

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q**

(MARK ONE)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

FOR THE QUARTERLY PERIOD ENDED APRIL 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

**FOR THE TRANSITION PERIOD FROM TO
COMMISSION FILE NUMBER: 001-36334**

KEYSIGHT TECHNOLOGIES, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Delaware

46-4254555

(State or other jurisdiction of
incorporation or organization)

(IRS employer
Identification no.)

1400 Fountaingrove Parkway

Santa Rosa California

95403

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **(800) 829-4444**

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	KEYS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated
filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of common stock outstanding at May 28, 2024 was 174,539,238.

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

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

	Three Months Ended		Six Months Ended	
	April 30,		April 30,	
	2024	2023	2024	2023
Revenue:				
Products	\$ 909	\$ 1,108	\$ 1,861	\$ 2,222
Services and other	307	282	614	549
Total revenue	1,216	1,390	2,475	2,771
Costs and expenses:				
Cost of products	358	384	709	789
Cost of services and other	95	97	190	190
Total costs	453	481	899	979
Research and development	228	222	460	449
Selling, general and administrative	361	337	723	675
Other operating expense (income), net	(3)	(4)	(5)	(8)
Total costs and expenses	1,039	1,036	2,077	2,095
Income from operations	177	354	398	676
Interest income	18	22	41	41
Interest expense	(20)	(20)	(40)	(39)
Other income (expense), net	—	5	5	14
Income before taxes	175	361	404	692
Provision for income taxes	49	78	106	149
Net income	\$ 126	\$ 283	\$ 298	\$ 543
Net income per share:				
Basic	\$ 0.73	\$ 1.59	\$ 1.71	\$ 3.04
Diluted	\$ 0.72	\$ 1.58	\$ 1.70	\$ 3.02
Weighted average shares used in computing net income per share:				
Basic	174	178	175	178
Diluted	175	179	175	179

The accompanying notes are an integral part of these condensed consolidated financial statements.

KEYSIGHT TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in millions)
(Unaudited)

	Three Months Ended		Six Months Ended	
	April 30,		April 30,	
	2024	2023	2024	2023
Net income	\$ 126	\$ 283	\$ 298	\$ 543
Other comprehensive income (loss):				
Gain (loss) on derivative instruments, net of tax benefit (expense) of \$(1), zero, zero and \$6	3	1	1	(20)
Amounts reclassified into earnings related to derivative instruments, net of tax benefit (expense) of \$1, zero, \$1 and zero	(2)	(1)	(4)	(3)
Foreign currency translation, net of tax benefit (expense) of zero	(32)	(11)	(5)	70
Net defined benefit pension cost and post-retirement plan costs:				
Change in net actuarial loss, net of tax expense of \$1, \$1, \$2 and \$2	4	3	5	8
Other comprehensive income (loss)	(27)	(8)	(3)	55
Total comprehensive income	<u>\$ 99</u>	<u>\$ 275</u>	<u>\$ 295</u>	<u>\$ 598</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

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

	April 30, 2024	October 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,657	\$ 2,472
Accounts receivable, net	809	900
Inventory	1,020	985
Other current assets	482	452
Total current assets	3,968	4,809
Property, plant and equipment, net	769	761
Operating lease right-of-use assets	239	226
Goodwill	2,282	1,640
Other intangible assets, net	609	155
Long-term investments	102	81
Long-term deferred tax assets	668	671
Other assets	351	340
Total assets	<u>\$ 8,988</u>	<u>\$ 8,683</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 600	\$ 599
Accounts payable	268	286
Employee compensation and benefits	309	304
Deferred revenue	578	541
Income and other taxes payable	62	90
Operating lease liabilities	43	40
Other accrued liabilities	134	189
Total current liabilities	1,994	2,049
Long-term debt	1,195	1,195
Retirement and post-retirement benefits	68	64
Long-term deferred revenue	211	216
Long-term operating lease liabilities	201	192
Other long-term liabilities	416	313
Total liabilities	<u>4,085</u>	<u>4,029</u>
Commitments and contingencies (Note 13)		
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: 201 million and 200 million, respectively	2	2
Treasury stock, at cost; 26.4 million shares and 25.4 million shares, respectively	(3,119)	(2,980)
Additional paid-in-capital	2,580	2,487
Retained earnings	5,909	5,611
Accumulated other comprehensive loss	(469)	(466)
Total stockholders' equity	<u>4,903</u>	<u>4,654</u>
Total liabilities and equity	<u>\$ 8,988</u>	<u>\$ 8,683</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

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KEYSIGHT TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in millions)

(Unaudited)

	Six Months Ended	
	April 30,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 298	\$ 543
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	62	59
Amortization	76	49
Share-based compensation	82	84
Deferred tax expense (benefit)	(9)	(2)
Excess and obsolete inventory-related charges	18	13
Other non-cash expense (income), net	(5)	(4)
Changes in assets and liabilities, net of effects of businesses acquired:		
Accounts receivable	121	61
Inventory	(50)	(93)
Accounts payable	(11)	(41)
Employee compensation and benefits	(26)	(35)
Deferred revenue	14	81
Income taxes payable	(35)	(32)
Interest rate swap agreement termination proceeds	—	107
Prepaid assets	(19)	(27)
Other assets and liabilities	(78)	26
Net cash provided by operating activities	438	789
Cash flows from investing activities:		
Investments in property, plant and equipment	(83)	(113)
Acquisition of businesses and intangible assets, net of cash acquired	(556)	(85)
Other investing activities	8	(7)
Net cash used in investing activities	(631)	(205)
Cash flows from financing activities:		
Proceeds from issuance of common stock under employee stock plans	33	33
Payment of taxes related to net share settlement of equity awards	(28)	(47)
Acquisition of non-controlling interests	(458)	—
Treasury stock repurchases	(139)	(125)
Repayment of debt	(24)	—
Other financing activities	(5)	(1)
Net cash used in financing activities	(621)	(140)
Effect of exchange rate movements	—	13
Net increase (decrease) in cash, cash equivalents, and restricted cash	(814)	457
Cash, cash equivalents, and restricted cash at beginning of period	2,488	2,057
Cash, cash equivalents, and restricted cash at end of period	\$ 1,674	\$ 2,514
Supplemental cash flow information:		

The accompanying notes are an integral part of these condensed consolidated financial statements.

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KEYSIGHT TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF EQUITY
(in millions, except number of shares in thousands)
(Unaudited)

	Common Stock			Treasury Stock		Retained Earnings	Accumulated		Non-controlling Interests	Total Stockholders' Equity
	Number of Shares	Par Value	Additional Paid-in Capital	Number of Shares	Treasury Stock at Cost		Other Comprehensive Loss			
Balance as of January 31, 2024	200,621	\$ 2	\$ 2,547	(26,074)	\$(3,073)	\$ 5,783	\$ (442)	\$ —	\$ 4	
Net income	—	—	—	—	—	126	—	—		
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	(27)	—		
Issuance of common stock	34	—	1	—	—	—	—	—		
Taxes related to net share settlement of equity awards	—	—	—	—	—	—	—	—		
Share-based compensation	—	—	32	—	—	—	—	—		
Repurchase of common stock	—	—	—	(302)	(46)	—	—	—		
Balance as of April 30, 2024	200,655	\$ 2	\$ 2,580	(26,376)	\$(3,119)	\$ 5,909	\$ (469)	\$ —	\$ 4	
Balance as of October 31, 2023	199,771	\$ 2	\$ 2,487	(25,449)	\$(2,980)	\$ 5,611	\$ (466)	\$ —	\$ 4	
Net income	—	—	—	—	—	298	—	4		
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	(3)	—		
ESI Group acquisition	—	—	—	—	—	—	—	458		
Issuance of common stock	884	—	33	—	—	—	—	—		
Taxes related to net share settlement of equity awards	—	—	(28)	—	—	—	—	—		
Share-based compensation	—	—	84	—	—	—	—	—		
Repurchase of common stock	—	—	—	(927)	(139)	—	—	—		
Acquisition of non-controlling interests	—	—	4	—	—	—	—	(462)		
Balance as of April 30,	200,655	\$ 2	\$ 2,580	(26,376)	\$(3,119)	\$ 5,909	\$ (469)	\$ —	\$ 4	

The accompanying notes are an integral part of these condensed consolidated financial statements.

KEYSIGHT TECHNOLOGIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. OVERVIEW AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Overview. Keysight Technologies, Inc. ("we," "us," "Keysight" or the "company"), incorporated in Delaware on December 6, 2013, is a global innovator in the computing, communications and electronics market, committed to advancing our customers' business success by helping them solve critical challenges in the development and commercialization of their products and services. Our mission, "accelerating innovation to connect and secure the world," speaks to the value we provide our customers in a world of ever-increasing technological complexity. We deliver this value through a broad range of design and test solutions that address the critical challenges our customers face in bringing their innovations to market faster.

Our fiscal year-end is October 31, and our fiscal quarters end on January 31, April 30 and July 31. Unless otherwise stated, these dates refer to our fiscal year and fiscal quarters.

Basis of Presentation. We have prepared the accompanying financial statements pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the U.S. ("GAAP") have been condensed or omitted pursuant to such rules and regulations. The accompanying financial statements and information should be read in conjunction with our Annual Report on Form 10-K.

In the opinion of management, the accompanying condensed consolidated financial statements contain all normal and recurring adjustments necessary to state fairly our financial position as of April 30, 2024 and October 31, 2023, results of operations for the three and six months ended April 30, 2024 and 2023, and cash flows for the six months ended April 30, 2024 and 2023.

Principles of consolidation. The condensed consolidated financial statements include the accounts of the company and our wholly- and majority-owned subsidiaries. All significant inter-company transactions have been eliminated. The condensed consolidated financial statements also reflect the impact of non-controlling interests. Non-controlling interests do not have a significant impact on the condensed consolidated results of operations; therefore, net income attributable to non-controlling interests for the six months ended April 30, 2024 of \$4 million is not presented separately and is included in "other income (expense), net" in the condensed consolidated statements of operations.

Use of Estimates. The preparation of condensed consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in our condensed consolidated financial statements and accompanying notes. Management bases its estimates on historical experience and various other assumptions believed to be reasonable. Although these estimates are based on management's knowledge of current events and actions that may impact the company in the future, actual results may be different from the estimates.

Acquisition of ESI Group SA. In the first quarter of fiscal 2024, we acquired all of the outstanding common stock of ESI Group SA ("ESI Group") for \$935 million, net of cash acquired, using existing cash. See Note 2, "Acquisitions," for further information of the acquisition of ESI Group.

Update to Significant Accounting Policies. There have been no material changes to our significant accounting policies as described in our Annual Report on Form 10-K for the fiscal year ended October 31, 2023.

New Accounting Pronouncements. Amendments to GAAP that do not require adoption until a future date are not expected to have a material impact on the condensed consolidated financial statements upon adoption.

2. ACQUISITIONS

Acquisition of ESI Group SA

On November 3, 2023, we acquired 50.6% of the share capital of ESI Group SA ("ESI Group") for \$512 million, using existing cash. During January 2024, we completed the acquisition of the remaining share capital of ESI Group for \$458 million, using existing cash. The company entered into put/call agreements valued at \$7 million for certain ESI Group equity awards, subject to a holding period that may extend beyond the explicit vesting period, for the right to receive a cash payment equal to the public tender offer consideration of 155 euros per share. On January 26, 2024, ESI Group was delisted from Euronext Paris. For the three and six months ended April 30, 2024, ESI Group's net revenue was \$26 million and \$94 million, respectively. For the three and six months ended April 30, 2024, ESI Group's net loss attributable to Keysight shareholders was \$22 million and \$20 million, respectively.

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The ESI Group acquisition was accounted for in accordance with the authoritative accounting guidance. The acquired assets and assumed liabilities were recorded by Keysight at their estimated fair values. Keysight determined the estimated fair values with the assistance of valuations performed by third party specialists, discounted cash flow analysis, and estimates made by management. The acquisition of ESI Group expands our application layer portfolio with simulation capabilities that are critical to accelerate innovation in multiple end markets. These factors, among others, contributed to a purchase price in excess of the estimated fair value of ESI Group's net identifiable assets acquired (see summary of net assets below), and, as a result, we have recorded goodwill in connection with this transaction.

Goodwill was assigned to the Communications Solutions Group ("CSG") and the Electronic Industrial Solutions Group ("EISG") reportable segments, based on the expected benefits and synergies that are likely to be realized from the ESI Group acquisition. We do not expect the goodwill recognized or any potential impairment charges in the future to be deductible for income tax purposes.

A portion of the overall purchase price was allocated to acquired intangible assets. Amortization expense associated with acquired intangible assets is not deductible for tax purposes. Therefore, a deferred tax liability of approximately \$98 million was established primarily for the future amortization of these intangibles and is included in "other long-term liabilities" in the table below.

The following table summarizes the preliminary allocation of the purchase price to the estimated fair values of the assets acquired and liabilities assumed on the closing date:

	November 3, 2023
	(in millions)
Cash and cash equivalents	\$ 35
Short-term investments	12
Accounts receivable	28
Other current assets	18
Property, plant and equipment	4
Operating lease right-of-use assets	8
Goodwill	595
Other intangible assets	494
Other assets	3
Total assets acquired	1,197
Accounts payable	(8)
Employee compensation and benefits	(23)
Deferred revenue	(14)
Income and other taxes payable	(8)
Operating lease liabilities	(3)
Other accrued liabilities	(18)
Debt	(24)
Retirement and post-retirement benefits	(7)
Long-term operating lease liabilities	(5)
Other long-term liabilities	(110)
Net assets acquired	<u>\$ 977</u>

The fair values of cash and cash equivalents, short-term investments, accounts receivable, other current assets, accounts payable, employee compensation and benefits, and deferred revenue were generally determined using historical carrying values given the short-term nature of these assets and liabilities. The fair value for intangible assets was determined with the input from third-party valuation specialists. The fair values of property, plant and equipment and certain other liabilities were determined internally using historical carrying values and estimates made by management. In connection with the acquisition and determination of the fair values of acquired assets and assumed liabilities, the company is in the process of obtaining additional information to refine its initial fair value estimates related to income taxes and intangible assets. During the second quarter of fiscal year 2024, the company decreased the deferred tax liability and goodwill by \$8 million primarily for a timing difference in the recognition of research and development expenses. We expect to finalize this allocation in the third quarter of fiscal year 2024. As additional information becomes available, we may revise the preliminary purchase price allocation during the remainder of the measurement period (which will not exceed 12 months from the acquisition date). Any such revisions or changes may be material.

Valuation of Intangible Assets Acquired

The components of intangible assets acquired in connection with the ESI Group acquisition were as follows:

	Estimated Fair Value (in millions)	Estimated useful life (in years)
Developed technology	\$ 270	6
Customer relationships	160	6
Backlog	15	3
Trademarks/Tradenname	2	2
Total amortizable intangible assets	447	
In-process research and development	47	
Total intangible assets	\$ 494	

As noted above, the intangible assets were valued with input from valuation specialists using the income approach, which includes the discounted cash flow, with and without, and relief from royalty methods. The in-process research and development was valued using the multi-period excess earnings method under the income approach by discounting forecasted cash flows directly related to the products expecting to result from the projects, net of returns on contributory assets. A discount rate of 12% was used to value the research and development projects to reflect the additional risks inherent in the acquired projects. The primary in-process projects acquired relate to next generation products which will be released in the near future. Total costs to complete for all ESI Group in-process research and development were estimated at approximately \$7 million as of the close date.

Acquisition and integration costs directly related to the ESI Group acquisition are recorded in selling, general and administrative expenses and other income (expense), net, and were \$7 million and \$21 million for the three and six months ended April 30, 2024, respectively. For the three and six months ended April 30, 2024, we incurred \$1 million and \$6 million, respectively, of acquisition-related compensation expense to redeem certain of ESI Group's outstanding unvested stock awards as of the date of the acquisition that were determined to relate to post-merger service periods.

The following represents pro forma operating results as if ESI Group had been included in the company's condensed consolidated statements of operations as of the beginning of fiscal 2023:

	Three Months Ended		Six Months Ended	
	April 30,		April 30,	
	2024	2023	2024	2023
in millions, except per-share amounts				
Net revenue	\$ 1,216	\$ 1,444	\$ 2,475	\$ 2,867
Net income	\$ 133	\$ 276	\$ 319	\$ 525
Net income per share - Basic	\$ 0.76	\$ 1.55	\$ 1.83	\$ 2.95
Net income per share - Diluted	\$ 0.76	\$ 1.54	\$ 1.82	\$ 2.93

The unaudited pro forma financial information for the three and six months ended April 30, 2024 and 2023 combines the historical results of Keysight and ESI Group for the three and six months ended April 30, 2024 and 2023, assuming that the companies were combined as of November 1, 2022 and includes business combination accounting effects from the acquisition including amortization charges from acquired intangible assets and tax-related effects. The pro forma information as presented above is for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of fiscal 2023.

Acquisition of Riscure Holding B.V.

On February 21, 2024, we acquired all the outstanding share capital of Riscure Holding B.V. ("Riscure") for \$78 million, net of cash acquired, expanding our automated security assessment capabilities and solutions for semiconductors, embedded systems, and connected devices. We recognized goodwill and other intangible assets of \$52 million and \$35 million, respectively, based on the preliminary allocation of the purchase price to the estimated fair values of the assets acquired and liabilities assumed.

3. REVENUE

Disaggregation of Revenue

We disaggregate our revenue from contracts with customers by geographic region, end market, and timing of revenue recognition, as we believe these categories best depict how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors. Disaggregated revenue is presented for each of our reportable segments, CSG and EISG.

