



Q1FY27 Financial Results

October 22, 2026

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws, including statements regarding expectations for: the company's business outlook and financial performance for the fiscal second quarter of 2027 and beyond, demand and market conditions for our products as well as growth opportunities. These forward-looking statements are based on management's current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. Key risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements include: concentration of revenue in the company's Cloud end market and among the company's top customers; the company's development and introduction of products based on new technologies and expansion into new data storage markets; the company's dependence on a limited number of qualified suppliers; difficulties or delays in manufacturing or other supply chain disruptions; the impact of long-term agreements; product defects; hiring and retention of key employees; risks associated with strategic initiatives, restructurings, acquisitions, divestitures, mergers and the company's strategic relationships; adverse global or regional conditions, including changes in U.S. trade policy, new or additional tariffs or trade restrictions, inflation, increases in interest rates and an economic recession; volatility in demand for the company's products; the competitive environment, including actions by the company's competitors and the impact of competitive products and pricing; risks associated with the company's use of artificial intelligence; compromise, damage or interruption from cybersecurity incidents or other data or system security risks; the company's debt and other financial obligations; changes in tax laws or unanticipated tax liabilities; any decisions to reduce or discontinue paying cash dividends or repurchasing shares of the company's common stock; fluctuations in currency exchange rates in connection with the company's international operations; risks associated with compliance with changing legal and regulatory requirements and the outcome of legal proceedings; risks associated with the company's goals relating to sustainability matters, including the company's ability to meet its greenhouse gas emissions reduction and other sustainability goals; the company's reliance on intellectual property and other proprietary information; and other risks and uncertainties listed in the company's filings with the Securities and Exchange Commission (the "SEC"), including the company's Annual Report on Form 10-K filed with the SEC on August 14, 2026 to which your attention is directed. You should not place undue reliance on these forward-looking statements, which speak only as of the date hereof, and the company undertakes no obligation to update or revise these forward-looking statements to reflect new information or events, except as required by law.

Non-GAAP Measures

This presentation includes references to non-GAAP financial measures. Reconciliations of the differences between the non-GAAP measures provided in this presentation to the comparable GAAP financial measures are included in the appendix and in the Investor Relations section of our website. We have not fully reconciled our non-GAAP financial measures guidance to the most directly comparable GAAP measures because material items that impact these measures are not in our control and/or cannot be reasonably predicted. Accordingly, a full reconciliation of the non-GAAP financial measures guidance to the corresponding GAAP measures is not available without unreasonable effort.

