

Second Quarter FY26 Financial Results

Nasdaq: PENG

April 1, 2026

Disclaimer

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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, inventory write-off, stolen in-transit shipment, cost of sales-related restructuring, diligence, acquisition and integration expense, redomiciliation costs, restructuring charges, (gain) loss on equity investments; (gain) loss on non-marketable equity investments, 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, gain on disposition of equity investment, 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 equity investments; (gain) loss on non-marketable equity investments, 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



Kash Shaikh
President and CEO



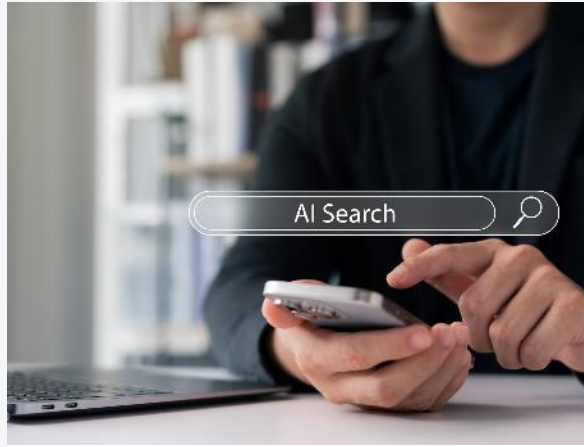
Nate Olmstead
SVP and CFO

We Are at a Fundamental Inflection Point in AI



AI Moving from Experimentation to Production

AI is scaling from initial pilots to full on-premise deployments.



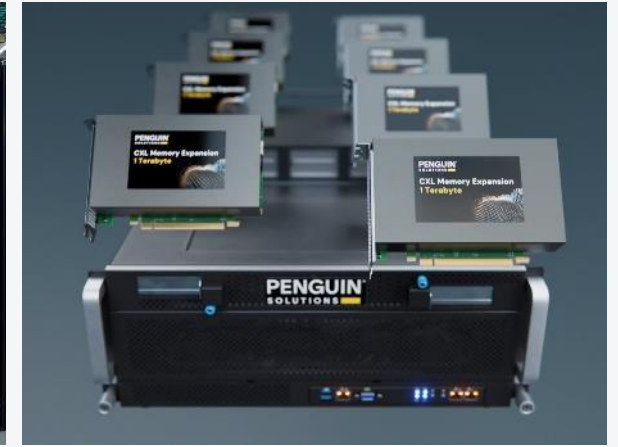
AI Workloads Are Evolving

AI Factory workloads are shifting from training to inference.



Adoption Expanding Beyond Hyperscalers

Demand is broadening across enterprise, neocloud, and sovereign customers.



Increased Demand for Memory-Centric Architecture

AI is driving memory demand for use by GPUs and other processors.

Penguin's Full-Stack AI Factory Platform Capabilities

Built around 6 core elements:

1. ClusterWare Software
2. MemoryAI Platform
3. Advanced Computing Systems
4. OriginAI Architectures
5. End-to-End Services
6. Partner Ecosystem



Penguin's AI Factory Platform Innovation

Positioned at the intersection of infrastructure + memory innovation



MemoryAI™ Platform

- CXL-based architecture addressing the “memory wall”
- KV cache server with up to 11TB pooled memory per server
- Optimized for enterprise-scale, agentic inference workloads



OriginAI® Factory Architectures

- Blueprints for larger context size, higher concurrency, low-latency inference
- Improves GPU utilization, deployment velocity, reliability
- Enables predictable performance at scale



ICE ClusterWare™ Platform

- Unified control plane
- Enables repeatable, production-scale deployments
- Integrates across the open ecosystem

Strengthening Platform Leadership

Scaling innovation and execution

Appointed Ian Colle as Chief Product Officer

- 20+ years building and scaling HPC and AI infrastructure platforms
- Most recently at AWS
- Recognized as **HPCWire “People to Watch 2026”**
- Focus:
 - Advance AI factory platform strategy
 - Accelerate product innovation
 - Scale execution across global deployments



Q2 FY26 Financial Highlights

Results reflect strength in Integrated Memory



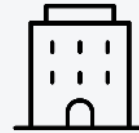
Net Sales

Net sales of \$343M,
down 6% YoY



Gross Margin

Non-GAAP gross margin of
31.2%, up 0.4 percentage
points YoY



Operating Income

Non-GAAP operating income of
\$45M, down 8% YoY; Non-
GAAP operating margin of
13.2%, down 0.2 percentage
points YoY