	Three Months Ended					
	April 30,					
	2024			2023		
	CSG	EISG	Total	CSG	EISG	Total
	(in millions)					
Region						
Americas	\$ 397	\$ 95	\$ 492	\$ 424	\$ 93	\$ 517
Europe	127	101	228	128	101	229
Asia Pacific	316	180	496	385	259	644
Total revenue	<u>\$ 840</u>	<u>\$ 376</u>	<u>\$ 1,216</u>	<u>\$ 937</u>	<u>\$ 453</u>	<u>\$ 1,390</u>
End Market						
Aerospace, Defense & Government	\$ 277	\$ —	\$ 277	\$ 310	\$ —	\$ 310
Commercial Communications	563	—	563	627	—	627
Electronic Industrial	—	376	376	—	453	453
Total revenue	<u>\$ 840</u>	<u>\$ 376</u>	<u>\$ 1,216</u>	<u>\$ 937</u>	<u>\$ 453</u>	<u>\$ 1,390</u>
Timing of Revenue Recognition						
Revenue recognized at a point in time	\$ 658	\$ 307	\$ 965	\$ 775	\$ 390	\$ 1,165
Revenue recognized over time	182	69	251	162	63	225
Total revenue	<u>\$ 840</u>	<u>\$ 376</u>	<u>\$ 1,216</u>	<u>\$ 937</u>	<u>\$ 453</u>	<u>\$ 1,390</u>

Six Months Ended

April 30,

	2024			2023		
	CSG	EISG	Total	CSG	EISG	Total
	(in millions)					
Region						
Americas	\$ 814	\$ 192	\$ 1,006	\$ 876	\$ 202	\$ 1,078
Europe	259	224	483	275	211	486
Asia Pacific	606	380	986	725	482	1,207
Total revenue	<u>\$ 1,679</u>	<u>\$ 796</u>	<u>\$ 2,475</u>	<u>\$ 1,876</u>	<u>\$ 895</u>	<u>\$ 2,771</u>

End Market

Aerospace, Defense & Government	\$ 572	\$ —	\$ 572	\$ 620	\$ —	\$ 620
Commercial Communications	1,107	—	1,107	1,256	—	1,256
Electronic Industrial	—	796	796	—	895	895
Total revenue	<u>\$ 1,679</u>	<u>\$ 796</u>	<u>\$ 2,475</u>	<u>\$ 1,876</u>	<u>\$ 895</u>	<u>\$ 2,771</u>

Timing of Revenue Recognition

Revenue recognized at a point in time	\$ 1,312	\$ 653	\$ 1,965	\$ 1,552	\$ 770	\$ 2,322
Revenue recognized over time	367	143	510	324	125	449
Total revenue	<u>\$ 1,679</u>	<u>\$ 796</u>	<u>\$ 2,475</u>	<u>\$ 1,876</u>	<u>\$ 895</u>	<u>\$ 2,771</u>

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Our point-in-time revenues are generated predominantly from the sale of various types of design and test software and hardware, and per-incident repair and calibration services. Perpetual software and the portion of term software subscription revenue in this category represents revenue recognized upfront upon transfer of control at the time of electronic delivery. Revenue on per-incident repair and calibration services is recognized when services are performed. Over-time revenues are generated predominantly from the repair and calibration contracts, extended warranties, technical support for hardware and software, certain software subscription and Software as a Service ("SaaS") product offerings, and professional services. Technical support for software and when-and-if available software updates and upgrades are sold either together with our software licenses and software subscriptions, including SaaS, or separately as part of our customer support programs.

Additionally, we provide custom solutions that include combinations of hardware, software, software subscriptions, installation, professional services, and other support services, and revenue may be recognized either up front on delivery or over time depending upon the terms of the contract.

Contract Balances

Contract assets

Contract assets consist of unbilled receivables and are recorded when revenue is recognized in advance of scheduled billings to our customers. These amounts are primarily related to solutions and support arrangements when transfer of control has occurred but we have not yet invoiced. The contract assets balance was \$75 million and \$58 million as of April 30, 2024 and October 31, 2023, respectively, and is included in "accounts receivables, net" and "other assets" in the condensed consolidated balance sheet.

Contract costs

We capitalize direct and incremental costs incurred to acquire contracts for which the associated revenue is expected to be recognized in future periods. We have determined that certain employee and third-party representative commission programs meet the requirements to be capitalized. These costs are initially deferred and typically amortized over the term of the customer contract which corresponds to the period of benefit. Capitalized contract costs were \$38 million and \$43 million as of April 30, 2024 and October 31, 2023, respectively, and are included in "other current assets" and "other assets" in the condensed consolidated balance sheet. The amortization expense associated with these capitalized costs was \$14 million and \$30 million for the three and six months ended April 30, 2024, respectively, and \$18 million and \$37 million for the corresponding periods last year.

Contract liabilities

Our contract liabilities consist of deferred revenue that arises when we receive consideration in advance of providing the goods or services promised in the contract. Contract liabilities are primarily generated from customer deposits received in advance of shipments for products or rendering of services and are recognized as revenue when products are shipped or services are provided to the customer. We classify deferred revenue as current or non-current based on the timing of when we expect to recognize revenue.

The following table provides a roll-forward of our contract liabilities, current and non-current:

	Six Months Ended
	April 30, 2024
	(in millions)
Balance at October 31, 2023	\$ 757
Deferral of revenue billed in current period, net of recognition	383
Deferred revenue arising out of acquisitions	19
Revenue recognized that was deferred as of the beginning of the period	(370)
Foreign currency translation impact	—
Balance at April 30, 2024	\$ 789

Of the \$370 million of revenue recognized in the six months ended April 30, 2024 that was deferred as of the beginning of the period, approximately \$146 million was recognized in the three months ended April 30, 2024.

Remaining Performance Obligations

Our remaining performance obligations, excluding contracts that have an original expected duration of one year or less, was approximately \$580 million as of April 30, 2024, and represents the company's obligation to deliver products and services and obtain customer acceptance on delivered products. As of April 30, 2024, we expect to fulfill 30 percent of these remaining performance obligations during the remainder of 2024, 44 percent during 2025, and 26 percent thereafter.

4. SHARE-BASED COMPENSATION

Keysight accounts for share-based awards in accordance with the provisions of the authoritative accounting guidance, which requires the measurement and recognition of compensation expense for all share-based payment awards made to our employees and directors, including restricted stock units ("RSUs"), employee stock purchases made under our Employee Stock Purchase Plan ("ESPP"), and performance share awards granted to selected members of our senior management under the Long-Term Performance ("LTP") Program, based on estimated fair values. The impact of share-based compensation expense on the condensed consolidated statement of operations was as follows:

	Three Months Ended		Six Months Ended	
	April 30,		April 30,	
	2024	2023	2024	2023
	(in millions)			
Cost of products and services	\$ 7	\$ 7	\$ 15	\$ 16
Research and development	9	7	22	23
Selling, general and administrative	20	15	49	45
Total share-based compensation expense	<u>\$ 36</u>	<u>\$ 29</u>	<u>\$ 86</u>	<u>\$ 84</u>

For the three and six months ended April 30, 2024, the total share-based compensation expense includes \$1 million and \$6 million, respectively, of ESI Group acquisition-related compensation to redeem certain outstanding unvested stock awards as of the date of the acquisition that were determined to relate to post-merger service periods. Share-based compensation capitalized within inventory was \$2 million as of April 30, 2024 and 2023.

5. INCOME TAXES

The following table provides income tax details:

	Three Months Ended		Six Months Ended	
	April 30,		April 30,	
	2024	2023	2024	2023
in millions, except percentages				
Income before taxes	\$ 175	\$ 361	\$ 404	\$ 692
Provision for income taxes	\$ 49	\$ 78	\$ 106	\$ 149
Effective tax rate	27.6 %	21.8 %	25.8 %	21.6 %

The tax expense for the three and six months ended April 30, 2024 was lower compared to the same periods last year primarily due to a decrease in income before taxes. The decrease in income before taxes in jurisdictions with tax rates lower than the U.S. statutory rate, without a proportional decline in the U.S. taxes on non-U.S. earnings, resulted in an increase in the overall effective tax rate for the three and six months ended April 30, 2024 as compared to the same periods last year.

The income tax expense for the three and six months ended April 30, 2024 included a net discrete benefit of \$1 million and net discrete expense of \$1 million, respectively. The income tax expense for the three and six months ended April 30, 2023 included a net discrete expense of \$3 million and \$2 million, respectively.

Keysight benefits from tax incentives in several jurisdictions, most significantly in Singapore and Malaysia, that will expire at various times in the future. The tax incentives provide lower rates of taxation on certain classes of income and require thresholds of investments and employment in those jurisdictions. The Singapore tax incentive will expire July 31, 2024, and the Malaysia tax incentive will expire October 31, 2025. The expiration of the Singapore tax incentive in the current year has been reflected in the annual tax forecast. The impact of the tax incentives decreased the income tax provision by \$22 million and \$49 million for the six months ended April 30, 2024 and 2023, respectively. The decrease in the tax benefit for the six months ended April 30, 2024 is primarily due to a decrease in earnings taxed at incentive rates and the impact of the Singapore tax incentive expiration.

The open tax years for the U.S. federal income tax return and most state income tax returns are from November 1, 2019 through the current tax year. For the majority of our non-U.S. entities, the open tax years are from November 1, 2018 through the current tax year. For certain non-U.S. entities, the tax years remain open, at most, back to the year 2008.

The company was audited in Malaysia for fiscal year 2008. This tax year predates our separation from Agilent. However, pursuant to the agreement between Agilent and Keysight pertaining to tax matters, as finalized at the time of separation, for certain entities, including Malaysia, any historical tax liability is the responsibility of Keysight. In the fourth quarter of fiscal year 2017, Keysight paid income taxes and penalties of \$68 million on gains related to intellectual property rights. The

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company disputed this assessment and filed an appeal with the Court of Appeal in Malaysia. The Court of Appeal's decision was rendered in Keysight's favor on May 24, 2024.

At this time, management does not believe that the outcome of any future or currently ongoing examination will have a material impact on our consolidated financial statements. We believe that we have an adequate provision for any adjustments that may result from tax examinations. However, the outcome of tax examinations cannot be predicted with certainty. Given the numerous tax years and matters that remain subject to examination in various tax jurisdictions, the ultimate resolution of current and future tax examinations could be inconsistent with management's current expectations. If that were to occur, it could have an impact on our effective tax rate in the period in which such examinations are resolved.

6. NET INCOME PER SHARE

The following table presents the calculation of basic and diluted net income per share:

	Three Months Ended		Six Months Ended	
	April 30,		April 30,	
	2024	2023	2024	2023
in millions, except per-share amounts				
Net income	\$ 126	\$ 283	\$ 298	\$ 543
Basic weighted-average shares	174	178	175	178
Potential common shares	1	1	—	1
Diluted weighted-average shares	175	179	175	179
Net income per share - basic	\$ 0.73	\$ 1.59	\$ 1.71	\$ 3.04
Net income per share - diluted	\$ 0.72	\$ 1.58	\$ 1.70	\$ 3.02

Diluted shares outstanding primarily include the dilutive effect of non-vested RSUs and in-the-money options. The diluted effect of such awards is calculated based on the average share price of each period using the treasury stock method, except where the inclusion of such awards would have an anti-dilutive impact. Anti-dilutive shares excluded from the calculation of diluted earnings per share were immaterial for the three and six months ended April 30, 2024 and 2023.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

The goodwill balance as of April 30, 2024 and October 31, 2023 and the activity for the six months ended April 30, 2024 for each of our reportable operating segments were as follows:

	CSG	EISG	Total
	(in millions)		
Goodwill at October 31, 2023	\$ 1,057	\$ 583	\$ 1,640
Foreign currency translation impact	(5)	(1)	(6)
Goodwill arising from acquisitions	124	524	648
Goodwill at April 30, 2024	<u>\$ 1,176</u>	<u>\$ 1,106</u>	<u>\$ 2,282</u>

There were no impairments for the three and six months ended April 30, 2024 and 2023. As of April 30, 2024 and October 31, 2023, accumulated impairment losses on goodwill was \$709 million.

Other intangible assets as of April 30, 2024 and October 31, 2023 consisted of the following:

	April 30, 2024			October 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
	(in millions)					
Developed technology	\$ 1,336	\$ 983	\$ 353	\$ 1,033	\$ 949	\$ 84
Backlog	36	20	16	19	17	2
Trademark/Tradenname	38	34	4	36	33	3
Customer relationships	573	377	196	406	340	66
Total amortizable intangible assets	\$ 1,983	\$ 1,414	\$ 569	\$ 1,494	\$ 1,339	\$ 155
In-Process R&D	40	—	40	—	—	—
Total	<u>\$ 2,023</u>	<u>\$ 1,414</u>	<u>\$ 609</u>	<u>\$ 1,494</u>	<u>\$ 1,339</u>	<u>\$ 155</u>

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During the six months ended April 30, 2024, we recognized additions to goodwill and other intangible assets of \$648 million and \$529 million, respectively, based on the preliminary allocation of the purchase price to the estimated fair values of the assets acquired and liabilities assumed from the acquisition of ESI Group and other acquisition activity. See Note 2, "Acquisitions," for additional information. During the six months ended April 30, 2024, we transferred \$7 million from in-process R&D to developed technology as projects were successfully completed.

Goodwill is assessed for impairment on a reporting unit basis at least annually in the fourth quarter of each year, or more frequently when events and circumstances occur indicating that the recorded goodwill may be impaired. The company has not identified any triggering events that indicate an impairment of goodwill for the six months ended April 30, 2024.

During the six months ended April 30, 2024, foreign exchange translation had an immaterial impact on other intangible assets. Amortization of other intangible assets was \$37 million and \$75 million, respectively for the three and six months ended April 30, 2024. Amortization of other intangible assets was \$25 million and \$48 million, respectively, for the three and six months ended April 30, 2023.

Estimated intangible assets amortization expense for each of the five succeeding fiscal years is as follows:

	Amortization expense
	(in millions)
2024 (remainder)	\$ 60
2025	\$ 118
2026	\$ 106
2027	\$ 94
2028	\$ 91
2029	\$ 82
Thereafter	\$ 18

8. FAIR VALUE MEASUREMENTS

The authoritative guidance defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, we consider the principal or most advantageous market and assumptions that market participants would use when pricing the asset or liability.

Fair Value Hierarchy

The guidance establishes a fair value hierarchy that prioritizes inputs used in valuation techniques into three levels. A financial instrument's categorization within the fair value

hierarchy is based upon the lowest level of input that is significant to the fair value measurement. There are three levels of inputs that may be used to measure fair value:

Level 1 - applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 - applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, for the asset or liability such as: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in less active markets; or other inputs that can be derived principally from, or corroborated by, observable market data.

Level 3 - applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

Financial assets and liabilities measured at fair value on a recurring basis as of April 30, 2024 and October 31, 2023 were as follows:

	Fair Value Measurements at									
	April 30, 2024					October 31, 2023				
	Total	Level 1	Level 2	Level 3	Other	Total	Level 1	Level 2	Level 3	Other
(in millions)										
Assets:										
Short-term										
Money market funds	\$ 993	\$ 993	\$ —	\$ —	\$ —	\$1,934	\$1,934	\$ —	\$ —	\$ —
Derivative instruments (foreign exchange contracts)	13	—	13	—	—	18	—	18	—	—
Long-term										
Equity investments	74	74	—	—	—	56	56	—	—	—
Other investments	28	—	—	—	28	25	—	—	—	25
Total assets measured at fair value	<u>\$1,108</u>	<u>\$1,067</u>	<u>\$ 13</u>	<u>\$ —</u>	<u>\$ 28</u>	<u>\$2,033</u>	<u>\$1,990</u>	<u>\$ 18</u>	<u>\$ —</u>	<u>\$ 25</u>
Liabilities:										
Short-term										
Derivative instruments (foreign exchange contracts)	\$ 5	\$ —	\$ 5	\$ —	\$ —	\$ 54	\$ —	\$ 54	\$ —	\$ —
Long-term										
Deferred compensation liability	31	—	31	—	—	27	—	27	—	—
Total liabilities measured at fair value	<u>\$ 36</u>	<u>\$ —</u>	<u>\$ 36</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 81</u>	<u>\$ —</u>	<u>\$ 81</u>	<u>\$ —</u>	<u>\$ —</u>

During the six months ended April 30, 2024, we purchased an equity investment for \$10 million.

Our money market funds and equity investments with readily determinable fair values are measured at fair value using quoted market prices and, therefore, are classified within Level 1 of the fair value hierarchy. Equity and fixed income investments or convertible notes without readily determinable fair values that are either measured at cost, adjusted for observable changes in price or impairments, or accounted for under a measurement alternative are not categorized in the fair value hierarchy and are presented as "other investments" in the table above. Our deferred compensation liability is classified as Level 2 because the inputs used in the calculations are observable, although the values are not directly based on quoted market prices. Our derivative financial instruments are classified within Level 2 as there is not an active market for each hedge contract, but the inputs used to calculate the value of the instruments are tied to active markets.

Equity investments, including securities that are earmarked to pay the deferred compensation liability, and the deferred compensation liability are reported at fair value, with gains or losses resulting from changes in fair value recognized in earnings. Certain derivative instruments are reported at fair value, with unrealized gains and losses, net of tax, included in accumulated other comprehensive income (loss). The changes in fair value of the equity investment are recorded within "other income (expense), net" in the condensed consolidated statement of operations.

Net recognized gain (loss) on sale of our equity and other investments were as follows:

	Three Months Ended		Six Months Ended	
	April 30,		April 30,	
	2024	2023	2024	2023
	(in millions)			
Net realized gain (loss) on equity and other investments sold	\$ —	\$ —	\$ —	\$ —
Net unrealized gain (loss) on equity and other investments still held	\$ 3	\$ (1)	\$ 10	\$ 7

9. DERIVATIVES

We are exposed to foreign currency exchange rate fluctuations and interest rate changes in the normal course of our business. As part of our risk management strategy, we use derivative instruments, primarily forward contracts, to hedge economic and/or accounting exposures resulting from changes in foreign currency exchange rates.

Cash Flow Hedges

We enter into foreign exchange contracts to hedge our forecasted operational cash flow exposures resulting from changes in foreign currency exchange rates. These foreign exchange contracts, carried at fair value, have maturities based on a rolling period of up to twelve months. These derivative instruments are designated and qualify as cash flow hedges under the criteria prescribed in the authoritative guidance.

In 2020, we entered into forward-starting interest rate swap agreements with an aggregate notional amount of \$600 million associated with future interest payments on anticipated debt issuances through fiscal year 2024. In 2023, we terminated the interest rate swap agreements, resulting in a deferred gain of \$107 million recognized in accumulated other comprehensive income (loss) to be amortized to interest expense over the term of the anticipated debt. As part of the ESI Group acquisition, we assumed two interest rate swap agreements with an aggregate notional amount of 5 million euros to hedge the variable interest rate of the syndicate loan. In April 2024, we terminated these interest rate swap agreements resulting in an immaterial impact on earnings.

Non-designated Hedges

Additionally, we periodically enter into foreign exchange contracts to hedge monetary assets and liabilities that are denominated in currencies other than the functional currency of our subsidiaries.

In connection with the acquisition of the ESI Group, we entered into foreign exchange forward contracts to mitigate the currency exchange risk associated with the payment of the purchase price in Euro. The aggregate notional amount of the currencies hedged was 930 million euros as of October 31, 2023. These foreign exchange contracts did not qualify for hedge accounting treatment and were not designated as hedging instruments. During the six months ended April 30, 2024, these foreign exchange forward contracts were settled using existing cash of \$63 million, resulting in a loss of \$18 million recorded in "other income (expense), net" in the condensed consolidated statement of operations.

