



Paul Ziots - VP Investor Relations

Thank you. Good afternoon everyone and welcome to Everpure's fourth quarter fiscal year 2026 earnings conference call.

On the call we have Charlie Giancarlo, Chief Executive Officer, Tarek Robbiati, Chief Financial Officer, and Rob Lee, Chief Technology and Growth Officer. Following Charlie's and Tarek's prepared remarks, we will take questions.

Our press release was issued after close of market and is posted on our website where this call is being simultaneously webcast. The slides that accompany this webcast can be downloaded at investor.purestorage.com.

On this call today, we will make forward-looking statements, which are subject to various risks and uncertainties.

These include statements regarding our financial outlook and operations, our strategy, technology and its advantages, our current and new product offerings, supply chain, hyperscaler opportunity, and competitive, industry and economic trends.

Any forward-looking statements that we make are based on facts and assumptions as of today, and we undertake no obligation to update them.

Our actual results may differ materially from the results forecasted, and the reported results should not be considered as an indication of future performance. A discussion of some of the risks and uncertainties relating to our business is contained in our filings with the SEC, and we refer you to these public filings.

During this call, all financial metrics and associated growth rates are non-GAAP measures other than revenue, remaining performance obligations or RPO, and cash and investments. Reconciliations to the most directly comparable GAAP measures are provided in our earnings press release and slides.



This call is being broadcast live on the Everpure Investor Relations website and is being recorded for playback purposes. An archive of the webcast will be available on the IR website and is the property of Everpure.

Our first quarter fiscal 2027 quiet period begins at the close of business Friday, April 17, 2026.

With that, I'll turn it over to Charlie.

Charlie Giancarlo – CEO

Thank you, Paul.

Good afternoon everyone and welcome to Everpure's Q4 and fiscal 2026 earnings call. Q4 was an outstanding quarter! Our first billion dollar revenue quarter capped off a strong performance for FY26, with full year revenue of \$3.7B. And, we enter FY27 with strong momentum.

Revenue in Q4 was driven by broad-based strength across our business, particularly in Enterprise. We are executing a clear strategy to modernize and simplify data infrastructure for our enterprise and hyperscale customers, amid rising AI demand, power constraints, and increasing operational complexity. Our Enterprise Data Cloud architecture continues to strongly resonate with customers, with over 600 customers adopting Fusion since its introduction a year ago.

Consistent with our core strategy of investing in Data Storage as high technology rather than a commodity, Everpure can now support practically all enterprise storage needs and use cases, with our unified Purity operating environment and our Evergreen hardware platform. Purity, enhanced with Fusion, now adds a unified control plane to its unified data plane, and enables customers to manage their global data as their own enterprise data cloud with consistent enterprise policies implemented in software. The focused investment in our enterprise business is translating into accelerating demand and growth.



Our Purity software, DirectFlash architecture, and Evergreen promise, have proven their flexibility and universality by extending smoothly into our FlashBlade//EXA offering. As a reminder, FlashBlade//EXA supports AI-scale workloads at industry leading performance and efficiency. FlashBlade//EXA has achieved industry-leading MLPerf benchmark performance, and recently published the highest results in the SPECstorage AI Image benchmark. This past quarter, in a strong competitive contest, we secured our first EXA customer and are in advanced stage discussions with dozens more.

Our hyperscale business grew beyond our expectations in FY26. We have broadened and expanded our solution, and we have standardized on our financial structure, which Tarek will detail later. Entering FY27, we expect continued growth in our hyperscale solutions, concentrated in the second half of our year, which is also incorporated in our guidance.

This broad and increasing momentum is reflected in our strong FY27 revenue guidance of almost 19% year-over-year growth at the midpoint, which Tarek will also discuss in more detail.

As I stated earlier, Everpure has now reached a point where we can support the full spectrum of our customers' data storage needs. From high performance to low cost, from tens of TeraBytes to tens of ExaBytes, from AI to backup, and all protocols including block, file and object. We support all customer use cases including all databases, all virtualization, containers, file systems, object systems, and Kubernetes. We deliver all of this through a single software operating environment, combined with our DirectFlash technology and our unique Evergreen architecture and business model. Today, they ensure our customers always have access to the latest technology.

This set of capabilities has been developed because Everpure alone has invested in data storage and management as high technology rather than as a commodity. We now invest more R&D in data storage and management than any other competitor. Our continuing investment in innovation is increasingly focused on enabling our customers to better control and make use of their data for AI and analytics.



