Correction to FY27 Guidance Commentary – November 18, 2026 Earnings Call
Posted November 19, 2026

During Everpure's earnings call on November 18, 2026, the prepared remarks stated that the Company's FY27 guidance implies a Rule of 40 score "well above 70, the top-end of our long-term financial profile." This was incorrect. At the midpoint of FY27 guidance, the implied Rule of 40 score is approximately 63, based on expected revenue growth of approximately 42.2% and an implied non-GAAP operating margin of approximately 20.9%.

The Company's FY27 guidance is unchanged.

The Company defines Rule of 40 as the sum of its year-over-year revenue growth rate and its non-GAAP operating margin. Non-GAAP operating margin is a non-GAAP financial measure. Everpure has not reconciled its guidance for non-GAAP operating margin to the most directly comparable GAAP measure because certain items that impact this measure are not within Everpure's control and/or cannot be reasonably predicted. Accordingly, a reconciliation of guidance for non-GAAP operating margin to the corresponding GAAP financial measure is not available without unreasonable effort. For additional information regarding Everpure's use of non-GAAP financial measures, please refer to the earnings release dated November 18, 2026.

This note contains forward-looking statements subject to the risks and cautionary statements described in that release and in Everpure's SEC filings.

Paul Ziots - VP Investor Relations

Thank you. Good afternoon everyone and welcome to Everpure’s third quarter fiscal year 2027 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.everpuredata.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, our ability to procure a sufficient supply of components and manage our supply chain, our 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 reported results should not be considered 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 fourth quarter fiscal 2027 quiet period begins at the close of business Friday, January 15, 2027.

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

Charlie Giancarlo – CEO

Thank you Paul.

Good afternoon everyone and welcome to Everpure's Q3 fiscal 2027 earnings call. Q3 was another strong quarter for Everpure, reflecting our role as the most trusted partner customers can rely on for their most critical data infrastructure. We exceeded our

guidance range on both the top and bottom lines. Revenue growth of 51% year on year continued our three-quarter track record of over 35% growth performance. Operating profit surged 76% year on year to $345 million, resulting in a record 24% Operating Margin. We had solid revenue growth and sales momentum across geographies, products and customer segments.

Last quarter in our Q2 earnings call and later in our financial analyst meeting we outlined our expansion into a number of new businesses. We qualified these areas as
1) Core, including our system product sales and our Evergreen//One subscription sales, as well as Core AI representing our sales of core products which plug directly into GPU based systems.
2) Hyperscale Solutions, inclusive of our specialized solutions for hyperscalers and qualifying Tech Titans.
3) Scale AI, representing sales of our Flashblade//EXA product.
4) Modern Data Software, including Portworx, Everpure Cloud, Everpure Protect and Data Intelligence. As Tarek explained, we will report on the new revenue streams in aggregate at the end of each fiscal year, to highlight the progress we are making in expanding our core business.

Our strength in Q3 was driven by both core revenue as well as our new business revenue. It is important to underscore that the vast majority of our dollar revenue growth in Q3 came from our core business, while revenue percentage growth in New Business grew faster than the company average, as expected.

We saw strong growth this quarter in our Core sales, which includes a strong showing in products directly connected to GPU environments. We are beginning to see a significant upturn in the number of enterprises now adding GPU environments on-prem. A standout win this quarter was Databento, a financial market data provider that chose FlashBlade//S to replace its open-source infrastructure. Databento distributes high-volume market data with microsecond precision and is establishing an enterprise foundation for future AI workloads.

Flashblade//S is proving to be the go-to workhorse in enterprise AI factory buildouts, combining performance, ease of use, reliability and upgrade flexibility in one integrated

package. In Q3, we further improved Flashblade AI system performance by delivering PureKVA, meaning Key-Value Accelerator, which pre-stages inference context directly into GPU memory to deliver up to 20x faster time-to-first-token for large language models.

TCV for Evergreen//One continues its strong trajectory, with 9 straight quarters of double-digit growth, reaching 57% YoY in Q3. One of the world's largest insurance companies expanded its relationship with Everpure this quarter, replacing a legacy competitor in its production and disaster recovery environments to complete a single worldwide standard on Evergreen//One. The insurer chose Everpure for its proven reliability and service and now manages its entire storage fleet from one place.

And a leading financial technology provider also chose Everpure (Evergreen//One) over a competing bid to extend its existing platform to additional U.S. data centers. Evergreen//One gives this institution a scalable foundation for continued growth as part of its multi-year infrastructure modernization program.
Evergreen//One continues to earn industry validation. During the quarter, Gartner named Everpure a Leader in their Magic Quadrant for Infrastructure Platform Consumption Services for the second year in a row, positioning us highest in execution and furthest in Vision.

