SATYA KUMAR, CORPORATE VICE PRESIDENT, INVESTOR RELATIONS AND TREASURY

Thank you, and welcome to Micron Technology's fiscal first-quarter (Q1) 2026 financial conference call. On the call with me today are Sanjay Mehrotra, our chairman, president and CEO, and Mark Murphy, our CFO. Today's call is being webcast from our Investor Relations site at investors.micron.com, including audio and slides. In addition, the press release detailing our quarterly results has been posted on the website, along with the prepared remarks for this call.

Today's discussion contains forward-looking statements that are subject to risks and uncertainties. These forward-looking statements include statements regarding our future financial and operating performance, as well as trends and expectations in our business, contractual terms, market, industry, products, and regulatory and other matters.

These statements are based on our current assumptions, and we assume no obligation to update these statements. Please refer to our most recent financial report on Forms 10-K, Forms 10-Q and our other filings with the SEC (U.S. Securities and Exchange Commission) for more information on the risks and uncertainties that could cause actual results to differ materially from expectations. Today's discussion of financial results is presented on a non-GAAP financial basis unless otherwise specified. A reconciliation of GAAP to non-GAAP financial measures can be found on our website (micron.com).

I'll now turn the call over to Sanjay.

SANJAY MEHROTRA, CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Thank you, Satya.

Intro and FQ1 results

Micron had an outstanding start to fiscal 2026, delivering fiscal Q1 revenue, gross margin and EPS (earnings per share) well above the high end of our guidance. This financial performance was driven by our strong execution across end markets and products in a tight supply environment.

We achieved a number of records in fiscal Q1. Total company revenue, DRAM and NAND revenue, as well as HBM and data center revenue and revenue in each of our business units, also reached new records.

We have completed agreements on price and volume for our entire calendar 2026 HBM supply, including Micron's industry-leading HBM4. We forecast an HBM TAM CAGR of approximately 40% through calendar 2028, from approximately $35 billion in 2025 to around $100 billion in 2028. This $100 billion HBM TAM milestone is now projected to arrive two years earlier than in our prior outlook. Remarkably, this 2028 HBM TAM projection is larger than the size of the entire DRAM market in calendar 2024. We are excited

about our customized HBM4E customer engagements, which offer further differentiation opportunities to us, and we continue to make excellent progress on our HBM roadmap.

Memory is now essential to AI's cognitive functions, fundamentally altering its role from a system component to a strategic asset that dictates product performance from data center to the edge. This structural shift means that system capabilities heavily rely on advanced memory for real-time contextual processing, which is vital for achieving autonomous and intelligent behaviors in AI data centers as well as in applications ranging from self-driving cars to advanced medical diagnostics. With our technology leadership, differentiated product portfolio, strong operational execution and solid balance sheet, Micron is in the best competitive position in its history and is one of the semiconductor industry's biggest enablers of AI.

We anticipate substantial new records in revenue, gross margin, EPS and free cash flow for both the second quarter and the full fiscal year 2026, and we expect our business performance to continue to strengthen through the year. Sustained and strong industry demand, along with supply constraints, are contributing to tight market conditions, and we expect these conditions to persist beyond calendar 2026. We are making progress with customers in our discussions for multiyear contracts with specific commitments. Simultaneously, we are focused on maximizing our production output from our current footprint, ramping our industry-leading technology nodes and investing in new cleanroom space to add to our supply capability.

Technology and operations

Micron’s technology leadership is foundational to our strong competitive position. Micron has led the industry for four consecutive technology nodes in DRAM and three nodes in NAND, with progressively faster yield ramps in every node.

Our 1-gamma DRAM node is ramping well. 1-gamma will be the primary driver of our DRAM bit growth in calendar 2026, and will be the majority of our bit output in the second half of the calendar year. Looking beyond 1-gamma, development is underway for 1-delta and 1-epsilon nodes, which will feature innovations that we expect to extend our differentiation and technology leadership.

In NAND, we are ramping our G9 node with robust yield ramps across both data center and client SSDs. Our QLC NAND mix, including G9 QLC, reached a record high during the quarter. Technology transitions to G9 will be the primary driver of our NAND bit growth in calendar 2026, and we expect it to become our largest NAND node later in fiscal 2026.

I am pleased to report that calendar 2025 is a record year for Micron in terms of both internal and customer quality measures, positioning us well to deliver for our customers as the memory industry’s

quality leader. As our products are increasingly integrated into higher value applications, our leadership in quality is becoming a more important differentiator.

End markets

Turning to our end markets.

Data center

As the world's leading technology companies advance toward artificial general intelligence and transform the global economy, our customers are committing to an extraordinary, multiyear data center buildout. This growth in AI data center capacity is driving a significant increase in demand for high-performance and high-capacity memory and storage.

