



Fourth Quarter & Full Year FY25 Financial Results

Nasdaq: PENG

October 7, 2025



Disclaimer

This presentation and the oral communications made during the course of this presentation contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995 that are not historical in nature, that are predictive or that depend upon or refer to future events or conditions. These statements may include, but are not limited to, statements concerning or regarding future events and the future financial and operating performance of Penguin Solutions, Inc. 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Forward-looking statements often use words such as "anticipate," "target," "expect," "forecast," "estimate," "intend," "plan," "potential," "goal," "believe," "could," "should" and other words of similar meaning. Forward-looking statements provide Penguin Solutions' current expectations or forecasts of future events, circumstances, results or aspirations and are subject to a number of significant risks, uncertainties and other factors, many of which are outside of Penguin Solutions' control, including but not limited to, global business and economic conditions, including the impact on the financial condition of Penguin Solutions' customers, particularly in challenging macroeconomic environments, growth trends in technology industries (including trends and markets related to artificial intelligence), Penguin Solutions' customer markets and various geographic regions; uncertainties in the geopolitical environment; ability to manage Penguin Solutions' cost structure; disruptions in Penguin Solutions' operations or supply chain as a result of global pandemics or otherwise; the ability to manage Penguin Solutions' cost structure; changes in trade regulations and tariffs or adverse developments in international trade relations and agreements; changes in currency exchange rates; overall information technology spending, including changes in customer spending on Penguin Solutions' products and services; appropriations for government spending; the success of Penguin Solutions' strategic initiatives including Penguin Solutions' redomiciliation to the United States (the "U.S. Domestication") and its ability to realize the anticipated benefits thereof, rebranding and related strategy, any existing or potential collaborations and additional investments in new products and additional capacity; acquisitions of companies or technologies and the failure to successfully integrate and operate them or customers' negative reactions to them; issues, delays or complications in integrating the operations of Stratus Technologies; the failure to achieve the intended benefits of the sale of SMART Brazil and its business; the impact of and expected timing of winding down the manufacturing and discontinuing the sale of products offered through Penguin Solutions' Penguin Edge business; limitations on, or changes in the availability of, supply of materials and components; fluctuations in material costs; the temporary or volatile nature of pricing trends in memory or elsewhere; deterioration in customer relationships; Penguin Solutions' dependence on a select number of customers, the timing and volume of customer orders and renewals; the impact of customer churn rates, including discounting and churn of significant customers from whom Penguin Solutions derives a significant percentage of its revenue; changes in customer demand and sales mix; production or manufacturing difficulties; competitive factors; technological changes; difficulties with, or delays in, the introduction of new products; slowing or contraction of growth in the memory market, the LED market or other markets in which we participate; changes to applicable tax regimes or rates; changes to the valuation allowance for Penguin Solutions' deferred tax assets, including any potential inability to realize these assets in the future; prices for the end products of Penguin Solutions' customers; strikes or labor disputes; deterioration in or loss of relations with any of Penguin Solutions' limited number of key vendors; the inability to maintain or expand government business; potential sales of our common stock following the end of the lock-up period on the holder of our issued convertible preferred stock or the anticipation of such sales; and the continuing availability of borrowings under term loans and revolving lines of credit or other debt arrangements and Penguin Solutions' ability to raise capital through debt or equity financings. These and other risks, uncertainties and factors are described in greater detail under the sections titled "Risk Factors," "Critical Accounting Estimates," "Results of Operations," "Quantitative and Qualitative Disclosures About Market Risk" and "Liquidity and Capital Resources" contained in Penguin Solutions' Annual Report on Form 10-K for the fiscal year ended August 30, 2024, as updated by the risk factors contained in Penguin Solutions'

Quarterly Reports on Form 10-Q and in Penguin Solutions' other filings with the U.S. Securities and Exchange Commission ("SEC"). Such risks, uncertainties and factors as outlined above, and in such SEC filings, could cause Penguin Solutions' actual results to be materially different from such forward-looking statements. Accordingly, you are cautioned not to place undue reliance on any forward-looking statements.

Any forward-looking statements that we make in this presentation speak only as of the date of this presentation. Except as required by law, we do not undertake to update the forward-looking statements contained in this presentation to reflect the impact of circumstances or events that may arise after the date that the forward-looking statements were made.