Q1FY27 Highlights

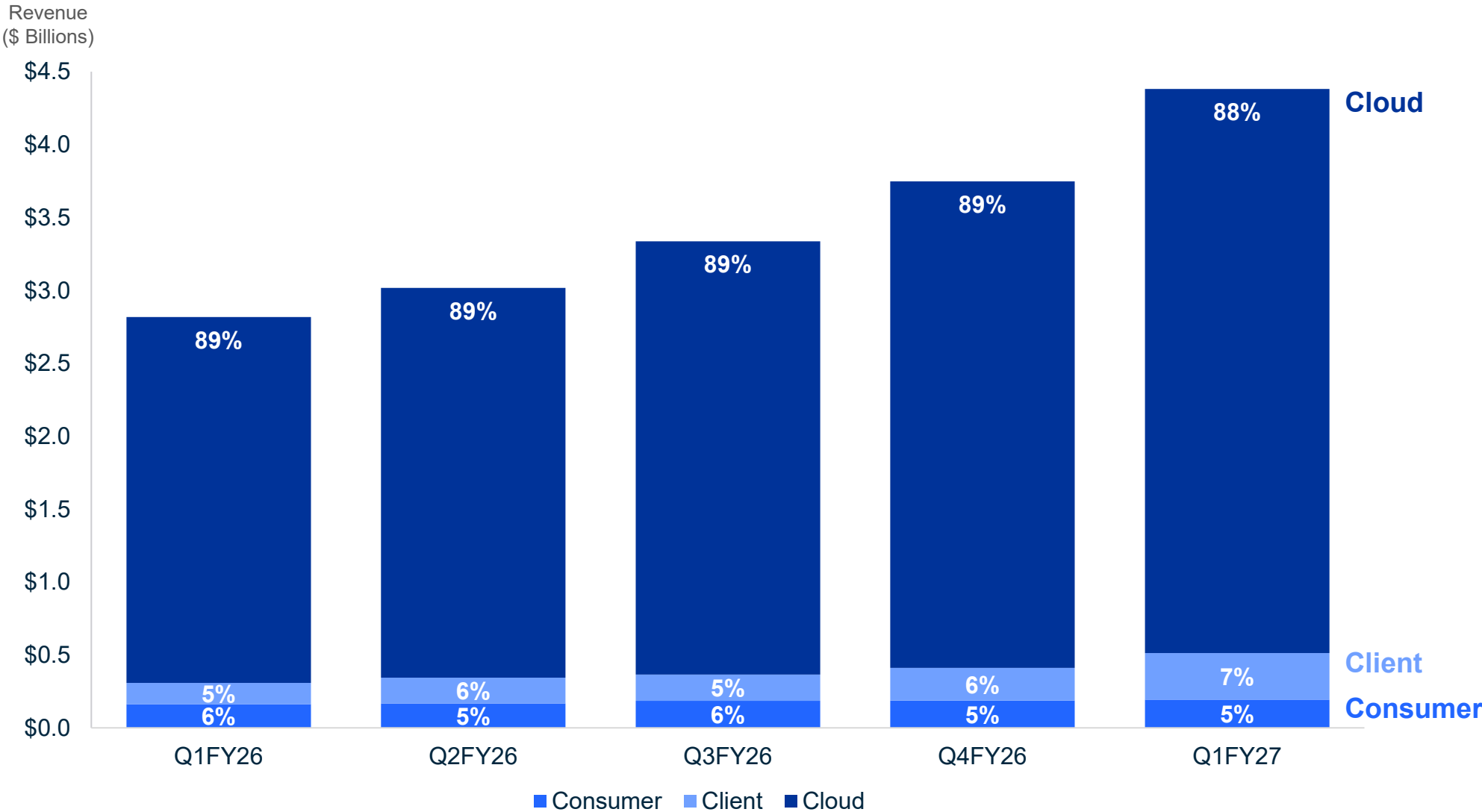


REVENUE	NON-GAAP GROSS MARGIN	NON-GAAP OPERATING MARGIN
\$4.38B	58.1%	49.1%
NON-GAAP EPS	CASH FLOW FROM OPERATIONS	FREE CASH FLOW
\$4.64	\$1.6B	\$1.4B

- Revenue, non-GAAP gross margin, non-GAAP EPS above high end of guidance
- Expanded non-GAAP gross margin by 1,420 bps Y/Y
- Strong free cash flow margin of 31.4%
- Ramping next generation ePMR platform
- Increasing quarterly dividend to \$0.175 per share