The aggregate number of open foreign exchange forward contracts designated as "cash flow hedges" and "not designated as hedging instruments" was 196 and 85, respectively, as of April 30, 2024. The net notional amounts by currency and designation as of April 30, 2024 were as follows:

Currency	Derivatives in Cash Flow Hedging Relationships		Derivatives Not Designated as Hedging Instruments	
	Forward Contracts		Forward Contracts	
	Buy/(Sell)		Buy/(Sell)	
	(in millions)			
Euro	\$	15	\$	29
British Pound		13		—
Singapore Dollar		33		26
Malaysian Ringgit		107		9
Japanese Yen		(88)		(77)
Other currencies		(25)		43
Total	\$	55	\$	30

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Derivative instruments are subject to master netting arrangements and are disclosed gross in the condensed consolidated balance sheet. The gross fair values and balance sheet presentation of derivative instruments held as of April 30, 2024 and October 31, 2023 were as follows:

Fair Values of Derivative Instruments					
Assets Derivatives			Liabilities Derivatives		
Balance Sheet Location	Fair Value		Balance Sheet Location	Fair Value	
	April 30, 2024	October 31, 2023		April 30, 2024	October 31, 2023
(in millions)					
Derivatives designated as hedging instruments:					
Cash flow hedges					
Foreign exchange contracts					
Other current assets	\$ 8	\$ 16	Other accrued liabilities	\$ 3	\$ 7
Derivatives not designated as hedging instruments:					
Foreign exchange contracts					
Other current assets	5	2	Other accrued liabilities	2	47
Total derivatives	\$ 13	\$ 18		\$ 5	\$ 54

The effect of derivative instruments for foreign exchange contracts designated as hedging instruments and for those not designated as hedging instruments in the condensed consolidated statement of operations was as follows:

	Three Months Ended		Six Months Ended	
	April 30,		April 30,	
	2024	2023	2024	2023
(in millions)				
Derivatives designated as hedging instruments:				
Cash Flow Hedges				
Interest rate swap contracts:				
Gain (loss) recognized in accumulated other comprehensive income (loss)	\$ —	\$ (2)	\$ —	\$ (26)
Foreign exchange contracts:				
Gain (loss) recognized in accumulated other comprehensive income (loss)	\$ 4	\$ 3	\$ 1	\$ —
Gain (loss) reclassified from accumulated other comprehensive income (loss) into earnings:				
Cost of products	\$ 3	\$ —	\$ 6	\$ 4
Selling, general and administrative	\$ —	\$ 1	\$ (1)	\$ (1)
Gain (loss) excluded from effectiveness testing recognized in earnings based on amortization approach:				
Cost of products	\$ 2	\$ 1	\$ 3	\$ 2
Derivatives not designated as hedging instruments:				
Gain (loss) recognized in:				
Other income (expense), net	\$ (3)	\$ 4	\$ (20)	\$ —

The estimated amount as of April 30, 2024 expected to be reclassified from accumulated other comprehensive income (loss) to earnings within the next twelve months is a gain of \$9 million.

10. DEBT

The following table summarizes the components of our debt:

	April 30, 2024	October 31, 2023
	(in millions)	
2024 Senior Notes at 4.55% (\$600 face amount less unamortized costs of zero and \$1)	\$ 600	\$ 599
2027 Senior Notes at 4.60% (\$700 face amount less unamortized costs of \$2 and \$2)	698	698
2029 Senior Notes at 3.00% (\$500 face amount less unamortized costs of \$3 and \$3)	497	497
Total debt	1,795	1,794
Less: Current portion of long-term debt	600	599
Long-Term Debt	<u>\$ 1,195</u>	<u>\$ 1,195</u>

Revolving Credit Facility

On July 30, 2021, we entered into an amended and restated credit agreement (the “Revolving Credit Facility”) which provides a \$750 million five-year unsecured revolving credit facility that expires on July 30, 2026 with an annual interest rate of LIBOR + 1 percent along with a facility fee of 0.125 percent per annum. On February 17, 2023, we entered into the first amendment to the Revolving Credit Facility to change the annual interest rate from LIBOR + 1 percent to SOFR + 1.1 percent. In addition, the Revolving Credit Facility permits the company, subject to certain customary conditions, on one or more occasions to request to increase the total commitments under the Revolving Credit Facility by up to \$250 million in the aggregate. We may use amounts borrowed under the Revolving Credit Facility for general corporate purposes. As of April 30, 2024 and October 31, 2023, we had no borrowings outstanding under the Revolving Credit Facility. We were in compliance with the covenants of the Revolving Credit Facility during the six months ended April 30, 2024.

As part of the ESI Group acquisition, we assumed a revolving credit facility of 10 million euros that was subsequently terminated in April 2024.

Senior Notes

There have been no changes to the principal, maturity, interest rates and interest payment terms of the senior notes during the six months ended April 30, 2024 as compared to the senior notes described in our Annual Report on Form 10-K for the fiscal year ended October 31, 2023.

ESI Group debt assumed

As part of the ESI Group acquisition, we assumed debt of \$24 million, of which \$10 million was payable within one year. The debt included a syndicated loan of \$11 million payable through yearly installments until April 2025 with an annual interest rate of EURIBOR + 2 to 2.5 percent. We also assumed various fixed interest rate state-guaranteed loans and

other bank borrowings of \$13 million. During the six months ended April 30, 2024, we repaid the debt assumed as part of the acquisition.

Bridge Facility

On March 28, 2024, we entered into a commitment letter pursuant to which certain lenders agreed to provide a senior unsecured 364-day bridge loan facility of up to 1,350 million British pounds ("the Bridge Facility") for the purpose of providing the financing to support a planned acquisition. We incurred costs in connection with the Bridge Facility of \$5 million that are included in "other current assets" in the condensed consolidated balance sheet and are being amortized to interest expense over the term of the Bridge Facility.

As of April 30, 2024 and October 31, 2023, we had \$41 million of outstanding letters of credit and surety bonds unrelated to the credit facility that were issued by various lenders.

The fair value of our debt, which is calculated from quoted prices that are primarily Level 1 inputs under the accounting guidance fair value hierarchy was approximately \$1,721 million and \$1,679 million as of April 30, 2024 and October 31, 2023, respectively.

11. RETIREMENT PLANS AND POST-RETIREMENT BENEFIT PLANS

For the three and six months ended April 30, 2024 and 2023, our net pension and post-retirement benefit cost (benefit) consisted of the following:

	Pensions					
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		U.S. Post-Retirement Benefit Plan	
	Three Months Ended					
	April 30,					
	2024	2023	2024	2023	2024	2023
	(in millions)					
Service cost—benefits earned during the period	\$ 3	\$ 4	\$ 2	\$ 3	\$ —	\$ —
Interest cost on benefit obligation	10	9	9	8	2	2
Expected return on plan assets	(12)	(12)	(13)	(14)	(3)	(3)
Amortization of net actuarial loss	3	2	2	2	—	1
Net periodic benefit cost (benefit)	\$ 4	\$ 3	\$ —	\$ (1)	\$ (1)	\$ —

	Pensions					
	U.S. Defined Benefit Plans		Non-U.S. Defined Benefit Plans		U.S. Post-Retirement Benefit Plan	
	Six Months Ended					
	April 30,					
	2024	2023	2024	2023	2024	2023
	(in millions)					
Service cost—benefits earned during the period	\$ 7	\$ 8	\$ 4	\$ 5	\$ —	\$ —
Interest cost on benefit obligation	20	18	18	15	4	4
Expected return on plan assets	(24)	(24)	(26)	(26)	(6)	(6)
Amortization of net actuarial loss	5	4	4	4	—	1
Net periodic benefit cost (benefit)	\$ 8	\$ 6	\$ —	\$ (2)	\$ (2)	\$ (1)

We record the service cost component of net periodic benefit cost (benefit) in the same line item as other employee compensation costs. The non-service components of net periodic benefit cost (benefit), such as interest cost, expected return on assets, amortization of prior service cost, and actuarial gains or losses, are recorded within "other income (expense), net" in the condensed consolidated statement of operations.

We did not contribute to our U.S. defined benefit plans or U.S. post-retirement benefit plan during the three and six months ended April 30, 2024 and 2023. We contributed

\$2 million and \$5 million, respectively, to our non-U.S. defined benefit plans during the three and six months ended April 30, 2024 and 2023.

For the remainder of 2024, we do not expect to contribute to our U.S. defined benefit plan and U.S. post-retirement benefit plan, and we expect to contribute \$5 million to our non-U.S. defined benefit plans. The amounts we contribute depend upon, among other things, legal requirements, underlying asset returns, the plan's funded status, the anticipated tax deductibility of the contribution, local practices, employee retirements, market conditions, interest rates and other factors.

12. SUPPLEMENTAL FINANCIAL INFORMATION

The following tables provide details of selected balance sheet items:

Cash, cash equivalents, and restricted cash

	April 30, 2024	October 31, 2023
	(in millions)	
Cash and cash equivalents	\$ 1,657	\$ 2,472
Restricted cash included in other assets	17	16
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	\$ 1,674	\$ 2,488

Restricted cash relates primarily to deficit reduction contributions to an escrow account for one of our non-U.S. defined benefit pension plans and deposits held as collateral against bank guarantees.

Inventory

	April 30, 2024	October 31, 2023
	(in millions)	
Finished goods	\$ 382	\$ 376
Purchased parts and fabricated assemblies	638	609
Total inventory	<u>\$ 1,020</u>	<u>\$ 985</u>

Leases

The following table summarizes the components of our lease cost:

	Three Months Ended April 30,		Six Months Ended April 30,	
	2024	2023	2024	2023
	(in millions)			
Operating lease cost	\$ 16	\$ 13	\$ 31	\$ 26
Variable lease cost	\$ 4	\$ 6	\$ 11	\$ 10

Supplemental information related to our operating leases was as follows:

	Six Months Ended April 30,	
	2024	2023
	(in millions)	
Cash payment for operating leases	\$ 28	\$ 27
Right-of-use assets obtained in exchange for operating lease obligations	\$ 28	\$ 23

Standard warranty

Our warranties on products sold through direct sales channels are primarily for one year. Warranties for products sold through distribution channels are primarily for three years. We accrue for standard warranty costs based on historical trends in warranty charges. The accrual is reviewed regularly and periodically adjusted to reflect changes in warranty cost estimates. Estimated warranty charges are recorded within cost of products at the time related product revenue is recognized.

Activity related to the standard warranty accrual, which is included in other accrued and other long-term liabilities in the condensed consolidated balance sheet, is as follows:

	Six Months Ended	
	April 30,	
	2024	2023
	(in millions)	
Beginning balance	\$ 36	\$ 32
Accruals for warranties, including change in estimates	10	16
Settlements made during the period	(13)	(14)
Ending balance	<u>\$ 33</u>	<u>\$ 34</u>
Accruals for warranties due within one year	\$ 20	\$ 20
Accruals for warranties due after one year	13	14
Ending balance	<u>\$ 33</u>	<u>\$ 34</u>

Other current assets

	April 30, 2024	October 31, 2023
	(in millions)	
Prepaid assets	\$ 313	\$ 284
Other current assets	169	168
Total other current assets	<u>\$ 482</u>	<u>\$ 452</u>

Prepaid assets include deposits paid in advance to contract manufacturers of \$212 million and \$210 million as of April 30, 2024 and October 31, 2023, respectively.

13. COMMITMENTS AND CONTINGENCIES

Commitments

During the six months ended April 30, 2024, there were no material changes to the purchase commitments as reported in our Annual Report on Form 10-K for the fiscal year ended October 31, 2023.

Contingencies

On August 3, 2021, we entered into a Consent Agreement with the Directorate of Defense Trade Controls, Bureau of Political-Military Affairs, Department of State ("DTCC") to resolve alleged violations of the Arms Export Control Act and the International Traffic in Arms Regulations ("ITAR"). Pursuant to the Consent Agreement, we were assessed a penalty of \$6.6 million to be paid over three years, \$2.5 million of which was suspended and designated for remediation activities over three years, including employment of a special compliance officer. The suspended portion of the penalty was satisfied by amounts spent on qualifying compliance activities. On April 23, 2024, we made the final payment on the penalty, bringing the total amount paid to \$4.1 million. On May 3, 2024, we submitted a certification letter to the DTCC certifying that Keysight had implemented all aspects of the Consent Agreement and that Keysight's compliance program is adequate to identify, prevent, detect, correct, and report violations of the ITAR. On May 22, 2024, the DTCC closed the Consent Agreement based on this certification and their conclusion that Keysight had fulfilled the terms of the Consent Agreement.

On January 1, 2022, Centripetal Networks filed a lawsuit in Federal District Court in Virginia, alleging that certain Keysight products infringe certain of Centripetal's patents. In addition, in February 2022 Centripetal filed complaints in Germany alleging infringement of certain of Centripetal's German patents, and in April 2022 Centripetal filed a complaint with the International Trade Commission ("ITC") requesting that they investigate whether Keysight violated Section 337 of the Tariff Act ("Section 337") and should be enjoined from importing certain products that are manufactured outside of the U.S. and which are alleged to infringe Centripetal patents. On December 5, 2023, the ITC issued its Notice of Determination that Keysight did not unfairly import products in violation of Section 337 and the investigation was terminated. Centripetal has appealed this determination. We deny the allegations and are aggressively defending each case.

Although there are no matters pending that we currently believe are probable and reasonably possible of having a material impact to our business, consolidated financial position, or results of operations or cash flows, the outcome of litigation is inherently uncertain and is difficult to predict. An adverse outcome in any outstanding lawsuit or proceeding could result in significant monetary damages or injunctive relief. If adverse results are above management's expectations or are unforeseen, management may not have accrued for the liability, which could impact our results in future periods.

We are also involved in lawsuits, claims, investigations and proceedings, including, but not limited to, patent, employment, commercial and environmental matters, which arise in the ordinary course of business.

14. STOCKHOLDERS' EQUITY

Stock Repurchase Program

On March 6, 2023, our board of directors approved a stock repurchase program authorizing the purchase of up to \$1,500 million of the company's common stock, of which \$785 million remained as of April 30, 2024.

Under our stock repurchase program, shares may be purchased from time to time, subject to general business and market conditions and other investment opportunities, through open market purchases, privately negotiated transactions or other means. All such shares and related costs are held as treasury stock and accounted for at trade date using the cost method. The stock repurchase program may be commenced, suspended or discontinued at any time at the company's discretion and does not have an expiration date.

For the six months ended April 30, 2024, we repurchased 926,861 shares of common stock for \$139 million. For the six months ended April 30, 2023, we repurchased 710,736 shares of common stock for \$125 million.

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Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive loss by component and related tax effects for the three and six months ended April 30, 2024 and 2023 were as follows:

		Net defined benefit pension cost and post-retirement plan costs			
	Foreign currency translation	Actuarial losses	Prior service credits	Gains (losses) on derivatives	Total
	(in millions)				
As of January 31, 2024	\$ (140)	\$ (381)	\$ (6)	\$ 85	\$ (442)
Other comprehensive income (loss) before reclassifications	(32)	—	—	4	(28)
Amounts reclassified out of accumulated other comprehensive gain (loss)	—	5	—	(3)	2
Tax benefit (expense)	—	(1)	—	—	(1)
Other comprehensive income (loss)	(32)	4	—	1	(27)
As of April 30, 2024	\$ (172)	\$ (377)	\$ (6)	\$ 86	\$ (469)
As of October 31, 2023	\$ (167)	\$ (382)	\$ (6)	\$ 89	\$ (466)
Other comprehensive income (loss) before reclassifications	(5)	—	—	1	(4)
Amounts reclassified out of accumulated other comprehensive gain (loss)	—	7	—	(5)	2
Tax benefit (expense)	—	(2)	—	1	(1)
Other comprehensive income (loss)	(5)	5	—	(3)	(3)
As of April 30, 2024	\$ (172)	\$ (377)	\$ (6)	\$ 86	\$ (469)
As of January 31, 2023	\$ (104)	\$ (368)	\$ (6)	\$ 87	\$ (391)
Other comprehensive income (loss) before reclassifications	(11)	—	—	1	(10)
Amounts reclassified out of accumulated other comprehensive gain (loss)	—	4	—	(1)	3
Tax benefit (expense)	—	(1)	—	—	(1)
Other comprehensive income (loss)	(11)	3	—	—	(8)
As of April 30, 2023	\$ (115)	\$ (365)	\$ (6)	\$ 87	\$ (399)
As of October 31, 2022	\$ (185)	\$ (373)	\$ (6)	\$ 110	\$ (454)
Other comprehensive income (loss) before reclassifications	70	—	—	(26)	44
Amounts reclassified out of accumulated other comprehensive gain (loss)	—	10	—	(3)	7
Tax benefit (expense)	—	(2)	—	6	4
Other comprehensive income (loss)	70	8	—	(23)	55
As of April 30, 2023	\$ (115)	\$ (365)	\$ (6)	\$ 87	\$ (399)

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Reclassifications out of accumulated other comprehensive loss into earnings for the three and six months ended April 30, 2024 and 2023 were as follows:

Details about accumulated other comprehensive loss components	Amounts reclassified from accumulated other comprehensive loss				Affected line item in statement of operations
	Three Months Ended		Six Months Ended		
	April 30,		April 30,		
	2024	2023	2024	2023	
	(in millions)				
Gain (loss) on derivatives	\$ 3	\$ —	\$ 6	\$ 4	Cost of products
	—	1	(1)	(1)	Selling, general and administrative
	(1)	—	(1)	—	Benefit (provision) for income tax
	<u>2</u>	<u>1</u>	<u>4</u>	<u>3</u>	Net of income tax
Net defined benefit pension cost and post- retirement plan costs:					
Net actuarial loss	(5)	(4)	(7)	(10)	Other income (expense), net
	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>	Benefit (provision) for income tax
	<u>(4)</u>	<u>(3)</u>	<u>(5)</u>	<u>(8)</u>	Net of income tax
Total reclassifications for the period	\$ (2)	\$ (2)	\$ (1)	\$ (5)	Net of income tax

15. SEGMENT INFORMATION

We report our results in two reportable segments: CSG and EISG. The results of our reportable segments are based on our management reporting system and are not necessarily in conformity with GAAP. The performance of each segment is measured based on several metrics, including income from operations. These results are used, in part, by the chief operating decision maker in evaluating the performance of, and in allocating resources to each of the segments.

The profitability of each of the segments is measured after excluding share-based compensation expense, amortization of acquisition-related balances, acquisition and integration costs, restructuring costs, interest income, interest expense and other items as noted in the reconciliations below.