Statement Regarding Use of Non-GAAP Financial Measures:

This presentation contains the following non-GAAP financial measures: non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP operating margin, non-GAAP effective tax rate, non-GAAP net income, non-GAAP weighted-average shares outstanding, non-GAAP diluted earnings per share and adjusted EBITDA. Penguin Solutions' management uses non-GAAP measures to supplement Penguin Solutions' financial results under GAAP. Management uses these measures to analyze its operations and make decisions as to future operational plans and believes that this supplemental non-GAAP information is useful to investors in analyzing and assessing Penguin Solutions' past and future operating performance., These non-GAAP measures exclude certain items, such as stock-based compensation expense, amortization of acquisition-related intangible assets (consisting of amortization of developed technology, customer relationships and trademarks/trade names acquired in connection with business combinations), cost of sales-related restructuring, diligence, acquisition and integration expense, redomiciliation costs, restructuring charge, impairment of goodwill, changes in the fair value of contingent consideration, (gains) losses from changes in foreign currency exchange rates, amortization of debt issuance costs, (gain) loss on extinguishment or prepayment of debt, other infrequent or unusual items and related tax effects and other tax adjustments. While amortization of acquisition-related intangible assets is excluded, the revenues from acquired companies is reflected in Penguin Solutions' non-GAAP measures and these intangible assets contribute to revenue generation. Management believes the presentation of operating results that exclude certain items provides useful supplemental information to investors and facilitates the analysis of Penguin Solutions' core operating results and comparison of operating results across reporting periods. Management also uses adjusted EBITDA, which represents GAAP net income (loss), adjusted for net interest expense, income tax provision (benefit), depreciation expense and amortization of intangible assets, stock-based compensation expense, cost of sales-related restructuring, diligence, acquisition and integration expense, redomiciliation costs, impairment of goodwill, restructuring charges, loss on extinguishment of debt and other infrequent or unusual items.

Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP, as they exclude important information about Penguin Solutions' financial results, as noted above. The presentation of these adjusted amounts varies from amounts presented in accordance with GAAP and therefore may not be comparable to amounts reported by other companies. In addition, adjusted EBITDA does not purport to represent cash flow provided by, or used for, operating activities in accordance with GAAP and should not be used as a measure of liquidity. Investors are encouraged to review the "GAAP to Non-GAAP Reconciliations" in the appendix at the end of this presentation.

Penguin Solutions' fiscal year is the 52- or 53-week period ending on the last Friday in August.

Speakers



Mark Adams
President and CEO



Nate Olmstead
SVP and CFO

FY25 Highlights

Delivering profitable growth while advancing strategic priorities



Strong Financial Performance

- Net Sales of \$1.37B, up 17% vs. FY24
- Non-GAAP operating margin of 12.2%, up 190bp vs. FY24
- Non-GAAP diluted EPS of \$1.90, up 53% vs. FY24



Business Progress

- Expanded Advanced Computing pipeline
- Deployed first international AI infrastructure implementation
- Diversified sources of revenue with new customers



SK Telecom Investment and Strategic Partnerships

- Closed \$200M SK Telecom strategic investment
- Established or strengthened partnerships with NVIDIA, CDW, Insight, and Dell







Strengthening of Foundation

- Rebranded to Penguin Solutions
- Redomiciled to the U.S.
- Refinanced debt to strengthen balance sheet
- Strengthened leadership team

Q4 FY25 Financial Highlights

Solid finish to a year of strong growth

			
Net Sales Net sales of \$338M, up 9% YoY	Gross Margin Non-GAAP gross margin of 30.9%, flat YoY	Operating Income Non-GAAP operating income of \$39M, up 16% YoY; Non-GAAP operating margin of 11.6%	EPS Non-GAAP diluted EPS of \$0.43, up 18% YoY



We have entered Wave 2

Next Phase of AI Adoption Underway

Wave 2: Enterprise AI

- Signs of broad AI adoption in financial services, energy, federal, and education
- Industry-wide AI pilots from 2023-2024 expected to lay groundwork for production-scale deployments
- Early-stage corporate AI build-outs beginning to take shape

100's of Solutions

1 | Hyperscale AI Consumption for Training

10,000's of Solutions

2 | Enterprise AI Model Fine Tuning and Private Model Creation

Dedicated Model Inference at Scale

Multi-Model Agentic AI

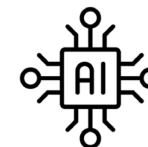
Solving the Complexity of AI

At Penguin Solutions we understand the boundless potential of technology and enable our customers to harness the power of AI and advanced computing with a relentless commitment to their success.



25+ Years of Expertise

Decades of AI, HPC, and high-availability and fault-tolerant computing success



AI & HPC Solutions

Design, build, deploy, and manage AI and HPC infrastructure



Fault-tolerant Solutions

Deliver continuous, “zero touch” availability of critical applications and data at the Edge



Infrastructure Software

Evolved from NASA-created cluster management software optimizing AI & HPC performance