Turning now to our three new growth areas: Hyperscale Solutions, Scale AI, and Modern Data Software delivered a strong quarter.

Hyperscale Solutions led this growth, with sales increasing substantially during the quarter and continued expansion expected next quarter and into next year, fully consistent with our expectations and timing of deployments. We continue to make solid progress in discussions across the hyperscale and Tech Titan landscape. As these customers scrutinize performance, power consumption, reliability and maximizing their overall value, our hyperscale solutions provide distinct advantages. The software-driven architecture of our DirectFlash technology replaces inefficient legacy storage with dense QLC flash, delivering greater performance and reliability, with less power.

In hyperscalers, neo-clouds, and even in the enterprise, we see data getting “hotter”. By this we mean that storage purchases are shifting toward ever faster and lower latency storage systems. Everpure is in a perfect position to take advantage of this trend by having the most performant systems in the market in every category of data storage.

In Scale AI, Flashblade//EXA continues to expand its market reach. During the quarter, //EXA ranked first on every checkpointing and KV-cache metric submitted to MLPerf Storage v3.0, an industry-standard AI storage benchmark, with linear performance scaling. We continue to advance sales pursuits across multiple segments of customers – from AI technology providers, to GPU-accelerated quantitative trading, to neoclouds of all scales.

Our Modern Data Software offerings reflect fundamental architectural shifts in applications: 1) the necessity to unlock data from applications, 2) the shift to container deployed software environments, and 3) cloud and hybrid-cloud interoperability. AI has broken traditional, application-centric IT and highlights the need for faster access to higher quality data making Data Primacy an architectural necessity.

Rather than allowing every application to silo and fragment customers’ data, Data Primacy enables enterprises to establish unified, proprietary data models to drive downstream application workflows. For any enterprise deploying operational AI, developing single sources of truth is a prerequisite.

Everpure Data Intelligence is the first step to achieving Data Primacy. It gives customers a clear view of their data estate, wherever it lives, and builds a contextual graph designed for AI, so AI delivers more accurate answers by working only on the most relevant, context-rich data.

In Q3, we announced Everpure Data Intelligence, File Edition, combining Purity OS intelligence with file metadata to help customers manage, govern, and understand their data. Installed-base buyers are responding strongly because it supports better security, stronger compliance, and a first step on the AI-ready journey towards Data Primacy.

Data Intelligence continues to drive the most customer demand and interest that I have seen in many years. Customers intuitively understand the need to catalog, understand, and organize their data to better secure it, and to deliver more accurate and deterministic results.

To activate data intelligence through natural language, we also introduced native Model Context Protocol, or MCP, integration, deployed automatically through our management console. AI agents get secure, real-time access to governed enterprise context, protecting sensitive data with zero manual integration.

Portworx further solidified its market leadership this month, earning recognition as a Leader in the 2026 IDC MarketScape for Container Data and Infrastructure Management Software. We are seeing strong customer traction as enterprises move away from legacy virtualization, highlighted by a leading global freight supplier, selecting Portworx to modernize and provision their VMs, and a Global 100 automaker recently completing its migration of tens of thousands of virtual machines from VMware to Kubernetes-based virtualization with Portworx.

Just as Portworx frees modern containerized applications from cloud and hardware lock-in, our partnership with Nutanix delivers the same architectural freedom for customers' traditional VM estates. Customer adoption has ramped quickly, and we have now surpassed 100 joint production deployments.

Many enterprises are choosing to standardize their new application developments on containers and Kubernetes both in the cloud and on-prem. Our leadership in container storage management with Portworx and cloud storage management with Everpure Cloud directly supports these initiatives. Everpure Cloud now supports Azure Red Hat OpenShift and Azure Kubernetes Service and improves upon standard cloud storage with enterprise level functionality, higher reliability, and lower overall costs.

Demand in Q3 remained solid overall especially when considering that component costs per TB have risen to levels last seen a decade ago. Our pipeline visibility for the next two quarters is solid. With these higher prices, we are seeing the shape of

customer demand shift toward higher performance workloads and towards greater value, especially in large deals.

On the supply side, component costs continued to increase through Q3 albeit at a slower pace than in the first half. Through strong supply chain and procurement processes and support from our key suppliers, Everpure was able to maintain our prices from Q2 into, and through, Q3. At the beginning of this Q4 we were able to reduce our product prices, on average, for most models, based on value engineering and data-reduction improvements initiated at the beginning of the year, lowering our product costs. As stated previously, we continue to operate our core product sales excluding Hyperscale Solution sales at the lower end of our 65-70% gross margin range and will do so while these very high semiconductor prices continue.