See GAAP to Non-GAAP Reconciliations in the Appendix

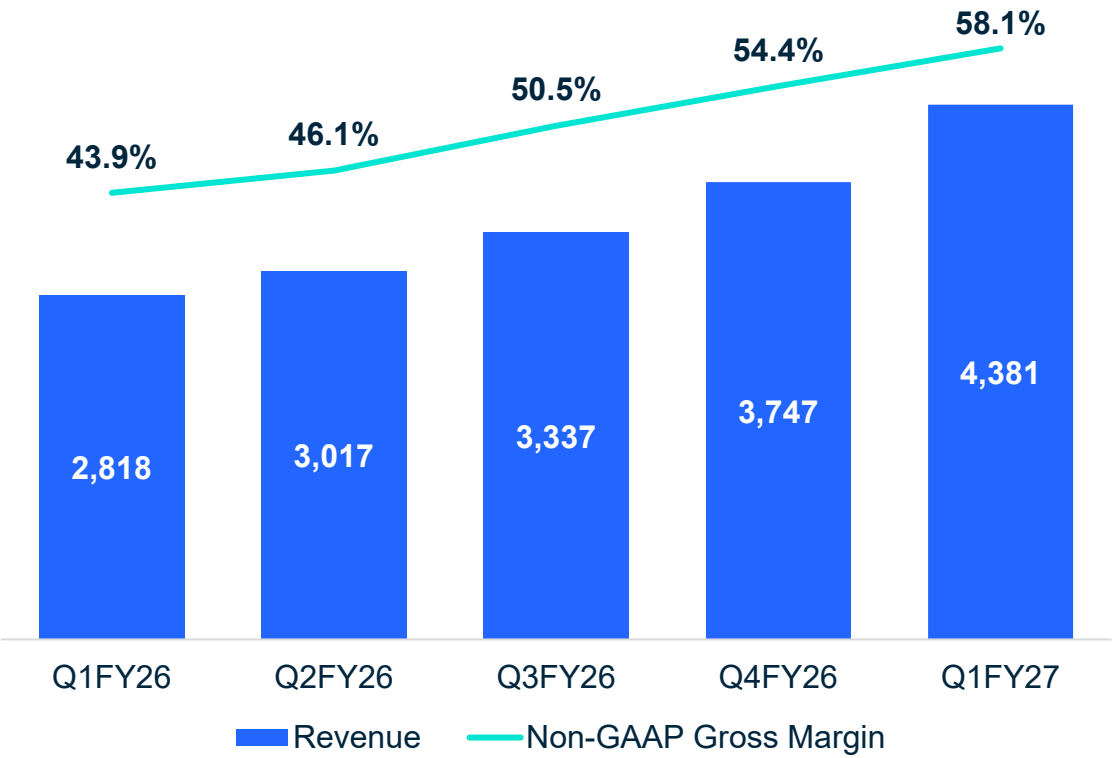
Growth Driven by Cloud and AI Workloads



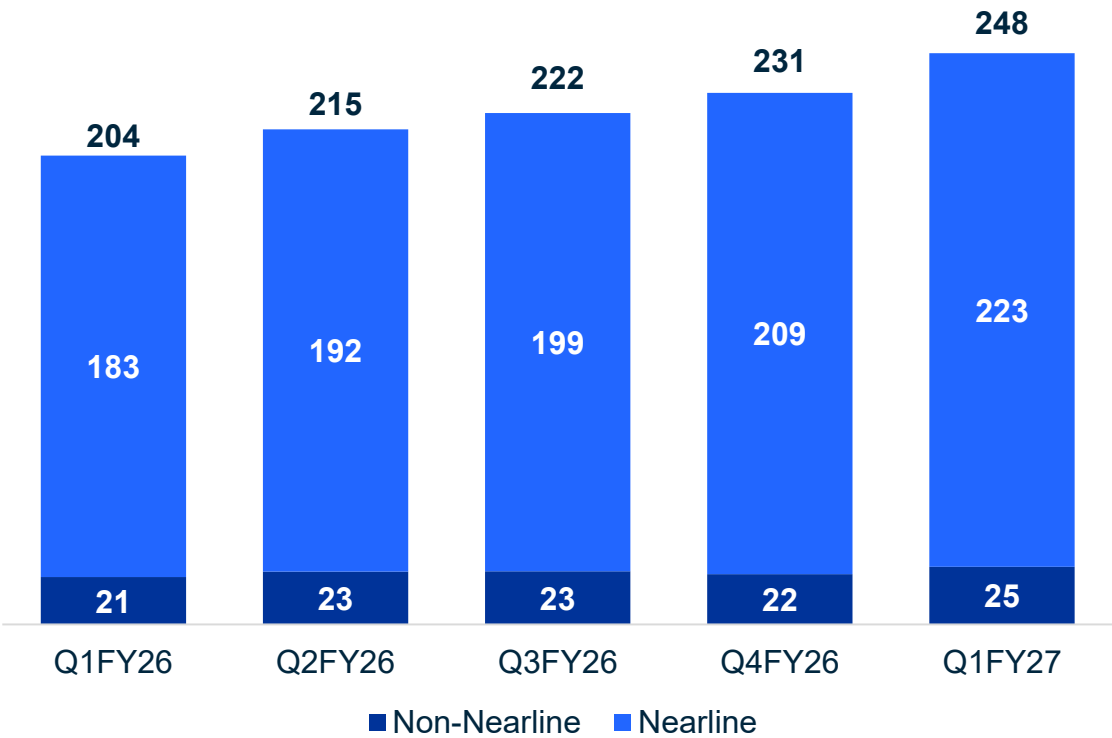
Business Metrics



Revenue and Non-GAAP Gross Margin



Exabytes



See GAAP to Non-GAAP Reconciliations in the Appendix

Non-GAAP Financial Results



(\$ Millions, except for EPS)

	Q1FY26	Q4FY26	Q1FY27	QoQ	YoY
Revenue	\$2,818	\$3,747	\$4,381	+17%	+55%
Gross Margin	43.9%	54.4%	58.1%	+370 bps	+1420 bps
Operating Expenses	\$381	\$382	\$391	+2%	+3%
Operating Income	\$856	\$1,655	\$2,153	+30%	+152%
Operating Margin	30.4%	44.2%	49.1%	+490 bps	+1870 bps
Diluted EPS	\$1.78	\$3.56	\$4.64	+30%	+161%
Cash Flow from Operations	\$672	\$1,389	\$1,604	+15%	+139%
Free Cash Flow	\$599	\$1,281	\$1,377	+7%	+130%

