SATYA KUMAR, CORPORATE VICE PRESIDENT, INVESTOR RELATIONS AND TREASURY

Thank you, and welcome to Micron Technology's fiscal second-quarter (Q2) 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, customers, 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 (generally accepted accounting principles) financial basis unless otherwise specified. A reconciliation of GAAP to non-GAAP financial measures can be found on our website.

I'll now turn the call over to Sanjay.

SANJAY MEHROTRA, CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Thank you, Satya.

Micron delivered an exceptional fiscal Q2, with stellar records in revenue, gross margin, EPS (earnings per share) and free cash flow. Quarterly revenue nearly tripled versus one year ago, and revenue for DRAM, NAND, HBM (high-bandwidth memory) and each business unit reached new highs. Our fiscal Q3 single-quarter revenue guidance exceeds the full year revenue for every year in our company's history through fiscal 2024. For fiscal Q3, we anticipate exceptional records across revenue, gross margin, EPS and free cash flow. Reflecting confidence in the sustained strength of our business, I am pleased to announce that our board has approved a 30% increase in our quarterly dividend.

The step-up in our results and outlook are the outcome of an increase in memory demand driven by AI, structural supply constraints and Micron's strong execution across the board. Our memory and storage solutions are at the heart of this AI revolution. Memory makes AI smarter and more capable, enabling longer context windows, deeper reasoning chains and multi-agent orchestration. As AI evolves, we expect compute architectures to become more memory-intensive. This is why we strongly believe that Micron is

one of the biggest beneficiaries and enablers of AI. AI hasn't just increased demand for memory — it has fundamentally recast memory as a defining strategic asset in the AI era.

We continue to work with customers on strategic customer agreements — or SCAs — that are different from prior LTAs (long-term agreements) and have specific commitments over a multi-year time horizon for improved visibility and stability in our business model. These SCAs also provide customers greater certainty to plan their businesses while reinforcing long-term engagement across our broad product portfolio. We are excited to have signed our first five-year SCA.

Technology

We are making excellent progress ramping our industry-leading 1γ (1-gamma) DRAM and G9 NAND technology nodes.

We expect 1γ to become the highest-volume node in Micron's history. Our 1γ node was already the fastest ramp to mature yields, is ramping volumes faster than all prior nodes in our history and is on track to become a majority of our DRAM bit mix by mid-calendar 2026. We plan to increase EUV (extreme ultraviolet) adoption at the 1δ (1-delta) DRAM node utilizing the latest-generation EUV tools. These more advanced EUV tools will help us optimize both cleanroom space efficiency and patterning when scaling to 1δ and beyond.

In NAND, our G9 node also remains on track to constitute a majority of bits by mid-calendar 2026. We also achieved a record mix of QLC (quad-level cell) bits in the quarter.

Looking ahead, we expect co-location of R&D (research and development) and high-volume manufacturing at our Boise and our Singapore sites to speed up time to market for our leading edge products. We see an unprecedented set of opportunities for memory and storage to enable the AI era across market segments and expect to meaningfully increase our R&D investments in fiscal 2027.

Micron's technology leadership, product excellence and manufacturing execution is being recognized in quality scores from our customers. I am pleased to report that a clear majority of our customers rank Micron No. 1 in quality.

End markets

Turning to our end markets.

Data center

AI demand is driving DRAM and NAND data center bit TAM (total addressable market) to exceed 50% of the industry TAM for the first time in calendar 2026. Traditional server demand is robust, driven by a

combination of demand from workloads initiated by agentic AI as well as broad-based server refresh. AI server demand continues to be strong. Both AI and traditional server demand are constrained by lack of adequate DRAM and NAND supply. We expect server units to grow in the low-teens percentage range in calendar 2026, driven by growth in both AI and traditional servers. We expect server DRAM content to continue to grow in calendar 2026 with the introduction of new platforms.

At NVIDIA's GTC (GPU Technology Conference), we announced that Micron has begun volume shipments of its HBM4 36GB 12H in the first quarter of calendar year 2026 and is designed for the NVIDIA Vera Rubin. With our HBM4 production ramp and volume shipments underway, we expect to reach mature yields faster than HBM3E. We have also sampled our HBM4 16-high product, which provides 48GB of HBM capacity in each HBM cube, a 33% increase in HBM capacity compared to HBM4 12H.

Development of HBM4E, our next-generation HBM product, is well underway, and we expect to ramp volume in calendar 2027. Our HBM4E will leverage Micron's production-proven, industry-leading 1γ DRAM technology node and is set to deliver another step-function improvement in performance, enabling a whole new generation of AI compute platforms across the industry. Additionally, HBM4E customization options offer us further differentiation opportunities and even deeper R&D engagement with customers.

