

# Financial results

FQ1 2026

# Safe harbor statement

During the course of this meeting, we may make projections or other forward-looking statements regarding market demand and supply, market and pricing trends and drivers, the impact of technologies such as AI, contractual terms, cost reductions, our manufacturing projects and related investments, expected product volume production, our market position, expected product announcements, capabilities of our future products and technologies, future events, such as the end of life of some products, and future financial and operating performance including financial projections of the company and the industry. We wish to caution you that such statements are predictions, and that actual events or results may differ materially. We refer you to the documents the company files from time to time with the Securities and Exchange Commission, including the company's Form 10-K, Forms 10-Q and other reports and filings. These documents contain and identify important factors that could cause the actual results for the company to differ materially from those contained in our projections or forward-looking statements. These certain factors can be found at [investors.micron.com/risk-factor](https://investors.micron.com/risk-factor). 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 except as required by applicable law.

This presentation includes non-GAAP financial measures. Non-GAAP financial measures represent GAAP measures, 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 in the Appendix.

# Sanjay Mehrotra

Chairman, President and Chief Executive Officer

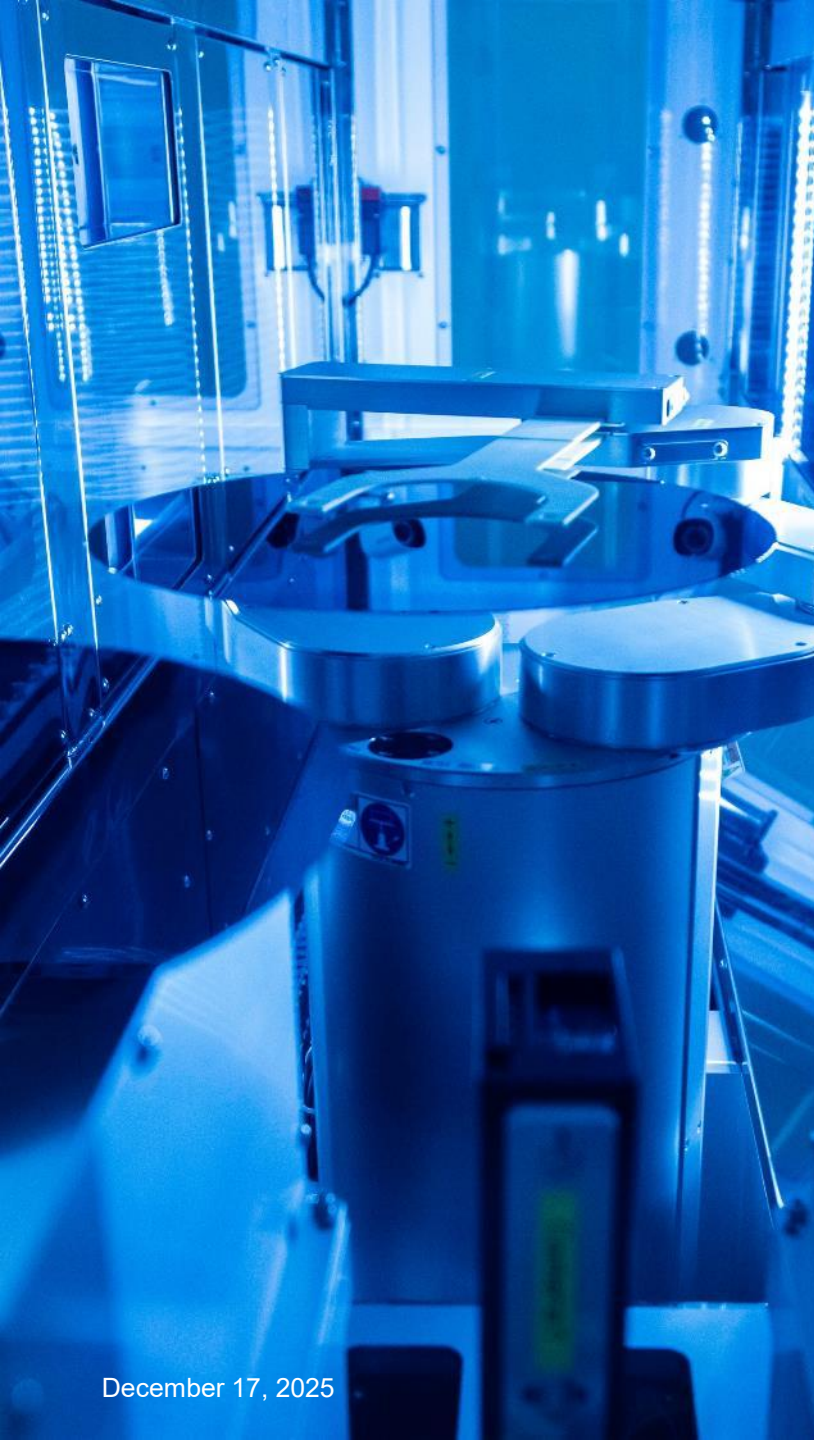
December 17, 2025





# Overview (1 of 3)

- 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.



## Overview (2 of 3)

- 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.

