

First Quarter FY26 Financial Results

Nasdaq: PENG

April 1, 2026

Disclaimer

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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 and demand 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; the ability to manage Penguin Solutions’ cost structure; disruptions in Penguin Solutions’ operations or supply chain as a result of global pandemics, tariffs or other factors; 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 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 Zilia Technologies (formerly, SMART Modular Brazil) and its business, including the planned sale of Penguin Solutions’ remaining 19% interest therein and the timing and closing of such sale; 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 by 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 the Annual Report on Form 10-K for the fiscal year ended August 29, 2025, 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 and backlog acquired in connection with business combinations), acquisition-related inventory adjustments, cost of sales-related restructuring, diligence, acquisition and integration expense, redomiciliation costs, restructuring charges, (gain) loss on non-marketable equity securities, 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 are 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, (gain) loss on non-marketable equity securities, 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

Q1 FY26 Financial Highlights

Results reflect solid execution



Net Sales

Net sales of \$343M,
up 1% YoY



Gross Margin

Non-GAAP gross margin of
30.0%, down 0.8 percentage
points YoY



Operating Income

Non-GAAP operating income of
\$42M, up 1% YoY; Non-GAAP
operating margin of 12.1%, up
0.1 percentage points YoY

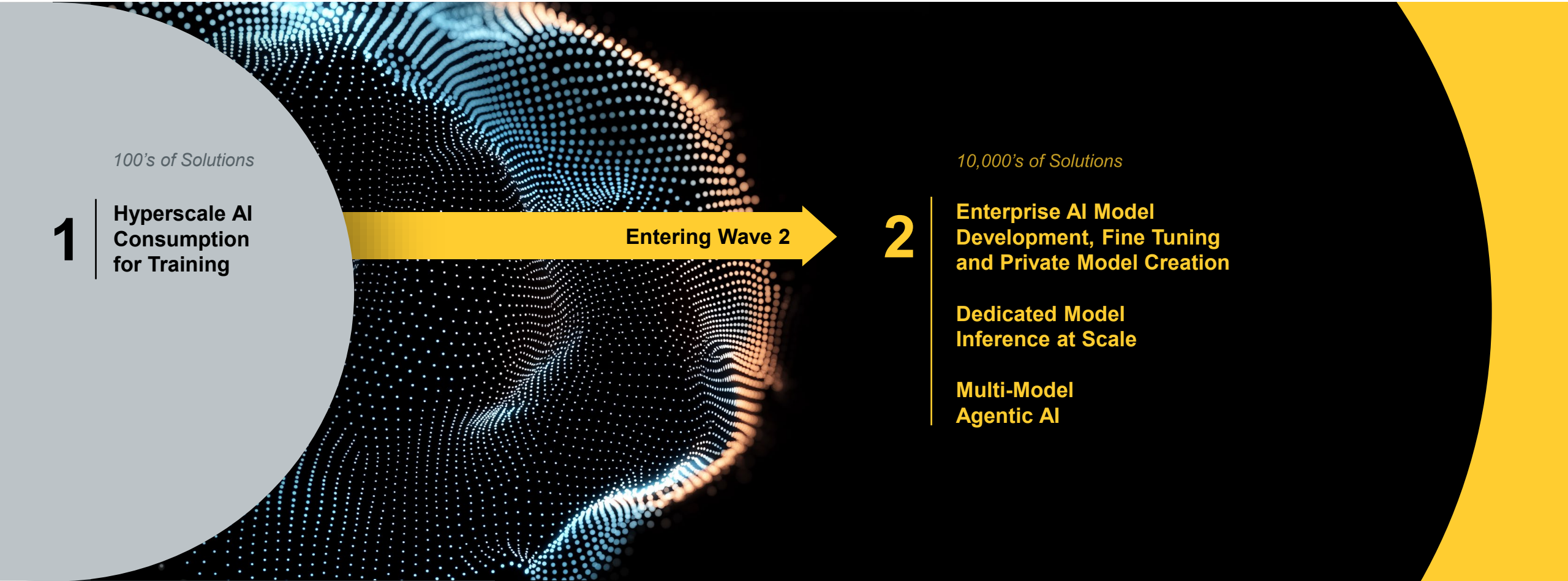


EPS

Non-GAAP diluted EPS of
\$0.49, flat YoY

AI Is Happening in Waves

Enterprise inference expected to drive next phase of AI infrastructure



Production-Ready AI Infrastructure Solution

Our OriginAI[®] solution is pre-validated and scalable

Penguin Solutions OriginAI Factory Architecture

**VALIDATED
HARDWARE** All Servers, Racks, Network, Storage

SOFTWARE Penguin and 3rd Party Software

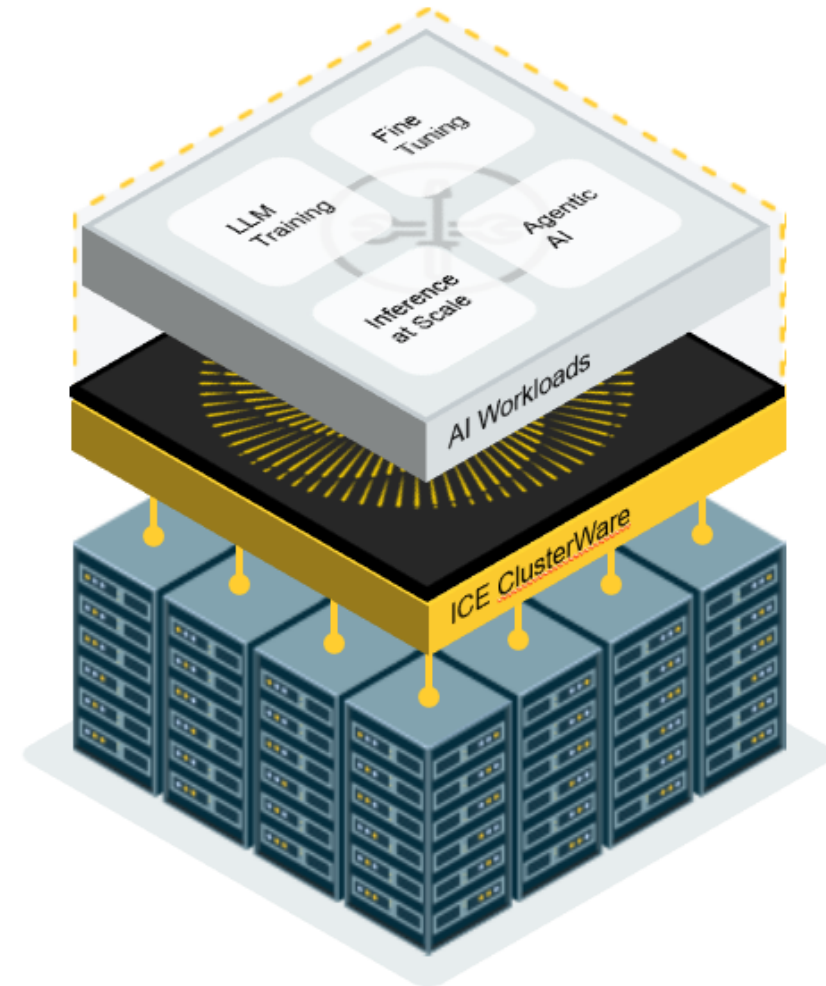
BUILD Design and In-Factory Build

SERVICES 3 Years of On-Site Deployment
and Managed Services

SPARES Inventory/Spares Management

AVAILABILITY SLA-Based System Availability

WARRANTY 3-Year Warranty and Support on
All Hardware, Software, Network,
and Storage



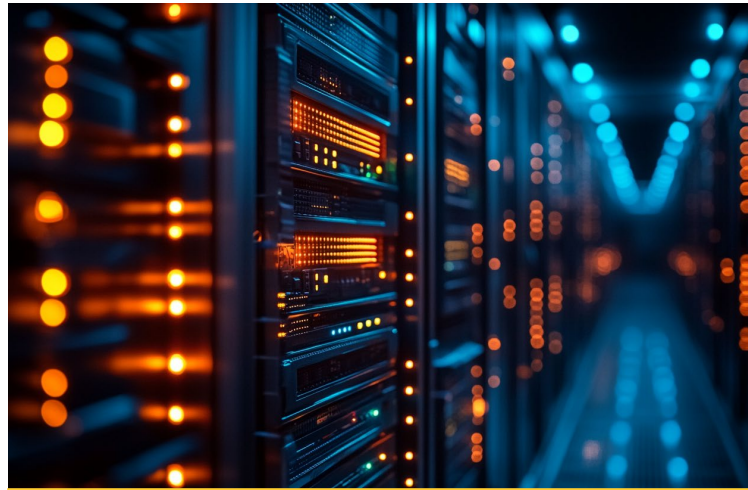
Solving Complexity and Accelerating Results in AI