Professional, Managed, and Support Services

Expert services and support for production environments



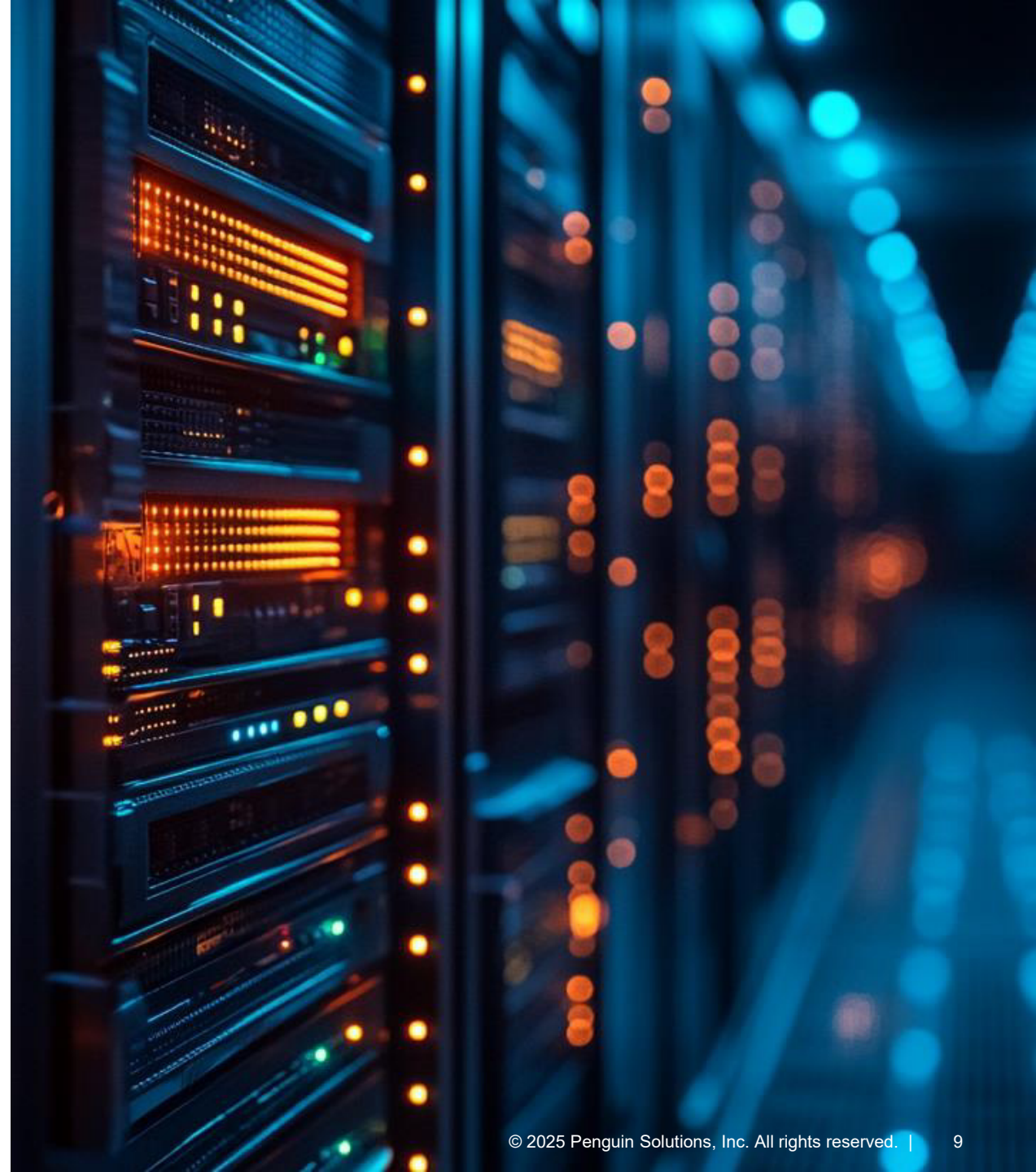
Strategic Partnerships with Leaders in AI