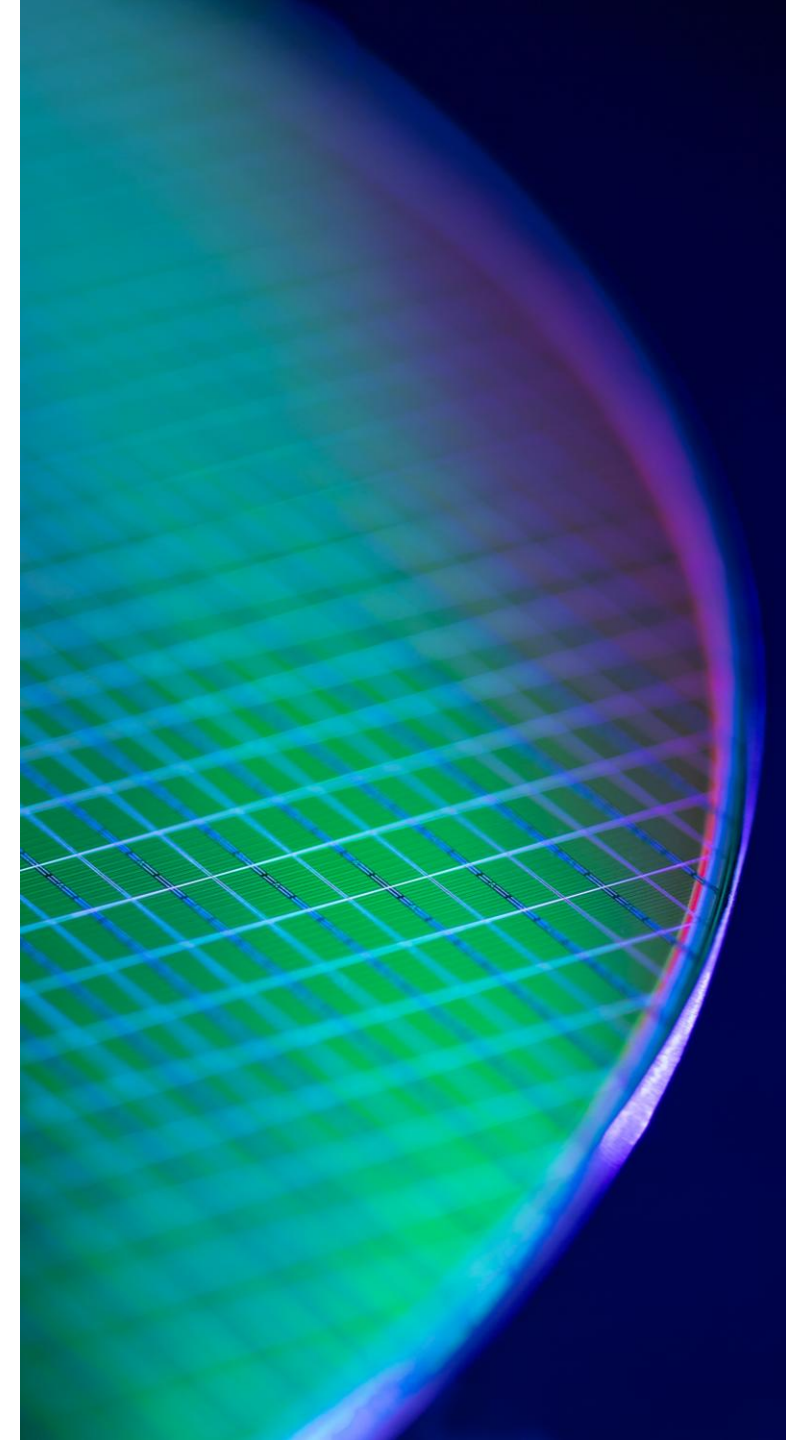


## Overview (3 of 3)

- 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.