Leveraging our experience and expertise to help customers harness the full power of accelerated computing



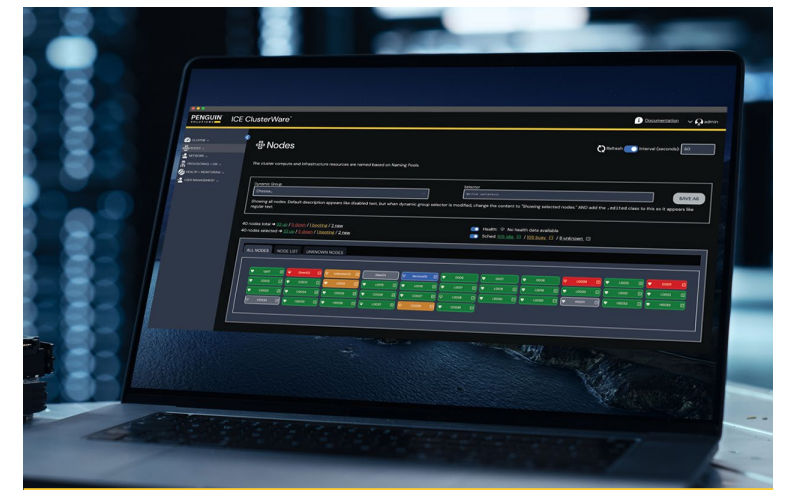
25+

Years Experience



89,000+

GPUs Deployed & Managed



3.3+ Billion

Hours of GPU Runtime

Business Review

Advanced Computing

- Net sales of \$151M in Q1, up 9% vs. Q4 FY25
- New customer wins in defense and education & research
- Expanding pipeline across financial services, oil and gas, telecom, manufacturing, education and sovereign AI
- Rising demand for rapid, production-ready AI deployments
- Launched “Rapid Development” workshops to help customers accelerate AI deployment decisions
- Differentiated architecture design, ICE ClusterWare™ software platform, and managed services





Integrated Memory

- Revenue of \$137M in Q1, up 41% YoY
- Strong demand across networking, telecom, and computing markets
- Early CXL shipments and expanding customer qualifications
- Continued investment in memory pooling and optical memory architectures
- Growing enterprise and large-scale customer engagement
- Over 30 years of specialty memory expertise positions Penguin to capitalize on higher-performance, higher-reliability memory needs in the AI era

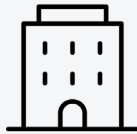
Optimized LED

- Net sales of \$55M in Q1, down 18% YoY
- Continued demand weakness in China, with softness among select large U.S. OEM customers
- Focus remains on profitability, leveraging a specialty product portfolio
- Benefits from industry-leading IP and a capital-light, outsourced front-end model
- Operating income of \$3.5M, up 24% sequentially, despite revenue headwinds



Positioned for Scaled Enterprise AI Adoption

Our transition from a holding company to an AI solutions provider



Simplifying Corporate Structure

Planned \$46M sale of remaining 19% stake in Zilia Technologies (formerly SMART Modular Brazil)



Deepening Partnerships

Enhance ecosystem partnerships to support enterprise AI at scale



Investing in Technologies

Combined investments in inference-focused systems, advanced memory, software, and managed services