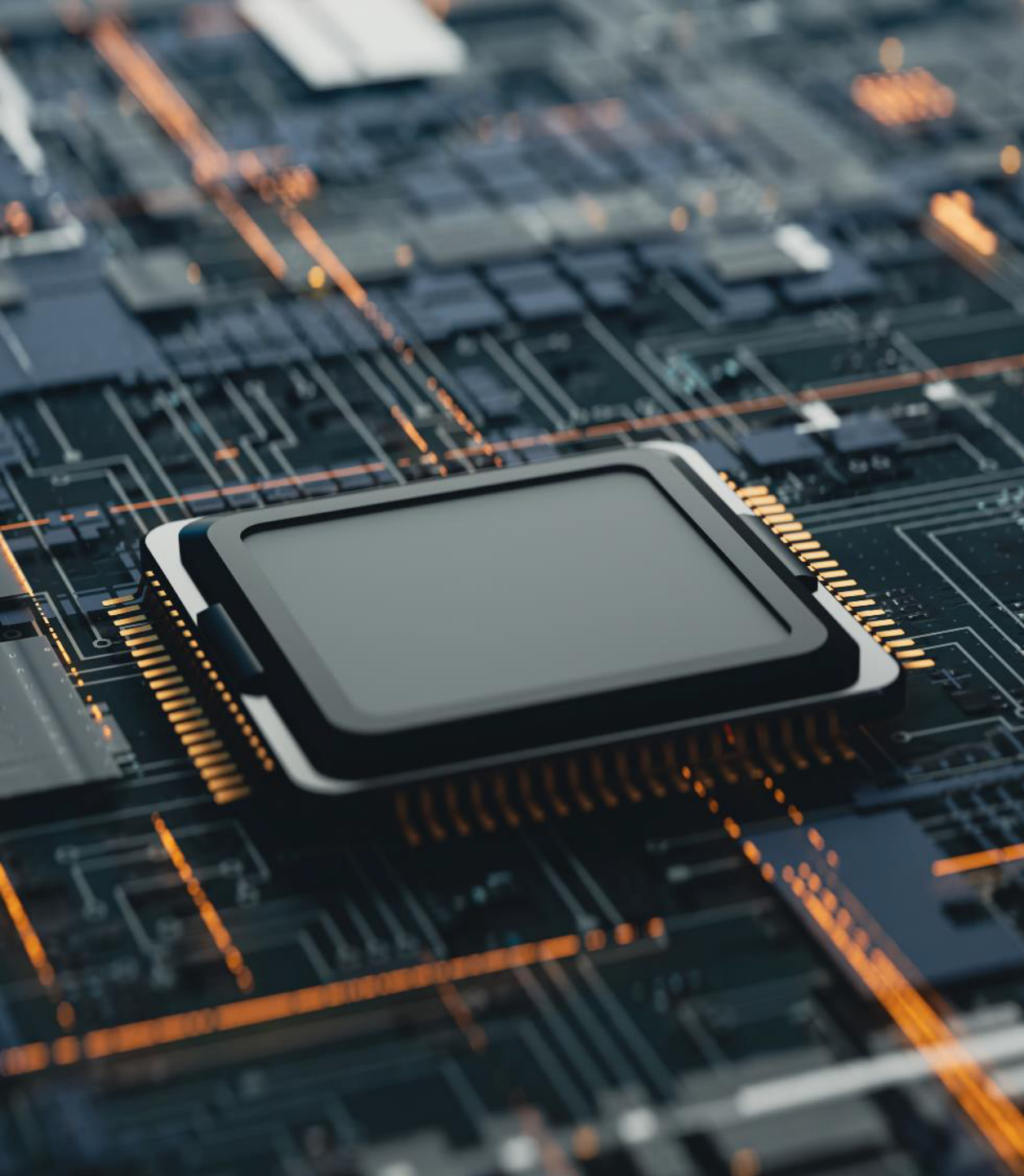
NVIDIA Managed Services
Elite Solution Provider and
Dell Authorized Partner

Business Review

Advanced Computing

- Revenue of \$138M in Q4, up 4% vs. Q3 FY25
 - FY25 revenue of \$648M, up 17% YoY
 - FY25 HPC/AI revenue from non-hyperscaler customers up 75%
- New Business Momentum
 - Completed the design, build and deployment of Haien, a key element of South Korea's Sovereign AI initiative
 - Launched several new AI projects
 - Continued investment in partnerships for long-term growth opportunities
- Differentiation and Platform Investments
 - Trusted advisor delivering custom, tech-agnostic AI infrastructure
 - Building out Penguin ICE ClusterWare™ platform for cluster lifecycle management
 - Ongoing expansion of Penguin Solutions services to support post-deployment operations