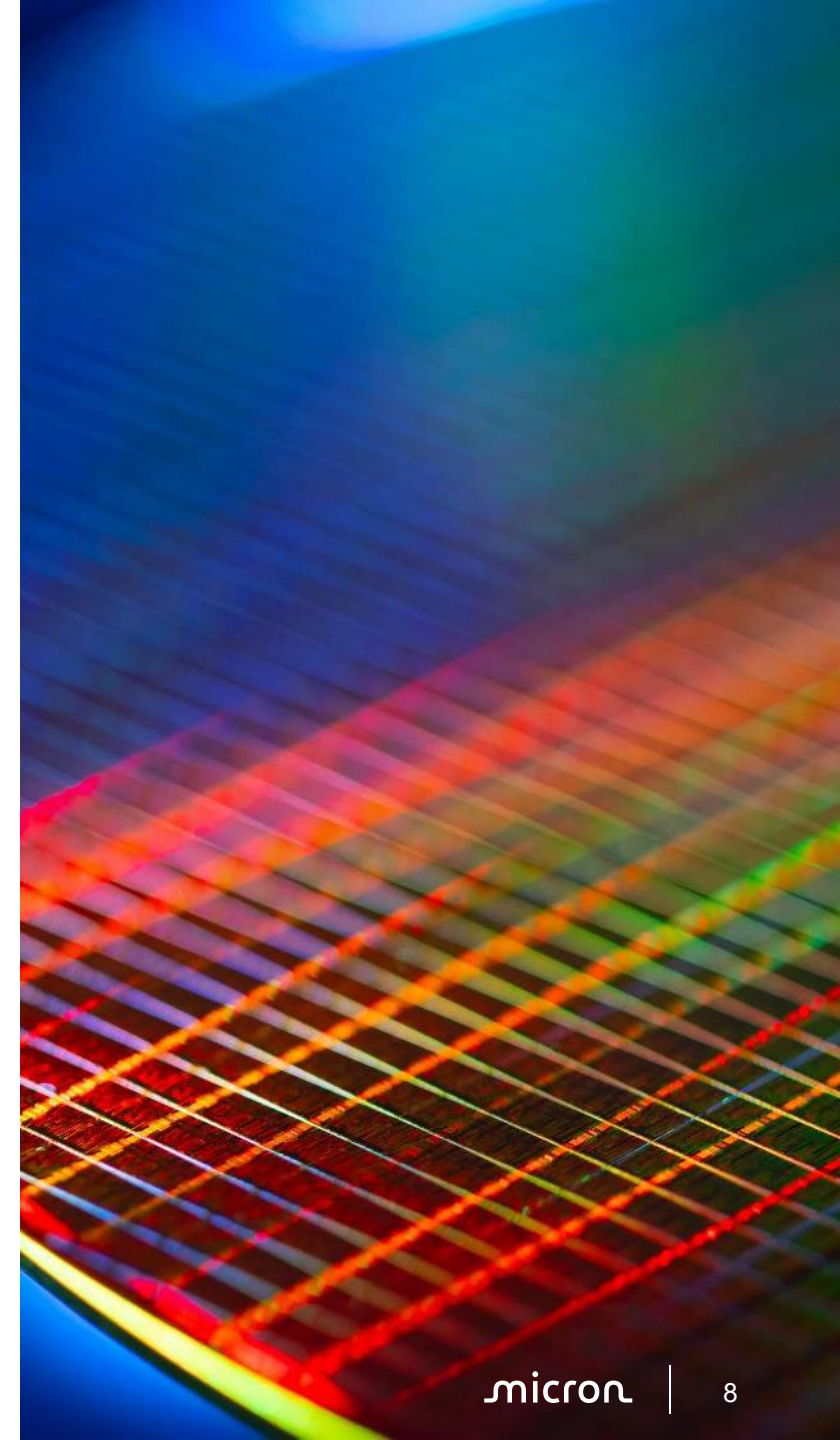
# Technology and operations (1 of 2)

- 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.



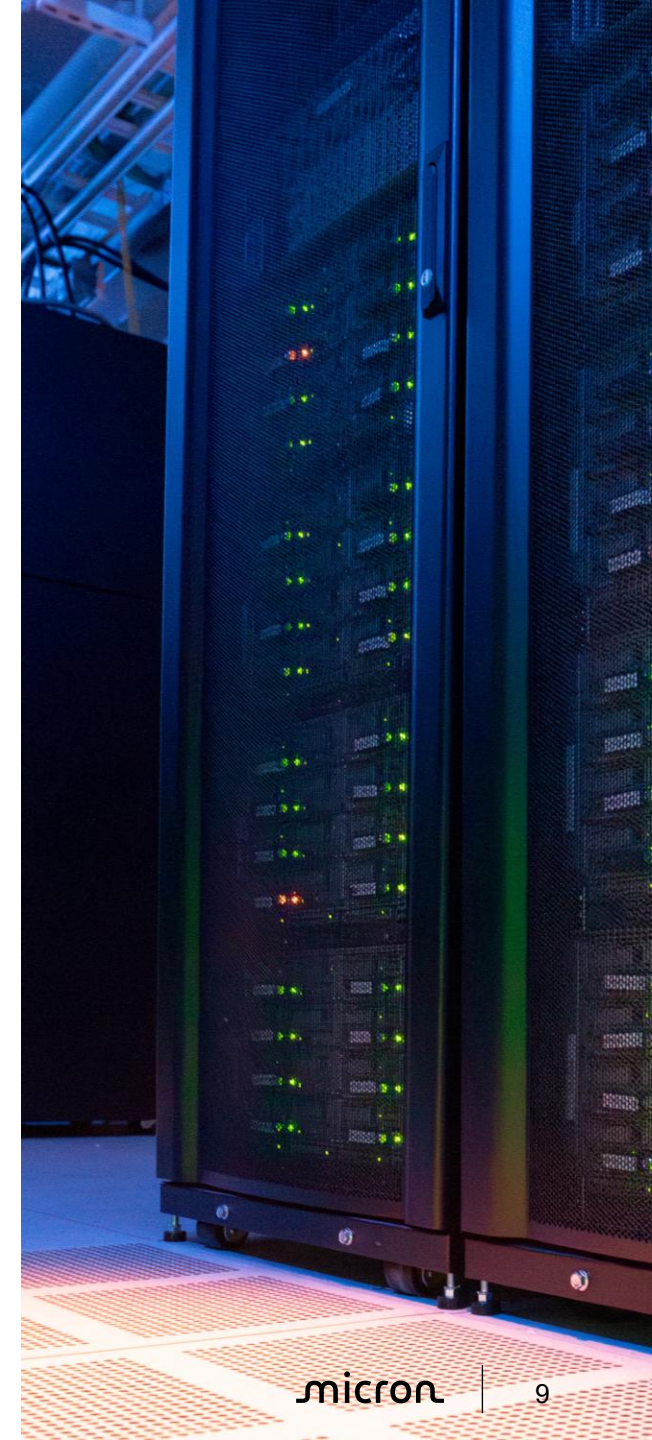
# Technology and operations (2 of 2)

- 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.
- 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.