Server unit demand has strengthened significantly, and we now expect calendar 2025 server unit growth in the high-teens percentage range, higher than our last earnings call outlook of 10%. We expect server demand strength to continue in 2026. Server memory and storage content and performance requirements continue to increase generation to generation. Micron has a differentiated portfolio of high-value data center solutions to address these requirements, including our HBM, high-capacity server memory solutions and data center SSDs.

Micron's HBM4, with industry leading speed over 11 Gbps, is on track to ramp with high yields in the second calendar quarter of 2026, consistent with our customers' product ramp plans. Our HBM4 uses advanced CMOS and advanced metallization process technologies on the base logic die and DRAM core dies, which are designed and manufactured in-house. This, along with our unique HBM design, packaging and test capability, enables Micron's industry-leading performance and low-power leadership.

Micron pioneered the adoption of LP DRAM in the data center. Micron's Low Power (LP) DRAM server modules consume one-third the power of DDR DRAM server modules. Building on this leadership, we have sampled our 192GB LP SOCAMM2 product, which enables a 50% increase in capacity per module and a rack-scale LP DRAM density of over 50TB.

Our data center NAND portfolio revenue exceeded a billion dollars in fiscal Q1, and we are seeing strong momentum across our data center SSD portfolio, enabled by our leadership NAND technology. In the performance SSD category, Micron has introduced the world's first PCIe Gen6 SSD, leveraging our G9 NAND. We are seeing rapidly increasing qualification commitments for this product, including at hyperscalers. In mainstream storage, our SSDs based on G9 NAND are already seeing robust demand in the first quarter of calendar 2026. In capacity storage, our QLC-based 122 and 245TB G9 SSDs are entering qualification at multiple hyperscale customers.

PC

PC demand continues to be driven by Windows 10 end of life and AI PCs. We forecast PC unit sales to grow high-single-digit percentage range in calendar 2025, above our prior expectations provided in our last earnings call of mid-single digits. As we look ahead into 2026, we expect these demand drivers to continue, while memory supply constraints may affect some PC unit shipments.

Micron has completed multiple OEM qualifications of our 16Gb 1-gamma-based DDR5 and our G9-based PCIe Gen4 QLC SSDs.

Mobile

Turning to mobile, smartphone unit volumes in calendar 2025 are on track to grow in the low-single-digit percentage range. AI is driving memory content growth. The shipment mix of flagship smartphones with 12GB of DRAM increased to 59% in calendar Q3, more than twice the level from a year ago.

Micron is accelerating innovation across our mobile DRAM portfolio. In fiscal Q1, we began sampling our breakthrough 1-gamma 16Gb LPDDR6 product to leading OEM and ecosystem partners, marking a major milestone in next-generation memory technology. LPDDR6 will power AI at the edge, delivering over 50% higher performance and improved power efficiency for flagship smartphones and AI PCs. Micron also sampled our 1-gamma LP5x 24Gb product and began volume shipments of the previously announced 1-gamma LP5x 16Gb product to multiple OEMs.

Automotive, industrial and embedded

Turning to auto, industrial and embedded.

In automotive, L2+ and L3 adoption is driving robust demand today, and our customers' roadmaps indicate a significantly higher memory content in fully automated vehicles. Micron is uniquely positioned for growth with our differentiated product portfolio and automotive market share leadership. Our ASIL-rated LPDDR5x and UFS4.1 NAND products, optimized for automotive and advanced robotics that include bandwidth-enhancing features, are seeing strong demand and have already secured billions of dollars in design wins.

In industrial, demand continues to strengthen, driven by the growing adoption of autonomous systems across various applications. Long-term demand trend trajectory remains robust for memory and storage in industrial applications such as in factory automation, aerospace and defense, humanoid robotics, edge networking and video surveillance.

Across both auto and industrial markets, LPDDR4x and DDR4 are also experiencing strong demand, and we are making investments to provide long-term supply from our Manassas, Virginia fab.

Market outlook

Now turning to our market outlook.

Over the last few months, our customers' AI data center build-out plans have driven a sharp increase in demand forecasts for memory and storage. We believe that the aggregate industry supply will remain substantially short of the demand for the foreseeable future. The dramatic increase in HBM demand is further challenging the supply environment due to the 3-to-1 trade ratio with DDR5, and this trade ratio only increases with future generations of HBM. Additional cleanroom space is necessary to address this increased demand, and lead times for cleanroom build-out are lengthening across geographies. Together, these demand and supply factors are driving tight industry conditions across DRAM and NAND, and we expect tightness to persist through and beyond calendar 2026.