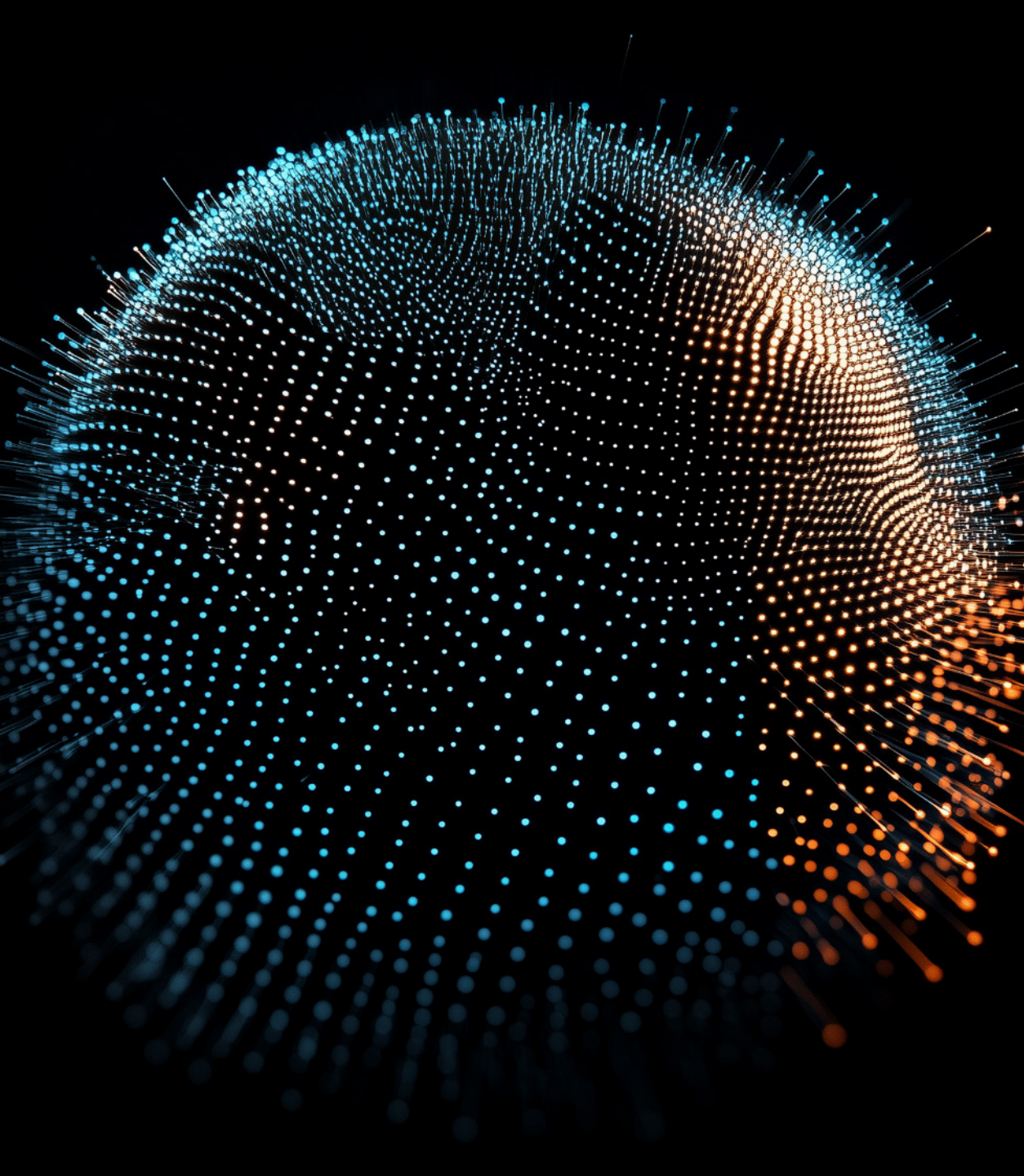
Integrated Memory

- Revenue of \$132M in Q4, up 38% YoY
 - FY25 revenue of \$464M, up 30% YoY
 - Robust demand in computing, networking, and telecom
- Positioned for AI Memory Demands
 - Enterprises require high bandwidth, high reliability memory for AI workloads
 - Early traction for CXL, sample orders from OEMs and AI computing companies
 - Confidence in broader adoption based on customer qualification momentum
- Innovation Pipeline
 - R&D focused on CXL memory pooling to enable higher bandwidth and larger memory access
 - Continued investment in OMA, with first shipments expected late calendar 2026 / early calendar 2027

Optimized LED

- Revenue of \$67M in Q4, up 9% vs. Q3 FY25
 - FY25 revenue of \$256M, down 1% YoY
 - FY25 operating profit up 250bp YoY
- Positioning for Long-Term Growth
 - Capturing market share
 - Maintaining operating efficiency
 - Protecting our strong IP
 - Driving profitable growth