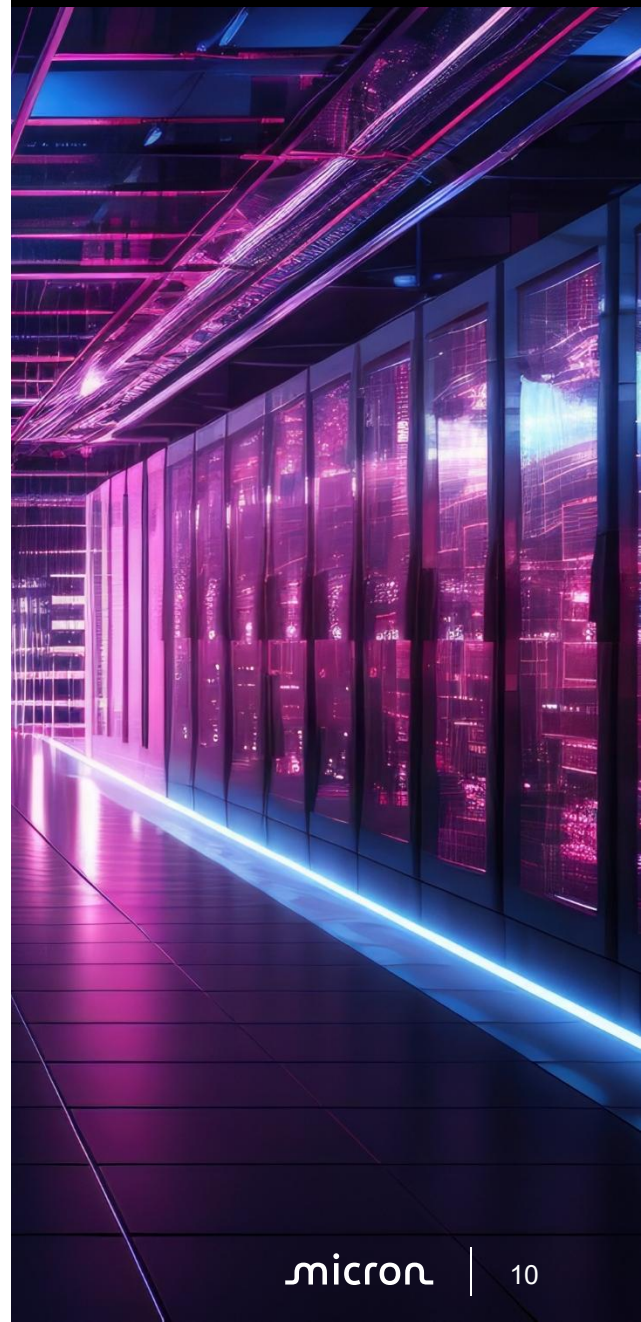
# Data center server demand

- 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.



# Data center HBM and LP DRAM

- 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.



# Data center NAND

- 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.



