Further reducing wafer starts to approach 30% in both DRAM and NAND

BOISE, Idaho, June 28, 2023 (GLOBE NEWSWIRE) -- Micron Technology, Inc. (Nasdaq: MU) today announced results for its third quarter of fiscal 2023, which ended June 1, 2023.

Fiscal Q3 2023 highlights

- Revenue of $3.75 billion versus $3.69 billion for the prior quarter and $8.64 billion for the same period last year
- GAAP net loss of $1.90 billion, or $1.73 per diluted share
- Non-GAAP net loss of $1.57 billion, or $1.43 per diluted share
- Operating cash flow of $24 million versus $343 million for the prior quarter and $3.84 billion for the same period last year

“Micron delivered fiscal third quarter revenue, gross margin, and EPS all above the midpoint of the guidance range,” said Micron Technology President and CEO Sanjay Mehrotra. “We believe that the memory industry has passed its trough in revenue, and we expect margins to improve as industry supply-demand balance is gradually restored. The recent Cyberspace Administration of China (“CAC”) decision is a significant headwind that is impacting our outlook and slowing our recovery. Longer-term, Micron’s technology leadership, product portfolio, and operational excellence continues to strengthen our competitive positioning across diverse growth markets, including AI and memory-centric computing.”

Quarterly Financial Results

<table>
<thead>
<tr>
<th>(in millions, except per share amounts)</th>
<th>GAAP(1)</th>
<th>Non-GAAP(2)</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>FQ3-23</td>
<td>FQ2-23</td>
</tr>
<tr>
<td>Revenue</td>
<td>$3,752</td>
<td>$3,693</td>
</tr>
<tr>
<td>Gross margin</td>
<td>(668)</td>
<td>(1,206)</td>
</tr>
<tr>
<td>percent of revenue</td>
<td>(17.8%)</td>
<td>(32.7%)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>1,093</td>
<td>1,097</td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>(1,761)</td>
<td>(2,303)</td>
</tr>
<tr>
<td>percent of revenue</td>
<td>(46.9%)</td>
<td>(62.4%)</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>(1,896)</td>
<td>(2,312)</td>
</tr>
<tr>
<td>Diluted earnings (loss) per share</td>
<td>(1.73)</td>
<td>(2.12)</td>
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Investments in capital expenditures, net(2) were $1.38 billion for the third quarter of 2023, which resulted in adjusted free cash flows(2) of negative $1.36 billion. Micron ended the third quarter of 2023 with cash, marketable investments, and restricted cash of $11.40 billion. Micron’s Board of Directors has declared a quarterly dividend of $0.115 per share, payable in cash on July 25, 2023, to shareholders of record as of the close of business on July 10, 2023.

Business Outlook

The table below presents Micron’s guidance for the fourth quarter of 2023:

<table>
<thead>
<tr>
<th>FQ4-23</th>
<th>GAAP(1) Outlook</th>
<th>Non-GAAP(2) Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$3.90 billion ± $200 million</td>
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<td>(12.5%) ± 2.5%</td>
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<td>Diluted earnings (loss) per share</td>
<td>($1.34) ± $0.07</td>
<td>($1.19) ± $0.07</td>
</tr>
</tbody>
</table>

Further information regarding Micron’s business outlook is included in the prepared remarks and slides, which have been posted at investors.micron.com.

Investor Webcast

Micron will host a conference call on Wednesday, June 28, 2023 at 2:30 p.m. Mountain Time to discuss its third quarter financial results and provide forward-looking guidance for its fourth quarter. A live webcast of the call will be available online at investors.micron.com. A webcast replay will be available for one year after the call. For Investor Relations and other company updates, follow @MicronTech on Twitter at twitter.com/MicronTech.

About Micron Technology, Inc.
We are an industry leader in innovative memory and storage solutions transforming how the world uses information to enrich life for all. With a relentless focus on our customers, technology leadership, and manufacturing and operational excellence, Micron delivers a rich portfolio of high-performance DRAM, NAND, and NOR memory and storage products through our Micron® and Crucial® brands. Every day, the innovations that our people create fuel the data economy, enabling advances in artificial intelligence and 5G applications that unleash opportunities — from the data center to the intelligent edge and across the client and mobile user experience. To learn more about Micron Technology, Inc. (Nasdaq: MU), visit micron.com.