EPS

Non-GAAP diluted EPS of
\$0.52, flat YoY

Business Review

Advanced Computing

- Net sales of \$116M in Q2, 34% of total
- Decline reflects transition away from hyperscaler concentration and wind-down of Penguin Edge
- First Half FY26 Diversification Progress:
 - Non-hyperscale HPC/AI net sales up 50% YoY
 - >40% of segment net sales (vs. ~20% last year)
- Example Deployments:
 - Tier-one financial institution (MemoryAI + ClusterWare platform)
 - Healthcare (collaboration with Dell)
 - Voice (Deepgram + Dell)
 - Research (Georgia Tech + NVIDIA)



Integrated Memory

- Net sales of \$172M in Q2, 50% of total
 - Up 63% YoY
- Strong demand across, networking, telecommunications, and computing market segments
- Favorable pricing environment
- Effective supply chain execution
- Memory becoming central to AI performance



Optimized LED

- Net sales of \$56M in Q2, 16% of total
- Down 7% YoY
- Focus:
 - Disciplined operations
 - Capital allocation
 - Portfolio optimization



Penguin Is Positioned for the Next Phase of AI

Positioned at the intersection of
AI infrastructure + memory innovation

Strategic Priorities



Invest in platform innovation



Execute with speed and precision



Deepen ecosystem partnerships



Expand customer base

Financial Review

Q2 FY26 Results



**Net
Sales**

\$343M

Down 6% YoY



**Non-GAAP
Gross Margin**

31.2%

Up 0.4 percentage points YoY



**Non-GAAP
Operating Margin**

13.2%

Down 0.2 percentage points YoY



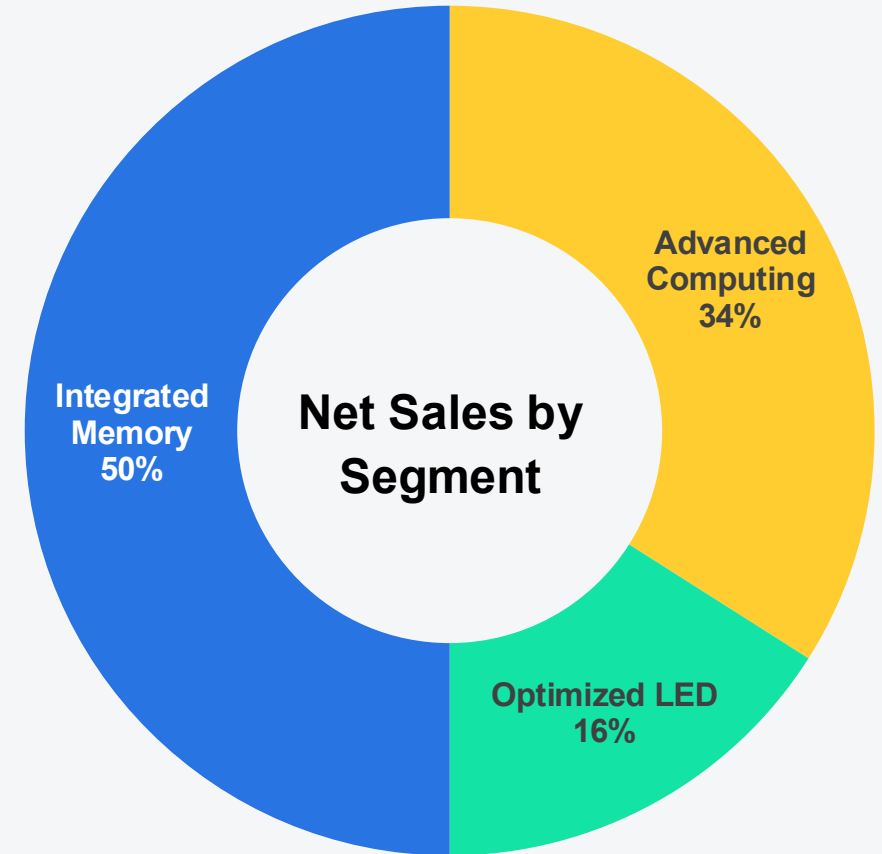
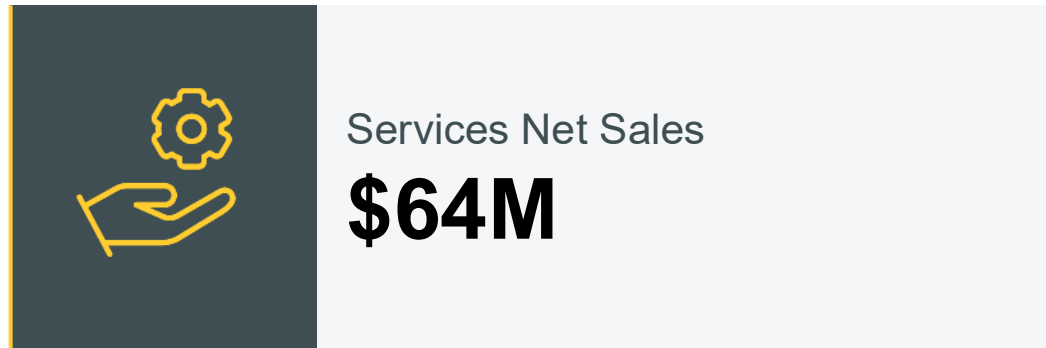
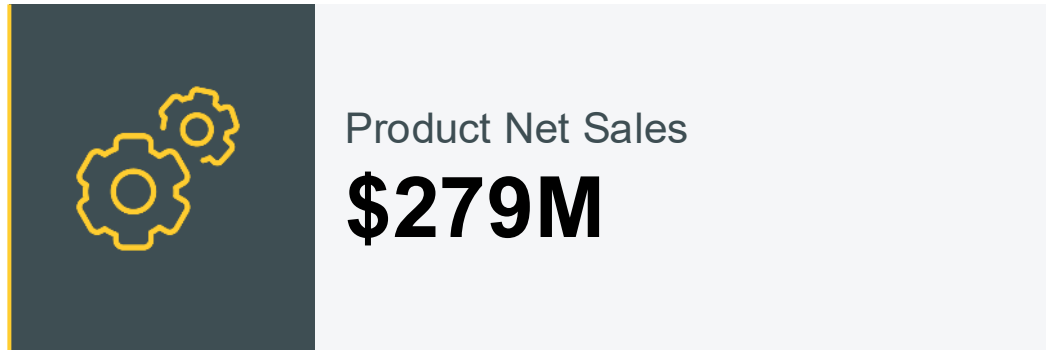
**Non-GAAP
Diluted EPS**