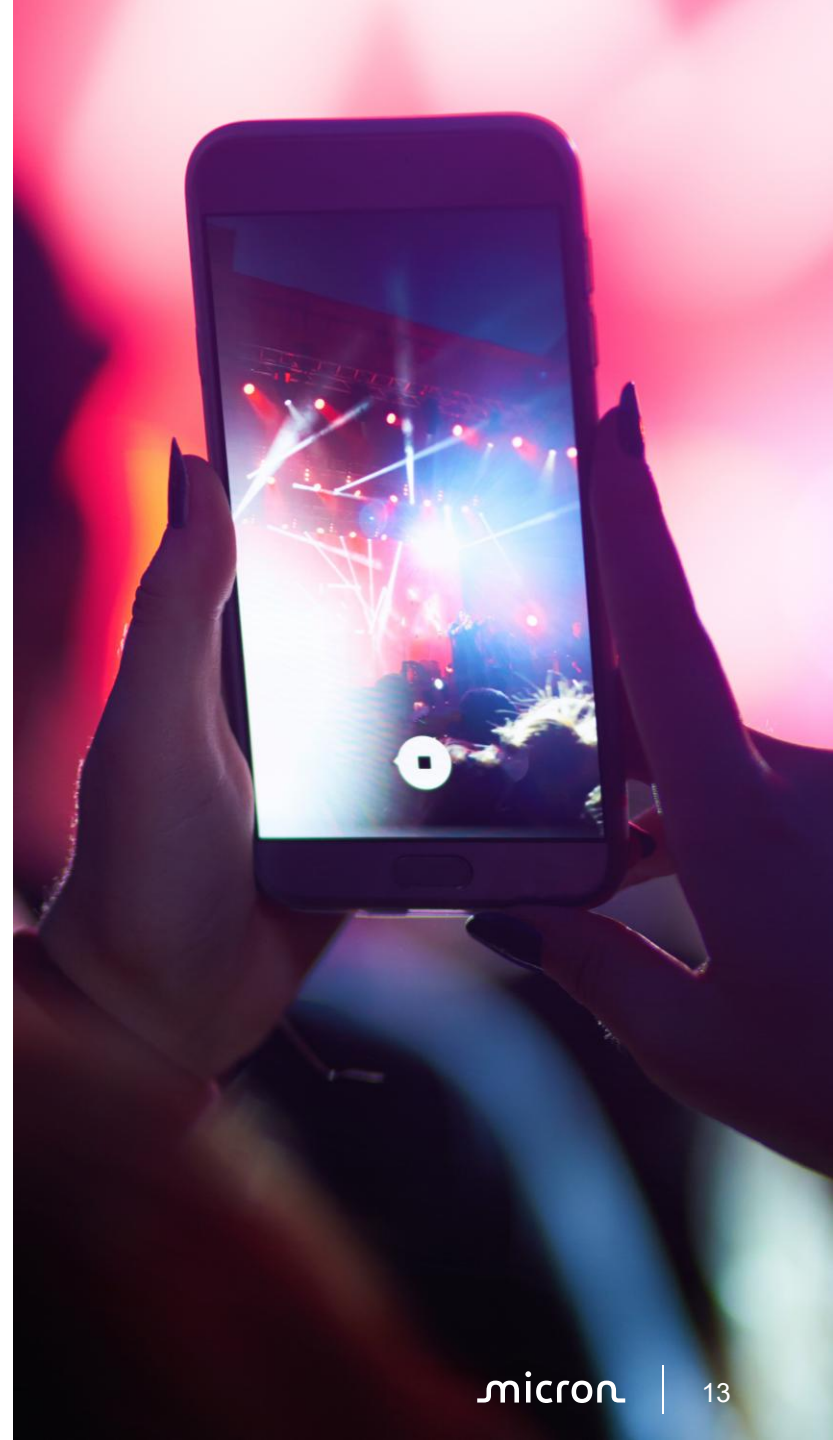
# PC

- 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

- 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 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 (1 of 2)

- 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.



## Market outlook (2 of 2)

- 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.



## Supply efforts (1 of 2)

- 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.



## Supply efforts (2 of 2)

- 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

# Mark Murphy

Chief Financial Officer

December 17, 2025

Micron Confidential



**FQ1-26 revenue**

**\$13.6B**

Revenue up 21% Q/Q  
and up 57% Y/Y

# Performance by technology

## DRAM FQ1-26

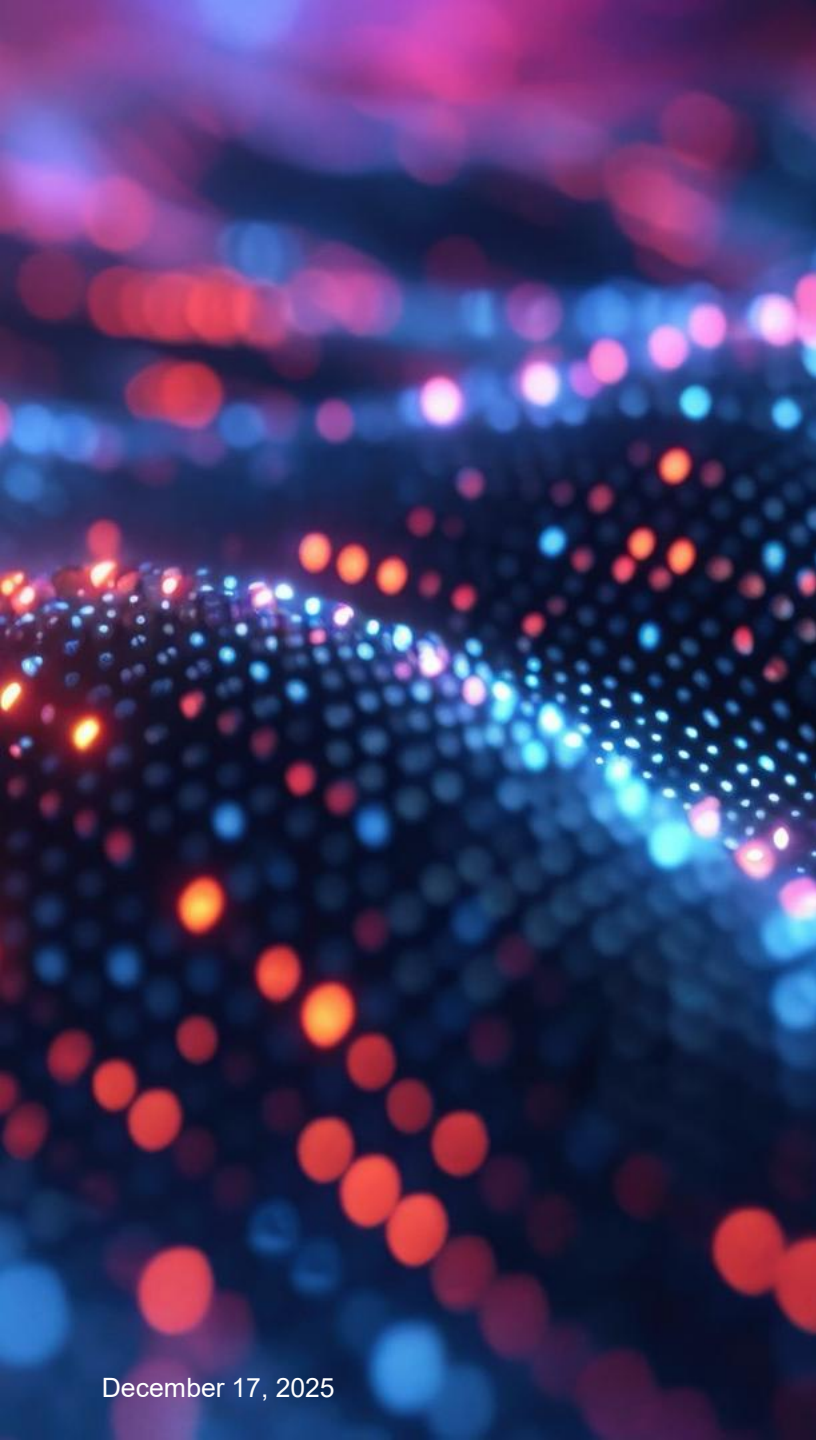
- \$10.8 billion, representing 79% of total revenue in FQ1-26
- Revenue increased 69% Y/Y
- Revenue increased 20% Q/Q
- Bit shipments up slightly Q/Q
- ASPs increased approximately 20% Q/Q