See GAAP to Non-GAAP Reconciliations in the Appendix

Q2FY27 Guidance



Non-GAAP	
Revenue	\$5.1B +/- \$100M
Gross Margin	60% - 61%
Operating Expenses	\$400M - \$410M
Interest and Other Expense, net	~ \$15M
Tax Rate	~ 17%
Diluted EPS	\$5.80 +/- \$0.20
Diluted Weighted Average Shares	~ 380M

Guidance as shown is as of October 22, 2026

We provide earnings guidance on a non-GAAP basis because certain information necessary to reconcile such guidance to GAAP is difficult to estimate or cannot be allocated or quantified with certainty and is dependent on future events outside of our control. Please refer to the section titled "Non-GAAP Guidance" under "Discussion Regarding the Use of Non-GAAP Financial Measures" in our press release dated October 22, 2026 for additional information regarding the non-GAAP measures, including quantification of known expected adjustment items.



Appendix

GAAP to Non-GAAP Reconciliations



(\$ Millions, unaudited)

	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
GAAP Gross Profit	\$1,227	\$1,380	\$1,676	\$2,028	\$2,534
Stock-based compensation expense	9	8	9	7	9
Other	1	3	(1)	2	1
Non-GAAP Gross Profit	\$1,237	\$1,391	\$1,684	\$2,037	\$2,544
GAAP Gross Margin	43.5 %	45.7 %	50.2 %	54.1 %	57.8 %
Non-GAAP Gross Margin	43.9 %	46.1 %	50.5 %	54.4 %	58.1 %
GAAP Operating Expenses	\$435	\$472	\$486	\$465	\$488
Stock-based compensation expense	(44)	(45)	(44)	(38)	(70)
Business realignment charges	(3)	(52)	(40)	(42)	(27)
Other	(7)	(3)	(5)	(3)	—
Non-GAAP Operating Expenses	\$381	\$372	\$397	\$382	\$391
GAAP Operating Income	\$792	\$908	\$1,190	\$1,563	\$2,046
Gross profit adjustments	10	11	8	9	10
Operating expense adjustments	54	100	89	83	97
Non-GAAP Operating Income	\$856	\$1,019	\$1,287	\$1,655	\$2,153
GAAP Operating Margin	28.1 %	30.1 %	35.7 %	41.7 %	46.7 %
Non-GAAP Operating Margin	30.4 %	33.8 %	38.6 %	44.2 %	49.1 %
GAAP Interest and Other Income (Expense), Net	\$545	\$1,054	\$2,169	\$1,684	\$(8)
Gain on retained interest in Sandisk	(611)	(1,103)	(2,734)	(2,050)	—
Costs in connection with debt and equity transactions	—	—	545	362	2
Other	22	4	(4)	(6)	(4)
Non-GAAP Interest and Other Income (Expense), Net	\$(44)	\$(45)	\$(24)	\$(10)	\$(10)

GAAP to Non-GAAP Reconciliations



(\$ Millions, except per share amounts; unaudited)

	Q1FY26	Q4FY26	Q1FY27
GAAP Net Income	\$1,182	\$3,195	\$1,779
Amount allocated to preferred shareholders	(28)	—	—
GAAP Diluted Net Income Attributable to Common Shareholders	\$1,154	\$3,195	\$1,779
GAAP Net Income	\$1,182	\$3,195	\$1,779
Gross profit adjustments	10	9	10
Operating expense adjustments	54	83	97
Interest and other income (expense) adjustments	(589)	(1,694)	(2)
Income tax adjustments	16	(211)	(105)
Non-GAAP Net Income	673	1,382	1,779
Amount allocated to preferred shareholders	(18)	—	—
Non-GAAP Diluted Net Income Attributable to Common Shareholders	\$655	\$1,382	\$1,779
Diluted Weighted Average Shares			
GAAP	376	389	384
Benefit of shares related to capped call transactions	(7)	(1)	(1)
Non-GAAP	369	388	383
Diluted Net Income per Common Share (EPS)			
GAAP	\$3.07	\$8.21	\$4.63
Non-GAAP	\$1.78	\$3.56	\$4.64
Cash Flows			
Cash flows provided by operating activities	\$672	\$1,389	\$1,604
Purchases of property, plant and equipment, net	(73)	(108)	(227)
Free Cash Flow	\$599	\$1,281	\$1,377