Our Plans to Sharpen Our Focus and Drive Transformation

Grow enterprise customer base in AI infrastructure deployments

Drive innovation across hardware, software, and service portfolio





Expand partnerships to strengthen go-to-market efforts

Operate with discipline and efficiency to enable long-term success



Further strengthen balance sheet to support scale and new capabilities

Financial Review

Q4 FY25 Results

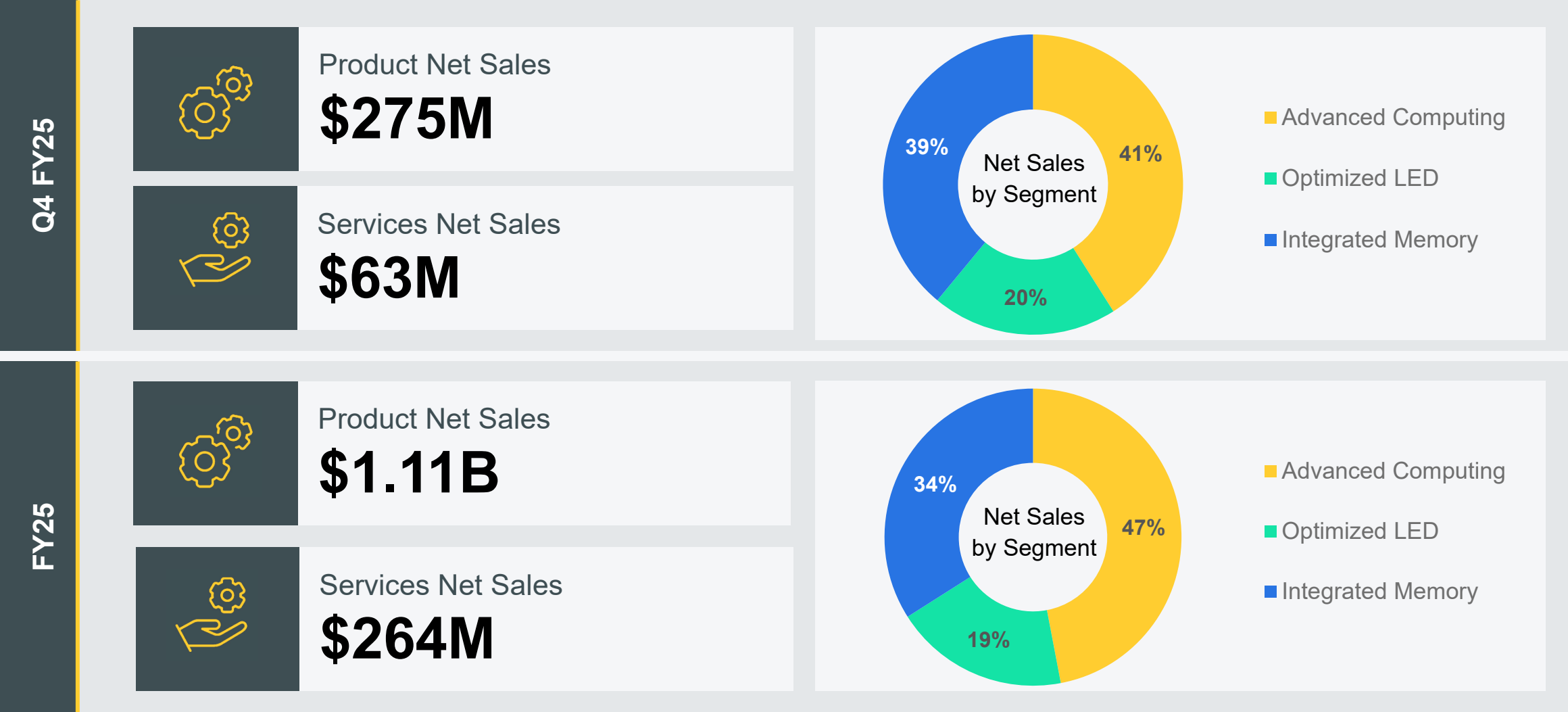
			
Net Sales	Non-GAAP Gross Margin	Non-GAAP Operating Margin	Non-GAAP Diluted EPS
\$338M	30.9%	11.6%	\$0.43
Up 9% YoY	Flat YoY	Up 0.8% percentage points YoY	Up 18% YoY

FY25 Results

	
Net Sales	Non-GAAP Diluted EPS
\$1.37B	\$1.90
Up 17% YoY	Up 53% YoY



Net Sales Detail¹



1. Summations may not compute precisely due to rounding.

Operating Results¹

(\$M except per share amounts)	Q4 FY25	Q3 FY25	Q4 FY24	FY25	FY24
Net sales	\$338	\$324	\$311	\$1,369	\$1,171
Advanced Computing	\$138	\$132	\$149	\$648	\$555
Integrated Memory	\$132	\$130	\$96	\$464	\$356
Optimized LED	\$67	\$62	\$66	\$256	\$260
Non-GAAP gross profit²	\$104	\$103	\$96	\$425	\$374
Non-GAAP operating expenses²	\$65	\$64	\$62	\$257	\$254
Non-GAAP operating income²	\$39	\$38	\$34	\$168	\$120
Non-GAAP net income²	\$29	\$31	\$20	\$120	\$67
Non-GAAP diluted earnings per share²	\$0.43	\$0.47	\$0.37	\$1.90	\$1.25
Adjusted EBITDA²	\$43	\$45	\$39	\$187	\$146

1. Summations may not compute precisely due to rounding.

2. Non-GAAP gross profit, Non-GAAP operating expenses, Non-GAAP operating income, Non-GAAP net income, Non-GAAP diluted earnings per share, and Adjusted EBITDA are non-GAAP measures. For reconciliations to the most directly comparable financial measures prepared in accordance with GAAP, please see the appendix.

Q4 FY25 Balance Sheet and Cash Flow Highlights

(\$M)	Q4 FY25	Q3 FY25	Q4 FY24
Working Capital			
Net Accounts Receivable	\$308	\$293	\$252
Days Sales Outstanding	51 days	47 days	49 days
Inventory	\$255	\$184	\$151
Days of Inventory	51 days	36 days	36 days
Accounts Payable	\$267	\$272	\$182
Days Payable Outstanding	54 days	53 days	43 days
Cash Conversion Cycle	49 days	30 days	42 days
Cash Flow			
Cash, Cash Equivalents and Short-Term Investments (at period end)	\$454	\$736	\$389
Net Cash from Operating Activities from Continuing Operations	\$(70)	\$97	\$(12)
Capital Expenditures & Depreciation			
CapEx	\$3	\$2	\$6
Depreciation	\$5	\$5	\$5

Capital Allocation and Debt Reduction



Stock Repurchases

- Repurchased 16K shares for \$296K in Q4 FY25
- Since April 2022, we have repurchased 6.6M shares for \$113M
- Audit Committee approved a new \$75M stock repurchase authorization in October 2025, bringing total stock repurchase authorizations over the last four years to \$225M