## NAND FQ1-26

- \$2.7 billion, representing 20% of total revenue in FQ1-26
- Revenue increased 22% Y/Y
- Revenue increased 22% Q/Q
- Bit shipments increased in mid-to-high single digit percentage range Q/Q
- ASPs increased in the mid-teens percentage range Q/Q


# Quarterly business unit financial results

Amounts in millions	FQ1-26	FQ4-25	FQ1-25
<b>Cloud Memory (CMBU)</b>			
Revenue	\$5,284	\$4,543	\$2,648
Gross margin	66 %	59 %	51 %
Operating margin	55 %	48 %	40 %
<b>Core Data (CDBU)</b>			
Revenue	\$2,379	\$1,577	\$2,292
Gross margin	51 %	41 %	50 %
Operating margin	37 %	25 %	38 %
<b>Mobile and Client (MCBU)</b>			
Revenue	\$4,255	\$3,760	\$2,608
Gross margin	54 %	36 %	27 %
Operating margin	47 %	29 %	15 %
<b>Automotive and Embedded (AEBU)</b>			
Revenue	\$1,720	\$1,434	\$1,158
Gross margin	45 %	31 %	20 %
Operating margin	36 %	20 %	7 %



# Financial performance by business unit (1 of 2)

- Cloud Memory Business Unit 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 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.



# Financial performance by business unit (2 of 2)

- Mobile Client Business Unit revenue was a record \$4.3 billion and represented 31% of total company revenue.
- MCBU revenue was up 13% sequentially, driven by higher pricing, partly 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 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.

# FQ1-26

## Non-GAAP operating results

**Revenue:** \$13.64 billion

**Gross margin:** 56.8%

**Operating expenses:** \$1.33 billion

**Operating income:** \$6.42 billion

**Net income:** \$5.48 billion

**Diluted earnings per share:** \$4.78

**Cash from operations (GAAP):** \$8.41 billion

See non-GAAP reconciliations in Appendix

December 17, 2025



# Cash flow and capital allocation

## From FY-23 to FQ1-26

- \$1.0 billion toward repurchasing 13 million shares
- \$1.7 billion towards dividends paid
- \$2.7 billion returned to shareholders from share repurchases and dividends

<sup>1</sup>Capex net of proceeds from government incentives and proceeds from sales of property, plant, and equipment.  
<sup>2</sup>Cash, short-term and long-term marketable investments, restricted cash, and undrawn revolver capacity.  
\*Adjusted free cash flow is a non-GAAP measure defined as net cash provided by operating activities less investments in capital expenditures net of proceeds from government incentives and proceeds from sales of property, plant, and equipment.  
See non-GAAP reconciliations in Appendix.

Cash flow from operations	FQ1-26: \$8.4 billion (62% of revenue)
Net Capex <sup>1</sup>	FQ1-26: \$4.5 billion
Adjusted free cash flow*	FQ1-26: \$3.9 billion
Buybacks	FQ1-26: \$300 million
Dividends	Dividend of \$0.115 per share will be paid on January 14 <sup>th</sup>
Liquidity <sup>2</sup>	\$15.5 billion in liquidity at end of FQ1-26

# AI use at Micron

- 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

- 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.



# FQ2-26 guidance

## Non-GAAP

<b>Revenue</b>	<b>\$18.70 billion ± \$400 million</b>
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<b>Gross margin</b>	<b>68.0% ± 1.0%</b>
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<b>Operating expenses</b>	<b>\$1.38 billion ± \$20 million</b>
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<b>Diluted earnings per share*</b>	<b>\$8.42 ± \$0.20</b>
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\*Based on ~1.15 billion diluted shares.  
See non-GAAP reconciliations in Appendix.

# Appendix

# Financial summary

## Non-GAAP

Amounts in millions, except per share	FQ1-26	% of revenue	FQ4-25	% of revenue	FQ1-25	% of revenue
Revenue	\$13,643	100%	\$11,315	100%	\$8,709	100%
Gross margin	7,753	57%	5,169	46%	3,441	40%
Operating income	6,419	47%	3,955	35%	2,394	27%
Income tax (provision) benefit	(977)		(471)		(333)	
Net income	5,482	40%	3,469	31%	2,037	23%
Diluted earnings per share	4.78		3.03		1.79	
Cash provided by operating activities (GAAP)	8,411		5,730		3,244	
Cash, marketable investments, and restricted cash (GAAP)	12,016		11,940		8,748	

See non-GAAP reconciliations.