Three Months Ended

April 30,

	2024			2023		
	CSG	EISG	Total	CSG	EISG	Total
	(in millions)					
Revenue	\$ 840	\$ 376	\$ 1,216	\$ 937	\$ 453	\$ 1,390
Segment income from operations	\$ 223	\$ 71	\$ 294	\$ 266	\$ 157	\$ 423

Six Months Ended

April 30,

	2024			2023		
	CSG	EISG	Total	CSG	EISG	Total
	(in millions)					
Revenue	\$ 1,679	\$ 796	\$ 2,475	\$ 1,876	\$ 895	\$ 2,771
Segment income from operations	\$ 449	\$ 200	\$ 649	\$ 535	\$ 297	\$ 832

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The following table reconciles total reportable operating segments' income from operations to our income before taxes, as reported:

	Three Months Ended		Six Months Ended	
	April 30,		April 30,	
	2024	2023	2024	2023
(in millions)				
Total reportable operating segments' income from operations	\$ 294	\$ 423	\$ 649	\$ 832
Share-based compensation	(36)	(29)	(86)	(84)
Amortization of acquisition-related balances	(37)	(25)	(75)	(48)
Acquisition and integration costs	(19)	(3)	(36)	(5)
Restructuring and others	(25)	(12)	(54)	(19)
Income from operations, as reported	177	354	398	676
Interest income	18	22	41	41
Interest expense	(20)	(20)	(40)	(39)
Other income (expense), net	—	5	5	14
Income before taxes, as reported	<u>\$ 175</u>	<u>\$ 361</u>	<u>\$ 404</u>	<u>\$ 692</u>

The following table presents segment assets directly managed by each segment:

	April 30, 2024			October 31, 2023		
	CSG	EISG	Total	CSG	EISG	Total
(in millions)						
Segment assets	\$ 4,592	\$ 2,892	\$ 7,484	\$ 4,410	\$ 1,920	\$ 6,330

The increase in segment assets for the six months ended April 30, 2024 primarily represents assets acquired as part of the ESI Group acquisition. See Note 2, "Acquisitions," for additional information.

The following table reconciles segment assets to our total assets:

	April 30, 2024	October 31, 2023
(in millions)		
Total reportable segments' assets	\$ 7,484	\$ 6,330
Cash and cash equivalents	1,657	2,472
Long-term investments	102	81
Long-term deferred tax assets	668	671
Accumulated amortization of other intangibles	(1,414)	(1,339)
Pension and other assets	491	468
Total assets	<u>\$ 8,988</u>	<u>\$ 8,683</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Unaudited)

The following discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto included elsewhere in this Form 10-Q and our Annual Report on Form 10-K. This report contains forward-looking statements which include but are not limited to predictions, future guidance, projections, beliefs, and expectations about the company's trends, seasonality, cyclicalities and growth in, and drivers of, the markets we sell into, our strategic direction, earnings from our foreign subsidiaries, remediation activities, new solution and service introductions, the ability of our solutions to meet market needs, changes to our manufacturing processes, the use of contract manufacturers, the impact of government regulations on our ability to conduct operations, our liquidity position, our ability to generate cash from operations, growth in our businesses, our investments, the potential impact of adopting new accounting pronouncements, our financial results, our purchase commitments, our contributions to our pension plans, the selection of discount rates and recognition of any gains or losses for our benefit plans, our cost-control activities, savings and headcount reduction recognized from our restructuring programs and other cost saving initiatives, and other regulatory approvals, the integration of our completed acquisitions and other transactions, and our transition to lower-cost regions. The forward-looking statements involve risks and uncertainties that could cause Keysight's results to differ materially from management's current expectations. Such risks and uncertainties include, but are not limited to, the impact of global economic conditions such as inflation or potential recession, slowing demand for products or services, volatility in financial markets, reduced access to credit, increased interest rates, the

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existence of political or economic instability, impacts of geopolitical tension and conflict in regions outside of the U.S., the impacts of increased trade tension and tightening of export control regulations, the impact of new and ongoing litigation, impacts related to endemic and pandemic conditions, impacts related to net zero emissions commitments, and the impact of volatile weather caused by environmental conditions such as climate change. Our actual results could differ materially from the results contemplated by these forward-looking statements due to various factors, including but not limited to those risks and uncertainties discussed in Part II Item 1A and elsewhere in this Form 10-Q.

Basis of Presentation

The financial information presented in this Form 10-Q is not audited and is not necessarily indicative of our future consolidated financial position, results of operations or cash flows. Our fiscal year-end is October 31, and our fiscal quarters end on January 31, April 30 and July 31. Unless otherwise stated, these dates refer to our fiscal year and fiscal quarter periods.

Overview and Executive Summary

Keysight Technologies, Inc. ("we," "us," "Keysight" or the "company"), incorporated in Delaware on December 6, 2013, is a global innovator in the computing, communications and electronics market, committed to advancing our customers' business success by helping them solve critical challenges in the development and commercialization of their products and services. Our mission, "accelerating innovation to connect and secure the world," speaks to the value we provide our customers in a world of ever-increasing technological complexity. We deliver this value through a broad range of design and test solutions that address the critical challenges our customers face in bringing their innovations to market faster.

We invest in research and development ("R&D") to align our business with available markets and position the company for growth. Our R&D efforts focus on the development of new software and hardware products, as well as improvements to existing products, and customer solutions aligned to the industries that we serve. We anticipate that we will continue to have significant R&D expenditures in order to maintain our competitive position with a continuous flow of innovative, high-quality software, customer solutions, products and services. We remain committed to investment in R&D and have focused our development efforts on strategic opportunities to capture future growth.

Acquisition of ESI Group SA

In the first quarter of fiscal 2024, we acquired all of the outstanding common stock of ESI Group SA ("ESI Group") for \$935 million, net of cash acquired, using existing cash. For the three and six months ended April 30, 2024, our acquisition of ESI Group resulted in incremental revenue of \$26 million and \$94 million, respectively. In our discussion of changes in our results of operations, we have qualitatively disclosed the impact of ESI Group acquisition. See Note 2, "Acquisitions," for additional information.

Macroeconomic headwinds and challenging geopolitical environment

Our global operations continued to be affected by many external headwinds, including increased interest rates, currency movements, inflationary pressures, increased geopolitical tensions and trade restrictions. These headwinds are also negatively impacting our customers' operations and financial performance. As a result, demand has declined year-over-year as our customers are exercising caution and adapting to the current macro-

economic headwinds. As we work through these near-term headwinds, we remained operationally disciplined by exercising our financial playbook and the structural flexibility in our operating model, while investing to expand our differentiated solutions portfolio and deepening our customer relationships. Consistent with the Keysight Leadership Model, our differentiated first-to-market solutions portfolio, technology leadership, customer relationships, and durable and resilient business model gives us confidence in the long-term trajectory of the business and our ability to outperform in a variety of market conditions and deliver consistent long-term value to our customers.

For discussion of risks related to potential impacts of macroeconomic headwinds and geopolitical challenges on our operations, business results and financial condition, see “Item 1A. Risk Factors.”

Three and six months ended April 30, 2024 and 2023

Total orders for the three and six months ended April 30, 2024 were \$1,219 million and \$2,439 million, respectively, a decrease of 8 percent and 7 percent, respectively, compared to the same periods last year. Acquisitions had a favorable impact of 3 percentage points and 4 percentage points, respectively, on the year-over-year order change for the three and six months ended April 30, 2024. Foreign currency movements had an unfavorable impact of 1 percentage point and immaterial impact, respectively, on the year-over-year order change for the three and six months ended April 30, 2024. For the three months ended April 30, 2024, orders declined across all regions. For the six months ended April 30, 2024, orders declined in Asia Pacific and the Americas, partially offset by an increase in Europe.

Revenue for the three and six months ended April 30, 2024 was \$1,216 million and \$2,475 million, respectively, a decrease of 13 percent and 11 percent, respectively, compared to the same periods last year. Revenue associated with acquisitions had a favorable impact of 2 percentage points and 4 percentage points, respectively, on the year-over-year revenue

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change for the three and six months ended April 30, 2024. Foreign currency movements had an unfavorable impact of 1 percentage point on the year-over-year revenue change for the three and six months ended April 30, 2024. For the three and six months ended April 30, 2024, revenue for both the Communications Solutions Group and Electronic Industrial Solutions Group declined year-over-year. Revenue from the Communications Solutions Group and the Electronic Industrial Solutions Group represented 69 percent and 31 percent, respectively, of total revenue for the three months ended April 30, 2024. Revenue from the Communications Solutions Group and the Electronic Industrial Solutions Group represented 68 percent and 32 percent, respectively, of total revenue for the six months ended April 30, 2024.

Net income for the three and six months ended April 30, 2024 was \$126 million and \$298 million, respectively, compared to \$283 million and \$543 million for the same periods last year. The decrease in net income for the three months ended April 30, 2024 was primarily driven by lower revenue, higher acquisition and integration costs and higher amortization of acquisition-related balances, partially offset by lower provision for income taxes and lower people-related costs. The decrease in net income for the six months ended April 30, 2024 was primarily driven by lower revenue, higher acquisition and integration costs, restructuring costs and amortization of acquisition-related balances, partially offset by lower provision of income taxes, incremental gross margin impact from the ESI Group acquisition and lower people-related costs.

Outlook

Our first-to-market solutions strategy enables customers to develop new technologies and accelerate innovation and provides a platform for Keysight's long-term growth. Our customers are expected to continue to make R&D investments in certain next-generation technologies and applications, including evolution of 5G, early 6G, high-speed data center networks and infrastructure, satellite networks and Artificial Intelligence ("AI"), next generation electric vehicles ("EV") and autonomous vehicles ("AV"), industrial internet of things ("IoT"), and defense modernization. We continue to engage actively with our customers, and closely monitor the current macroeconomic environment, including trade, tariffs, monetary and fiscal policies and geopolitical tensions. Despite the near-term challenges, we remain confident in the long-term secular growth trends of our markets and our ability to outperform in a variety of market conditions.

Critical Accounting Policies and Estimates

There were no material changes during the three and six months ended April 30, 2024 to the critical accounting estimates described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended October 31, 2023.

Adoption of New Accounting Pronouncements

See Note 1, "Overview and Summary of Significant Accounting Policies," to the condensed consolidated financial statements for a description of new accounting pronouncements.

Currency Exchange Rate Exposure

Our revenues, costs and expenses, and monetary assets and liabilities are exposed to changes in foreign currency exchange rates as a result of our global operating and financing

activities. We hedge revenues, expenses and balance sheet exposures that are not denominated in the functional currencies of our subsidiaries on a short-term and anticipated basis. The result of the hedging has been included in the condensed consolidated balance sheet and statement of operations. We experience some fluctuations within individual lines of the condensed consolidated balance sheet and condensed consolidated statement of operations because our hedging program is not designed to offset the currency movements in each category of revenues, expenses, monetary assets and liabilities. Our hedging program is designed to hedge short-term currency movements based on a rolling period of up to twelve months. Therefore, we are exposed to currency fluctuations over the longer term. To the extent that we are required to pay for all, or portions, of an acquisition price in foreign currencies, we may enter into foreign exchange contracts to reduce the risk that currency movements will impact the U.S. dollar cost of the transaction.

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Results from Operations - Three and six months ended April 30, 2024 and 2023

A summary of our results is as follows:

	Three Months Ended		Six Months Ended		Year-over-Year Change	
	April 30,		April 30,		Three	Six
	2024	2023	2024	2023	Months	Months
in millions, except margin data						
Revenue	\$ 1,216	\$ 1,390	\$ 2,475	\$ 2,771	(13)%	(11)%
Gross margin	62.8 %	65.4 %	63.7 %	64.7 %	(3) ppts	(1) ppt
Research and development	\$ 228	\$ 222	\$ 460	\$ 449	3%	3%
Percentage of revenue	19 %	16 %	19 %	16 %	3 ppts	2 ppts
Selling, general and administrative	\$ 361	\$ 337	\$ 723	\$ 675	7%	7%
Percentage of revenue	30 %	24 %	29 %	24 %	5 ppts	5 ppts
Other operating expense (income), net	\$ (3)	\$ (4)	\$ (5)	\$ (8)	(14)%	(36)%
Income from operations	\$ 177	\$ 354	\$ 398	\$ 676	(50)%	(41)%
Operating margin	14.6 %	25.4 %	16.1 %	24.4 %	(11) ppts	(8) ppts
Interest income	\$ 18	\$ 22	\$ 41	\$ 41	(18)%	—
Interest expense	\$ (20)	\$ (20)	\$ (40)	\$ (39)	6%	4%
Other income (expense), net	\$ —	\$ 5	\$ 5	\$ 14	(115)%	(70)%
Income before taxes	\$ 175	\$ 361	\$ 404	\$ 692	(52)%	(42)%
Provision for income taxes	\$ 49	\$ 78	\$ 106	\$ 149	(39)%	(30)%
Net income	\$ 126	\$ 283	\$ 298	\$ 543	(55)%	(45)%

Revenue

Revenue is recognized upon transfer of control of the promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. Returns are recorded in the period received from the customer and historically have not been material.

The following table provides the percent change in revenue for the three and six months ended April 30, 2024 by geographic region and the impact of foreign currency movements as compared to the same period last year.

<u>Geographic Region</u>	Year-over-Year Change			
	Three Months Ended		Six Months Ended	
	April 30, 2024		April 30, 2024	
	Currency Impact Favorable (Unfavorable)		Currency Impact Favorable (Unfavorable)	
	Actual		Actual	
Americas	(5)%	—	(7)%	—
Europe	(1)%	—	(1)%	1 ppt
Asia Pacific	(23)%	(2) ppts	(18)%	(2) ppts
Total revenue	(13)%	(1) ppt	(11)%	(1) ppt

Gross Margin, Operating Margin and Income Before Taxes

Gross margin for the three months ended April 30, 2024 decreased 3 percentage points compared to the same period last year, primarily driven by lower revenue volume and higher amortization of acquisition-related balances, partially offset by lower material costs. Gross margin for the six months ended April 30, 2024 decreased 1 percentage point compared to the same period last year, primarily driven by lower revenue volume, higher amortization of acquisition-related balances and higher restructuring costs, partially offset by lower material costs and incremental gross margin impact from the ESI Group acquisition.

R&D expense for the three months ended April 30, 2024 increased 3 percent compared to the same period last year, primarily driven by incremental costs from the ESI Group acquisition. R&D expense for the six months ended April 30, 2024 increased 3 percent compared to the same period last year, primarily driven by incremental costs from the ESI Group acquisition, partially offset by lower variable people-related costs. As a percentage of revenue, R&D expense was 19 percent for the three and six months ended April 30, 2024. We continue to prioritize investment in key growth opportunities in our end markets and leading-edge technologies.

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Selling, general and administrative expense for the three months ended April 30, 2024 increased 7 percent compared to the same period last year, primarily driven by higher acquisition and integration costs, incremental costs from the ESI Group acquisition and higher amortization of acquisition-related balances, partially offset by lower people-related costs and marketing costs. Selling, general and administrative expense for the six months ended April 30, 2024 increased 7 percent compared to the same period last year, primarily driven by higher acquisition and integration costs, incremental costs from the ESI Group acquisition, higher amortization of acquisition-related balances and higher restructuring costs, partially offset by lower people-related and infrastructure costs.

Other operating expense (income), net for the three and six months ended April 30, 2024 was income of \$3 million and \$5 million, respectively, compared to income of \$4 million and \$8 million, respectively, for the same periods last year.

Operating margin for the three and six months ended April 30, 2024 decreased 11 percentage points and 8 percentage points, respectively, compared to the same periods last year, primarily driven by higher operating expense as a percentage of sales and a decline in year-over-year gross margin.

Interest income for the three and six months ended April 30, 2024 was \$18 million and \$41 million, respectively, compared to \$22 million and \$41 million, respectively, for the same periods last year and primarily relates to interest earned on our cash balances. Interest expense for the three and six months ended April 30, 2024 was \$20 million and \$40 million, respectively, compared to \$20 million and \$39 million, respectively, for the same periods last year and primarily relates to interest on our senior notes.

Other income (expense), net for the three and six months ended April 30, 2024 was zero and income of \$5 million, respectively, compared to income of \$5 million and \$14 million, respectively, for the same periods last year and primarily includes income related to our defined benefit and post-retirement benefit plans, the change in fair value of our equity and other investments, currency impacts, and income attributable to non-controlling interests. The decrease in other income (expense), net for the three and six months ended April 30, 2024 is primarily driven by net currency losses.

As of April 30, 2024, our headcount was approximately 15,400 compared to approximately 15,000 at April 30, 2023. The increase was primarily driven by the acquisition of ESI Group partially offset by reductions from our cost efficiency measures.

Income Taxes

The following table provides income tax details:

	Three Months Ended		Six Months Ended	
	April 30,		April 30,	
	2024	2023	2024	2023
in millions, except percentages				
Income before taxes	\$ 175	\$ 361	\$ 404	\$ 692
Provision for income taxes	\$ 49	\$ 78	\$ 106	\$ 149
Effective tax rate	27.6 %	21.8 %	25.8 %	21.6 %

The tax expense for the three and six months ended April 30, 2024 was lower compared to the same periods last year primarily due to a decrease in income before taxes. The decrease in income before taxes in jurisdictions with tax rates lower than the U.S. statutory rate, without a proportional decline in the U.S. taxes on non-U.S. earnings, resulted in an increase in the overall effective tax rate for the three and six months ended April 30, 2024 as compared to the same periods last year.

The income tax expense for the three and six months ended April 30, 2024 included a net discrete benefit of \$1 million and net discrete expense of \$1 million, respectively. The income tax expense for the three and six months ended April 30, 2023 included a net discrete expense of \$3 million and \$2 million, respectively.

Keysight benefits from tax incentives in several jurisdictions, most significantly in Singapore and Malaysia, that will expire at various times in the future. The tax incentives provide lower rates of taxation on certain classes of income and require thresholds of investments and employment in those jurisdictions. The Singapore tax incentive will expire July 31, 2024, and the Malaysia tax incentive will expire October 31, 2025. The expiration of the Singapore tax incentive in the current year has been reflected in the annual tax forecast. The impact of the tax incentives decreased the income tax provision by \$22 million and \$49 million for the six months ended April 30, 2024 and 2023, respectively. The decrease in the tax benefit for the six months ended April 30, 2024 is primarily due to a decrease in earnings taxed at incentive rates and the impact of the Singapore tax incentive expiration.

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The open tax years for the U.S. federal income tax return and most state income tax returns are from November 1, 2019 through the current tax year. For the majority of our non-U.S. entities, the open tax years are from November 1, 2018 through the current tax year. For certain non-U.S. entities, the tax years remain open, at most, back to the year 2008.

The company was audited in Malaysia for fiscal year 2008. This tax year predates our separation from Agilent. However, pursuant to the agreement between Agilent and Keysight pertaining to tax matters, as finalized at the time of separation, for certain entities, including Malaysia, any historical tax liability is the responsibility of Keysight. In the fourth quarter of fiscal year 2017, Keysight paid income taxes and penalties of \$68 million on gains related to intellectual property rights. The company disputed this assessment and filed an appeal with the Court of Appeal in Malaysia. The Court of Appeal's decision was rendered in Keysight's favor on May 24, 2024.

At this time, management does not believe that the outcome of any future or currently ongoing examination will have a material impact on our consolidated financial statements. We believe that we have an adequate provision for any adjustments that may result from tax examinations. However, the outcome of tax examinations cannot be predicted with certainty. Given the numerous tax years and matters that remain subject to examination in various tax jurisdictions, the ultimate resolution of current and future tax examinations could be inconsistent with management's current expectations. If that were to occur, it could have an impact on our effective tax rate in the period in which such examinations are resolved.