Micron pioneered the development of LP DRAM for the data center, which consumes one-third the power of DDR DRAM server modules. Building on this leadership, we sampled the industry's first 256GB LP SOCAMM2 product, which is built using our 1γ node and enables a massive 2TB of capacity per CPU, quadrupling the content from just a year ago. We see expanding use of LP DRAM in the data center in the years ahead, and we are excited to maintain an industry-leading innovative product roadmap in this market.

Rapid growth in AI inference is driving the emergence of new architectures optimized for the token economics of specific workloads. Micron's broad portfolio of HBM, LP, DDR DRAM and SSD is a critical enabler across these architectures. At GTC, the recent announcement of NVIDIA Groq 3 LPX implements up to 12TB of DDR5 in a rack scale architecture.

We are seeing an acceleration in NAND bit demand in the data center due to AI use cases such as vector database and KV cache offload, and due to growing share of SSDs in capacity storage tiers. Micron's data center SSD product portfolio, enabled by our technology leadership and vertical integration, covers the spectrum from highest performance to highest capacity. We are now in high-volume production of our G9 NAND-based PCIe® Gen6 high-performance data center SSDs. Our 122TB high-capacity SSD is seeing strong adoption and delivers 16 times the sequential read throughput per watt of a capacity-matched HDD configuration. Our strategy and execution are delivering results: Our data center SSD market share increased for the fourth consecutive calendar year in 2025, to a new record. In fiscal Q2, data center NAND revenues more than doubled sequentially, reaching a substantial new record, and we expect

further growth in the quarter ahead. Micron's data center SSD portfolio is industry-leading, and we have secured a robust set of design wins across our customer base. We are now seeing NAND demand significantly in excess of our available supply for the foreseeable future.

PC and mobile

In calendar 2026, a number of factors, including DRAM and NAND supply constraints, could cause PC and smartphone units to decline in the low-double-digits percentage range. Over time, we expect the value of on-device AI to drive strong memory content growth in PCs and smartphones.

In PCs, there has been exciting innovation recently with agentic AI applications such as OpenClaw, where AI agents can perform tasks independently on the host PC and also initiate workloads in the cloud. PCs with on-device agentic AI capabilities have recommended memory specifications of at least 32GB, twice as much as the average PC. Additionally, the fast-growing new category of personal AI workstations, such as NVIDIA DGX Spark and AMD Ryzen AI Halo, come in 128GB configurations, ideal for using large language models on device.

Likewise, in smartphones, OEMs have recently announced new flagship devices such as Samsung Galaxy S26 and Google Pixel 10 with agentic AI integrated into their mobile operating systems. The mix of flagship smartphones shipping with 12GB or more of DRAM increased to nearly 80% in calendar Q4, up from under 20% a year ago.

Micron is well-positioned to accelerate the opportunities in these markets with our industry-leading portfolio of products. In PC, Micron completed qualifications for LPCAMM2 at a major OEM. At CES, we launched the industry's first Gen5 QLC client SSD based on G9 NAND. Micron's LPDDR5X is now designed into leading personal AI workstations, expanding our addressable market, with high volumes shipped to key customers. In smartphones, Micron continues to receive strong interest and feedback from OEM and ecosystem partners on our 1γ-based LPDDR6 samples. We built momentum with additional qualifications and mass production of our 10.7 Gbps 1γ LPDDR5X 16Gb product.

Automotive, industrial and embedded

We saw continued pricing improvement across automotive, industrial and embedded markets. Total AEBU (Automotive and Embedded Business Unit) revenues reached a record, with automotive and industrial revenue together exceeding $2 billion in the quarter.

In automotive, OEMs are deploying Level 2+ ADAS (advanced driver-assistance system) across their fleets at an accelerating pace. The average car today has less than L2 ADAS capability, containing approximately 16GB of DRAM, while vehicles with L4 autonomy require over 300GB. As more advanced ADAS and smart cabin adoption scales, we expect robust long-term growth in automotive memory demand. We have shipped samples of the industry's first automotive grade 1γ LPDDR5 DRAM, and in NAND, we were first in

the industry with a G9-based UFS 4.1 automotive solution, further reinforcing our technology leadership in this market.

Rapid improvements in AI are supercharging the capabilities of robots. We believe we are on the cusp of a 20-year growth vector in robotics and expect robotics to become one of the largest product categories in the technology world. Humanoid robots will be AI-enabled and will be powered by a compute platform that rivals that of a high-end L4-capable automobile, thus requiring significant memory and storage capacity. We expect this exciting new category of growth to further underpin the long-term favorable dynamics that shape our industry environment. Micron is very well-positioned to leverage this opportunity in close partnership with our customers, enabled by our industry-leading technology, product solutions and operational capabilities.