\$0.52

Flat YoY

Q2 FY26 Net Sales Detail¹

Net Sales Breakdown – Total of \$343M



Operating Results¹

(\$M except per share amounts)	Q2 FY26	Q1 FY26	Q2 FY25
Net sales	\$343	\$343	\$365
Advanced Computing	\$116	\$151	\$200
Integrated Memory	\$172	\$137	\$105
Optimized LED	\$56	\$55	\$60
Non-GAAP gross profit²	\$107	\$103	\$112
Non-GAAP operating expenses²	\$62	\$61	\$63
Non-GAAP operating income²	\$45	\$42	\$49
Non-GAAP net income²	\$34	\$32	\$34
Non-GAAP diluted earnings per share²	\$0.52	\$0.49	\$0.52
Adjusted EBITDA²	\$50	\$45	\$54

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.

Q2 FY26 Balance Sheet and Cash Flow Highlights

(\$M)	Q2 FY26	Q1 FY26	Q2 FY25
Working Capital			
Net Accounts Receivable	\$371	\$342	\$330
Days Sales Outstanding	50 days	51 days	50 days
Inventory	\$322	\$213	\$200
Days of Inventory	51 days	38 days	37 days
Accounts Payable	\$401	\$305	\$238
Days Payable Outstanding	63 days	55 days	44 days
Cash Conversion Cycle	38 days	35 days	43 days
Cash Flow			
Cash, Cash Equivalents and Short-Term Investments (at period end)	\$489	\$461	\$647
Net Cash from Operating Activities from Continuing Operations	\$55	\$31	\$73
Capital Expenditures & Depreciation			
CapEx	\$2	\$3	\$2
Depreciation	\$5	\$5	\$5

Stock Repurchase Update

Stock Repurchases

- Repurchased 1.7 million shares for \$32M in Q2 FY26
- Since April 2022, we have repurchased 9.1 million shares for \$160M
- 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
- As of February 27, 2026, the end of Q2 FY26, an aggregate of \$65M remained available for repurchase under our current authorizations