GAAP to Non-GAAP Reconciliations



Footnotes

This presentation contains certain financial measures that are not calculated in accordance with U.S. generally accepted accounting principles (“GAAP”), referred to herein as “non-GAAP measures.” These non-GAAP measures are not alternatives for measures prepared in accordance with GAAP and may be different from similarly titled non-GAAP measures used by other companies. The company believes the presentation of these non-GAAP measures, when shown in conjunction with the corresponding GAAP measures, provides useful information to investors for measuring the company’s earnings performance and comparing it against prior periods. Specifically, the company believes these non-GAAP measures provide useful information to both management and investors as they exclude certain expenses, gains and losses that the company believes are not indicative of its core operating results or because they are consistent with the financial models and estimates published by many analysts who follow the company and its peers. As discussed further below, these non-GAAP measures exclude, as applicable, stock-based compensation expense; business realignment charges; gain on retained interest in Sandisk; costs in connection with debt and equity transactions; income tax adjustments; and other adjustments. The company believes these measures, along with the related reconciliations to the GAAP measures, provide additional detail and comparability for assessing the company’s results. These non-GAAP measures are some of the primary indicators management uses for assessing the company’s performance and planning and forecasting future periods. These measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, GAAP results. As described above, the company excludes the following items from its non-GAAP measures:

Stock-based compensation expense. Because of the variety of equity awards used by companies, the varying methodologies for determining stock-based compensation expense, the subjective assumptions involved in those determinations, and the volatility in valuations that can be driven by market conditions outside the company’s control, the company believes excluding stock-based compensation expense enhances the ability of management and investors to understand and assess the underlying performance of its business over time and compare it against the company’s peers, a majority of whom also exclude stock-based compensation expense from their non-GAAP results.

Business realignment charges. From time to time, in order to realign the company’s operations with anticipated business needs or to achieve cost synergies from the integration of acquisitions, the company may incur charges in connection with actions to terminate employees, impair assets or otherwise restructure its operations and may recognize credits related to charges previously incurred. These charges or credits are inconsistent in amount and frequency, and the company believes they are not indicative of the underlying performance of its business.

Gain on retained interest in Sandisk. The company retained an ownership interest in Sandisk at the time of the separation of its flash business and has recognized gains on the mark-to-market adjustment of such interest. The company believes these adjustments do not reflect the company’s operating results and are not indicative of the underlying performance of its business.

Costs in connection with debt and equity transactions. In connection with the company’s actions to monetize its retained interest in Sandisk and reduce its debt, it completed a number of transactions, including a debt-for-equity exchange, equity-for-equity exchanges, and the private settlement of a portion of the company’s convertible note obligations. In connection with these transactions, the company recognized costs primarily related to discounts given to the counterparties of the transaction. The company believes these costs do not reflect the company’s operating results and are not indicative of the underlying performance of its business.

Income tax adjustments. Income tax adjustments represent the difference between income taxes based on a forecasted annual GAAP tax rate and a forecasted annual non-GAAP tax rate, which have been adjusted to account for the tax effects of items excluded from non-GAAP pre-tax income as well as the tax effects of non-recurring and period-specific tax items. These adjustments are excluded because the company believes that they are not indicative of the underlying performance of its ongoing business.

Other adjustments. From time to time, the company records costs, charges, and benefits that the company believes are not a part of the ongoing operation of its business. The resulting expense or benefit is inconsistent in amount and frequency.

As described above, the company also presents the following non-GAAP financial measures:

Non-GAAP diluted weighted average shares. The company calculates non-GAAP diluted net income per common share based on non-GAAP diluted weighted average shares. Management uses non-GAAP diluted weighted average shares to evaluate — in addition to the potential dilution due to the outstanding restricted stock units and the dilution from the 2028 convertible notes that are included in GAAP diluted weighted average shares — the benefit expected to be provided by existing capped call transactions entered into in connection with the 2028 convertible notes to offset the dilutive impact of the convertible notes, up to their capped limit. In periods where the quarterly average stock price per share exceeds the conversion price of the 2028 convertible notes, non-GAAP diluted weighted average shares includes the anti-dilutive impact of the company’s capped call transactions, up to the then-applicable capped call price per share.

Free cash flow. Free cash flow is defined as cash flows provided by operating activities less purchases of property, plant and equipment, net. The company considers free cash flow generated in any period to be a key indicator of the underlying health of the business.