Calendar 2025 DRAM and NAND industry bit demand growth expectations are higher than in our last earnings call outlook. We now expect calendar 2025 DRAM bit demand growth in the low 20% range versus high teens previously. We expect 2025 NAND bit demand growth to be in the high-teens percentage range versus low to mid-teens previously. We expect calendar 2026 industry DRAM and NAND bit shipment growth to be constrained by industry supply. We expect both DRAM and NAND calendar 2026 industry bit shipments to increase around 20% from 2025 levels.

Micron is working hard to support our customers' demand during this time, and we expect to grow our DRAM and NAND bit shipments approximately 20% in calendar 2026. Despite significant efforts, we are disappointed to be unable to meet demand from our customers, across all market segments.

Micron supply efforts

Micron plans to increase our fiscal 2026 capex to approximately $20 billion, versus our prior estimate of $18 billion. This increase will primarily support our HBM supply capability, and also our 1-gamma supply, in calendar 2026. We are pulling in equipment orders and accelerating installation timelines to maximize output capability. Micron is also investing across our global manufacturing footprint to add supply to support longer-term demand. We are seeing an enthusiastic customer response to our planned U.S. supply. We are pulling in our first Idaho fab timeline, and we now expect first wafer output in mid-calendar 2027, earlier than our prior expectations of second-half calendar 2027. Earlier this year, we announced our plans for a second Idaho fab, which will begin construction in 2026 and be operational by the end of 2028. We are making good progress on securing necessary permits for our New York site and appreciate the partnership with the state of New York and the Trump administration. We plan to break ground on our first New York fab in early calendar 2026, which we expect will provide supply in 2030 and beyond. In Japan, with the support of METI (Japan's Ministry of Economy, Trade and Industry), we are making technology and manufacturing investments. We are enabling future DRAM technology transitions in coordination with our Boise R&D team. We are also adding cleanroom space in our Hiroshima fab to

support these advanced nodes, which will increase production scale and optimize fab economics. In Singapore, our HBM advanced packaging facility is on track to contribute meaningfully to our HBM supply in calendar 2027. As HBM becomes a part of our Singapore manufacturing footprint, we expect opportunities for synergies between NAND and DRAM production. We are pleased with the progress on our assembly and test facility in India, which has initiated pilot production and will ramp in 2026.

As we make progress on our strategic manufacturing initiatives, we will continue to be responsive to the market environment and disciplined with our capex plans.

I will now turn it over to Mark for our fiscal Q1 financial results and outlook.

MARK MURPHY, EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Thank you, Sanjay; and good afternoon, everyone.

Opening

Micron delivered strong financial results for the fiscal first quarter, with revenue, gross margin and EPS all exceeding the high end of our guidance. During the quarter, we generated record free cash flow, reduced our debt and returned to net cash.

Revenue

Total fiscal Q1 revenue was $13.6 billion, up 21% sequentially and up 57% year over year — setting a quarterly record for the third consecutive quarter. We saw sequential revenue growth across all our business units.

DRAM

Fiscal Q1 DRAM revenue was a record $10.8 billion, up 69% year over year, and represented 79% of total revenue. Sequentially, DRAM revenue increased 20%. Bit shipments were up slightly, and prices increased approximately 20%, driven by tight industry DRAM supply, pricing execution and favorable mix.

NAND

Fiscal Q1 NAND revenue was a record $2.7 billion, up 22% year over year, and represented 20% of Micron's total revenue. Sequentially, NAND revenue increased 22%. NAND bit shipments increased in the mid- to-high-single-digit percentage range, and prices increased in the mid-teens percentage range, driven by tight NAND industry supply, pricing execution and favorable mix.

Gross margin

The consolidated gross margin for fiscal Q1 was 56.8%, up 11 percentage points sequentially. This improvement was driven by higher pricing with strong cost execution and favorable mix.

Financial performance by business unit

Now turning to quarterly financial performance by business unit.

Cloud Memory Business Unit (CMBU) revenue was a record $5.3 billion and represented 39% of total company revenue. CMBU revenue was up 16% sequentially, driven by an increase in bit shipments and higher prices. CMBU gross margins were 66%, higher by 620 basis points sequentially, supported by cost execution and higher pricing.

Core Data Center Business Unit (CDBU) revenue was a record $2.4 billion and represented 17% of total company revenue. CDBU revenue was up 51% sequentially, driven by robust bit shipments and higher pricing. CDBU gross margins were 51%, up 990 basis points sequentially, supported by higher pricing and cost execution.

Mobile and Client Business Unit (MCBU) revenue was a record $4.3 billion and represented 31% of total company revenue. MCBU revenue was up 13% sequentially, driven by higher pricing, partially offset by lower bit shipments. MCBU gross margins were 54%, up 17 percentage points sequentially, driven primarily by higher pricing.