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Forward-Looking Statements

This press release contains forward-looking statements regarding our industry, our strategic position, and our financial and operating results. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially. Please refer to the documents we file with the Securities and Exchange Commission, including our most recent Form 10-K and Form 10-Q. These documents contain and identify important factors that could cause our actual results to differ materially from those contained in these forward-looking statements. These certain factors can be found at micron.com/certainfactors. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. We are under no duty to update any of the forward-looking statements to conform these statements to actual results.

(1) GAAP represents U.S. Generally Accepted Accounting Principles.
(2) Non-GAAP represents GAAP excluding the impact of certain activities, which management excludes in analyzing our operating results and understanding trends in our earnings, adjusted free cash flow, and business outlook. Further information regarding Micron’s use of non-GAAP measures and reconciliations between GAAP and non-GAAP measures are included within this press release.
MICRON TECHNOLOGY, INC.
CONSOLIDATED BALANCE SHEETS
(In millions)
(Unaudited)

As of
June 1,
2023
March 2,
2023
September 1,
2022

Assets
Cash and equivalents $ 9,298 $ 9,798 $ 8,262
Short-term investments 1,054 1,020 1,069
Receivables 2,429 2,278 5,130
Inventories 8,238 8,129 6,663
Other current assets 715 673 657
Total current assets 21,734 21,898 21,781
Long-term marketable investments 973 1,212 1,647
Property, plant, and equipment 38,727 39,085 38,549
Operating lease right-of-use assets 655 673 678
Intangible assets 410 410 421
Deferred tax assets 708 697 702
Goodwill 1,252 1,228 1,228
Other noncurrent assets 1,221 1,317 1,277
Total assets $ 65,680 $ 66,520 $ 66,283

Liabilities and equity
Accounts payable and accrued expenses $ 4,177 $ 4,310 $ 6,090
Current debt 259 237 103
Other current liabilities 668 708 1,346
Total current liabilities 5,104 5,255 7,539
Long-term debt 12,986 12,037 6,803
Noncurrent operating lease liabilities 603 610 610
Noncurrent unearned government incentives 632 529 589
Other noncurrent liabilities 950 832 835
Total liabilities 20,275 19,263 16,376
Commitments and contingencies
Shareholders’ equity
Common stock 124 123 123
Additional capital 10,782 10,633 10,197
Retained earnings 42,391 44,426 47,274
Treasury stock (7,552) (7,552) (7,127)
Accumulated other comprehensive income (loss) (340) (373) (560)
Total equity 45,405 47,257 49,907
Total liabilities and equity $ 65,680 $ 66,520 $ 66,283

MICRON TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

Nine months ended
June 1,
2023
June 2,
2022
Cash flows from operating activities
Net income (loss) $ (4,403) $ 7,195
Adjustments to reconcile net income (loss) to net cash provided by operating activities:
Depreciation expense and amortization of intangible assets 5,819 5,234
Provision to write down inventories to net realizable value 1,831 —
Stock-based compensation
(Gain) loss on debt repurchases — 83
Change in operating assets and liabilities:
   Receivables 2,728 (906)
   Inventories (3,406) (1,146)
   Accounts payable and accrued expenses (1,764) 382
   Other 57 184
Net cash provided by operating activities 1,310 11,404

Cash flows from investing activities
Expenditures for property, plant, and equipment (6,215) (8,454)
Purchases of available-for-sale securities (496) (1,359)
Proceeds from maturities of available-for-sale securities 1,170 964
Proceeds from government incentives 248 104
Proceeds from sales of available-for-sale securities 22 258
Proceeds from sale of Lehi, Utah fab — 888
Other (90) (162)
Net cash provided by (used for) investing activities (5,361) (7,761)