We do not recognize deferred taxes for temporary differences expected to impact the Global Intangible Low-Taxed Income ("GILTI") tax expense in future years. We recognize the tax expense related to GILTI in each year in which the tax is incurred.

We are subject to income taxes in the U.S. and various other countries globally. Changes in tax law, tax rates, or in the composition of earnings in countries with differing tax rates may affect deferred tax assets and liabilities recorded and our future effective tax rate. On August 16, 2022, the U.S. government enacted the Inflation Reduction Act of 2022 that included changes to the U.S. corporate income tax system, including a fifteen percent minimum tax based on "adjusted financial statement income," which is effective for Keysight in the current year. Based on the current year forecast, the company does not expect to incur any additional U.S. tax liability from the application of the new minimum tax rules.

In addition, the Organization for Economic Cooperation and Development reached agreement among various countries to implement a minimum fifteen percent tax rate on certain multinational enterprises, commonly referred to as Pillar Two. Many countries continue to announce changes in their tax laws and regulations based on the Pillar Two proposals. We are continuing to evaluate the impact of these proposed and enacted legislative changes as new guidance becomes available. Some of these legislative changes could result in double taxation of our non-U.S. earnings, a reduction in the tax benefit received from our tax incentives, or other impacts to our effective tax rate and tax liabilities. Given the numerous proposed tax law changes and the uncertainty regarding such legislative changes, the impact of Pillar Two cannot be determined at this time.

Segment Overview

We have two reportable operating segments, the Communications Solutions Group and the Electronic Industrial Solutions Group. The profitability of each of the segments is measured after excluding share-based compensation expense, amortization of acquisition-

related balances, acquisition and integration costs, restructuring costs, interest income, interest expense and other items.

A significant portion of the segments' expenses arise from allocated corporate charges, as well as expenses related to our centralized sales force, and service, marketing and technology functions that we have historically provided to the segments in order to realize economies of scale and to efficiently use resources. Corporate charges include legal, accounting, real estate, insurance services, information technology services, treasury and other corporate infrastructure expenses. Segment allocations are determined on a basis that we consider to be a reasonable reflection of the utilization of services provided to, or benefits received by, the segments. Newly acquired businesses are not allocated these charges until integrated into our shared services and corporate infrastructure.

Communications Solutions Group

The Communications Solutions Group ("CSG") serves customers spanning the global commercial communications and aerospace, defense, and government end markets. The group's solutions consist of electronic design and test software, instrumentation, systems, and related services. These solutions are used in the simulation, design, validation, manufacturing, installation, and optimization of communication systems in wireless, wireline, enterprise, and aerospace, defense and government end markets. In addition, the group provides automated software test solutions to automatically identify, build, and execute tests critical to digital business success and a strong customer experience.

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Revenue

	Three Months Ended		Six Months Ended		Year- over-Year	
	April 30,		April 30,		Change	
	2024	2023	2024	2023	Three Months	Six Months
in millions						
Total revenue	\$ 840	\$ 937	\$ 1,679	\$ 1,876	(10)%	(11)%

The Communications Solutions Group revenue for the three and six months ended April 30, 2024 decreased 10 percent and 11 percent, respectively, compared to the same periods last year. Revenues associated with acquisitions had a favorable impact of 1 percentage point on the year-over-year revenue change for the three and six months ended April 30, 2024. Foreign currency movements had an unfavorable impact of 1 percentage point and an immaterial impact, respectively, on the year-over-year revenue change for the three and six months ended April 30, 2024. Revenue declined across all regions and in both the commercial communications and the aerospace, defense, and government end markets for the three and six months ended April 30, 2024. The Communications Solutions Group revenue for the three and six months ended April 30, 2024 declined as compared to last year, primarily driven by overall lower investments and a strong compare to last year, which benefited from robust backlog conversion. Our customers continued to make R&D investments in next-generation technologies and applications, including AI-driven data center expansion, ongoing 5G standards development and deployment, 400G/800G/terabit Ethernet, development of new communications technologies (e.g., 6G, Open Radio Access Networks, commercial non-terrestrial networks, quantum), high-speed networking and major defense and government programs worldwide.

The commercial communications end market revenue for the three and six months ended April 30, 2024, decreased 10 percent and 12 percent, respectively, year-over-year and represented 67 percent and 66 percent, respectively, of total Communications Solutions Group revenue. For the three months ended April 30, 2024, revenue declined in the Americas and Asia Pacific, and was flat in Europe. For the six months ended April 30, 2024, revenue declined across all regions. The decline was driven by reduction in demand as customers remain cautious in their spending across the communications ecosystem, particularly the smartphone, network equipment manufacturing and service provider customers. However, we continued to see investments in high-speed networks due to increasing need for AI capabilities across the entire data center ecosystem, which is driving demand for our 400G/800G/terabit Ethernet solutions, both in R&D and manufacturing.

The aerospace, defense, and government end market revenue for the three and six months ended April 30, 2024, decreased 11 percent and 8 percent, respectively, year-over-year and represented 33 percent and 34 percent, respectively, of total Communications Solutions Group revenue. For the three months ended April 30, 2024, revenue declined in Asia Pacific and Europe, partially offset by an increase in the Americas. For the six months ended April 30, 2024, revenue declines in Asia Pacific were partially offset by an increase in the Americas and Europe. We continue to see investments in radar and spectrum operations, space and satellite solutions and signal monitoring.

Gross Margin and Operating Margin

	Three Months Ended April 30,		Six Months Ended April 30,		Year- over-Year Change	
	2024	2023	2024	2023	Three Months	Six Months
in millions, except margin data						
Gross margin	68.0 %	68.1 %	68.2 %	67.8 %	—	—
Research and development \$	155	\$ 159	\$ 307	\$ 315	(2)%	(2)%
Selling, general and administrative	\$ 196	\$ 217	\$ 393	\$ 427	(9)%	(8)%
Other operating expense (income), net	\$ (3)	\$ (3)	\$ (5)	\$ (6)	4%	(16)%
Income from operations	\$ 223	\$ 266	\$ 449	\$ 535	(16)%	(16)%
Operating margin	26.5 %	28.4 %	26.7 %	28.5 %	(2) ppts	(2) ppts

Gross margin for the three and six months ended April 30, 2024 was flat compared to the same periods last year despite lower revenue volume, primarily driven by lower material costs.

R&D expense for the three and six months ended April 30, 2024 decreased 2 percent, compared to the same periods last year, primarily driven by lower variable people-related costs, partially offset by incremental costs of acquired businesses. We continue to prioritize investment in key growth opportunities in our end markets and leading-edge technologies.

Selling, general and administrative expense for the three and six months ended April 30, 2024 decreased 9 percent and 8 percent, respectively, compared to the same periods last year, primarily driven by lower people-related and infrastructure costs, partially offset by incremental costs of acquired businesses.

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Other operating expense (income), net for the three months ended April 30, 2024 and 2023 was income of \$3 million. Other operating expense (income), net for the six months ended April 30, 2024 and 2023 was income of \$5 million and \$6 million, respectively.

Operating margin for the three and six months ended April 30, 2024 decreased 2 percentage points compared to the same periods last year, primarily driven by higher operating expenses as a percentage of sales.

Electronic Industrial Solutions Group

The Electronic Industrial Solutions Group ("EISG") serves customers across a diverse set of end markets focused on automotive and energy, semiconductor solutions, and general electronics. The group's solutions consist of electronic design, test and simulation software, instrumentation, systems, and related services. These solutions are used in the simulation, design, validation, manufacturing, installation, and optimization of electronic equipment. In addition, the group provides automated software test solutions to automatically identify, build, and execute tests critical to digital business success and a strong customer experience. Our recent acquisition of ESI Group expands our application layer portfolio with simulation capabilities in automotive and general electronics sectors.

Revenue

	Three Months Ended		Six Months Ended		Year-over-Year	
	April 30,		April 30,		Change	
	2024	2023	2024	2023	Three Months	Six Months
in millions						
Total revenue	\$ 376	\$ 453	\$ 796	\$ 895	(17)%	(11)%

The Electronic Industrial Solutions Group revenue for the three and six months ended April 30, 2024 decreased 17 percent and 11 percent, respectively, compared to the same periods last year. Revenues associated with acquisitions had a favorable impact of 5 percentage points and 9 percentage points, respectively, on the year-over-year revenue change for the three and six months ended April 30, 2024. Foreign currency movements had an unfavorable impact of 1 percentage point on the year-over-year revenue change for the three and six months ended April 30, 2024. For the three months ended April 30, 2024, revenue declined in Asia Pacific, partially offset by an increase in the Americas and was flat in Europe. For the six months ended April 30, 2024, revenue declined in Asia Pacific and the Americas, partially offset by an increase in Europe. For the three months ended April 30, 2024, revenue declined across all the markets. For the six months ended April 30, 2024, declines in general electronics measurement and semiconductor measurement solutions were partially offset by growth in automotive and energy driven by the acquisition of ESI Group.

The decline in revenue reflects the normalization in demand as macroeconomic challenges, such as inflation and high interest rates, continued to slow some investments, primarily in the manufacturing sector. Despite delays in near-term spending, customer engagement remains high as they continued to invest in key long-term strategic initiatives, such as next-generation EV and AV, industrial IoT, digital health, and advanced semiconductor technologies.

Gross Margin and Operating Margin

	Three Months Ended		Six Months Ended		Year-over-Year	
	April 30,		April 30,		Change	
	2024	2023	2024	2023	Three Months	Six Months
in millions, except margin data						
Gross margin	58.2 %	63.7 %	61.7 %	62.1 %	(6) pts	—
Research and development	\$ 62	\$ 56	\$ 124	\$ 110	11%	12%
Selling, general and administrative	\$ 85	\$ 77	\$ 167	\$ 151	11%	11%
Other operating expense (income), net	\$ —	\$ (1)	\$ —	\$ (2)	—	—
Income from operations	\$ 71	\$ 157	\$ 200	\$ 297	(54)%	(33)%
					(16)	
Operating margin	19.0 %	34.5 %	25.1 %	33.2 %	ppts	(8) ppts

Gross margin for the three months ended April 30, 2024 decreased 6 percentage points compared to the same period last year, primarily driven by lower revenue volume and unfavorable mix. Gross margin for the six months ended April 30, 2024 was flat as compared to the same period last year, primarily driven by lower revenue volume and unfavorable mix offset by incremental gross margin impact from ESI Group acquisition.

R&D expense for the three and six months ended April 30, 2024 increased 11 percent and 12 percent, respectively, compared to the same periods last year, primarily driven by incremental costs from the ESI Group acquisition, partially offset

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by lower variable people-related costs. We continue to prioritize investment in key growth opportunities in our end markets and leading-edge technologies.

Selling, general and administrative expense for the three and six months ended April 30, 2024 increased 11 percent compared to the same periods last year, primarily driven by incremental costs due to the ESI Group acquisition, partially offset by lower people-related and infrastructure costs.

Other operating expense (income), net for the three months ended April 30, 2024 and 2023 was zero and income of \$1 million, respectively. Other operating expense (income), net for the six months ended April 30, 2024 and 2023 was zero and income of \$2 million, respectively.

Operating margin for the three months ended April 30, 2024 decreased 16 percentage points compared to the same period last year, primarily driven by higher selling, general and administrative expense and R&D expense as a percentage of sales coupled with decline in gross margin. Operating margin for the six months ended April 30, 2024 decreased 8 percentage points compared to the same period last year, primarily driven by higher selling, general and administrative expense and R&D expense as a percentage of sales.

Financial Condition

Liquidity and Capital Resources

Our liquidity is affected by many factors, including normal ongoing operations of our business and fluctuations due to global economics and markets. Our cash balances are generated and held in many locations throughout the world. Under certain circumstances, U.S. and local government regulations may limit our ability to move cash balances to meet cash needs.

Overview of Cash Flows

Our key cash flow activities were as follows:

	Six Months Ended	
	April 30,	
	2024	2023
	(in millions)	
Net cash provided by operating activities	\$ 438	\$ 789
Net cash used in investing activities	\$ (631)	\$ (205)
Net cash used in financing activities	\$ (621)	\$ (140)

Operating Activities

Cash flows from operating activities can fluctuate significantly from period to period due to working capital needs, the timing of payments for income taxes, variable pay, pension funding, and other items that impact reported cash flows.

Net cash provided by operating activities decreased \$351 million during the six months ended April 30, 2024 compared to the same period last year.

- Net income for the six months ended April 30, 2024 decreased \$245 million compared to the same period last year. Non-cash adjustments to net income were higher by \$25 million primarily due to a \$30 million increase in amortization and depreciation, a \$5

million increase in excess and obsolete inventory-related charges, partially offset by a \$7 million increase in deferred tax benefit, and a \$3 million decrease in other non-cash expenses.

- The aggregate of accounts receivable, inventory and accounts payable provided net cash of \$60 million during the first six months of fiscal 2024 compared to net cash used of \$73 million in the same period last year, primarily due to timing of collections relative to revenue, a lower increase in inventory and lower payments. The amount of cash flow generated from or used by the aggregate of accounts receivable, inventory and accounts payable depends upon the cash conversion cycle, which represents the number of days that elapse from the day we pay for the purchase of raw materials and components to the collection of cash from our customers and can be significantly impacted by the timing of shipments and purchases, as well as collections and payments in a period.
- For the six months ended April 30, 2023, we terminated forward-starting interest rate swap agreements resulting in proceeds of \$107 million. See Note 9, "Derivatives," for additional information.
- Other movements in assets and liabilities used net cash of \$144 million during the first six months of fiscal 2024 compared to net cash provided of \$13 million in the same period last year, primarily driven by lower cash from deferred revenue, payments on settlement of foreign exchange forward contracts associated with the ESI Group acquisition, lower income and other tax accruals, net of payments, and changes in other assets and liabilities.

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Investing Activities

Our investing activities primarily include investments in property, plant and equipment and acquisitions of businesses to support our strategy and growth.

Net cash used in investing activities increased \$426 million during the six months ended April 30, 2024 compared to the same period last year. For the six months ended April 30, 2024, we used \$556 million, net of cash acquired for payments towards acquisitions, including \$477 million, net of \$35 million cash acquired, for the acquisition of the controlling block of ESI Group shares. For the six months ended April 30, 2023, we used \$85 million, net of cash acquired, to acquire Cliosoft. Excluding payments for acquisitions, net cash used for investing activities decreased \$45 million, driven by \$30 million lower investments in property, plant and equipment, and \$15 million from other net investing activities.

Financing Activities

Our financing activities primarily include proceeds from issuance of common stock under employee stock plans, tax payments related to net share settlement of equity awards, issuances and repayment of debt and related costs, treasury stock repurchases, and transactions with non-controlling interests in partially-owned consolidated subsidiaries.

Net cash used in financing activities increased \$481 million during the six months ended April 30, 2024 compared to the same period last year, primarily due to \$458 million used for the acquisition of the non-controlling interest in ESI Group, \$24 million used for repayment of debt assumed as part of the ESI Group acquisition, \$14 million higher treasury stock repurchases and \$5 million used for payment of bridge loan facility fees, partially offset by \$19 million lower tax payments related to net share settlement of equity awards.

Treasury Stock Repurchases

On March 6, 2023, our board of directors approved a stock repurchase program authorizing the purchase of up to \$1,500 million of the company's common stock, of which \$785 million remained as of April 30, 2024. The stock repurchase program may be commenced, suspended or discontinued at any time at the company's discretion and does not have an expiration date. See "Issuer Purchases of Equity Securities" under Part II Item 2 for additional information.

Debt

	April 30, 2024		October 31, 2023	
	(in millions)			
Total debt (par value)	\$	1,800	\$	1,800
Revolving Credit Facility	\$	750	\$	750

Revolving Credit Facility

On July 30, 2021, we entered into an amended and restated credit agreement (the "Revolving Credit Facility"), which provided a \$750 million five-year unsecured revolving credit facility that expires on July 30, 2026 with an annual interest rate of LIBOR + 1 percent along with a facility fee of 0.125 percent per annum. On February 17, 2023, we entered into the first amendment to the Revolving Credit Facility to change the annual interest rate from LIBOR + 1 percent to SOFR + 1.1 percent. In addition, the Revolving Credit Facility permits

the company, subject to certain customary conditions, on one or more occasions to request to increase the total commitments under the Revolving Credit Facility by up to \$250 million in the aggregate. We may use amounts borrowed under the Revolving Credit Facility for general corporate purposes. As of April 30, 2024 and October 31, 2023, we had no borrowings outstanding under the Revolving Credit Facility. We were in compliance with the covenants of the Revolving Credit Facility during the six months ended April 30, 2024.

As part of the ESI Group acquisition, we assumed a revolving credit facility of 10 million euros that was subsequently terminated in April 2024.

ESI Group debt assumed

As part of the ESI Group acquisition, we assumed debt of \$24 million, of which \$10 million was payable within one year. The debt included a syndicated loan of \$11 million payable through yearly installments until April 2025 with an annual interest rate of EURIBOR + 2 to 2.5 percent. We also assumed various fixed interest rate state-guaranteed loans and other bank borrowings of \$13 million. During the six months ended April 30, 2024, we fully repaid the debt assumed as part of the acquisition.

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Bridge Facility

On March 28, 2024, we entered into a commitment letter pursuant to which certain lenders agreed to provide a senior unsecured 364-day bridge loan facility of up to 1,350 million British pounds ("the Bridge Facility") for the purpose of providing the financing to support a planned acquisition. We incurred costs in connection with the Bridge Facility of \$5 million that are included in "other current assets" in the condensed consolidated balance sheet and are being amortized to interest expense over the term of the Bridge Facility.

See Note 10, "Debt," for additional information.

Cash and cash requirements

Cash

	April 30, 2024	October 31, 2023
	(in millions)	
Cash, cash equivalents and restricted cash	\$ 1,674	\$ 2,488
U.S.	\$ 500	\$ 362
Non U.S.	\$ 1,174	\$ 2,126

Our cash and cash equivalents mainly consist of investments in institutional money market funds, short-term deposits held at major global financial institutions and similar short duration instruments with original maturities of 90 days or less. We continuously monitor the creditworthiness of the financial institutions and money market fund asset managers with whom we invest our funds. We utilize a variety of funding strategies in an effort to ensure that our worldwide cash is available in the locations in which it is needed. Most significant international locations have access to internal funding through an offshore cash pool for working capital needs. In addition, a few locations that are unable to access internal funding have access to temporary local overdraft and short-term working capital lines of credit.

Cash requirements

We have cash requirements to support working capital needs, capital expenditures, business acquisitions, contractual obligations, commitments, principal and interest payments on debt, and other liquidity requirements associated with our operations. We generally intend to use available cash and funds generated from our operations to meet these cash requirements. In the event that additional liquidity is required, we may also borrow under our revolving credit facility.