Automotive and Embedded Business Unit (AEBU) revenue was a record $1.7 billion and represented 13% of total company revenue. AEBU revenue was up 20% sequentially, driven by higher bit shipments and higher pricing. AEBU gross margins were 45%, up 14 percentage points sequentially, driven primarily by higher pricing.

Operating results

Opex

Operating expenses in fiscal Q1 were $1.3 billion, up $120 million quarter over quarter and in-line with our guidance range. The sequential increase was driven by higher R&D expenses in support of technology and product development on our new DRAM and NAND technology nodes.

Operating income

We generated operating income of $6.4 billion in fiscal Q1, resulting in an operating margin of 47%, up 12 percentage points sequentially and 20 percentage points year over year.

Taxes

Fiscal Q1 taxes were $977 million on an effective tax rate of 15.1%.

Earnings per share

Non-GAAP diluted earnings per share (EPS) in fiscal Q1 was $4.78, with 58% sequential growth and 167% versus the year-ago quarter.

Cash flow and capital expenditures

Turning to cash flow and capital expenditures. In fiscal Q1, operating cash flows were $8.4 billion, and capital expenditures were $4.5 billion, resulting in free cash flow of $3.9 billion. Fiscal Q1 free cash flow was a quarterly record, exceeding our prior record in fiscal Q4 2018 by over 20%.

Inventory

Ending inventory for fiscal Q1 was $8.2 billion, down $150 million sequentially, with days of inventory at 126. DRAM inventory days remain tight and below 120 days.

Total cash/debt

On the balance sheet, we held $12 billion of cash and investments at quarter end and maintained $15.5 billion of liquidity when including our untapped credit facility. In fiscal Q1, we repurchased $300 million of shares as permitted by the terms of the CHIPS agreement. During the quarter, we also reduced debt by $2.7 billion, paying off a $1 billion balance of term loans and redeeming $1.7 billion of senior notes. We closed the quarter with $11.8 billion of debt and a net cash balance over $250 million. Through the fiscal year, we expect to further strengthen our balance sheet as we generate additional free cash flow.

AI use at Micron

Before turning to our outlook, I would like to share an update on how we are benefiting from AI use across Micron. Today, over 80% of our professional workforce actively uses GenAI, with total usage up tenfold since last year. In manufacturing, integrating AI into yield and quality management has cut root cause identification time by half in cases. Our coding teams are realizing productivity gains of 30% or more using agentic AI. In R&D, GenAI is accelerating development by reducing cycle times in design verification, product validation, issue triage and root cause analysis. Across business functions, GenAI is broadening automation opportunities, and we are deploying conversational analytics to accelerate and improve decision-making. We expect Micron's use of AI across the enterprise to further strengthen our competitiveness in the coming years.

Outlook

Now turning to our outlook for the fiscal second quarter. Industry demand is greater than supply for both DRAM and NAND. We expect higher price, lower cost and favorable mix to all contribute to gross margin expansion in Q2.

Operating expenses for fiscal Q2 are projected to be approximately $1.38 billion. As mentioned last quarter, Micron's fiscal Q4 2026 opex will also reflect the effect of an additional workweek in this 53-week fiscal year.

We expect a fiscal Q2 and fiscal year 2026 tax rate of around 15.5%.

Micron is investing in a disciplined manner across our global manufacturing footprint to better meet demand. To address tight supply/demand conditions extending beyond 2026, we now project our capital spending in fiscal 2026 to be approximately $20 billion, weighted to the second half of the fiscal year.

We expect free cash flow to strengthen in fiscal Q2, and we expect to generate significantly higher free cash flow year over year in fiscal 2026.

Any impacts that may occur due to potential new tariffs are not included in our guidance.

Non-GAAP guidance

With all these factors in mind, our non-GAAP guidance for fiscal Q2 is as follows.

We expect revenue to be a record $18.7 billion, plus or minus $400 million; gross margin to be in the range of 68%, plus or minus 100 basis points; and operating expenses to be approximately $1.38 billion, plus or minus $20 million. Based on a share count of approximately 1.15 billion shares, we expect EPS to be a record $8.42 per share, plus or minus $0.20.

I'll now turn it over to Sanjay to close.

SANJAY MEHROTRA, CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Closing

Thank you, Mark.

AI-driven demand is here and it is accelerating, and Micron is capturing these opportunities with the best competitive position in its history. This success is built on the strength of our global team, and I want to thank our team members worldwide for their hard work and dedication. We are in the most exciting time in Micron's history, and the best is yet to come. We will now open for questions.