Our Outlook

FY 2026 Outlook

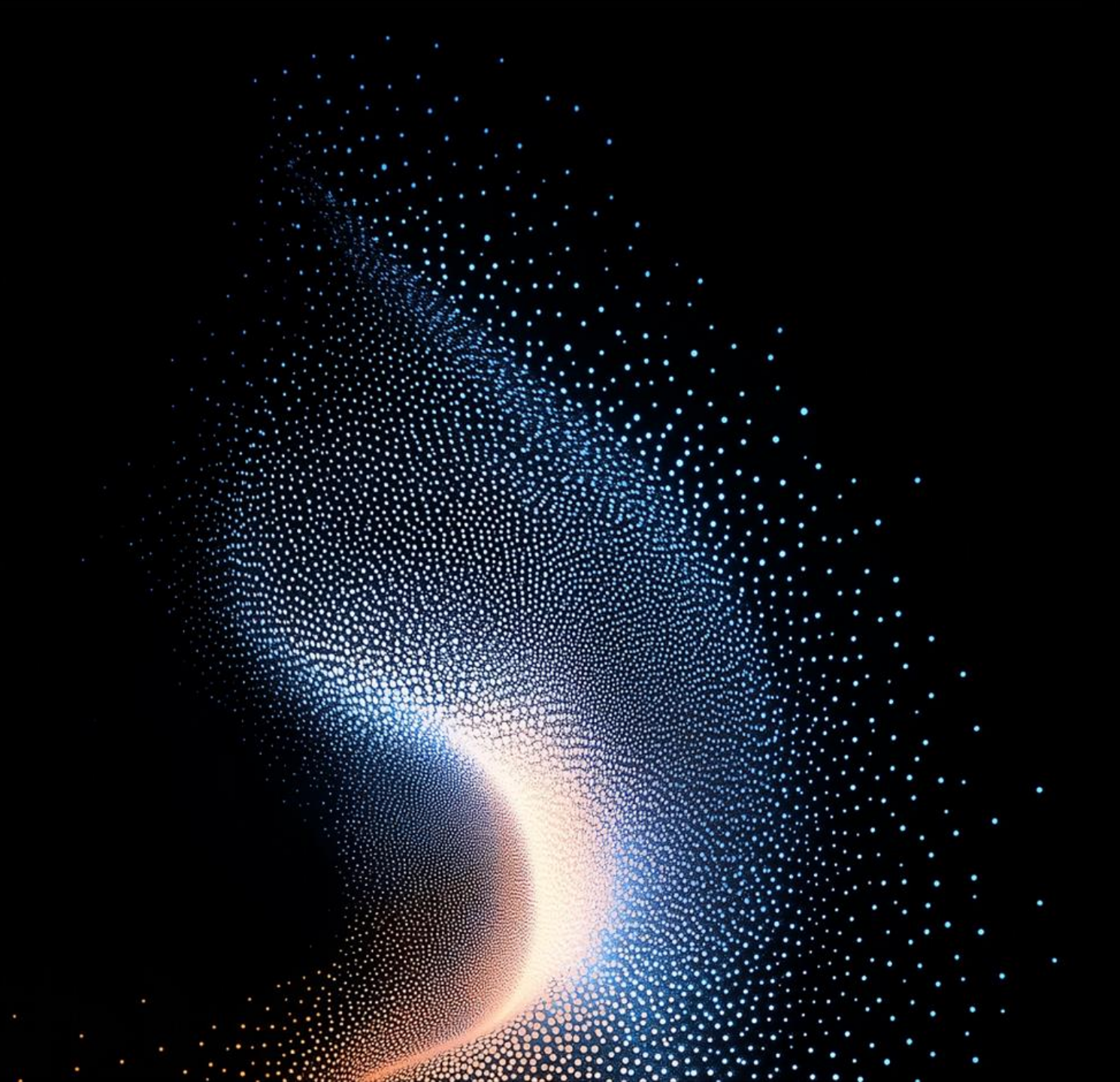
	GAAP Outlook	Adjustments	Non-GAAP Outlook
Net sales	12% YoY Growth +/- 5%	—	12% YoY Growth +/- 5%
Gross margin	26% +/- 0.5%	2% (A)	28% +/- 0.5%
Operating expenses	\$310 million +/- \$5 million	\$(60) million (B)(C)	\$250 million +/- \$5 million
Diluted earnings per share	\$1.30 +/- \$0.15	\$0.85 (A)(B)(C)(D)(E)(F)	\$2.15 +/- \$0.15
Diluted shares	53 million	—	53 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	50
(C) Other operating adjustments	10
(D) Other non-operating adjustments ⁽¹⁾	(20)
(E) Estimated income tax effects	(18)
(F) Estimated effect of allocation of earnings to participating securities	(7)
	\$ 45

(1) Primarily reflects net gain associated with non-marketable equity investments.

