

Penguin Solutions Announces Closing of Oversubscribed Convertible Notes Offering

2026-07-17

- \$750 million convertible senior notes; 0.00% coupon; 50.0% conversion premium
- Strong investor demand supported the initial purchasers' full exercise of their \$100 million option
- Refinancing enhances capital structure, extends debt maturities, and reduces interest expense
- With the capped calls, Penguin anticipates no net dilution from the Notes until Penguin's share price exceeds approximately \$175.05 per share, or an approximately 125% increase above Penguin's closing price at pricing

FREMONT, Calif.--(BUSINESS WIRE)-- Penguin Solutions, Inc., the AI Factory Platform Company ("Penguin," "we" or the "Company") (Nasdaq: PENG), today announced that it has closed its previously announced private offering of \$750.0 million aggregate principal amount of 0.00% convertible senior notes due 2031 (the "Notes") to persons reasonably believed to be qualified institutional buyers as defined in Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). The \$750.0 million aggregate principal amount includes \$100.0 million aggregate principal amount of Notes issued in connection with the initial purchasers' full exercise of their option. Concurrently with the offering, the Company is exchanging a portion of certain existing convertible senior notes due 2029 and 2030 for cash and shares of common stock.

"Demand for memory and AI infrastructure is accelerating as inference and agentic AI workloads move into production at scale," said Kash Shaikh, CEO of Penguin. "Penguin is strategically positioned at the intersection of these two markets, and our strong third-quarter fiscal 2026 results demonstrated our profitable growth."

Shaikh added, "This offering extends our debt maturities, reduces cash interest expense, and provides additional strategic flexibility to invest in our AI Factory Platform growth strategy, which is designed to be capital efficient. Investor demand for our oversubscribed convertible notes offering allowed us to secure highly favorable economic terms for Penguin in a transaction that we believe reflect investors' confidence in our strategy and will enhance our

ability to execute and meet historically strong demand.”

Net proceeds are being used to fund the capped call transactions, the cash portion of the convertible note exchanges described below, and the repayment of borrowings under the existing credit agreement. The Company intends to use the remainder of the net proceeds for general corporate purposes consistent with its AI Factory Platform growth strategy.

The Notes are senior, unsecured obligations of the Company, will not bear regular interest and will not accrete principal. The Notes will mature on August 1, 2031, unless earlier converted, redeemed or repurchased. Upon conversion, the Company will settle conversions by paying or delivering, as applicable, cash and, if applicable, shares of its common stock, based on the applicable conversion rate(s).

Concurrently with the offering, the Company entered into separate, privately negotiated transactions with a limited number of holders of Penguin Solutions (Cayman), Inc.’s 2.00% convertible senior notes due 2029 (the “2029 Notes”) and 2.00% convertible senior notes due 2030 (the “2030 Notes” and, together with the 2029 Notes, the “Existing Notes”) to exchange approximately \$135.5 million principal amount of the 2029 Notes and \$160.0 million principal amount of the 2030 Notes. The convertible note exchanges are expected to be consummated on or about July 17, 2026.

In connection with the pricing of the Notes and the exercise by the initial purchasers of their option to purchase additional Notes, the Company entered into privately negotiated capped call transactions with certain financial institutions.

The Notes and any shares of common stock issuable upon conversion of the Notes or issuable in the exchange transactions described above have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

This press release shall not constitute an offer to sell or a solicitation of an offer to buy the Notes or any shares of common stock issuable upon conversion of the Notes or issuable in the exchange transactions described above, nor will there be any sale of the Notes or any such shares in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. This press release does not constitute an offer to exchange or purchase or a notice of redemption with respect to the Existing Notes.

About Penguin Solutions

Penguin Solutions is a leading provider of memory and AI infrastructure, powering the AI factories of the future for

enterprises, sovereign AI initiatives, and neocloud providers.

Built on decades of engineering expertise at the intersection of memory and AI/HPC infrastructure, we bring together differentiated infrastructure software, advanced memory, compute systems, end-to-end services, and industry-leading partner solutions in a full-stack AI factory platform designed to help customers deploy and scale AI workloads with speed and precision.

Headquartered in Silicon Valley, California, we operate globally through our network of R&D, manufacturing, and sales locations.

Use of Forward-Looking Statements

This press release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act, 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 regarding the use of proceeds from the offering and the consummation of the convertible note exchanges; the effects of entering into the capped call transactions; statements concerning or regarding our future financial and operating performance; statements regarding our strategic transformation, growth strategy, business momentum, and emerging leadership position; and statements regarding AI-related demand, customer pipeline, market opportunities, and industry trends. These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as “anticipate,” “target,” “expect,” “estimate,” “intend,” “plan,” “goal,” “believe,” “could,” and other words of similar meaning. Forward-looking statements provide our current expectations or forecasts of future events, circumstances, results or aspirations and are subject to a number of risks, uncertainties and other factors, many of which are outside of our control, including, among others, the failure to realize opportunities relating to the company’s growth and stakeholder value and other factors and risks detailed in Penguin’s filings with the U.S. Securities and Exchange Commission, including Penguin’s most recent Annual Report on Form 10-K. Such risks, uncertainties and factors as outlined above and in such filings do not constitute all factors and risks that could cause actual results of Penguin to be materially different from Penguin’s forward-looking statements. Accordingly, investors are cautioned not to place undue reliance on any forward-looking statements. Any forward-looking statements that we make in this press release speak only as of the date of this press release. Except as required by law, we do not undertake to update the forward-looking statements contained in this press release to reflect the impact of circumstances or events that may arise after the date that the forward-looking statements were made.

Investor Contact:

Lori Barker
Investor Relations
ir@penguinsolutions.com

PR Contact:

Maureen O'Leary
Corporate Communications
+1-602-330-6846
pr@penguinsolutions.com

Source: Penguin Solutions, Inc.