On March 28, 2024, we announced our intention to acquire the entire share capital of Spirent Communications PLC ("Spirent") for cash consideration of 199 pence per Spirent share, which reflects a valuation of \$1,463 million on a fully diluted basis. Spirent shareholders will also be entitled to receive a special dividend of 2.5 pence per Spirent share, in lieu of any final dividend for the year ended December, 31, 2023 (together with the cash consideration of 199 pence per share). The acquisition is expected to be completed during the first half of fiscal year 2025, pending regulatory clearances.

There were no other material changes to the cash requirements from our Annual Report on Form 10-K for the fiscal year ended October 31, 2023.

Cash requirements related to tax liabilities include uncertain tax positions, which increased by \$10 million from our Annual Report on Form 10-K for the fiscal year ended October 31, 2023 due to current year increases in reserves. Additionally, with regard to the U.S. transition tax liability, \$18 million moved from amounts due later than one year to amounts due within one year. We believe that we have an adequate provision for any adjustments that may result from tax examinations. However, the outcome of tax examinations cannot be predicted with certainty. Given the numerous tax years and matters that remain subject to examination in various tax jurisdictions, the ultimate resolution of current and future tax examinations could be inconsistent with management's current expectations.

For the remainder of fiscal 2024, we do not expect to contribute to our U.S. defined benefit plan and U.S. post-retirement benefit plan, and expect to contribute \$5 million to our non-U.S. defined benefit plans. The amounts we contribute depend upon, among other things, legal requirements, underlying asset returns, the plan's funded status, the anticipated tax deductibility of the contribution, local practices, market conditions, interest rates and other factors. See Note 11, "Retirement Plans and Post-Retirement Benefit Plans," for additional information.

Additionally, we expect capital spending to be approximately \$150 million in 2024, primarily for investments in capacity expansion and technology investments.

As of April 30, 2024, we believe our cash and cash equivalents, cash generated from operations, and our ability to access capital markets and credit lines will satisfy our cash needs for the foreseeable future both globally and domestically.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Quantitative and qualitative disclosures about market risk appear in “Item 7A. Quantitative and Qualitative Disclosures About Market Risk” in Part II of our Annual Report on Form 10-K for the fiscal year ended October 31, 2023. There were no material changes during the six months ended April 30, 2024 to this information reported in our 2023 Annual Report on Form 10-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the second quarter of fiscal 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On August 3, 2021, we entered into a Consent Agreement with the Directorate of Defense Trade Controls, Bureau of Political-Military Affairs, Department of State ("DTCC") to resolve alleged violations of the Arms Export Control Act and the International Traffic in Arms Regulations ("ITAR"). Pursuant to the Consent Agreement, we were assessed a penalty of \$6.6 million to be paid over three years, \$2.5 million of which was suspended and designated for remediation activities over three years, including employment of a special compliance officer. The suspended portion of the penalty was satisfied by amounts spent on qualifying compliance activities. On April 23, 2024, we made the final payment on the penalty, bringing the total amount paid to \$4.1 million. On May 3, 2024, we submitted a certification letter to the DTCC certifying that Keysight had implemented all aspects of the Consent Agreement and that Keysight's compliance program is adequate to identify, prevent, detect, correct, and report violations of the ITAR. On May 22, 2024, the DTCC closed the Consent Agreement based on this certification and their conclusion that Keysight had fulfilled the terms of the Consent Agreement.

On January 1, 2022, Centripetal Networks filed a lawsuit in Federal District Court in Virginia, alleging that certain Keysight products infringe certain of Centripetal's patents. In addition, in February 2022 Centripetal filed complaints in Germany alleging infringement of certain of Centripetal's German patents, and in April 2022 Centripetal filed a complaint with the International Trade Commission ("ITC") requesting that they investigate whether Keysight violated Section 337 of the Tariff Act ("Section 337") and should be enjoined from importing certain products that are manufactured outside of the U.S. and which are alleged to infringe Centripetal patents. On December 5, 2023, the ITC issued its Notice of Determination that Keysight did not unfairly import products in violation of Section 337 and the investigation

was terminated. Centripetal has appealed this determination. We deny the allegations and are aggressively defending each case.

Although there are no matters pending that we currently believe are probable and reasonably possible of having a material impact to our business, consolidated financial position, or results of operations or cash flows, the outcome of litigation is inherently uncertain and is difficult to predict. An adverse outcome in any outstanding lawsuit or proceeding could result in significant monetary damages or injunctive relief. If adverse results are above management's expectations or are unforeseen, management may not have accrued for the liability, which could impact our results in future periods.

We are also involved in lawsuits, claims, investigations and other proceedings, including, but not limited to, patent, commercial and environmental matters, which arise in the ordinary course of business.

Item 1A. Risk Factors

Risks, Uncertainties and Other Factors That May Affect Future Results

Risks Related to Our Business

Uncertainty in general economic conditions may adversely affect our operating results and financial condition.

Our business is sensitive to negative changes in general economic conditions, both inside and outside the United States. Global and regional economic uncertainty, inflation, potential recession or depression has and may continue to impact our business, resulting in:

- increased cost to manufacture products or deliver solutions;
- reduced customer purchasing power;
- reduced demand for our solutions and services and reduced, delayed or canceled orders;
- increased risk of excess and obsolete inventory;
- increased price pressure on our solutions and services; and
- greater risk of impairment to the value, and a detriment to the liquidity, of our future investment portfolio.

In addition, global and regional macroeconomic developments, such as increased unemployment, decreased income, uncertainty related to future economic activity, volatility in financial markets, reduced access to credit, increased interest rates, volatility in capital markets, decreased liquidity, uncertain or destabilizing national election results in the U.S., Europe, and Asia, and negative changes or volatility in general economic conditions in the U.S., Europe, and Asia could negatively affect our ability to conduct business in those territories. Financial difficulties experienced by our suppliers and customers, including distributors, due to economic volatility or negative changes could result in product delays, reduced purchasing power, delays in payment or inability to pay us, and inventory issues. Economic risks related to accounts receivable could result in delays in collection and greater bad debt expense.

Economic, political, and other risks associated with international sales and operations could adversely affect our results of operations.

Because we operate our businesses and sell our solutions worldwide, our business is subject to risks associated with doing business internationally. We anticipate that revenue from international operations will continue to represent a majority of our total revenue. However, there can be no assurances that our international sales will continue at existing levels or grow in accordance with our effort to increase foreign market penetration. In addition, many of our employees, contract manufacturers, suppliers and manufacturing facilities are located outside the United States. Accordingly, our future results could be harmed by a variety of factors, including, but not limited to:

- inability to conduct business in certain countries or regions or with certain customers due to U.S. sanctions or trade restrictions;
- inability to sell certain products, technologies, or services to countries, regions, facilities, or customers due to U.S. sanctions or trade restrictions;
- changes in a specific country's or region's political, economic or other conditions, including but not limited to changes that favor national interests and economic volatility;
- negative consequences from changes in tax laws;

- difficulty in protecting intellectual property;
- injunctions or exclusion orders related to intellectual property disputes;
- interruptions to transportation flows for delivery of parts to us and finished goods to our customers;
- changes in foreign currency exchange rates;
- difficulty in staffing and managing foreign operations;
- local competition;
- differing labor regulations;
- unexpected changes in regulatory requirements;
- inadequate local infrastructure;

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- negative impact of economic and political measures taken by a country to contain the spread of global pandemic conditions;
- potential incidences of corruption and fraudulent business practices; and
- volatile geopolitical turmoil, including popular uprisings, regional conflicts, terrorism, and war.

We centralize most of our accounting processes at two locations: India and Malaysia. If conditions change in those countries, it may adversely affect operations, including impairing our ability to pay our suppliers. Our results of operations, as well as our liquidity, may be adversely affected and possible delays may occur in reporting financial results.

Further, even if we are able to successfully manage the risks of international operations, our business may be adversely affected if our business partners are not able to successfully manage similar risks.

Economic and political policies favoring national interests could adversely affect our results of operations.

Nationalistic economic policies and political trends such as opposition to globalization and free trade, sanctions or trade restrictions, including those on advanced computing and semiconductor manufacturing, withdrawal from or re-negotiation of global trade agreements, tax policies that favor domestic industries and interests, and other similar actions may result in increased transaction costs, reduced ability to hire employees, reduced access to supplies and materials, reduced demand or access to customers, and inability to conduct our operations as they have been conducted historically. Each of these factors may adversely affect our business.

International trade disputes and increased tariffs between the United States and the United Kingdom, the European Union, Singapore, Malaysia and China, among other countries could substantially change our expectations and ability to operate in such jurisdictions as we have done historically. Many of our suppliers, vendors, customers, partners, and other entities with whom we do business have strong ties to doing business in China. Their ability to supply materials to us, buy products or services from us, or otherwise work with us is affected by their ability to do business in China. If the U.S.'s relationship with China results in additional trade disputes, trade protection measures, retaliatory actions, tariffs and increased barriers, policies that favor domestic industries, or increased import or export licensing requirements or restrictions, then our deployment of resources in jurisdictions affected by such measures could be misaligned and our operations may be adversely affected due to such changes in the economic and political ecosystem in which our suppliers, vendors, customers, partners, and other entities with whom we do business operate.

Volatile geopolitical turmoil, including popular uprisings, regional conflicts, terrorism and war could result in market instability, which could negatively impact our business results.

We are a global company with international operations, and we sell our products and solutions in countries throughout the world. Regional conflicts, including the Russian invasion of Ukraine, which resulted in economic sanctions and the decision to discontinue our operations in Russia, the war between Israel and Hamas, and the risk of increased tensions between China and Taiwan, could limit or prohibit our ability to transfer certain technologies, to sell our products and solutions, and could result in additional closure of facilities in sanctioned countries. In addition, international conflict has resulted in increased pressure on

the supply chain and could further result in increased energy costs, which could increase the cost of manufacturing, selling and delivering products and solutions; inflation, which has resulted in increases in the cost of manufacturing products and solutions, reduced customer purchasing power, increased price pressure, and reduced or cancelled orders; increased risk of cybersecurity attacks; and market instability, which could adversely impact our financial results.

Our operating results and financial condition could be harmed if the markets into which we sell our solutions decline or do not grow as anticipated.

Visibility into our markets is limited. Our quarterly sales and operating results are highly dependent on the volume and timing of technology-related spending and orders received during the fiscal quarter, which are difficult to forecast and may be cancelled by our customers. In addition, our revenues and earnings forecasts for future fiscal quarters are often based on the expected seasonality or cyclicity of our markets. However, due to the uncertainties and volatile economic environment created by inflation, the potential for recession, increased geopolitical tensions, including regional conflict and war, the markets we serve may experience increased volatility and may not experience the seasonality or cyclicity that we expect. Our customers' markets may also be affected by changes in the legal regulatory regime. Any decline in our customers' markets would likely result in a reduction in demand for our solutions and services. If our customers' markets decline, orders may decline, may be delayed or cancelled, and we may not be able to collect on outstanding amounts due to us. Such declines could harm our financial position, results of operations, cash flows and stock price, and could limit our profitability. In such an environment, pricing pressures could intensify. Since a significant portion of our operating expenses is relatively fixed in nature due to sales, R&D and manufacturing costs, if we were unable to respond quickly enough, these pricing pressures could further reduce our operating margins.

A decreased demand for our customers' products or trade restrictions could adversely affect our results of operations.

Our business depends on our customers' ability to manufacture, design, and sell their products in the marketplace. International trade disputes affecting our customers could adversely affect our business. Tariffs on imports to or from China could increase the cost of our customers' components and raw materials, which could make our customers' products and services more expensive and could reduce demand for our customers' products. Protectionist and retaliatory trade measures by either China or the United States could limit our customers' ability to sell their products and services and could reduce demand for our customers' products. Our customers and other entities in our customer chain could decide to take actions in response to international trade disputes that we could not foresee. A decrease in demand or significant change in operations from our customers due to international trade disputes could adversely affect our operating results and financial condition.

In addition to the above, our customers and suppliers have become subject to U.S. export restrictions and sanctions, such as being added to the U.S. Department of Commerce's "Lists of Parties of Concern" and having U.S. export privileges denied or suspended. When a customer or supplier of ours becomes subject to such sanctions, we suspend our business with such customer or supplier. Because of the continued tense political and economic relationship between the U.S. and China and between the U.S. and Russia, new restrictions or sanctions have been imposed with little notice, which could leave us without an adequate alternative solution to compensate for our inability to continue to do business with such customer or supplier. Some of our suppliers and customers in the supply chain are working on unique solutions and products in the market, and it may be difficult if not impossible to replace them, especially with short notice. We cannot predict what impact future sanctions could have on our customers or suppliers, and therefore, our business. Any export restrictions or sanctions and any tariffs or other trade restriction imposed on our customers or suppliers could adversely affect our financial condition and business.

Failure to introduce successful new solutions and services in a timely manner to address increased competition, rapid technological changes, and changing industry standards could result in our solutions and services becoming obsolete.

We generally sell our solutions in industries that are characterized by increased competition through frequent new solution and service introductions, rapid technological changes and innovations (such as artificial intelligence and machine learning) and changing industry standards. In addition, many of the markets in which we operate are seasonal and cyclical. Without the timely introduction of new solutions, services and enhancements, our solutions and services will become technologically obsolete over time, in which case our revenue and operating results would suffer. Our ability to offer new solutions and services and to deploy them in a timely manner depend on several factors, including, but not limited to, our ability to:

- properly identify and assess customer needs;
- innovate and develop new technologies, services and applications;
- successfully commercialize new technologies in a timely manner;
- manufacture and deliver our solutions in sufficient volumes and on time;
- differentiate our offerings from our competitors' offerings;

- price our solutions competitively;
- anticipate our competitors' development of new solutions, services or technological innovations; and
- control product quality in our manufacturing process.

Our future operating results may fluctuate significantly if our investments in innovative technologies are not as profitable as we anticipate.

On a regular basis, we review the existing technologies available in the market and identify strategic new technologies to develop and invest in. We are currently devoting significant resources to new technologies in the communications, aerospace and defense, automotive, Internet of Things, and mobile industries. We are investing in R&D, developing relationships with customers and suppliers, and directing our corporate and operational resources to grow within these innovative technologies. Our income could be harmed if we fail to expand our customer base, if demand for our solutions is lower than we expect, or if our income related to the innovative technologies is lower than we anticipate. We provide solutions for the design, development, and manufacturing stages of our customers' workflow. Our customers who currently use our solutions in one stage of their workflow may not use our solutions in other aspects of their manufacturing process.

Failure to adjust our purchases due to changing market conditions or failure to estimate our customers' demand could adversely affect our income.

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Our income could be harmed if we are unable to adjust our purchases to address market fluctuations, including those caused by volatile global economic conditions, geopolitical conflict, or the seasonal or cyclical nature of the markets in which we operate. The sale of our solutions and services are dependent, to a large degree, on customers whose industries are subject to seasonal or cyclical trends in the demand for their products. For example, the consumer electronics market is particularly volatile, making demand difficult to anticipate. Making such estimations in an economic climate affected by inflation or potential recession, fluctuations in global currency, geopolitical tension and war is particularly difficult as increased volatility may impact seasonal trends making it more difficult to anticipate demand fluctuations. Supply chain fluctuations could impact our ability to purchase parts and components. Some parts require custom design and may not be readily available from alternate suppliers due to their unique design or the length of time necessary for design work. Should a supplier cease manufacturing such a component, we would be forced to re-engineer our solution. In addition to discontinuing parts, suppliers may also extend lead times, limit supplies or increase prices due to capacity constraints or other factors. In order to secure components for the production of products, we may continue to enter into non-cancellable purchase commitments with vendors, or at times make advance payments to suppliers, which could impact our ability to adjust our inventory to declining market demands. Prior commitments of this type have resulted in an excess of parts when demand for electronic products has decreased. If demand for our solutions is less than we expect, we may experience additional excess and obsolete inventories and be forced to incur additional charges.

Dependence on contract manufacturing and outsourcing other portions of our supply chain may adversely affect our ability to bring solutions to market and damage our reputation. Dependence on outsourced information technology and other administrative functions may impair our ability to operate effectively.

As part of our efforts to streamline operations and to cut costs, we outsource aspects of our manufacturing processes and other functions and continue to evaluate additional outsourcing. If our contract manufacturers or other outsourcers fail to perform their obligations in a timely manner or at satisfactory quality levels, our ability to bring solutions to market and our reputation could suffer. For example, during a market upturn, our contract manufacturers may be unable to meet our demand requirements, which may preclude us from fulfilling our customers' orders on a timely basis. The ability of these manufacturers to perform is largely outside of our control. Additionally, changing or replacing our contract manufacturers or other outsourced vendors could cause disruptions or delays. In addition, we outsource significant portions of our information technology ("IT") and other administrative functions. Since IT is critical to our operations, any failure of our IT providers to perform could impair our ability to operate effectively. In addition to the risks outlined above, problems with manufacturing or IT outsourcing could result in lower revenues and unrealized efficiencies and could impact our results of operations and stock price. Much of our outsourcing takes place in developing countries and, as a result, may be subject to geopolitical uncertainty.

Our operating results may suffer if our manufacturing capacity does not match the demand for our solutions.

Because we cannot immediately adapt our production capacity and related cost structures to rapidly changing market conditions, when demand is lower than our expectations, our manufacturing capacity will likely exceed our production requirements. During a general market upturn or an upturn in our business, if we cannot increase our

manufacturing capacity to meet product demand, we will not be able to fulfill orders in a timely manner, which could lead to order cancellations, contract breaches or indemnification obligations. This inability could materially and adversely limit our ability to improve our income, margin and operating results. By contrast, if, during an economic downturn, we had excess manufacturing capacity, then our fixed costs associated with excess manufacturing capacity would adversely affect our income, margins and operating results.

Key customers or large orders may expose us to additional business and legal risks that could have a material adverse impact on our operating results and financial condition.

As a global company, we have key customers all over the world, although no one customer makes up more than 10 percent of our revenue. Sales to those customers could be reduced or eliminated as a result of failure to respond to customer needs, reduced customer demand, increased sales to our competitors, inability to manufacture or ship products and solutions, supply chain constraints, trade restrictions, sanctions and embargoes. We have experienced forced reductions in sales and been prevented from selling large orders to certain key customers due to trade restrictions, which we have been able to mitigate with the addition of new customers and new business. If we have future reductions in sales or lose key customers, there is no guarantee that we will be able to mitigate the impact of such reductions or losses, which could negatively impact our income, operating results and financial condition.

Certain key customers have substantial purchasing power and leverage in negotiating contractual arrangements with us. These customers may demand contract terms that differ considerably from our standard terms and conditions. Large orders may also include severe contractual liabilities if we fail to provide the quantity and quality of product at the required delivery times or fail to meet other obligations. While we attempt to contractually limit our potential liability, we may agree to some or all of these provisions to secure these orders and grow our business. Such actions expose us to significant additional risks, which could result in a material adverse impact on our operating results and financial condition.