Solving complexity.
Accelerating results.

PENGUIN[®]
SOLUTIONS 



GAAP to Non-GAAP Reconciliations

	Three Months Ended			Six Months Ended	
	February 27, 2026	November 28, 2025	February 28, 2025	February 27, 2026	February 28, 2025
<i>(dollars in thousands)</i>					
GAAP gross profit	\$ 93,702	\$ 96,109	\$ 104,648	\$ 189,811	\$ 202,460
Stock-based compensation expense	1,522	1,386	1,776	2,908	3,419
Amortization of acquisition-related intangibles	5,909	5,909	5,907	11,818	11,816
Inventory write-off, stolen in-transit shipment	5,783	—	—	5,783	—
Cost of sales-related restructuring	—	(483)	77	(483)	35
Other	—	—	—	—	(200)
Non-GAAP gross profit	\$ 106,916	\$ 102,921	\$ 112,408	\$ 209,837	\$ 217,530
GAAP gross margin	27.3 %	28.0 %	28.6 %	27.7 %	28.7 %
Effect of adjustments	3.9 %	2.0 %	2.2 %	2.9 %	2.1 %
Non-GAAP gross margin	31.2 %	30.0 %	30.8 %	30.6 %	30.8 %
GAAP operating expenses	\$ 68,013	\$ 76,527	\$ 86,160	\$ 144,540	\$ 166,616
Stock-based compensation expense	(3,597)	(8,694)	(9,804)	(12,291)	(19,692)
Amortization of acquisition-related intangibles	(1,600)	(1,599)	(2,932)	(3,199)	(6,778)
Diligence, acquisition and integration expense	—	—	(567)	—	(1,400)
Redomiciliation costs	—	—	(2,359)	—	(3,602)
Impairment of goodwill	—	—	(6,079)	—	(6,079)
Restructuring charges	(1,048)	(4,742)	(859)	(5,790)	(968)
Other	(106)	(99)	(242)	(205)	(575)
Non-GAAP operating expenses	\$ 61,662	\$ 61,393	\$ 63,318	\$ 123,055	\$ 127,522
GAAP operating income	\$ 25,689	\$ 19,582	\$ 18,488	\$ 45,271	\$ 35,844
Stock-based compensation expense	5,119	10,080	11,580	15,199	23,111
Amortization of acquisition-related intangibles	7,509	7,508	8,839	15,017	18,594
Inventory write-off, stolen in-transit shipment	5,783	—	—	5,783	—
Cost of sales-related restructuring	—	(483)	77	(483)	35
Diligence, acquisition and integration expense	—	—	567	—	1,400
Redomiciliation costs	—	—	2,359	—	3,602
Impairment of goodwill	—	—	6,079	—	6,079
Restructuring charges	1,048	4,742	859	5,790	968
Other	106	99	242	205	375
Non-GAAP operating income	\$ 45,254	\$ 41,528	\$ 49,090	\$ 86,782	\$ 90,008
GAAP operating margin	7.5 %	5.7 %	5.1 %	6.6 %	5.1 %
Effect of adjustments	5.7 %	6.4 %	8.3 %	6.0 %	7.6 %
Non-GAAP operating margin	13.2 %	12.1 %	13.4 %	12.6 %	12.7 %