We released our latest audited Net Promoter Score, which is the gold standard for customer loyalty and satisfaction. We achieved an industry high NPS of 84 for calendar 2025! While much of the industry remains with scores in the 30s, we have maintained a score above 80 for more than a decade while increasing our customer base to over 14,500. This is yet one more reason why we continue to outperform all other competitors in our market.

We have developed a strong brand that is well known for quality, consistent innovation, and strong customer care. Our position has strengthened to where we are now gaining franchise customers who put their trust in us to standardize their IT architecture on our platform for a majority of their storage infrastructure.

We are now in position to not only help our customers automate their data storage, but increasingly to enable them to better manage their global enterprise data. With Fusion and our Enterprise Data Cloud architecture, customers can apply policy-driven governance across workloads, moving beyond traditional storage to standardize, protect, and intelligently manage their data sets. This represents a meaningful evolution from infrastructure management to comprehensive data governance.

Earlier this week, we announced a definitive agreement to acquire 1touch, which will accelerate our ability to help customers unlock the strategic value of their data and make it ready for AI. 1touch's technology delivers discovery, classification, governance, cyber resilience, data sovereignty, and context, to prepare data for AI, and serve as a critical foundation for the Enterprise Data Cloud and enterprise-scale AI deployment.

Our rebranding and name change reflect our growth from operational storage to intelligent data management, empowering customers to extract greater value from their data in an increasingly AI-driven world. Our new name "Everpure" reflects both what we have created, and where we are going. We are expanding our brand to align with our expanded horizon, and to attract a much broader set of strategic personas.

We are entering FY27 with strong momentum, and we expect continued growth across all core products and sectors. These include commercial, enterprise, government and



hyperscaler; our US and International theaters; and our systems, software products and our services such as Evergreen subscriptions.

Turning to the broader environment, we expect macroeconomic uncertainty to persist through the coming year. Strong component demand driven by tech titan AI buildouts has outstripped supply across the industry, dramatically increasing NAND, memory and CPU pricing. We expect that the industry, including Everpure, will see unpredictable component shortages, which could lead to extended lead times and potential shipment delays. As we have identified in previous calls, we have a highly distributed and resilient supply chain and have weathered past supply chain disruptions well.

Supply chain constraints are operating as both a tailwind and a headwind in our hyperscale discussions. A bit of a tailwind as hyperscalers are more eager to accelerate their testing and certification of new sources of supply, and as a headwind to every vendor's ability to source the necessary components.

Everpure raised prices on our product line on February 9th reflecting the dramatic and rapid rise in component prices. I believe we were the last in our industry to raise prices, and I also believe that our increase was the lowest in the industry, to protect our customers. Based on the extraordinary rapid rise in component costs, we expect product gross margins in Q1 to be at the lower end of our typical range of 65-70%, but we also expect them to recover through the fiscal year.

We have built a diversified supply chain with contingency plans to reduce disruption risk, even as the industry faces shortages. Our long-standing and direct component supplier relationships and in-house hardware design provides us additional flexibility in addressing supply chain disruption. Our Evergreen model provides transparent pricing that protects customer economics. In addition, with our continuous improvements in performance and capabilities entitled in Evergreen, existing customers will benefit from our new data reduction software. This recent release of Purity Enhanced Data Reduction offsets our higher pricing by providing a cost per effective terabyte that is lower than our previous prices on some workloads.



We are at a very exciting time in the story of our company, Everpure. We can now compete for ALL of our customers' storage infrastructure; we provide the world's most consistent, comprehensive, and reliable data storage environment; our Enterprise Data Cloud architecture will allow customers to more efficiently manage their global data; and we are now creating the technologies that will allow our customers to more easily prepare their data for their AI future. Our focus on investing in data storage and management as high technology is driving the accelerated growth that we see today.

With that, I'll invite Tarek to provide further details.

Tarek Robbiati - CFO

Thank you, Charlie.

We closed the year on a high note with Q4 revenue surpassing \$1 billion for the first time representing 20% year over year growth, and record operating profit of \$226 million implying a strong operating margin of 21.3%.

Our performance in Q4 was broad-based, with particular strength in the enterprise. We increased the number of customers transacting during the quarter and delivered solid performance in large-scale transactions, with deals over \$5 million growing 80% year over year. This performance was supplemented by accelerated growth in the government sector, along with several notable Enterprise Data Cloud platform wins.

We also secured the first sales of FlashBlade//EXA signaling positive initial market interest and demand for this new offering designed for large-scale Artificial Intelligence and High-Performance Computing workloads.

Moreover, we expanded our footprint with our existing hyperscale customer, delivering strong growth in our hyperscale business for the year, ahead of our initial expectations. We are confident in the sustained momentum of our hyperscale business. More on hyperscalers and our year-end performance later.