Cash flows from financing activities
Proceeds from issuance of debt 6,716 2,000
Repayments of debt (706) (2,008)
Repurchases of common stock - repurchase program (425) (1,648)
Payments of dividends to shareholders (378) (335)
Payments on equipment purchase contracts (112) (132)
Other — (17)
Net cash provided by (used for) financing activities 5,095 (2,140)

Effect of changes in currency exchange rates on cash, cash equivalents, and restricted cash (13) (71)

Net increase (decrease) in cash, cash equivalents, and restricted cash 1,031 1,432
Cash, cash equivalents, and restricted cash at beginning of period 8,339 7,829
Cash, cash equivalents, and restricted cash at end of period $ 9,370 $ 9,261

MICRON TECHNOLOGY, INC.
NOTES
(Unaudited)

Inventories
In the third and second quarters of 2023, we recorded charges to cost of goods sold to write down the carrying value of work in process and finished goods inventories to their estimated net realizable values ("NRV"). The impact of inventory NRV write-downs for each period reflects (1) inventory write-downs in that period, offset by (2) lower costs in that period on the sale of inventory written down in prior periods. The impacts of inventory NRV write-downs are summarized below:

<table>
<thead>
<tr>
<th></th>
<th>3rd Qtr.</th>
<th>2nd Qtr.</th>
<th>3rd Qtr.</th>
<th>Nine months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 1, 2023</td>
<td>March 2, 2023</td>
<td>June 2, 2022</td>
<td>June 1, 2023</td>
</tr>
<tr>
<td>Provision to write down inventory to net realizable value</td>
<td>$ (401)</td>
<td>$ (1,430)</td>
<td>$ —</td>
<td>$ (1,831)</td>
</tr>
<tr>
<td>Lower costs from sale of inventory written down in prior periods</td>
<td>281</td>
<td>—</td>
<td>—</td>
<td>281</td>
</tr>
<tr>
<td></td>
<td>$ (120)</td>
<td>$ (1,430)</td>
<td>$ —</td>
<td>$ (1,550)</td>
</tr>
</tbody>
</table>

Debt Activity
On April 11, 2023, we issued $600 million principal amount of 5.375% senior unsecured notes due April 15, 2028 and received proceeds of $596 million. Additionally, we issued $900 million principal amount of 5.875% senior unsecured notes due September 15, 2033 and received proceeds of $890 million. On April 13, 2023, we used a portion of the proceeds from the debt issuance to prepay $600 million principal amount of our senior term loan A due October 2024.
### RECONCILIATION OF GAAP TO NON-GAAP MEASURES

(In millions, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>3rd Qtr.</th>
<th>2nd Qtr.</th>
<th>3rd Qtr.</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>June 1,</td>
<td>March 2,</td>
<td>June 2,</td>
</tr>
<tr>
<td></td>
<td>2023</td>
<td>2023</td>
<td>2022</td>
</tr>
</tbody>
</table>

#### GAAP gross margin
- Stock-based compensation: $60 $41 $57
- Other: 5 4 5

**Non-GAAP gross margin**: $603 $(1,161) $4,097

#### GAAP operating expenses
- Stock-based compensation: $(91) $(95) $(78)
- Restructure and asset impairments: 68 86 —
- Litigation contingency accrual: (68) — —

**Non-GAAP operating expenses**: $866 $916 $953

#### GAAP operating income (loss)
- Stock-based compensation: 151 136 135
- Restructure and asset impairments: 68 86 —
- Litigation contingency accrual: 68 — —
- Other: 5 4 5

**Non-GAAP operating income (loss)**: $(1,469) $(2,077) $3,144

#### GAAP net income (loss)
- Stock-based compensation: 151 136 135
- Restructure and asset impairments: 68 86 —
- Litigation contingency accrual: 68 — —
- Amortization of debt discount and other costs: 2 4 8
- Other: 5 4 5
- Impact of Idaho income tax reform: — — 189
- Estimated tax effects of above and other tax adjustments: 37 1 (24)

**Non-GAAP net income (loss)**: $(1,665) $(2,081) $2,939

#### GAAP weighted-average common shares outstanding - Diluted
- Adjustment for stock-based compensation: 1,094 1,091 1,121