Industry consolidation and consolidation among our customer base may lead to increased competition and may harm our operating results.

There is potential for industry consolidation in our markets. As companies attempt to expand, strengthen or hold their market positions in an evolving industry, companies could be acquired or may be unable to continue operations. Companies that are strategic alliance partners in some areas of our business may acquire or form alliances with our competitors, thereby reducing their business with us. Industry consolidation may result in stronger competitors and could lead to more variability in our operating results and could have a material adverse effect on our business, operating results, and financial condition. Furthermore, particularly in the communications market, rapid consolidation would lead to fewer customers, with the effect that loss of a major customer could have a material impact on results not anticipated in a customer marketplace composed of more numerous participants.

Additionally, if there is consolidation among our customer base, our customers may be able to command increased leverage in negotiating prices and other terms of sale, which could adversely affect our profitability. If, as a result of increased leverage, customer pressures require us to reduce our pricing such that our gross margins are diminished, we could decide not to sell our solutions under such less favorable terms, which would decrease our revenue. Consolidation among our customer base may also lead to reduced demand for our solutions, replacement of our products by the combined entity with those of our competitors and cancellations of orders, each of which could harm our operating results.

Our acquisitions, strategic alliances, joint ventures, internal reorganizations and divestitures may result in financial results that are different than expected.

In the normal course of business, we may engage in discussions with third parties relating to possible acquisitions, strategic alliances, joint ventures and divestitures. Additionally, we occasionally make changes to our internal structure to align business products, services and solutions with market demands and to obtain cost synergies and operational efficiencies. As a result of such transactions, our financial results may differ from our own or the investment community's expectations in a given fiscal quarter, or over the long term. If market conditions or other factors lead us to change our strategic direction, we may not realize the expected value from such transactions or reorganizations. Further, such third-party transactions often have post-closing arrangements, including, but not limited to, post-closing adjustments, transition services, escrows or indemnifications, the financial results of which can be difficult to predict. In addition, acquisitions and strategic alliances may require us to integrate a different company culture, management team, employees and business infrastructure into our existing operations without impacting the business operations of the newly acquired company. We may have difficulty developing, manufacturing and marketing the products of a newly acquired company in a way that enhances performance and expands the markets of the newly acquired company. The acquired company may not enhance the performance of our businesses or product lines such that we do not realize the value from expected synergies. Depending on the size and complexity of an acquisition, the successful integration of the entity depends on a variety of factors, including but not limited to:

- the achievement of anticipated cost savings, synergies, business opportunities and growth prospects from combining the acquired company;

- the scalability of production, manufacturing and marketing of products of a newly acquired company to broader adjacent markets;
- the ability to cohesively integrate operations, product definitions, price lists, contract terms and conditions, delivery, and technical support for products and solutions of a newly acquired company into our existing operations;
- the compatibility of our infrastructure, operations, policies and organizations with those of the acquired company;
- the retention of key employees and/or customers;
- the management of facilities and employees in different geographic areas; and
- the management of relationships with our strategic partners, suppliers, and customer base.

If we do not realize the expected benefits or synergies of such transactions, our consolidated financial position, results of operations, cash flows and stock price could be negatively impacted. Additionally, we may record significant goodwill and other assets as a result of acquisitions or investments, and we may be required to incur impairment charges, which could adversely affect our consolidated financial position and results of operations.

Any inability to complete acquisitions on acceptable terms could negatively impact our growth rate and financial performance.

Our ability to grow revenues, earnings and cash flow depends in part upon our ability to identify and successfully acquire and integrate businesses at appropriate prices and realize anticipated synergies and business performance. Appropriate targets for acquisition are difficult to identify and complete for a variety of reasons, including, but not limited to, limited due

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diligence, high valuations, difficulty obtaining business and intellectual property evaluations, other interested parties, negotiations of the definitive documentation, satisfaction of closing conditions, the need to obtain antitrust or other regulatory approvals on acceptable terms, and availability of funding. The inability to close appropriate acquisitions on acceptable terms could adversely impact our growth rate, revenue, and financial performance.

We may need additional financing in the future to meet our capital needs or to make opportunistic acquisitions, and such financing may not be available on terms favorable to us, if at all, and may be dilutive to existing shareholders.

We may need to seek additional financing for our general corporate purposes. For example, we may need to increase our investment in R&D activities or need funds to make acquisitions. We may be unable to obtain any desired additional financing on terms favorable to us, if at all. If adequate funds are not available on acceptable terms, we may be unable to fund our expansion, successfully develop or enhance solutions or respond to competitive pressures, any of which could negatively affect our business. If we finance acquisitions by issuing convertible debt or equity securities, our existing stockholders may experience share dilution, which could affect the market price of our stock. If we raise additional funds through the issuance of equity securities, our shareholders will experience dilution of their ownership interest. If we raise additional funds by issuing debt, we may be subject to further limitations on our operations and ability to pay dividends due to restrictive covenants.

We have outstanding debt and may incur other debt in the future, which could adversely affect our financial condition, liquidity and results of operations.

We currently have outstanding debt as well as availability to borrow under a revolving credit facility. We may borrow additional amounts in the future and use the proceeds from any future borrowing for general corporate purposes, future acquisitions, expansion of our business or repurchases of our outstanding shares of common stock.

Our incurrence of debt, and increases in our aggregate levels of debt, may adversely affect our operating results and financial condition by, among other things:

- requiring a portion of our cash flow from operations to make interest payments on outstanding debt;
- increasing our vulnerability to general adverse economic and industry conditions;
- reducing the cash flow available to fund capital expenditures and other corporate purposes and to grow our business; and
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry.

Our current revolving credit facility imposes restrictions on us, including restrictions on our ability to create liens on our assets and the ability of our subsidiaries to incur indebtedness, and requires us to maintain compliance with specified financial ratios. Our ability to comply with these ratios may be affected by events beyond our control. In addition, the indenture governing our senior notes contains covenants that may adversely affect our ability to incur certain liens. If we breach any of the covenants and do not obtain a waiver from the lenders, then, subject to applicable cure periods, our outstanding indebtedness could be declared immediately due and payable.

Volatility in currency exchange rates could adversely impact our financial results.

A substantial amount of our solutions are priced and paid for in U.S. Dollars, although many of our solutions are priced in local currencies and a significant amount of certain types of expenses, such as payroll, utilities, tax and marketing expenses, are paid in local currencies and could be impacted by significant currency exchange rate fluctuations. Our hedging programs are designed to reduce, but not entirely eliminate, within any given 12-month period, the impact of currency exchange rate movements, including those caused by currency controls, which could impact our business, operating results and financial condition by resulting in lower revenue or increased expenses. However, for expenses beyond a 12-month period, our hedging strategy will not mitigate our exchange rate risk. In addition, our currency hedging programs involve third-party financial institutions as counterparties. The weakening or failure of these counterparties may adversely affect our hedging programs and our financial condition through, among other things, a reduction in the number of available counterparties, increasingly unfavorable terms or the failure of counterparties to perform under hedging contracts.

We are or will be subject to ongoing tax examinations of our tax returns by the IRS and other tax authorities. An adverse outcome of any such audit or examination by the IRS or other tax authority could have a material adverse effect on our results of operations, financial condition and liquidity.

We are or will be subject to ongoing tax examinations of our tax returns by the IRS and other tax authorities in various jurisdictions. We regularly assess the likelihood of adverse outcomes resulting from ongoing tax examinations to determine the adequacy of our provision for income taxes. These assessments can require considerable estimates and judgments. Intercompany transactions associated with the sale of inventory, services, intellectual property and cost sharing arrangements

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are complex and affect our tax liabilities. The calculation of our tax liabilities involves uncertainties in the application of complex tax laws and regulations in multiple jurisdictions. The outcomes of these tax examinations could have an adverse effect on our operating results and financial condition. Due to the complexity of tax contingencies, the ultimate resolution of any tax matters related to operations may result in payments greater or less than amounts accrued.

Our effective tax rate may be adversely impacted by changes in our business mix or changes in the tax legislative landscape.

Our effective tax rate may be adversely impacted by, among other things, changes in the mix of our earnings among countries with differing statutory tax rates, changes in the valuation allowance of deferred tax assets, and changes in tax laws. We cannot give any assurance as to what our effective tax rate will be in the future because, among other things, there is uncertainty regarding the tax policies of the jurisdictions where we operate. Changes in tax laws, such as tax reform in the United States or changes in tax laws resulting from the Organization for Economic Co-operation and Development's ("OECD") multi-jurisdictional plan of action to address "base erosion and profit shifting" and the taxation of the "Digital Economy," could impact our effective tax rate.

If tax laws or incentives change or cease to be in effect, our income taxes could increase significantly.

We are subject to federal, state, and local taxes in the United States and numerous foreign jurisdictions. We devote significant resources to evaluating our tax positions and our worldwide provision for taxes. Any changes to the positions we have taken could result in an impact to our financial statements. Our financial results and tax treatment are susceptible to changes in tax, accounting, and other laws, including the Inflation Reduction Act and The Tax Cuts and Jobs Act in the U.S, regulations, principles, and interpretations in the United States and in other jurisdictions where we do business. With the existence of economic and political policies that favor domestic interests, it is possible that more countries will enact tax laws that either increase the tax rates, or reduce or change the tax incentives available to multinational companies like ours. Upon a change in tax laws in any territory where we do significant business, we may not be able to maintain our current tax rate or qualify for or maintain the benefits of any tax incentives offered, to the extent such incentives are offered.

Keysight benefits from tax incentives in several jurisdictions, most significantly in Singapore and Malaysia, that will expire at various times in the future. The tax incentives provide lower rates of taxation on certain classes of income and require thresholds of investments and employment in those jurisdictions. If we cannot or do not wish to satisfy all or portions of the tax incentives conditions, we may lose the related tax incentives and could be required to refund the benefits that the tax incentives previously provided. We believe that we will satisfy such conditions, but cannot guarantee that the tax environment will not change or that such conditions will be satisfied. The Singapore tax incentive expires July 31, 2024, and the Malaysia incentive expires October 31, 2025.

Our taxes could increase if the existing Singapore or Malaysia incentives are revoked or are not renewed upon expiration. We cannot guarantee that we will qualify for any new incentive regime that may exist going forward. As a result, our effective tax rate could be higher than it would have been had we renewed the tax incentives and could harm our operating results after tax.

Global health crises, could have a material impact on our global operations, our customers and our vendors, which could adversely impact our business results and financial condition.

Global health crises could have a material impact on our global operations, our employees, our customers and our vendors, which could adversely impact our business results and financial conditions. For example, the continued evolution of COVID-19 and its variants, as well as periodic spikes in infection rates, local outbreaks on our sites or supplier, customer or vendor sites, in spite of safety measures or vaccinations, could cause disruptions to our operations or those of our suppliers, customers or vendors. Pandemic conditions could lead to global supply chain challenges, which could adversely impact our ability to procure certain components and could impact our ability to manufacture products and cause delays in delivery of our solutions to our customers. As new variants of viruses appear, especially variants that are more easily spread, cause more serious outcomes, or are resistant to existing vaccines, new health orders and safety protocols could further impact our on-site operations and our ability to manufacture, ship or deliver products and solutions to customers.

These factors could materially and negatively impact our business results, operations, revenue, growth and overall financial condition.

Volatile changes in weather conditions and effects of climate change could damage or destroy strategic facilities, including our headquarters, which could have a significant negative impact on our operations.

We and our customers and suppliers are vulnerable to the increasing impact of climate change. Volatile changes in weather conditions, including extreme heat or cold, could increase the risk of wildfires, floods, blizzards, hurricanes and other weather-related disasters. Such extreme weather events can cause power outages and network disruptions that may result in disruption to operations and may impact our ability to manufacture and ship products, which may negatively impact revenue. Disasters created by extreme conditions could cause significant damage to or destruction of our facilities, including our

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headquarters, resulting in temporary or long-term closures of our facilities and operations and significant expense for repair or replacement of damaged or destroyed facilities. This could also result in loss or damage to employee homes, employees relocating to other parts of the country or being unwilling to relocate to strategic locations, housing shortages and loss of or inability to recruit key employees. This could result in adverse impact to the available workforce, damage to or destruction of inventory, inability to manufacture and deliver solutions, cancellation of orders, and breaches of customer contracts leading to reduced revenue.

If we suffer a loss to our factories, facilities or distribution system due to a catastrophic event, our operations could be significantly harmed.

Our factories, facilities and distribution system are vulnerable to catastrophic loss due to natural or man-made disasters. Several of our facilities could be subject to a catastrophic loss caused by earthquake or other natural disasters due to their locations. For example, our production facilities, headquarters and laboratories in California and our production facilities in Japan are all located in areas with above-average seismic activity. If any of these facilities were to experience a catastrophic loss, it could disrupt our operations, delay production, shipments and revenue and result in large expenses to repair or replace the facility. In addition, since we have consolidated our manufacturing facilities, we are more likely to experience an interruption to our operations in the event of a catastrophe in any one location. Although we carry insurance for property damage and business interruption, we do not carry insurance or financial reserves for interruptions or potential losses arising from earthquakes or terrorism. Even where insured, there is a risk that an insurer may deny or limit coverage or may become financially incapable of covering claims. Also, our third-party insurance coverage will vary from time to time in both type and amount depending on availability, cost and our decisions with respect to risk retention. Economic conditions and uncertainties in global markets may adversely affect the cost and other terms upon which we are able to obtain third-party insurance. If our third-party insurance coverage is adversely affected, or to the extent we have elected to self-insure, we may be at a greater risk that our operations will be harmed by a catastrophic loss.

Our commitment to net zero emissions in company operations by fiscal year 2040 will be subject to significant costs and regulations, which could impact business operations, processes, revenue, and reputation.

In May 2021, the company disclosed its commitment to achieving net zero Scope 1 and Scope 2 emissions by the end of fiscal year 2040. The company plans to meet this commitment by reducing energy consumption through efficiency and conservation measures, investments in renewable energy and selective purchase of certified offsets for residual emissions. The company also committed in September 2021 to developing approved science-based targets in line with limiting global warming to 1.5 degrees Celsius above pre-industrial levels. In addition to Scope 1 and Scope 2 emissions defined by our net zero goal, the company has developed Scope 3 reduction and engagement targets across relevant categories as part of our commitment to science-based targets, which were approved by Science Based Target Initiative ("SBTi") on October 27, 2023. The development and implementation of goals and targets may require significant and expensive capital improvements, changes in product development, manufacturing processes and shipping methods. These changes may materially increase the cost to manufacture and ship products and solutions, result in price increases to customers, reduce product or solution performance,

and create customer dissatisfaction, potentially adversely impacting our revenue and profitability.

Achieving net zero emissions goals and targets may entail compliance with evolving laws and regulatory requirements, which may cause us to change or reconfigure facilities and operations to meet regulatory standards. If operations are out of compliance, we may be subject to civil or criminal actions, fines and penalties and be required to make significant changes to facilities and operations and temporarily or permanently shut down non-compliant operations, which could result in business disruption and significant unexpected expense, delays in or inability to develop, manufacture and ship products and solutions, customer dissatisfaction, loss of revenue and damage to our reputation.

If we are unable to sufficiently reduce Scope 1 and Scope 2 emissions through energy reduction measures or our investments in renewable energy are not successful, we may fail to achieve our net zero emission commitment by fiscal year 2040. If we are unable to achieve Scope 3 reduction and engagement targets, we may fail to achieve our commitment to science-based targets. Failing to achieve the company's net zero or science-based targets commitments could result in regulatory non-compliance, criminal or civil actions against us, assessment of fees and penalties, inability to develop, manufacture and ship products, customer dissatisfaction with our products and solutions, reduced revenue and profitability, shareholder lawsuits and damage to our reputation.

Third parties may claim that we are infringing their intellectual property rights, and we could suffer significant litigation or licensing expenses or be prevented from selling solutions or services.

From time to time parties have claimed that one or more of our solutions or services infringe their intellectual property rights. We analyze and take action in response to such claims on a case-by-case basis. On January 1, 2022, Centripetal Networks filed a lawsuit in Federal District Court in Virginia, alleging that certain Keysight products infringe certain of Centripetal's patents. In addition, in February 2022, Centripetal filed complaints in Germany alleging infringement of certain of

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Centripetal's German patents, and in April 2022, Centripetal filed a complaint with the International Trade Commission ("ITC") requesting that they investigate whether Keysight violated Section 337 of the Tariff Act ("Section 337") and should be enjoined from importing certain products that are manufactured outside of the U.S. which are alleged to infringe Centripetal patents. On December 5, 2023, the ITC issued its Notice of Determination that Keysight did not unfairly import products in violation of Section 337 and the investigation was terminated. Centripetal has appealed this determination. Although we deny the allegations and are aggressively defending each case, the outcome of existing proceedings, lawsuits and claims may differ from our expectations because the outcomes of litigation are often difficult to reliably predict.

Disputes and litigation regarding patents or other intellectual property are costly and time-consuming due to the complexity of our technology and the uncertainty of intellectual property litigation and could divert our management and key personnel from business operations. Claims of intellectual property infringement could cause us to enter into a costly or restrictive license agreement (which may not be available under acceptable terms, or at all), require us to redesign certain of our solutions (which would be costly and time-consuming) and/or subject us to significant damages or an injunction against the development, sale and importation of certain solutions or services. In certain of our businesses, we rely on third-party intellectual property licenses, and we cannot ensure that these licenses will be available to us in the future on terms favorable to us or at all.

Third parties may infringe our intellectual property rights, and we may suffer competitive injury or expend significant resources enforcing our intellectual property rights.

Our success depends in part on our proprietary technology, including technology we obtained through acquisitions. We rely on various intellectual property rights, including patents, copyrights, trademarks and trade secrets, as well as confidentiality provisions and licensing arrangements, to establish our proprietary rights. If we do not enforce our intellectual property rights successfully, our competitive position may suffer, which could harm our operating results.

Our pending patent, copyright and trademark registration applications may not be allowed or competitors may challenge the validity or scope of our patents, copyrights or trademarks. In addition, our patents, copyrights, trademarks and other intellectual property rights may not provide us with a significant competitive advantage. Different jurisdictions vary widely in the level of protection and priority they give to trademark and other intellectual property rights.

We may be required to spend significant resources monitoring our intellectual property rights, and we may or may not be able to detect infringement of such rights by third parties. Our competitive position may be harmed if we cannot detect infringement and enforce our intellectual property rights in a timely manner, or at all. In some circumstances, we may choose to not pursue enforcement due to a variety of reasons. In addition, competitors may avoid infringement by designing around our intellectual property rights or by developing non-infringing competing technologies. Intellectual property rights and our ability to enforce them may be unavailable or limited in some countries, which could make it easier for competitors to infringe our intellectual property rights, capture market share and could result in lost revenues to the company. Furthermore, some of our intellectual property is licensed to others, which allows them to compete with us using that intellectual property.