But before we get into that, earlier this week we made two key announcements for the company including our intent to acquire 1touch, a leader in AI-driven contextual data intelligence.

1touch delivers top-down, automatically discovered, and enriched contextual views of data across the data center, cloud and edge. This critical software capability enables our customers to better understand the meaning of their data and unlock its strategic value through AI and other applications.

In turn, the acquisition of 1touch will further differentiate Everpure by allowing us to embed unique data management capabilities into our core Purity software offerings.

Founded in late 2017, 1touch has the financial profile of a fast-growing company that is investing heavily to gain traction in the market. Unsurprisingly, it is not yet profitable. We expect 1touch to be 1.5% dilutive to Operating Profit in FY27, and to become accretive to Operating Profit within 24-months from the acquisition on a post synergies basis.

As a company, we are expanding beyond being a storage provider to becoming a comprehensive data infrastructure and data intelligence platform. We are transitioning from simply delivering storage solutions to redefining data management at a global scale. Our new name, Everpure reflects this transformation and captures our new identity as a full-scale data intelligence company.

To conclude, we are uniquely positioned to address the full spectrum of our customers' needs and to compete for large, strategic enterprise franchise opportunities, supported by our newly expanded, AI-enabling platform.

Now, let's deep dive into the details of our FY26 performance and subsequently discuss our outlook for FY27.

Q4 product revenue of \$618 million grew 25 percent year over year while FY26 product revenue of \$1.97 billion grew 16 percent year over year. As a reminder, our Product



revenue category now includes revenues that we receive from hyperscale shipments, as well as a portion of Portworx software revenue when sold as term licenses.

Q4 subscription revenue of \$440 million grew 14 percent year over year while FY26 subscription revenue of \$1.69 billion grew 15 percent year over year.

Q4 Total Contract Value sales for our Storage-as-a-Service offerings grew 28% year over year to \$179 million driven by high-velocity transactions of less than \$5 million. For FY26, TCV sales grew 32 percent totaling \$520 million for the year. This significant year over year growth momentum reflects the increasing adoption by our customers of Evergreen//One and other subscription-based offerings, which deliver a consistent, non-disruptive operating and management environment.

In FY26, total revenue grew 16 percent to \$3.7 billion. We also delivered our highest annual operating profit of \$635 million, an implied operating margin of 17.3%.

Turning to gross margins. In Q4, total gross margin was 71.4 percent, supported by a robust subscription services margin of 77 percent, while product gross margin stood at 67.3 percent, an increase of over 400 bps year over year driven by a favorable product mix.

It is important to note that sequentially, our product gross margin in Q4 was lower than in Q3 26 as we had lower hyperscaler shipments and Portworx license shipments in Q4 relative to Q3. I would like to remind everyone that these sales are lumpy in nature.

In addition, the sequential change in product gross margin reflects changes in customer and product mix during the quarter. The variance also includes a modest impact in the quarter from increasing component costs, which prompted pricing actions taken early February 2026.

For FY26, total gross margin was 72.1 percent, an increase from 71.8 percent in FY25.

As industry wide, AI-driven infrastructure demand continues to outpace supply driving higher input costs, we expect continued component price volatility across the storage



industry, as well as extended lead times and potential shipment delays. As a result and as Charlie mentioned, we implemented price increases across our product portfolio on February 9, 2026.

It is important to remember that while we maintain longstanding supply agreements with our NAND suppliers, these agreements help mitigate but do not eliminate significant input cost swings and potential shortages.

As we mentioned in the past, historically, component cost volatility has had a greater impact on our top line than on margins. When component costs such as NAND rise, the industry typically sees higher pricing, as competitors face similar input cost pressures. This dynamic supports improved pricing discipline and can act as a tailwind to revenue over the medium term, with some short-term pressure on gross margin as prices catch up to extraordinarily rapid cost increases.

We remain committed to treating our customers fairly and will not engage in price gouging or take undue advantage of the current market dynamics.

Moving on to our subscription business, Q4 subscription services revenue of \$440 million increased 14 percent year over year accounting for 42% of total revenue. ARR grew 16 percent to \$1.9 billion.

I am particularly pleased with the result of our Remaining Performance Obligations (or RPO) which accelerated to 40 percent growth in Q4 driven by the execution of large deals and strength of our Evergreen//Forever and Evergreen//One offerings.

Notably, our RPO pertaining to our Subscription Services offerings grew 34 percent exiting Q4.

Turning on to revenue by geography, in Q4, U.S. revenue grew 9 percent to \$674 million, while international revenue increased 48% year over year to \$385 million. International revenue represented 36 percent of total revenue.