**Non-GAAP weighted-average common shares outstanding - Diluted**: 1,094 1,091 1,136

#### GAAP diluted earnings (loss) per share
- Effects of the above adjustments: 0.30 0.21 0.25

**Non-GAAP diluted earnings (loss) per share**: $(1.43) $(1.91) $2.59

### RECONCILIATION OF GAAP TO NON-GAAP MEASURES, Continued

#### GAAP net cash provided by operating activities
- Expenditures for property, plant, and equipment: $(1,561) $(2,205) $(2,578)
- Proceeds from sales of property, plant, and equipment: 34 17 39
- Payments on equipment purchase contracts: (36) (29) (27)
- Amounts funded by partners: 184 62 38

**Investments in capital expenditures, net**: $(1,379) $(2,155) $(2,528)

**Adjusted free cash flow**: $(1,355) $(1,812) $1,310
The tables above reconcile GAAP to non-GAAP measures of gross margin, operating expenses, operating income (loss), net income (loss), diluted shares, diluted earnings (loss) per share, and adjusted free cash flow. The non-GAAP adjustments above may or may not be infrequent or nonrecurring in nature, but are a result of periodic or non-core operating activities. We believe this non-GAAP information is helpful in understanding trends and in analyzing our operating results and earnings. We are providing this information to investors to assist in performing analysis of our operating results. When evaluating performance and making decisions on how to allocate our resources, management uses this non-GAAP information and believes investors should have access to similar data when making their investment decisions. We believe these non-GAAP financial measures increase transparency by providing investors with useful supplemental information about the financial performance of our business, enabling enhanced comparison of our operating results between periods and with peer companies. The presentation of these adjusted amounts varies from amounts presented in accordance with U.S. GAAP and therefore may not be comparable to amounts reported by other companies. Our management routinely excludes the following items in analyzing our operating results and understanding trends in our earnings:

- Stock-based compensation;
- Flow-through of business acquisition-related inventory adjustments;
- Acquisition-related costs;
- Employee severance;
- Gains and losses from settlements;
- Restructure and asset impairments;
- Amortization of debt discount and other costs;
- Gains and losses from debt repurchases and conversions;
- Gains and losses from business acquisition activities; and
- The estimated tax effects of above, non-cash changes in net deferred income taxes, assessments of tax exposures, certain tax matters related to prior fiscal periods, and significant changes in tax law.

Non-GAAP diluted shares are adjusted for the impact of additional shares resulting from the exclusion of stock-based compensation from non-GAAP income (loss).

MICRON TECHNOLOGY, INC.
RECONCILIATION OF GAAP TO NON-GAAP OUTLOOK

<table>
<thead>
<tr>
<th>FQ4-23</th>
<th>GAAP Outlook</th>
<th>Adjustments</th>
<th>Non-GAAP Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$3.90 billion ± $200 million</td>
<td>—</td>
<td>$3.90 billion ± $200 million</td>
</tr>
<tr>
<td>Gross margin</td>
<td>(12.5%) ± 2.5%</td>
<td>2.0% A</td>
<td>(10.5%) ± 2.5%</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>$946 million ± $15 million</td>
<td>$101 million B</td>
<td>$845 million ± $15 million</td>
</tr>
<tr>
<td>Diluted earnings (loss) per share(1)</td>
<td>($1.34) ± $0.07</td>
<td>$0.15 A, B, C</td>
<td>($1.19) ± $0.07</td>
</tr>
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</table>

Non-GAAP Adjustments
(in millions)

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<td>A</td>
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<td>B</td>
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<td></td>
<td></td>
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<tr>
<td>C</td>
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</table>

(1) GAAP and non-GAAP earnings (loss) per share based on approximately 1.10 billion diluted shares.

The tables above reconcile our GAAP to non-GAAP guidance based on the current outlook. The guidance does not incorporate the impact of any potential business combinations, divestitures, additional restructuring activities, balance sheet valuation adjustments, strategic investments, financing transactions, and other significant transactions. The timing and impact of such items are dependent on future events that may be uncertain or outside of our control.

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