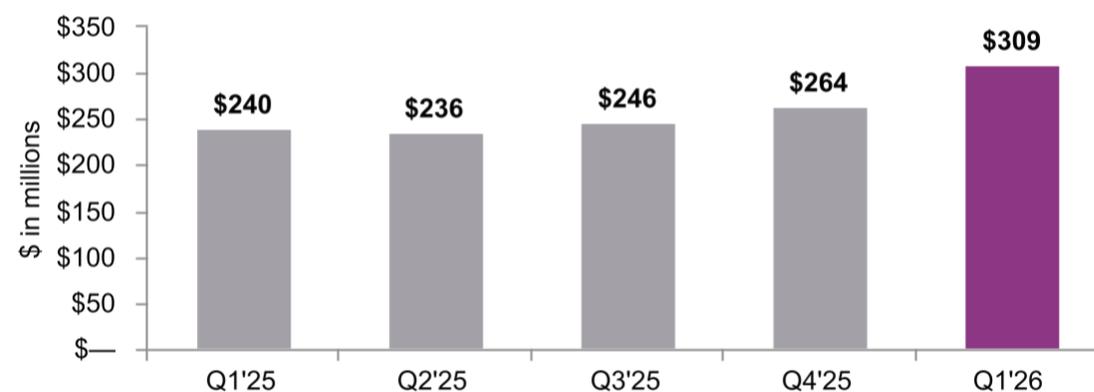
+30 basis points y/y

- Record gross margin of 68.5%.
- **Commercial Communications:** Record revenue driven by double-digit growth in both wireline and wireless. Strong order growth reflects broadening investment in AI data center, Edge AI, and next-generation wireless (NTN, 6G research).
- **Aerospace, Defense & Government:** Q1 record revenue driven by demand from U.S. and European primes and strong customer engagement for EMSO, space and satellite, and precision, navigation and time (PNT) applications (Spirent emulators).

CSG Revenue



CSG Income from Operations



Q1'26 Electronic Industrial Solutions Group Highlights



Revenue

\$476M

+15% y/y (+9% core*)



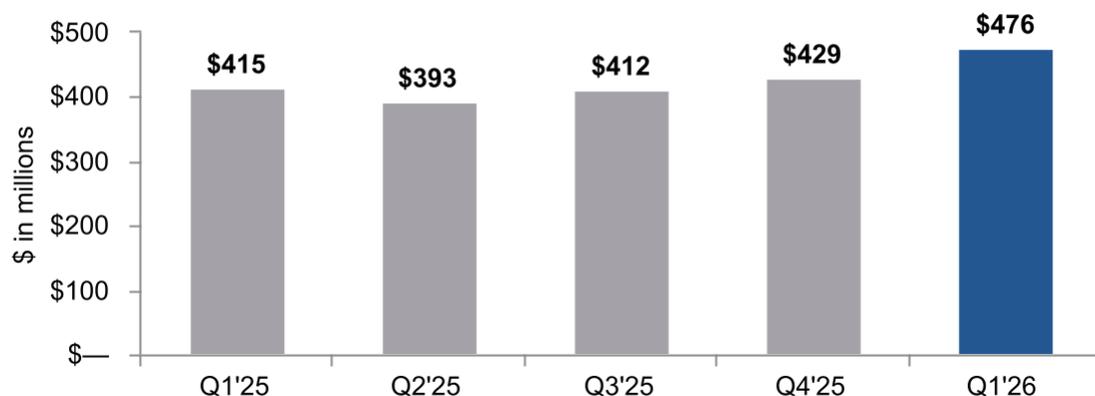
Operating Margin

27.2%

-20 basis points y/y

- **Automotive:** Revenue and order growth driven by software-defined vehicles, ESI, and optical solutions.
- **Semiconductor:** Wafer test solutions delivered double-digit revenue and order growth driven by memory and domestic semiconductor capacity expansion.
- **General Electronics:** Strength in industrial markets and steady momentum in digital health drove growth. Orders increased, reflecting ongoing AI-related demand for high-speed PCB and interconnects.