If we experience a significant cybersecurity attack or disruption in our IT systems or our software products, our business, reputation, and operating results could be adversely affected.

We rely on several centralized IT systems to provide solutions and services, maintain financial records, retain sensitive data such as intellectual property, proprietary business information, and data related to customers, suppliers, and business partners, process orders, manage inventory, process shipments to customers and operate other critical functions. The ongoing maintenance and security of this information is pertinent to the success of our business operations and our strategic goals.

Despite our implementation of network security measures, our network may be vulnerable to cybersecurity attacks, computer viruses, break-ins and similar disruptions. Our network security measures include, but are not limited to, the implementation of firewalls, antivirus protection, patches, log monitors, routine backups, offsite storage, network audits, employee training and routine updates and modifications. Despite our efforts to create these security barriers, we may not be able to keep pace as new threats emerge, and it is virtually impossible for us to entirely eliminate this risk. Cybersecurity attacks are evolving and include, but are not limited to, ransomware attacks, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and corruption of data. Any such event could have a material adverse effect on our business, reputation, operating results and financial condition, and no assurance can be given that our efforts to reduce the risk of such attacks will be successful.

Our software products may contain vulnerabilities that could be exploited by cybersecurity attackers, allowing them to introduce malicious code into our products to gain access to customer networks. Such attacks could lead to disruptions to our customers' operations or processes, system downtime, financial loss, loss of their intellectual property, business information and proprietary data, or corruption of data, which could impact Keysight's reputation, and result in loss of confidence in our products, loss of orders, and loss in revenue, which could materially impact our financial results. We proactively scan for

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vulnerabilities in our product lines. When vulnerabilities are discovered, we respond with a predefined Product Security Response Process to address the vulnerability, but we cannot eliminate the possibility of a successful cybersecurity attack or exploitation of undiscovered vulnerabilities.

In an effort to improve information security, governments may enact rules, regulations, standards and attestation requirements. These requirements may be unclear, onerous, and compliance may be burdensome and costly. Additionally, the requirements may vary from jurisdiction to jurisdiction and may include differing or conflicting requirements. Compliance with the requirements could impact both the order availability of existing products as well as the introduction timing of new products, which could cause customers to stop purchasing our solutions and could impact our revenue and profits. The failure to comply with such requirements, once enacted, may result in lost orders, reduced revenue, fines, penalties and damage to our reputation.

In addition, our IT systems may be susceptible to damage, disruptions, instability, or shutdowns due to power outages, hardware failures, telecommunication failures, user errors, implementation of new operational systems or software or upgrades to existing systems and software, catastrophes, or other unforeseen events. Such events could result in the disruption of business processes, network degradation and system downtime, along with the potential that a third party will exploit our critical assets, such as intellectual property, proprietary business information and data related to our customers, suppliers and business partners. Further, such events could result in loss of revenue, loss of or reduction in purchase orders, inability to report financial information, litigation, regulatory fines and penalties, and other damage that could have a material impact on our business operations. To the extent that such disruptions occur, our customers and partners may lose confidence in our solutions, and we may lose business or brand reputation, resulting in a material and adverse effect on our business operating results and financial condition.

Our business will suffer if we are not able to retain and hire key personnel.

Our future success depends partly on the continued service of our key research, engineering, sales, marketing, manufacturing, executive and administrative personnel, including personnel joining our company through acquisitions. The markets in which we operate are dynamic, and from time to time we may need to respond with reorganizations, reductions in workforce, salary freezes or reductions, or site closings. We believe our pay levels are competitive within the regions in which we operate. However, global labor shortages, inflationary pressure on wages, and increased global attrition have intensified competition for talent in most fields across the geographic areas in which we operate, and it may become more difficult to retain key employees. If we fail to retain key personnel and are unable to hire highly qualified replacements, we may not be able to meet key objectives, such as launching effective product innovations and meeting financial goals and maintain or expand our business.

If we fail to maintain satisfactory compliance with certain regulations, we may be subject to substantial negative financial consequences and civil or criminal penalties.

We and our customers are subject to various significant international, federal, state and local regulations, including, but not limited to, export regulations, sanctions and embargoes, packaging, data privacy, product content, environmental, health and safety and labor. These regulations are complex, change frequently and may become more stringent over time. We

have been required to incur significant expenses to comply with these regulations and to remedy violations of certain import/export regulations. Any future failure by us to comply with applicable government regulations could also result in cessation of our operations or portions of our operations, high financial penalties, product recalls or impositions of fines, and restrictions on our ability to carry on or expand our operations. If demand for our solutions is adversely affected or our costs increase, our business would suffer.

Our R&D, manufacturing and distribution operations involve the use of hazardous substances and are regulated under international, federal, state and local laws governing health and safety and the environment. We are also regulated under a number of international, federal, state and local laws regarding recycling, product packaging and product content requirements. We apply strict standards for protection of the environment and occupational health and safety inside and outside the United States, even where not subject to regulation imposed by foreign governments. We believe that our properties and operations at our facilities comply in all material respects with applicable environmental and occupational health and safety laws. In spite of these efforts, no assurance can be given that we will be compliant with all applicable environmental and workplace health and safety laws and regulations and violations could result in civil or criminal sanctions, fines and penalties.

We have developed internal data handling policies and practices to comply with the General Data Protection Regulation ("GDPR") in the European Union and data privacy regulations similar to GDPR in other jurisdictions. Our existing business strategy does not rely on aggregating or selling personally identifiable information, and as a general matter Keysight does not process personally identifiable information on behalf of our customers. We devote resources to keep up with the changing regulatory environment on data privacy in the jurisdictions where we do business. There has been increased regulatory scrutiny of the use of "big data" techniques, machine learning and artificial intelligence. Despite our efforts, no assurance can be given

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that we will be compliant with data privacy regulations. New laws, amendments, or interpretations of regulations, industry standards, and contractual obligations relating to data privacy may require us to incur additional costs and restrict our business operations. If we fail to comply with GDPR or other data privacy regulation, we may be subject to significant financial fines and civil or criminal penalties, and may suffer damage to our reputation or brand, which could adversely affect our business and financial results.

In addition, our products and operations are also often subject to the rules of industrial standards bodies, like the International Standards Organization, as well as regulation by other agencies such as the U.S. Federal Communications Commission. We also must comply with work safety rules. If we fail to adequately address any of these regulations, our businesses could be harmed.

Failure to comply with anti-corruption laws could adversely affect our business and result in financial penalties.

Because we have extensive international operations, we must comply with complex foreign and U.S. laws and regulations, such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and other local laws prohibiting corrupt payments to governmental officials, and anti-competition regulations. Although we actively maintain policies and procedures designed to ensure ongoing compliance with these laws and regulations, there can be no assurance that our employees, contractors or agents will not violate these policies and procedures. Violations of these laws and regulations could result in fines and penalties, criminal sanctions, restrictions on our business conduct and on our ability to offer our solutions in one or more countries, and could also materially affect our brand, ability to attract and retain employees, international operations, business and operating results.

Our business and financial results may be adversely affected by various legal and regulatory proceedings.

We are subject to legal proceedings, lawsuits and other claims in the normal course of business and could become subject to additional claims in the future, some of which could be material. On January 1, 2022, Centripetal Networks filed a lawsuit in Federal District Court in Virginia, alleging that certain Keysight products infringe certain of Centripetal's patents. In addition, in February 2022, Centripetal filed complaints in Germany alleging infringement of certain of Centripetal's German patents, and in April 2022, Centripetal filed a complaint with the International Trade Commission ("ITC") requesting that they investigate whether Keysight violated Section 377 of the Tariff Act and should be enjoined from importing certain products that are manufactured outside of the U.S. and alleged to infringe Centripetal patents. On December 5, 2023, the ITC issued its Notice of Determination that Keysight did not unfairly import products in violation of Section 337 and the investigation was terminated. Centripetal has appealed this determination.

Although we deny the allegations and are aggressively defending each case, the outcome of existing proceedings, lawsuits and claims may differ from our expectations because the outcomes of litigation are often difficult to reliably predict. Various factors or developments can lead us to change current estimates of liabilities and related insurance receivables where applicable, or permit us to make such estimates for matters previously not susceptible to reasonable estimates, such as a significant judicial ruling or judgment, a significant settlement, significant regulatory developments or changes in applicable law. A future adverse ruling, settlement or unfavorable development could result in charges that could adversely affect our business, operating results or financial condition.

Our internal controls may be determined to be ineffective, which may adversely affect investor confidence in our company, the value of our stock, and our access to capital.

The Sarbanes-Oxley Act of 2002 requires us to furnish a report by management on the effectiveness of our internal control over financial reporting, among other things. We devote significant resources and time to comply with such internal control over financial reporting requirements. However, we cannot be certain that these measures will ensure that we design, implement and maintain adequate control over our financial processes and reporting in the future, especially in the context of acquisitions of other businesses. Any difficulties in the assimilation of acquired businesses into our control system could harm our operating results or cause us to fail to meet our financial reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock or on our access to capital, or cause us to be subject to investigation or sanctions by the SEC.

Adverse conditions in the global banking industry and credit markets may adversely impact the value of our cash investments or impair our liquidity.

Our cash and cash equivalents are invested or held in a mix of money market funds, time deposit accounts and bank demand deposit accounts. Disruptions in the financial markets may, in some cases, result in an inability to access assets such as money market funds that traditionally have been viewed as highly liquid. Any failure of our counterparty financial institutions or funds in which we have invested may adversely impact our cash and cash equivalent positions and, in turn, our results and financial condition.

Future investment returns on pension assets may be lower than expected or interest rates may decline, requiring us to make significant additional cash contributions to our future plans.

We sponsor several defined benefit pension plans that cover many of our salaried and hourly employees. The Federal Pension Protection Act of 2006 requires that certain capitalization levels be maintained in each of the U.S. plans, and there may be similar funding requirements in the plans outside the United States. Because it is unknown what the investment return on and the fair value of our pension assets will be in future years or what interest rates and discount rates may be at any point in time, no assurances can be given that applicable law will not require us to make future material plan contributions. Any such contributions could adversely affect our financial condition.

Environmental contamination from past operations could subject us to unreimbursed costs and could harm on-site operations and the future use and value of the properties involved, and environmental contamination caused by ongoing operations could subject us to substantial liabilities in the future.

Some of our properties have been the subject of remediation by HP Inc. ("HP") for subsurface contaminations that were known at the time of Agilent's separation from HP in 1999. In connection with Agilent's separation from HP, HP and Agilent entered into an agreement pursuant to which HP agreed to retain the liability for this subsurface contamination, perform the required remediation and indemnify Agilent with respect to claims arising out of that contamination. Agilent has assigned its rights and obligations under this agreement to Keysight in respect of facilities transferred to us in the separation. As a result, HP will have access to a limited number of our properties to perform remediation. Although HP agreed to minimize interference with on-site operations at such properties, remediation activities and subsurface contamination may require us to incur unreimbursed costs and could harm on-site operations and the future use and value of the properties. In connection with the separation, Agilent will indemnify us directly for any liabilities related thereto. We cannot be sure that HP will continue to fulfill its remediation obligations or that Agilent will continue to fulfill its indemnification obligations.

On December 17, 2021, Keysight and HP signed a restrictive covenant related to our Santa Rosa facility that prohibits certain uses of the property (such as running a daycare facility, hospital or school) and terminates HP's remediation obligation related to that facility. HP's remediation obligations relating to Keysight's Colorado Springs facility are ongoing.

Our current manufacturing processes involve the use of substances regulated under various international, federal, state and local laws governing the environment. As a result, we may become subject to liabilities for environmental contamination, and these liabilities may be substantial. Although our policy is to apply strict standards for environmental protection at our sites inside and outside the United States, even if the sites outside the United States are not subject to regulations imposed by foreign governments, we may not be aware of all conditions that could subject us to liability.

Risks Related to Our Common Stock

Our share price may fluctuate significantly.

Our common stock is listed on the New York Stock Exchange ("NYSE") under the ticker symbol "KEYS." The market price of our common stock may fluctuate widely, depending on many factors, some of which may be beyond our control, including, but not limited to:

- actual or anticipated fluctuations in our operating results due to factors related to our business;
- success or failure of our business strategy;
- our quarterly or annual earnings, or those of other companies in our industry;
- our ability to obtain third-party financing as needed;
- announcements by us or our competitors of significant acquisitions or dispositions;
- changes in accounting standards, policies, guidance, interpretations or principles;
- the failure of securities analysts to cover our common stock;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating and share price performance of other comparable companies;
- investor perception of our company;
- natural or other disasters that investors believe may affect us;
- overall market fluctuations;
- results from any material litigation or government investigations;

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- changes in laws or regulations affecting our business;
- changes to our tax rate that may affect our profitability;
- new or expanded trade restrictions;
- economic conditions such as inflation or recession;
- geopolitical conflicts; and
- other external factors.

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations have adversely affected the trading price of our common stock.

In addition, when the market price of a company's shares drops significantly, shareholders often institute securities class action lawsuits against the company. A lawsuit against us could cause us to incur substantial costs and could divert the time and attention of management and other resources.

We do not currently pay dividends on our common stock.

We do not currently pay dividends on our common stock. The payment of any dividends in the future, and the timing and amount thereof, to our stockholders fall within the discretion of our board of directors. The board's decisions regarding the payment of dividends will depend on many factors, such as our financial condition, earnings, capital requirements, debt service obligations, restrictive covenants in our debt, industry practice, legal requirements, regulatory constraints and other factors that our board of directors deems relevant. We cannot guarantee that we will pay a dividend in the future or continue to pay any dividends if we commence paying dividends.

Certain provisions in our amended and restated certificate of incorporation and bylaws, and of Delaware law, may prevent or delay an acquisition of the company, which could decrease the trading price of our common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with our board of directors rather than to attempt a hostile takeover. These provisions include, but are not limited to:

- the inability of our shareholders to call a special meeting;
- the inability of our shareholders to act without a meeting of shareholders;
- rules regarding how shareholders may present proposals or nominate directors for election at shareholder meetings;
- the right of our board of directors to issue preferred stock without shareholder approval;
- the division of our board of directors into three classes of directors, with each class serving a staggered three-year term, and this classified board provision could have the effect of making the replacement of incumbent directors more time consuming and difficult;
- a provision that shareholders may only remove directors with cause; and

- the ability of our directors, and not shareholders, to fill vacancies on our board of directors.

In addition, because we have not chosen to be exempt from Section 203 of the Delaware General Corporation Law (the "DGCL"), this provision could also delay or prevent a change of control that some shareholders may favor. Section 203 provides that, subject to limited exceptions, persons that acquire, or are affiliated with a person that acquires, more than 15 percent of the outstanding voting stock of a Delaware corporation (an "interested stockholder") shall not engage in any business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which the person became an interested stockholder, unless (i) prior to such time, the board of directors of such corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder; (ii) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85 percent of the voting stock of such corporation at the time the transaction commenced (excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) the voting stock owned by directors who are also officers or held in employee benefit plans in which the employees do not have a confidential right to tender or vote stock held by the plan); or (iii) on or subsequent to such time the business combination is approved by the board of directors of such corporation and authorized at a meeting of shareholders by the affirmative vote of at least two-thirds of the outstanding voting stock of such corporation not owned by the interested stockholder.

We believe these provisions will protect our shareholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our board of directors and by providing our board of directors with more time to assess any acquisition proposal. These provisions are not intended to make us immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some shareholders and could delay or prevent an acquisition that our board of directors determines is not in the best interests of the company and our shareholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

Our amended and restated certificate of incorporation designates that the state courts in the State of Delaware or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware, as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our shareholders, which could discourage lawsuits against the company and our directors and officers.

Our amended and restated certificate of incorporation provide that unless the board of directors otherwise determines, the state courts in the State of Delaware or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware, will be the sole and exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a claim of breach of a fiduciary duty owed by any of our directors or officers to the company or our shareholders, any action asserting a claim against us or any of our directors or officers arising pursuant to any provision of the DGCL or Keysight's amended and restated certificate of incorporation or bylaws, or any action asserting a claim against us or any of our directors or officers governed by the internal affairs doctrine. This exclusive forum provision may limit the ability of our shareholders to bring a claim in a judicial forum that such shareholders find favorable for disputes with us or our directors or officers, which may discourage such lawsuits against us and our directors and officers.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases Of Equity Securities

The table below summarizes information about the company's purchases, based on trade date; of its equity securities registered pursuant to Section 12 of the Exchange Act during the quarterly period ended April 30, 2024.

Period	Total Number of Shares of Common Stock Purchased (1)	Weighted Average Price Paid per Share of Common Stock (2)	Total Number of Shares of Common Stock Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Approximate Dollar Value of Shares of Common Stock that May Yet Be Purchased Under the Program (1)
February 1, 2024 through February 29, 2024	63,800	\$152.59	63,800	\$821,118,722
March 1, 2024 through March 31, 2024	238,100	\$153.31	238,100	\$784,616,582
April 1, 2024 through April 30, 2024	—	—	—	\$784,616,582
Total	301,900		301,900	

- (1) On March 6, 2023, our board of directors approved a stock repurchase program authorizing the purchase of up to \$1,500 million of the company's common stock, replacing the previously approved November 2021 program. Under our stock repurchase program, shares may be purchased from time to time, subject to general business and market conditions and other investment opportunities, through open market purchases, privately negotiated transactions or other means. All such shares and related costs are held as treasury stock and accounted for at trade date using the cost method.
- (2) The weighted average price paid per share of common stock does not include the cost of commissions.

Item 5. Other Information

Rule 10b5-1 Trading plans

During the three months ended April 30, 2024, none of our officers or directors adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" as each term is defined in Item 408(c) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description
3.1	Amendment to Amended and Restated Certificate of Incorporation of Keysight Technologies, Inc.
3.2	Second Amended and Restated Bylaws of Keysight Technologies, Inc.
10.1	Keysight Technologies, Inc. 2014 Equity and Incentive Compensation Plan (As Amended and Restated Effective on March 21, 2024)*
10.2	Keysight Technologies, Inc. Employee Stock Purchase Plan (Amended and Restated Effective on March 21, 2024)*
10.3	Form of Keysight Technologies, Inc. Global Stock Award Agreement*
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Extension Schema Document
101.CAL	XBRL Extension Calculation Linkbase Document
101.LAB	XBRL Extension Label Linkbase Document
101.PRE	XBRL Extension Presentation Linkbase Document
101.DEF	XBRL Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*Indicates management contract or compensatory plan, contract or arrangement.

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 thereunto duly authorized.

KEYSIGHT TECHNOLOGIES, INC.

Dated: May 31, 2024

By: /s/ Neil Dougherty

Neil Dougherty

Executive Vice President and Chief Financial
Officer

(Principal Financial Officer)

Dated: May 31, 2024

By: /s/ Lisa M. Poole

Lisa M. Poole

Vice President and Corporate Controller
(Principal Accounting Officer)