Debt Refinancing

- Repaid \$300M term loan with \$200M cash + \$100M drawdown from new revolver
- Reduced total gross debt by \$200M
- Extended maturities and lowered debt service costs
- Net debt at FY25 year-end of \$16M

Our Outlook

FY 2026 Outlook

	GAAP Outlook	Adjustments	Non-GAAP Outlook
Net sales	6% YoY Growth +/- 10%	—	6% YoY Growth +/- 10%
Gross margin	27.5% +/- 1%	2% (A)	29.5% +/- 1%
Operating expenses	\$312 million +/- \$10 million	\$(57) million (B)(C)	\$255 million +/- \$10 million
Diluted earnings per share	\$0.89 +/- \$0.25	\$1.11 (A)(B)(C)(D)(E)	\$2.00 +/- \$0.25
Diluted shares	55 million	—	55 million

Non-GAAP adjustments (in millions)	
(A) Stock-based compensation and amortization of acquisition-related intangibles included in cost of sales	\$ 30
(B) Stock-based compensation and amortization of acquisition-related intangibles included in R&D and SG&A	49
(C) Other adjustments	8
(D) Estimated income tax effects	(19)
(E) Estimated effect of allocation of earnings to participating securities	(7)
	\$ 61

Solving complexity. Accelerating results.

PENGUIN[®]
SOLUTIONS 

GAAP to Non-GAAP Reconciliations

	Three Months Ended			Year Ended	
	August 29, 2025	May 30, 2025	August 30, 2024	August 29, 2025	August 30, 2024
<i>(dollars in thousands)</i>					
GAAP gross profit	\$ 96,731	\$ 95,083	\$ 87,086	\$ 394,274	\$ 340,776
Stock-based compensation expense	1,324	1,393	1,847	6,136	7,113
Amortization of acquisition-related intangibles	5,920	5,908	5,909	23,644	23,656
Cost of sales-related restructuring	342	369	865	746	2,136
Other	—	—	300	(200)	300
Non-GAAP gross profit	\$ 104,317	\$ 102,753	\$ 96,007	\$ 424,600	\$ 373,981
GAAP gross margin	28.6 %	29.3 %	28.0 %	28.8 %	29.1 %
Effect of adjustments	2.3 %	2.4 %	2.9 %	2.2 %	2.8 %
Non-GAAP gross margin	30.9 %	31.7 %	30.9 %	31.0 %	31.9 %
GAAP operating expenses	\$ 84,283	\$ 85,240	\$ 78,295	\$ 336,139	\$ 322,481
Stock-based compensation expense	(6,490)	(8,858)	(8,512)	(35,040)	(36,047)
Amortization of acquisition-related intangibles	(1,885)	(2,531)	(3,838)	(11,194)	(15,616)
Diligence, acquisition and integration expense	(133)	(296)	(2,094)	(1,829)	(8,772)
Redomiciliation costs (1)	(2,734)	(3,702)	(470)	(10,038)	(470)
Impairment of goodwill	(4,690)	(5,294)	—	(16,063)	—
Restructuring charges	(1,130)	—	(325)	(2,098)	(7,084)
Other (1)	(2,074)	(280)	(788)	(2,929)	(788)
Non-GAAP operating expenses	\$ 65,147	\$ 64,279	\$ 62,268	\$ 256,948	\$ 253,724
GAAP operating income	\$ 12,448	\$ 9,843	\$ 8,791	\$ 58,135	\$ 18,295
Stock-based compensation expense	7,814	10,251	10,359	41,176	43,160
Amortization of acquisition-related intangibles	7,805	8,439	9,747	34,838	39,272
Cost of sales-related restructuring	342	369	865	746	2,136
Diligence, acquisition and integration expense	133	296	2,094	1,829	8,772
Redomiciliation costs (1)	2,734	3,702	470	10,038	470
Impairment of goodwill	4,690	5,294	—	16,063	—
Restructuring charges	1,130	—	325	2,098	7,084
Other (1)	2,074	280	1,088	2,729	1,088
Non-GAAP operating income	\$ 39,170	\$ 38,474	\$ 33,739	\$ 167,652	\$ 120,257
GAAP operating margin	3.7 %	3.0 %	2.8 %	4.2 %	1.6 %
Effect of adjustments	7.9 %	8.9 %	8.0 %	8.0 %	8.7 %
Non-GAAP operating margin	11.6 %	11.9 %	10.8 %	12.2 %	10.3 %

(1) In the second quarter of fiscal 2025 we began breaking costs related to the U.S. Domestication from "Other." All periods presented have been adjusted to reflect this change.