The continued expansion of our international footprint remains a significant opportunity and a key strategic focus for the company.

For fiscal year 26, U.S. revenue grew 12 percent and international revenue increased 25 percent.

In fiscal year 26 we expanded our customer base by more than 1,100 new customers, including 335 in Q4 alone reflecting continued momentum throughout the year. Our penetration of the Fortune 500 now stands at 64 percent.

With respect to our organization, in Q4, our headcount increased sequentially by 166 employees, bringing our total headcount to 6,400 employees at year-end.

Our balance sheet remains robust with over \$1.5 billion in cash and investments at the end of the year. Cash flow from operations in Q4 was \$268 million and \$880 million for the year.

Capital expenditures during the year were \$264 million, representing approximately 7.2 percent of revenue for FY26. Our capital investments during the year supported data center expansion, the increased testing of new products and solutions, the scaling of our hyperscale business as well as the funding of initiatives aimed at accelerating Evergreen//One subscription growth.

Free cash flow for Q4 was \$201 million, and \$616 million for the year. Free cash flow margin for the year was 16.8 percent, tracking our operating profit margin of 17.3 percent.

In Q4, we repurchased 1.7 million shares, returning approximately \$127 million to shareholders. For FY26, share repurchases totaled \$343 million, or 5.6 million shares. For FY26, 56% of Free Cash Flow was utilized for stock repurchases.

In addition, we paid \$68 million in withholding taxes on employee awards in Q4, offsetting dilution by approximately 1 million shares and \$271 million for FY26 offsetting about 4 million shares.



We currently have about \$329 million remaining under our existing \$400 million repurchase authorization announced in Q4FY26.

Now turning to our guidance for FY27.

As Charlie remarked earlier, unprecedented component demand driven by AI buildouts has outstripped supply across the industry. At this stage, the duration of the demand-supply imbalance and related risks to the industry are hard to predict. Needless to say, we are actively working with our suppliers to mitigate these risks and navigate this period of uncertainty.

For Q1, we anticipate revenue to be in the range of \$990 million to \$1.01 billion representing approximately a 28% percent increase year over year at the midpoint. We expect operating profit to be in the range of \$125 million to \$135 million representing approximately a 57% percent year over year increase at the midpoint.

For FY27, we anticipate revenue to be in the range of \$4.3 billion to \$4.4 billion representing an 18.8% percent year over year increase at the midpoint. We expect operating profit to be in the range of \$780 million to \$820 million representing approximately a 26% percent year over year increase at the midpoint. In terms of seasonality, we are entering FY27 with very strong momentum, and expect 47% of our revenues to be generated in H1 FY27, which represents a 2% improvement year on year.

Let me finish by adding more color about the factors that underpin our guidance for FY27:

First and foremost, and specifically for our Hyperscaler Business, I would like to remind everyone that we started ramping our Hyperscaler line of business in FY26 and feel very confident about the future of our business for years to come.

We expect to significantly accelerate shipments and revenues in FY27 relative to FY26. This momentum is reflected in our strong FY27 guidance.



As a reminder, hyperscaler revenues are governed by the schedule of hyperscalers datacenter build-outs and are not linear during the course of the year. For FY27, we expect the majority of revenue from hyperscalers to be recognized in Q3 and Q4.

Also, we have now standardized our business model to cater for the hyperscaler market. Moving forward, we will procure some of the components that are needed by hyperscalers to build their solution in their environment, but not the NAND. Hyperscalers will continue to procure the NAND through their supply chain. As a result, we expect the gross margins of hyperscaler revenues to range between 75 to 85 percent, a level accretive to product revenue gross margins and overall company gross margins.

For Q1, we expect product revenue gross margins - excluding hyperscaler gross margins - to be at the lower end of our typical range of 65 to 70 percent, reflecting the impact of unprecedented and sudden increases in NAND and other component pricing. As we move through the fiscal year, we anticipate product gross margins will recover.

Second, and in line with prior commentary, we will continue to invest in R&D and Sales and Marketing to fuel growth in our core and establish our brand, and these investments are factored into our operating profit guidance.

In terms of our FY27 operating profit guidance, and as mentioned earlier, we are absorbing a 1.5% dilution to our operating profit for the year from the acquisition of 1touch. Yet, we continue to be laser focused on accelerating growth and building operating leverage as our guidance attests.

With that, I'll now turn the call back to Paul for Q&A.

Charlie Giancarlo – CEO

As we close the year, we are entering a new chapter in our company's journey. I am proud of the progress we have made and the momentum we are building.



Thank you to our customers, investors, employees, partners, and suppliers for your trust and partnership. We look forward to building on this momentum together in FY27.