# Non-GAAP financial data and guidance

% of Revenue	FQ1-26
DRAM	79%
NAND	20%

% Sales Volume Change	FQ1-26 Q/Q
DRAM	Up slightly
NAND	Increased in mid-to-high single-digit percentage range

% ASP Change	FQ1-26 Q/Q
DRAM	Increased approximately 20%
NAND	Increased in the mid-teens percentage range

See non-GAAP reconciliations.

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	FQ1-26 non-GAAP (amounts in millions, except per share)	FQ2-26 non-GAAP Guidance
Revenue	\$13,643	\$18.70 billion ± \$400 million
Gross margin	56.8%	68.0% ± 1.0%
Operating expenses	\$1,334	\$1.38 billion ± \$20 million
Diluted earnings per share	\$4.78	\$8.42 ± \$0.20

	FQ1-26 non-GAAP (amounts in millions)	FQ2-26 non-GAAP Estimates
Diluted shares	1,148	~1.15 billion
Income tax (provision) benefit	(\$977)	Around 15.5%
Cash from operations (GAAP)	\$8,411	—
Investments in capex, net (capital cash flow)	\$4,505	~ \$20 billion in fiscal 2026

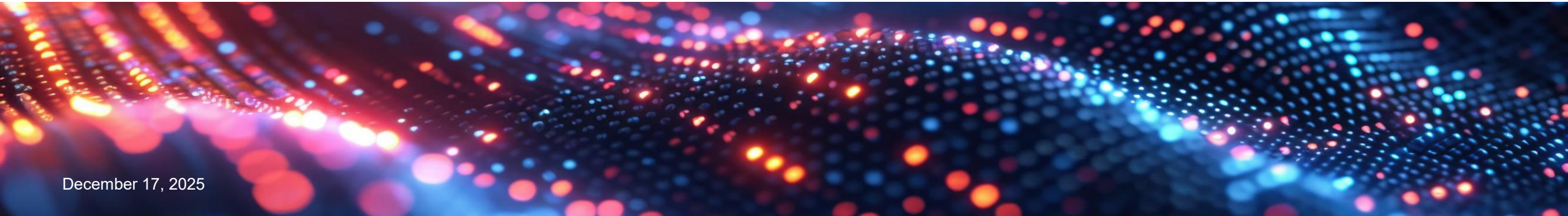
# Revenue by technology

Amounts in millions	FQ1-26	% of revenue	FQ4-25	% of revenue	FQ1-25	% of revenue
DRAM	\$10,812	79%	\$8,984	79%	\$6,400	73%
NAND	2,743	20%	2,252	20%	2,241	26%
Other (primarily NOR)	88	1%	79	1%	68	1%
Total	\$13,643	100%	\$11,315	100%	\$8,709	100%

Percentages of total revenue may not total 100% due to rounding.

# Revenue by technology

Amounts in millions	FQ1-26	FQ4-25	Q/Q % Change	FQ1-25	Y/Y % Change
DRAM	\$10,812	\$8,984	20%	\$6,400	69%
NAND	2,743	2,252	22%	2,241	22%
Other (primarily NOR)	88	79	11%	68	29%
Total	\$13,643	\$11,315	21%	\$8,709	57%



# Revenue by business unit

Amounts in millions	FQ1-26	FQ4-25	Q/Q % Change	FQ1-25	Y/Y % Change
Cloud Memory (CMBU)	\$5,284	\$4,543	16%	\$2,648	100%
Core Data (CDBU)	2,379	1,577	51%	2,292	4%
Mobile and Client (MCBU)	4,255	3,760	13%	2,608	63%
Automotive and Embedded (AEBU)	1,720	1,434	20%	1,158	49%

# Non-GAAP reconciliations

# Consolidated results

## Non-GAAP reconciliations

Amounts in millions	FQ1-26	FQ4-25	FQ1-25
<b>GAAP gross margin</b>	\$7,646	\$5,054	\$3,348
Stock-based compensation	107	115	90
Other	—	—	3
<b>Non-GAAP gross margin</b>	<b>\$7,753</b>	<b>\$5,169</b>	<b>\$3,441</b>
<b>GAAP operating expenses</b>	\$1,510	\$1,400	\$1,174
Stock-based compensation	(173)	(147)	(127)
Restructure and asset impairments	—	(38)	—
Other	(3)	(1)	—
<b>Non-GAAP operating expenses</b>	<b>\$1,334</b>	<b>\$1,214</b>	<b>\$1,047</b>
<b>GAAP operating income</b>	\$6,136	\$3,654	\$2,174
Stock-based compensation	280	262	217
Restructure and asset impairments	—	38	—
Other	3	1	3
<b>Non-GAAP operating income</b>	<b>\$6,419</b>	<b>\$3,955</b>	<b>\$2,394</b>