Strengthening Balance Sheet

Support investments for future growth

Financial Review

Q1 FY26 Results



**Net
Sales**

\$343M

Up 1% YoY



**Non-GAAP
Gross Margin**

30.0%

Down 0.8 percentage points YoY



**Non-GAAP
Operating Margin**

12.1%

Up 0.1 percentage points YoY



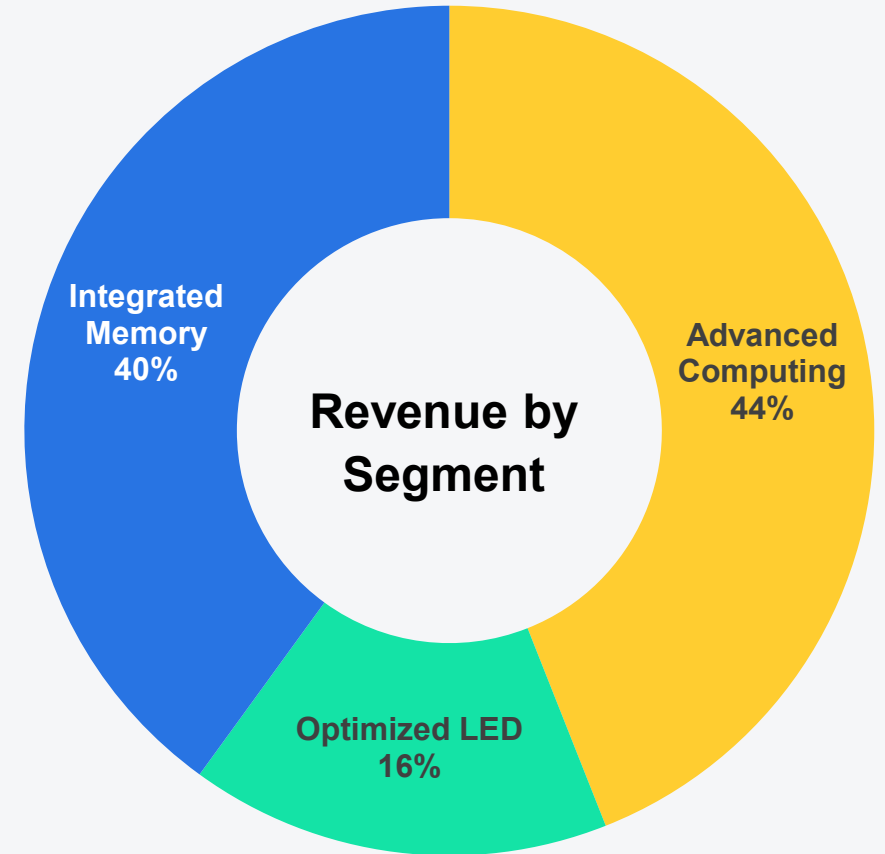
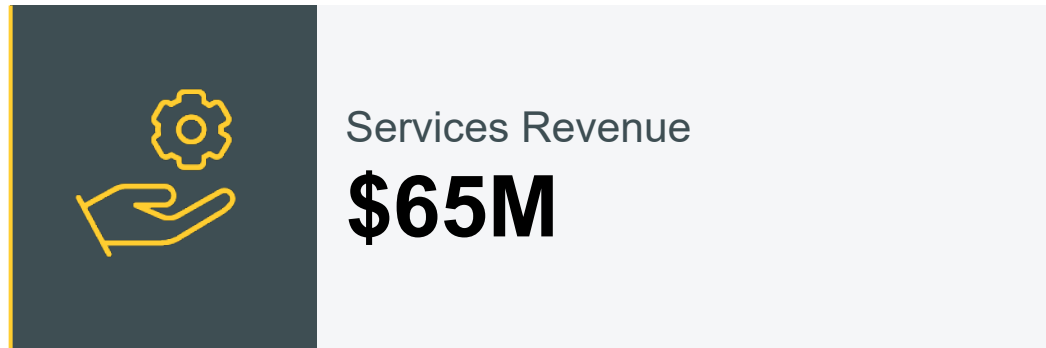
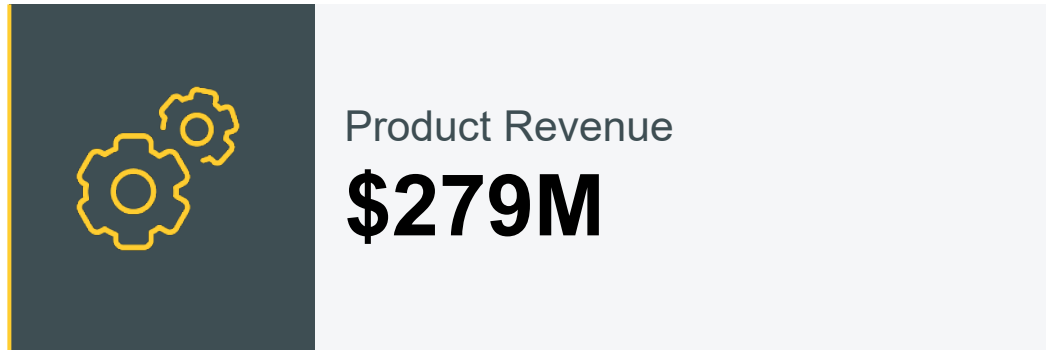
**Non-GAAP
Diluted EPS**