GAAP to Non-GAAP Reconciliations

	Three Months Ended			Year Ended	
	August 29, 2025	May 30, 2025	August 30, 2024	August 29, 2025	August 30, 2024
<i>(dollars in thousands, except per share data)</i>					
GAAP net income (loss) attributable to Penguin Solutions	\$ 9,431	\$ 2,661	\$ (24,547)	\$ 25,391	\$ (44,324)
Stock-based compensation expense	7,814	10,251	10,359	41,176	43,160
Amortization of acquisition-related intangibles	7,805	8,439	9,747	34,838	39,272
Cost of sales-related restructuring	342	369	865	746	2,136
Diligence, acquisition and integration expense	133	296	2,094	1,829	8,772
Redomiciliation costs (1)	2,734	3,702	470	10,038	470
Impairment of goodwill	4,690	5,294	—	16,063	—
Restructuring charges	1,130	—	325	2,098	7,064
Amortization of debt issuance costs	674	916	897	3,493	3,724
Loss (gain) on extinguishment or prepayment of debt	2,908	—	21,646	2,908	22,763
Foreign currency (gains) losses	287	(1,134)	(1,072)	205	(830)
Other ⁽¹⁾	2,074	280	1,088	2,729	1,088
Income tax effects (2)	(11,179)	54	(1,865)	(21,189)	(16,388)
Non-GAAP net income attributable to Penguin Solutions	\$ 28,843	\$ 31,128	\$ 20,007	\$ 120,325	\$ 66,907
Preferred stock dividends	3,034	3,033	—	8,667	—
Non-GAAP income available for distribution	25,809	28,095	20,007	111,658	66,907
Income allocated to participating securities	2,639	2,863	—	8,250	—
Non-GAAP net income available to common stockholders'	\$ 23,170	\$ 25,232	\$ 20,007	\$ 103,408	\$ 66,907
Weighted-average shares outstanding - Diluted:					
GAAP weighted-average shares outstanding	54,371	53,738	53,071	54,368	52,428
Adjustment for dilutive securities and capped calls	(838)	—	1,434	—	1,268
Non-GAAP weighted-average shares outstanding	53,533	53,738	54,505	54,368	53,696
Diluted earnings (loss) per share from continuing operations:					
GAAP diluted earnings (loss) per share	\$ 0.11	\$ (0.01)	\$ (0.46)	\$ 0.28	\$ (0.85)
Effect of adjustments	0.32	0.48	0.83	1.62	2.10
Non-GAAP diluted earnings per share	\$ 0.43	\$ 0.47	\$ 0.37	\$ 1.90	\$ 1.25

⁽¹⁾ In the second quarter of fiscal 2025 we began breaking out costs related to the U.S. Domestication from "Other." All periods presented have been adjusted to reflect this change.

⁽²⁾ The three months and year ended August 29, 2025 includes (\$8,249) as a one-time tax effect of the U.S. Domestication completed in the fourth quarter of fiscal 2025.

GAAP to Non-GAAP Reconciliations

	Three Months Ended			Year Ended	
	August 29, 2025	May 30, 2025	August 30, 2024	August 29, 2025	August 30, 2024
<i>(dollars in thousands)</i>					
Net income (loss) attributable to Penguin Solutions	\$ 9,431	\$ 2,661	\$ (24,547)	\$ 25,391	\$ (44,324)
Interest expense, net	153	573	5,403	7,305	28,378
Income tax provision (benefit)	(1,196)	7,259	6,209	20,066	10,618
Depreciation expense and amortization of intangible assets	13,206	14,012	15,381	56,216	65,716
Stock-based compensation expense	7,814	10,251	10,359	41,176	43,160
Cost of sales-related restructuring	342	369	865	746	2,136
Diligence, acquisition and integration expense	133	296	2,094	1,829	8,772
Redomiciliation costs (1)	2,734	3,702	470	10,038	470
Impairment of goodwill	4,690	5,294	—	16,063	—
Restructuring charges	1,130	—	325	2,098	7,064
Loss on extinguishment of debt	2,908	—	21,646	2,908	22,763
Other (1)	2,074	280	1,088	2,729	1,088
Adjusted EBITDA	\$ 43,419	\$ 44,697	\$ 39,293	\$ 186,565	\$ 145,841

⁽¹⁾ In the second quarter of fiscal 2025 we began breaking out costs related to the U.S. Domestication from “Other.” All periods presented have been adjusted to reflect this change.

Convertible Dilution

Stock Price	Share Dilution	Capped Calls	Dilution to PENG
\$18	—	—	—
\$19	—	—	—
\$20	—	—	—
\$21	33	(163)	(130)
\$22	324	(627)	(303)
\$23	660	(1,121)	(461)
\$24	968	(1,574)	(606)
\$25	1,251	(1,991)	(740)
\$26	1,512	(2,376)	(864)
\$27	1,755	(2,732)	(977)
\$28	1,979	(2,899)	(920)
\$29	2,433	(3,287)	(854)
\$30	2,858	(3,448)	(590)
\$31	3,256	(3,567)	(311)
\$32	3,629	(3,679)	(50)
\$33	3,979	(3,784)	195
\$34	4,309	(3,882)	427
\$35	4,620	(3,975)	645