The higher component market pricing has continued to encourage customers to leverage our Evergreen//One Storage Subscription offering. Sales of EG1 continue to exceed our beginning of year plan and company growth average and enhances our share gain.

From component costs to broader concerns around the pace of AI infrastructure investment, the macro backdrop continues to change rapidly. But demand for storing more data will continue to increase regardless of the details of the macro and we continue to be the best choice in the industry. We expect component costs to stabilize towards the end of the year, and to remain high going into next year.

We do not share the concerns of some market pundits on how the pace of new data center buildouts will affect our business. Our Hyperscale business is resilient in multiple ways – we are only beginning to enter this space and our solution is superior to legacy approaches in cost, performance and operational efficiency. We will continue to pick up share in our hyperscale solution regardless of the pace of that buildout, or the choice or price of storage media over the next several years.

Before I turn the call over to Tarek, I'd like to compliment him and our finance and IT teams on the remarkable achievement of accelerating our close process such that Everpure can now announce earnings 17 days after quarter end. The team have

developed system and process innovations leading towards the goal of “continuous close”. Thank you all for advancing Everpure’s operational excellence, efficiency and agility.

With that, I’ll turn the call over to Tarek to walk through our financial performance and outlook.

Tarek Robbiati - CFO

Thank you, Charlie.

Q3 marked another quarter of outstanding execution for Everpure, with strong revenue growth, expanding profitability, and broad-based momentum across our business.

Revenue increased 51% year-over-year, while operating profit grew 76%, with both metrics exceeding the high end of our guidance ranges. Our operating margin reached 23.6%, the highest in company history, demonstrating the expanding operating leverage in our business model.

Our results reflect the strength of our diversified portfolio and the growing opportunities across both our established Core and Core AI business and our emerging New Revenue growth vectors.

While the vast majority of our growth this quarter was driven by our core business, we also made meaningful progress across all three New Revenue opportunities: Hyperscale Solutions, Scale AI, and Modern Data Software. We continue to expect these businesses to become increasingly important contributors to our overall growth over time.

As expected, Hyperscale Solutions led the momentum across our New Revenue category, with sales increasing substantially during the quarter. We expect continued expansion in Q4 and into the next fiscal year, supported by ongoing customer

engagement and steady progress in discussions across the Hyperscale and Tech Titan landscape.

Turning to the component cost environment, NAND and other component costs continued to increase in Q3, although at a more moderate pace. While we expect commodity cost pressures to continue, our architectural advantages and engineering team capability are enabling us to simplify the bill of materials, reducing component costs thanks to our software.

Customers continue to prioritize mission-critical infrastructure investments, placing greater emphasis on quality, reliability, efficiency, and the ability to modernize and upgrade their environments over time. At the same time, they are increasingly focused on managing the broader and often more persistent elements of total cost of ownership, including labor, power, cooling, floor space, and data center infrastructure.

These dynamics reinforce the differentiation of our technology and the value of our Evergreen architecture. By delivering greater reliability, energy efficiency, simplifying infrastructure management, and reducing total cost of ownership, our solutions are very well positioned to capture customer spending even in a challenging component cost environment.

Looking ahead, we enter Q4 with a healthy pipeline, strong customer engagement, and continued momentum across the organization. The fundamental drivers of our business remain firmly in place, and our Q3 performance further strengthens our confidence in the opportunities ahead.

As a result, we are once again raising our full-year revenue growth guidance to reflect our strong execution and improved outlook for the remainder of the fiscal year. We are also reiterating our FY28 preliminary outlook, as presented at our Financial Analyst Day in September.

In Q3, Product revenue which excludes Evergreen//One shipments increased 77% year-over-year to $948 million. As a reminder, Product revenue now includes royalties generated from our Hyperscale Solutions business.

Consistent with our expectations and commentary on prior earnings calls, we are seeing an increase of hyperscale-related revenue in the second half of the fiscal year, in-line with the anticipated deployment plans of our customers.

Turning to our subscription business, subscription services revenue in Q3 increased 19% year-over-year to $512 million, representing 35% of total company revenue.

Annual Recurring Revenue, or ARR, grew 20% year-over-year to more than $2.2 billion, maintaining the consistent growth trajectory we've seen throughout the year. This performance was driven primarily by continued momentum in Evergreen//One and strong renewal activity during the quarter.

Remaining Performance Obligations, or RPO, increased 44% year-over-year to more than $4.1 billion, reflecting the continued strength of our subscription business and the value of our long-term customer relationships.