# Consolidated results

## Non-GAAP reconciliations

Amounts in millions	FQ1-26	FQ4-25	FQ1-25
<b>GAAP cost of goods sold</b>	\$5,997	\$6,261	\$5,361
Stock-based compensation	(107)	(115)	(90)
Other	—	—	(3)
<b>Non-GAAP cost of goods sold</b>	<b>\$5,890</b>	<b>\$6,146</b>	<b>\$5,268</b>
<b>GAAP research and development</b>	<b>\$1,171</b>	<b>\$1,047</b>	<b>\$888</b>
Stock-based compensation	(106)	(93)	(77)
Other	(1)	(1)	—
<b>Non-GAAP research and development</b>	<b>\$1,064</b>	<b>\$953</b>	<b>\$811</b>
<b>GAAP selling, general, and administrative</b>	<b>\$337</b>	<b>\$314</b>	<b>\$288</b>
Stock-based compensation	(67)	(54)	(50)
<b>Non-GAAP selling, general, and administrative</b>	<b>\$270</b>	<b>\$260</b>	<b>\$238</b>

# Consolidated results

## Non-GAAP reconciliations

Amounts in millions	FQ1-26	FQ4-25	FQ1-25
<b>GAAP net income</b>	\$5,240	\$3,201	\$1,870
Stock-based compensation	280	262	217
Restructure and asset impairments	—	38	—
Loss on debt prepayments	130	9	—
Other	(20)	1	—
Estimated tax effects of above and other tax adjustments	(148)	(42)	(50)
<b>Non-GAAP net income</b>	<b>\$5,482</b>	<b>\$3,469</b>	<b>\$2,037</b>
<b>GAAP income tax (provision) benefit</b>	(\$829)	(\$429)	(\$283)
Estimated tax effects of non-GAAP adjustments and other tax adjustments	(148)	(42)	(50)
<b>Non-GAAP income tax (provision) benefit</b>	<b>(\$977)</b>	<b>(\$471)</b>	<b>(\$333)</b>

# Consolidated results

## Non-GAAP reconciliations

Amounts in millions	FQ1-26	FQ4-25	FQ1-25
<b>GAAP net income</b>	\$5,240	\$3,201	\$1,870
Interest (income) expense, net	(65)	(22)	11
Income tax provision (benefit)	829	429	283
Depreciation expense and amortization of intangible assets	2,212	2,149	2,030
<b>Non-GAAP adjustments</b>			
Stock-based compensation	280	262	217
Restructure and asset impairments	—	38	—
Loss on debt prepayments	130	9	—
Other	(22)	—	—
<b>Adjusted EBITDA</b>	<b>\$8,604</b>	<b>\$6,066</b>	<b>\$4,411</b>

# Consolidated results

## Non-GAAP reconciliations

Amounts in millions, except per share	FQ1-26	FQ4-25	FQ1-25
<b>GAAP shares used in diluted EPS calculations</b>	\$1,138	\$1,131	\$1,122
Adjustment for stock-based compensation	10	14	16
<b>Non-GAAP shares used in diluted EPS calculations</b>	<b>\$1,148</b>	<b>\$1,145</b>	<b>\$1,138</b>
<b>GAAP diluted earnings per share</b>	<b>\$4.60</b>	<b>\$2.83</b>	<b>\$1.67</b>
Effects of non-GAAP adjustments	0.18	0.20	0.12
<b>Non-GAAP diluted earnings per share</b>	<b>\$4.78</b>	<b>\$3.03</b>	<b>\$1.79</b>
<b>Net cash provided by operating activities</b>	<b>\$8,411</b>	<b>\$5,730</b>	<b>\$3,244</b>
Expenditures for property, plant, and equipment	(5,389)	(5,658)	(3,206)
Proceeds from sales of property, plant, and equipment	6	20	9
Proceeds from government incentives	878	711	65
Investments in capital expenditures, net	(4,505)	(4,927)	(3,132)
<b>Adjusted free cash flow</b>	<b>\$3,906</b>	<b>\$803</b>	<b>\$112</b>

# Consolidated results

## Non-GAAP reconciliations

Amounts in millions	FQ1-26	FQ4-25	FQ1-25
Cash and cash equivalents	\$9,731	\$9,642	\$6,693
Short-term investments	587	665	895
Long-term marketable investments	1,697	1,629	1,156
Restricted cash	1	4	4
Current debt	(569)	(560)	(533)
Long-term debt	(11,187)	(14,017)	(13,252)
<b>Net cash</b>	<b>\$260</b>	<b>(\$2,637)</b>	<b>(\$5,037)</b>

# FQ2-26 guidance

## Non-GAAP reconciliations

	GAAP Outlook	Adjustments		Non-GAAP Outlook
Revenue	\$18.70 billion ± \$400 million	—		\$18.70 billion ± \$400 million
Gross margin	67.0% ± 1.0%	1.0%	A	68.0% ± 1.0%
Operating expenses	\$1.56 billion ± \$20 million	\$180 million	B	\$1.38 billion ± \$20 million
Diluted earnings per share*	\$8.19 ± \$0.20	\$0.23	A, B, C	\$8.42 ± \$0.20

Non-GAAP Adjustments (amounts in millions)		
A	Stock-based compensation – cost of goods sold	\$125
B	Stock-based compensation – research and development	119
B	Stock-based compensation – selling, general, and administrative	61
C	Tax effects of the above items and other tax adjustments	(48)
		<u>\$257</u>

\*GAAP earnings per share based on approximately 1.14 billion diluted shares and non-GAAP earnings per share based on approximately 1.15 billion diluted shares.  
The above 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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