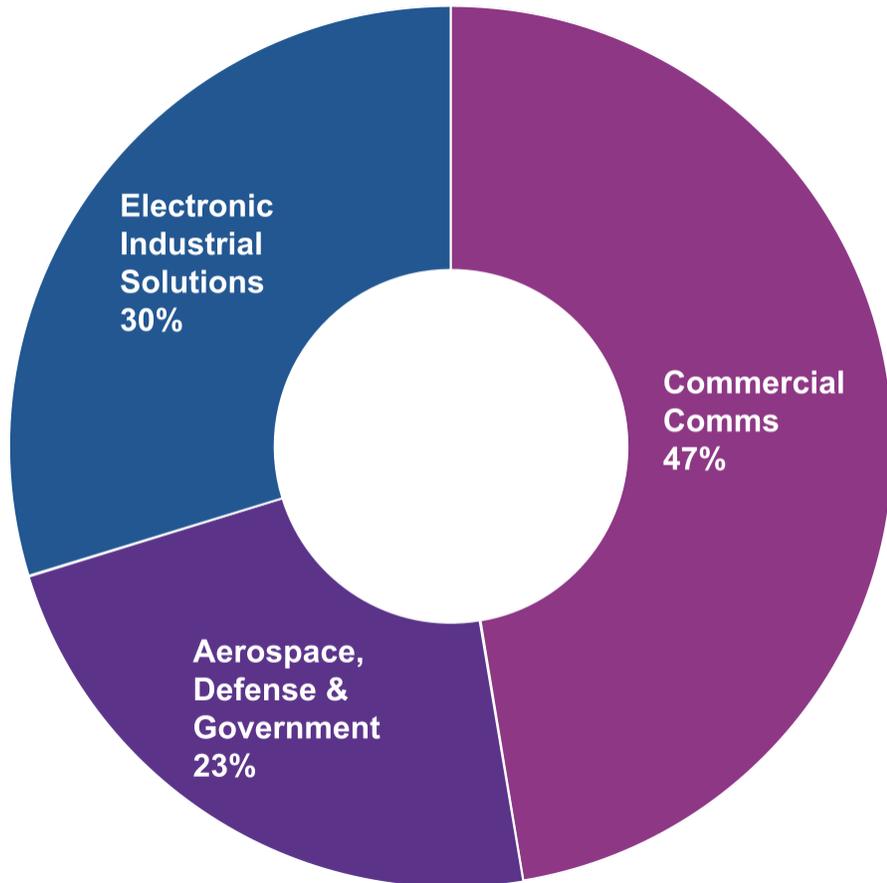
EISG Revenue



EISG Income from Operations



Q1'26 Revenue By End Market



End Market	Revenue	YoY %
Commercial Communications	\$758M	+33%
Aerospace, Defense & Government	\$366M	+18%
Electronic Industrial Solutions	\$476M	+15%
Total	\$1,600M	+23%

Guidance and Financial Considerations¹

	Q2'26 Guidance
Revenue	\$1.690B – \$1.710B
Non-GAAP Earnings per share	\$2.27 – \$2.33

Q2'26 Financial Assumptions

- Interest Income, Interest Expense and Other Income/Expense: ~\$0-2M net income
- Non-GAAP tax rate of 14% for Q2'26 and FY26
- Guidance assumes Q2 weighted average diluted share count of approximately 173M shares
- FY26 capital expenditures expected to be approximately \$160M

Reconciliations

RECONCILIATION OF CORE REVENUE

(In millions)

(Unaudited)

PRELIMINARY

	Three months ended January 31,		Percent Inc/(Dec)
	2026	2025	
Revenue	\$ 1,600	\$ 1,298	23%
Adjustments:			
Revenue from acquisitions or divestitures	(104)	—	
Currency impacts	(17)	—	
Core Revenue	\$ 1,479	\$ 1,298	14%

RECONCILIATIONS OF CORE REVENUE BY SEGMENT AND REGION

(In millions)

(Unaudited)

PRELIMINARY

	Year-over-Year								
	Revenue			Revenue from acquisitions or divestitures	Currency Adjustments	Core Revenue			
	Q1'26	Q1'25	YoY % Chg.	Q1'26	Q1'26	Q1'26	Q1'25	YoY % Chg.	
Revenue by Segment									
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	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%	

REVENUE BY END MARKETS

(In millions)

(Unaudited)

PRELIMINARY

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

GROSS MARGIN RECONCILIATION

(In millions, except percentages)

(Unaudited)

PRELIMINARY

	Three months ended	
	January 31,	
	2026	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%

OPERATING MARGIN RECONCILIATION

(In millions, except percentages)

(Unaudited)

PRELIMINARY

	Three months ended	
	January 31,	
	2026	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%

CORE OPERATING MARGIN RECONCILIATION

(In millions, except percentages)

(Unaudited)

PRELIMINARY

	Three months ended January 31,	
	2026	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%

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.

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

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.