GAAP to Non-GAAP Reconciliations

	Three Months Ended			Six Months Ended	
	February 27, 2026	November 28, 2025	February 28, 2025	February 27, 2026	February 28, 2025
<i>(dollars in thousands, except per share data)</i>					
GAAP net income (loss) attributable to Penguin Solutions	\$ 37,452	\$ 5,270	\$ 8,082	\$ 42,722	\$ 13,299
Stock-based compensation expense	5,119	10,080	11,580	15,199	23,111
Amortization of acquisition-related intangibles	7,509	7,508	8,839	15,017	18,594
Inventory write-off, stolen in-transit shipment	5,783	—	—	5,783	—
Cost of sales-related restructuring	—	(483)	77	(483)	35
Diligence, acquisition and integration expense	—	—	567	—	1,400
Redomiciliation costs	—	—	2,359	—	3,602
Loss on non-marketable equity investment	—	10,000	—	10,000	—
Impairment of goodwill	—	—	6,079	—	6,079
Gain on disposition of equity investment	(27,036)	—	—	(27,036)	—
Restructuring charges	1,048	4,742	859	5,790	968
Amortization of debt issuance costs	658	658	950	1,316	1,903
Foreign currency (gains) losses	(1,015)	1,212	24	197	1,052
Other	106	956	242	1,062	375
Income tax effects	4,483	(7,552)	(5,822)	(3,069)	(10,064)
Non-GAAP net income attributable to Penguin Solutions	\$ 34,107	\$ 32,391	\$ 33,836	\$ 66,498	\$ 60,354
Preferred stock dividends	3,033	3,033	2,600	6,066	2,600
Non-GAAP income available for distribution	31,074	29,358	31,236	60,432	57,754
Income allocated to participating securities	3,195	2,990	2,706	6,154	2,610
Non-GAAP net income available to common stockholders	\$ 27,879	\$ 26,368	\$ 28,530	\$ 54,278	\$ 55,144
Weighted-average shares outstanding - Diluted:					
GAAP weighted-average shares outstanding	53,186	54,991	54,384	54,031	54,484
Adjustment for dilutive securities and capped calls	—	(1,228)	—	(128)	—
Non-GAAP weighted-average shares outstanding	53,186	53,763	54,384	53,903	54,484
Diluted earnings (loss) per share:					
GAAP diluted earnings (loss) per share	\$ 0.58	\$ 0.04	\$ 0.09	\$ 0.61	\$ 0.19
Effect of adjustments	(0.06)	0.45	0.43	0.40	0.82
Non-GAAP diluted earnings per share	\$ 0.52	\$ 0.49	\$ 0.52	\$ 1.01	\$ 1.01

GAAP to Non-GAAP Reconciliations

<i>(dollars in thousands)</i>	Three Months Ended			Six Months Ended	
	February 27, 2026	November 28, 2025	February 28, 2025	February 27, 2026	February 28, 2025
Net income (loss) attributable to Penguin Solutions	\$ 37,452	\$ 5,270	\$ 8,082	\$ 42,722	\$ 13,299
Interest expense, net	721	47	2,183	768	6,579
Income tax provision (benefit)	14,410	1,805	7,643	16,215	14,003
Depreciation expense and amortization of intangible assets	12,751	12,819	14,037	25,570	28,998
Stock-based compensation expense	5,119	10,080	11,580	15,199	23,111
Inventory write-off, stolen in-transit shipment	5,783	—	—	5,783	—
Cost of sales-related restructuring	—	(483)	77	(483)	35
Diligence, acquisition and integration expense	—	—	567	—	1,400
Redomiciliation costs	—	—	2,359	—	3,602
Impairment of goodwill	—	—	6,079	—	6,079
Gain on disposition of equity investment	(27,036)	—	—	(27,036)	—
Restructuring charges	1,048	4,742	859	5,790	968
Loss on non-marketable equity investment	—	10,000	—	10,000	—
Other	106	956	242	1,062	375
Adjusted EBITDA	\$ 50,354	\$ 45,236	\$ 53,708	\$ 95,590	\$ 98,449

Convertible Dilution

(In Thousands of Shares)

Stock Price	Share Dilution	Capped Calls	Dilution to PENG
\$18	—	—	—
\$19	—	—	—
\$20	—	—	—
\$21	—	—	—
\$22	248	(248)	—
\$23	544	(544)	—
\$24	816	(816)	—
\$25	1,066	(1,066)	—
\$26	1,297	(1,297)	—
\$27	1,510	(1,510)	—
\$28	1,709	(1,709)	—
\$29	2,138	(2,138)	—
\$30	2,540	(2,337)	203
\$31	2,916	(2,492)	424
\$32	3,269	(2,637)	632
\$33	3,601	(2,773)	828
\$34	3,912	(2,902)	1,010
\$35	4,207	(3,023)	1,184