Market outlook

Now turning to our market outlook.

We expect both DRAM and NAND industry bit demand in calendar 2026 to be constrained by supply. We continue to expect supply-demand conditions for both DRAM and NAND to remain tight beyond calendar 2026.

We expect industry DRAM bit shipments in calendar 2026 to grow in the low-20s percentage range, slightly above our prior outlook. In DRAM, cleanroom constraints and long construction lead times, higher HBM trade ratio, higher HBM growth rates and declining bits per wafer growth from node migrations constrain bit supply growth.

We expect industry NAND bit shipments in calendar 2026 to grow approximately 20%. In NAND, some industry suppliers redirecting cleanroom space for DRAM and overall limited cleanroom space constrain bit supply growth.

We expect Micron DRAM and NAND supply to grow approximately in line with the industry in calendar 2026.

Micron supply efforts

Micron is working to address the unprecedented gap between supply and demand, and we achieved several important milestones in expanding our global manufacturing footprint this past quarter.

In DRAM, earlier this week, we announced the successful closing of the acquisition of the Tongluo site from Powerchip Semiconductor, completing the transaction ahead of schedule. We expect this site to support meaningful product shipments from the existing fab beginning in fiscal 2028. Adding to the

existing fab, we plan to begin construction of a similar-sized second cleanroom at this site by the end of fiscal 2026.

We continue to expect initial wafer output at our first Idaho fab in mid-calendar 2027, and ground preparation has begun for our second Idaho fab. We broke ground on our first fab at the New York site, and initial ground preparation activities are ahead of plan. In Japan, we are making good progress on ground preparation for our cleanroom expansion to enable future technology transitions in our Hiroshima site.

In NAND, the combination of a higher demand outlook and our decision to co-locate R&D cleanroom in our manufacturing fab underpin our decision to break ground for a new NAND fab at our Singapore site. We expect initial wafer output from this fab in the second half of calendar 2028.

In assembly and test, we commenced commercial shipments from our new facility in India. This state-of-the-art facility will be among the largest single-floor assembly and test cleanrooms in the world. Our Singapore advanced packaging facility for HBM is on track to contribute meaningfully to Micron's HBM supply in calendar year 2027.

We expect fiscal 2026 capex (capital expenditures) to be above $25 billion. From our last earnings call estimate, the majority of the increase is driven by cleanroom facility-related capex — of which the largest factor is Tongluo, followed by construction spend increase on our U.S. fab projects. We project our fiscal 2027 capex to step up meaningfully to support HBM- and DRAM-related investments. We expect construction-related capex to increase by over $10 billion year-over-year in fiscal 2027 as we build out our global manufacturing sites to address long-term demand opportunities. In addition, we expect higher equipment spend year-over-year in fiscal 2027. As we make these investments, we will continue to be responsive to the market environment and our customer demand to appropriately align our supply plans.

I will now turn it over to Mark for our fiscal Q2 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 second quarter, with revenue, gross margin and EPS all exceeding the high end of our guidance. In fiscal Q2, we generated record free cash flow, reduced our debt and closed the quarter with the highest net cash position in our history.

Revenue

Total fiscal Q2 revenue was $23.9 billion, up 75% sequentially and up 196% year-over-year, representing our fourth consecutive quarterly revenue record. The $10.2 billion sequential increase is the largest in our history.

DRAM

Fiscal Q2 DRAM revenue was a record $18.8 billion, up 207% year-over-year, and represented 79% of total revenue. Sequentially, DRAM revenue increased 74%. Bit shipments were up mid-single digits. Prices increased in the mid-60s percentage range, driven by tight industry conditions and included favorable mix.

NAND

Fiscal Q2 NAND revenue was a record $5.0 billion, up 169% year-over-year, and represented 21% of Micron's total revenue. Sequentially, NAND revenue increased 82%. NAND bit shipments increased in the low-single-digit percentage range. Prices increased in the high-70s percentage range driven by tight NAND industry conditions and included favorable mix.

Gross margin

The consolidated gross margin for fiscal Q2 was 75%, up 18 percentage points sequentially. This improvement was driven primarily by higher pricing and also included favorable mix and cost performance. Fiscal Q2 gross margin nearly doubled from a year ago and was a company record.

Financial performance by business unit

Now, turning to quarterly financial performance by business unit.

Cloud Memory Business Unit (CMBU) revenue was a record $7.7 billion and represented 32% of total company revenue. CMBU revenue was up 47% sequentially, driven by an increase in prices and favorable mix. CMBU gross margins were 74%, higher by 9 percentage points sequentially, driven by higher pricing and cost execution.