\$0.49

Flat YoY

Q1 FY26 Net Sales Detail¹

Revenue Breakdown – Total of \$343M



Operating Results¹

(\$M except per share amounts)	Q1 FY26	Q4 FY25	Q1 FY25
Net sales	\$343	\$338	\$341
Advanced Computing	\$151	\$138	\$177
Integrated Memory	\$137	\$132	\$97
Optimized LED	\$55	\$67	\$67
Non-GAAP gross profit²	\$103	\$104	\$105
Non-GAAP operating expenses²	\$61	\$65	\$64
Non-GAAP operating income²	\$42	\$39	\$41
Non-GAAP net income²	\$32	\$29	\$27
Non-GAAP diluted earnings per share²	\$0.49	\$0.43	\$0.49
Adjusted EBITDA²	\$45	\$43	\$45

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.

Q1 FY26 Balance Sheet and Cash Flow Highlights

(\$M)	Q1 FY26	Q4 FY25	Q1 FY25
Working Capital			
Net Accounts Receivable	\$342	\$308	\$276
Days Sales Outstanding	51 days	51 days	45 days
Inventory	\$213	\$255	\$247
Days of Inventory	38 days	51 days	49 days
Accounts Payable	\$305	\$267	\$244
Days Payable Outstanding	55 days	54 days	49 days
Cash Conversion Cycle	35 days	49 days	46 days
Cash Flow			
Cash, Cash Equivalents and Short-Term Investments (at period end)	\$461	\$454	\$394
Net Cash from Operating Activities from Continuing Operations	\$31	\$(70)	\$14
Capital Expenditures & Depreciation			
CapEx	\$3	\$3	\$2
Depreciation	\$5	\$5	\$5

Stock Repurchase Update

Stock Repurchases

- Repurchased 791K shares for \$15M in Q1 FY26
- Since April 2022, we have repurchased 7.4M shares for \$128M
- As a reminder, the Audit Committee approved a new \$75M stock repurchase authorization in October 2025, bringing total stock repurchase authorizations over the last four years to \$225M