Core Data Center Business Unit (CDBU) revenue was a record $5.7 billion and represented 24% of total company revenue. CDBU revenue was up 139% sequentially, driven by higher pricing and bit shipments. CDBU gross margins were 74%, up 23 percentage points sequentially, driven by higher pricing and favorable mix.

Mobile and Client Business Unit (MCBU) revenue was a record $7.7 billion and represented 32% of total company revenue. MCBU revenue was up 81% sequentially, driven by higher pricing, partially offset by

lower bit shipments. MCBU gross margins were 79%, up 25 percentage points sequentially, driven primarily by higher pricing and favorable mix.

Automotive and Embedded Business Unit (AEBU) revenue was a record $2.7 billion and represented 11% of total company revenue. AEBU revenue was up 57% sequentially, driven by higher pricing, partially offset by lower bit shipments. AEBU gross margins were 68%, up 23 percentage points sequentially, driven primarily by higher pricing.

Operating results

Opex

Operating expenses in fiscal Q2 were $1.4 billion, up $87 million quarter-over-quarter. The sequential increase was driven by higher R&D expenses.

Operating income

We generated operating income of $16.5 billion in fiscal Q2, resulting in an operating margin of 69.0%, up 22 percentage points sequentially and 44 percentage points year-over-year.

Taxes

Fiscal Q2 taxes were $2.5 billion on an effective tax rate of 15.1%.

Earnings per share

Non-GAAP diluted earnings per share (EPS) in fiscal Q2 was $12.20, with 155% sequential growth and 682% growth versus the year-ago quarter.

Cash flow and capital expenditures

Turning to cash flow and capital expenditures, in fiscal Q2, operating cash flows were $11.9 billion. Capital expenditures were $5.0 billion, resulting in free cash flow of $6.9 billion. Fiscal Q2 free cash flow was a quarterly record for the company, exceeding our prior record in fiscal Q1 2026 by 77%.

Inventory

Ending inventory for fiscal Q2 was $8.3 billion, up $62 million sequentially with days of inventory at 123. DRAM inventory days remain especially tight and below 120 days.

Total cash/debt

We reached record levels of cash and investments of $16.7 billion at quarter-end and had liquidity over $20 billion when including our untapped credit facility. In fiscal Q2, we repurchased $350 million of shares as permitted by the terms of the CHIPS agreement. During the quarter, we also reduced debt by $1.6 billion, including redemption of senior notes maturing in 2029 and 2030. The weighted average maturity on our outstanding debt is August 2034. We closed the quarter with $10.1 billion of debt and a net cash balance of $6.5 billion.

Dividend

Reinvesting in the profitable growth of our business across R&D, capex and other strategic investments remains our top priority for capital allocation. We are committed to maintaining a strong balance sheet, have reduced our total debt by over $5 billion in the last three quarters and are at our strongest net cash position ever. Reflecting the sustained strength of our technology leadership and cash generation, as Sanjay mentioned, the board has approved a 30% increase in our quarterly dividend to $0.15 per share.

Guidance

Now turning to our guidance.

We expect FQ3 revenue to be a record $33.5 billion, plus or minus $750 million; gross margin to be approximately 81.0%; and operating expenses to be approximately $1.40 billion. Based on a share count of approximately 1.15 billion shares, we expect EPS to be a record $19.15 per share, plus or minus $0.40.

We expect higher price, lower cost and favorable mix to all contribute to gross margin expansion in Q3.

As mentioned last quarter, Micron's fiscal Q4 2026 opex will also reflect the effect of an additional work week in this 53-week fiscal year. We expect to increase our fiscal 2027 opex as we ramp R&D investments in support of an unprecedented set of long-term opportunities in memory and storage.

We expect a fiscal Q3 and fiscal year 2026 tax rate of around 15.1%.

Micron continues to invest in a disciplined manner across our global footprint. To address customer demand, as mentioned earlier, we now project our capital spending in fiscal 2026 to be above $25 billion. In fiscal Q3, we project capex of approximately $7 billion while delivering significantly higher free cash flow on stronger operating cash flow. Due to the need for cleanroom capacity, we expect our construction spend growth rate to outpace equipment spend growth in both fiscal 2026 and fiscal 2027.

Any impacts that may occur due to trade or geopolitical developments are not included in our guidance.

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

SANJAY MEHROTRA, CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Closing

Thank you, Mark.

Decades of investment in innovation and execution has established Micron as the technology leader in memory and storage and as one of the semiconductor industry's biggest beneficiaries and enablers of AI. As the only U.S.-based manufacturer of advanced memory products, Micron is uniquely positioned to capitalize on the unprecedented opportunities ahead. I want to thank our team members worldwide whose execution made this outstanding quarter possible. As strong as these results are, I am even more excited about what's ahead for Micron.

We will now open for questions.