Our Outlook

FY 2026 Outlook

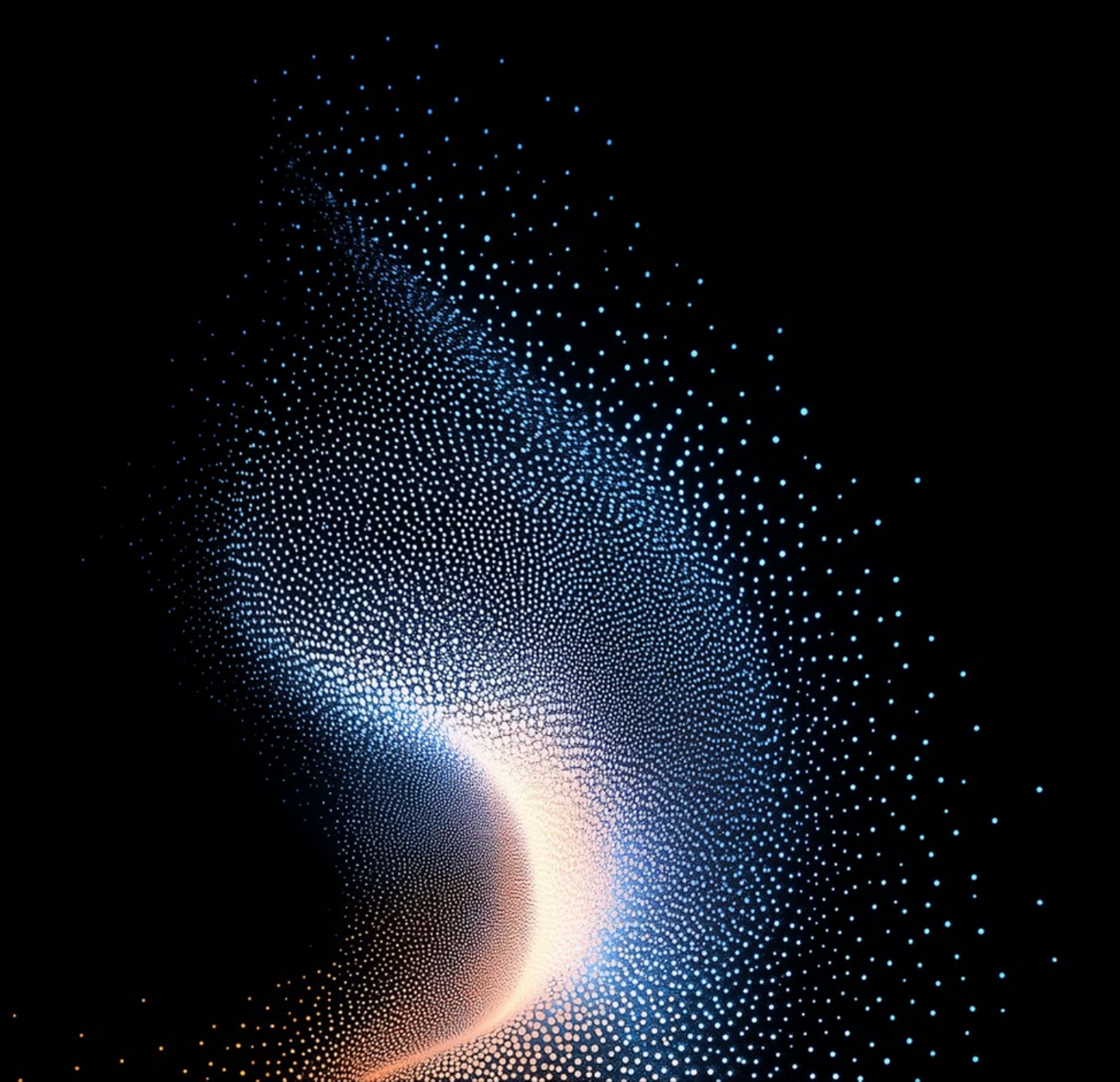
	GAAP Outlook	Adjustments	Non-GAAP Outlook
Net sales	6% YoY Growth +/- 10%	—	6% YoY Growth +/- 10%
Gross margin	27% +/- 1%	2% (A)	29% +/- 1%
Operating expenses	\$307 million +/- \$10 million	\$(57) million (B)(C)	\$250 million +/- \$10 million
Diluted earnings per share	\$0.85 +/- \$0.25	\$1.15 (A)(B)(C)(D)(E)(F)	\$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 operating adjustments	8
(D) Other non-operating adjustments ⁽¹⁾	3
(E) Estimated income tax effects	(20)
(F) Estimated effect of allocation of earnings to participating securities	(7)
	\$ 63

(1) Primarily reflects net losses associated with non-marketable equity securities.

Solving complexity.
Accelerating results.

PENGUIN[®]
SOLUTIONS 



GAAP to Non-GAAP Reconciliations

	Three Months Ended		
	November 28, 2025	August 29, 2025	November 29, 2024
<i>(dollars in thousands)</i>			
GAAP gross profit	\$ 96,109	\$ 96,731	\$ 97,812
Stock-based compensation expense	1,386	1,324	1,643
Amortization of acquisition-related intangibles	5,909	5,920	5,909
Cost of sales-related restructuring	(483)	342	(42)
Other	—	—	(200)
Non-GAAP gross profit	\$ 102,921	\$ 104,317	\$ 105,122
GAAP gross margin	28.0 %	28.6 %	28.7 %
Effect of adjustments	2.0 %	2.3 %	2.1 %
Non-GAAP gross margin	30.0 %	30.9 %	30.8 %
GAAP operating expenses	\$ 76,527	\$ 84,283	\$ 80,456
Stock-based compensation expense	(8,694)	(6,490)	(9,888)
Amortization of acquisition-related intangibles	(1,599)	(1,885)	(3,846)
Diligence, acquisition and integration expense	—	(133)	(833)
Redomiciliation costs ⁽¹⁾	—	(2,734)	(1,243)
Impairment of goodwill	—	(4,690)	—
Restructuring charges	(4,742)	(1,130)	(109)
Other ⁽¹⁾	(99)	(2,074)	(333)
Non-GAAP operating expenses	\$ 61,393	\$ 65,147	\$ 64,204
GAAP operating income	\$ 19,582	\$ 12,448	\$ 17,356
Stock-based compensation expense	10,080	7,814	11,531
Amortization of acquisition-related intangibles	7,508	7,805	9,755
Cost of sales-related restructuring	(483)	342	(42)
Diligence, acquisition and integration expense	—	133	833
Redomiciliation costs ⁽¹⁾	—	2,734	1,243
Impairment of goodwill	—	4,690	—
Restructuring charges	4,742	1,130	109
Other ⁽¹⁾	99	2,074	133
Non-GAAP operating income	\$ 41,528	\$ 39,170	\$ 40,918
GAAP operating margin	5.7 %	3.7 %	5.1 %
Effect of adjustments	6.4 %	7.9 %	6.9 %
Non-GAAP operating margin	12.1 %	11.6 %	12.0 %

GAAP to Non-GAAP Reconciliations

	Three Months Ended		
	November 28, 2025	August 29, 2025	November 29, 2024
<i>(dollars in thousands, except per share data)</i>			
GAAP net income (loss) attributable to Penguin Solutions	\$ 5,270	\$ 9,431	\$ 5,217
Stock-based compensation expense	10,080	7,814	11,531
Amortization of acquisition-related intangibles	7,508	7,805	9,755
Cost of sales-related restructuring	(483)	342	(42)
Diligence, acquisition and integration expense	—	133	833
Redomiciliation costs ⁽¹⁾	—	2,734	1,243
Loss (gain) on non-marketable equity investments	10,000	—	—
Impairment of goodwill	—	4,690	—
Restructuring charges	4,742	1,130	109
Amortization of debt issuance costs	658	674	953
Loss (gain) on extinguishment or prepayment of debt	—	2,908	—
Foreign currency (gains) losses	1,212	287	1,028
Other ⁽¹⁾	956	2,074	133
Income tax effects ⁽²⁾	(7,552)	(11,179)	(4,242)
Non-GAAP net income attributable to Penguin Solutions	\$ 32,391	\$ 28,843	\$ 26,518
Preferred stock dividends	3,033	3,034	—
Non-GAAP income available for distribution	29,358	25,809	26,518
Income allocated to participating securities	2,990	2,639	—
Non-GAAP net income available to common stockholders	\$ 26,368	\$ 23,170	\$ 26,518
Weighted-average shares outstanding - Diluted:			
GAAP weighted-average shares outstanding	54,991	54,371	54,312
Adjustment for dilutive securities and capped calls	(1,228)	(838)	—
Non-GAAP weighted-average shares outstanding	53,763	53,533	54,312
Diluted earnings (loss) per share from continuing operations:			
GAAP diluted earnings (loss) per share	\$ 0.04	\$ 0.11	\$ 0.10
Effect of adjustments	0.45	0.32	0.39
Non-GAAP diluted earnings per share	\$ 0.49	\$ 0.43	\$ 0.49

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 include (\$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		
	November 28, 2025	August 29, 2025	November 29, 2024
<i>(dollars in thousands)</i>			
Net income (loss) attributable to Penguin Solutions	\$ 5,270	\$ 9,431	\$ 5,217
Interest expense, net	47	153	4,396
Income tax provision (benefit)	1,805	(1,196)	6,360
Depreciation expense and amortization of intangible assets	12,819	13,206	14,961
Stock-based compensation expense	10,080	7,814	11,531
Cost of sales-related restructuring	(483)	342	(42)
Diligence, acquisition and integration expense	—	133	833
Redomiciliation costs (1)	—	2,734	1,243
Impairment of goodwill	—	4,690	—
Restructuring charges	4,742	1,130	109
Loss on extinguishment of debt	—	2,908	—
Loss (gain) on non-marketable equity investments	10,000	—	—
Other (1)	956	2,074	133
Adjusted EBITDA	\$ 45,236	\$ 43,419	\$ 44,741

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