As a reminder, RPO represents contracted revenue that has yet to be recognized, while ARR reflects the annualized value of recurring revenue in our business. Because RPO captures the value of multi-year contracts when they are signed, it can provide visibility into future recurring revenue growth, with the contribution to ARR developing over time.

It's also important to put our RPO growth into perspective. Beginning in the second half of fiscal 2026, we saw a meaningful acceleration in RPO growth, driven by the execution of several large customer contracts and strong demand for both Evergreen//Forever and Evergreen//One.

As we begin to lap those particularly strong quarters, we expect year-over-year comparisons to become more challenging, which could moderate reported RPO growth rates even as we continue to see healthy underlying demand and strong customer engagement.

Overall, we remain encouraged by the momentum across our subscription business, the strength of our customer relationships, and the long-term revenue visibility provided by our growing base of contracted commitments.

Turning to our Storage-as-a-Service business, we continue to see exceptional momentum, led by the strength of Evergreen//One.

Total contract value, or TCV, sales for our Storage-as-a-Service portfolio, which includes Evergreen//One, grew 57% year-over-year to $188 million in Q3, reflecting continued customer adoption of consumption-based infrastructure solutions that offer greater flexibility, operational efficiency, and cost predictability.

Importantly, our Storage-as-a-Service business continues to gain scale, with TCV accelerating towards an annualized run rate exceeding $1 billion in fiscal 2027, underscoring the strength of customer demand and our confidence in the long-term growth opportunity.

Turning to gross margins, total gross margin in Q3 was 69.2%.

Product gross margin was 67.3%, an increase of 110 basis points sequentially. As anticipated, revenue contributions from our Hyperscale Solutions business increased during the quarter. With gross margins ranging from 75% to 85%, the growing contribution from Hyperscale deployments provided an incremental benefit to overall product gross margin as volumes began to ramp in Q3.

We continue to take a deliberate and balanced approach to pricing and profitability. Beginning in Q4, we reduced pricing, on average, across most of our product models taking advantage of the benefits of value engineering cost-reductions, and improved data-reduction, initiated earlier this year.

These efficiencies provide us with greater flexibility to respond to evolving market conditions while continuing to deliver compelling value to our customers.

As a reminder our objective is not to maximize gross margins in the near term, but to leverage our competitive advantages to drive sustainable revenue growth and capture additional market share. We believe this approach positions us to strengthen customer relationships, accelerate competitive displacements, and expand our presence in the data center.

Accordingly, we continue to manage product gross margins excluding the contribution from Hyperscale Solutions toward the lower end of our long-term 65% to 70% range while elevated semiconductor costs persist, balancing competitive pricing with disciplined profitability.

Turning to subscription services, gross margin was 72.6%, a sequential decline of 230 basis points, primarily reflecting higher bonus accrual and costs of spares.

We will continue to closely monitor component costs and market conditions, adjusting our approach as appropriate to support competitive pricing and sustainable margins.

Overall, we believe this balanced strategy is delivering results, as evidenced by our strong revenue growth and operating leverage, with operating profit continuing to grow significantly faster than revenue.

Our operating profit of $345 million grew 76 percent year-over-year resulting in a record operating margin of 23.6 percent.

This performance reflects the significant operating leverage in our business model, driven by strong revenue growth, disciplined expense management, and the benefits of our pricing strategy.

Importantly, this operating leverage is intentional and reflects our continued focus on scaling the business efficiently, with total operating expenses now representing less than 50% of revenue.

We believe these results demonstrate the progress we are making toward the long-term financial objectives outlined at our recent Financial Analyst Day, including

operating margins exceeding 25% and a Rule of 40 score above 60 on an annualized basis. As a reminder, we define Rule of 40 as revenue growth plus non-GAAP operating margin.

With respect to our geographic mix of revenues, U.S. revenue was $972 million, growing 42 percent and international revenue was $488 million growing 73 percent year-over-year. International revenue represented 33 percent of total revenue in Q3.

Moving on to our balance sheet, our liquidity remains robust with over $1.1 billion in cash and investments at the end of the quarter.

Cash flow from operations was $443 million in the quarter.

Capital expenditures were $178 million, or approximately 12% of revenue, reflecting continued investment to support the strong growth of Evergreen//One, as well as higher component prices. While these elevated costs are increasing the dollars required to support our growing subscription business, our underlying capital efficiency remains consistent.

Free Cash Flow performance was strong, as we generated $265 million of Free Cash Flow resulting in a Free Cash Flow margin of 18.1%.

In Q3, we repurchased 542 thousand shares, returning approximately $67 million to shareholders. We also paid $101 million in withholding taxes on employee awards, offsetting dilution of approximately 1 million shares. We currently have about $109 million remaining under our existing $400 million repurchase authorization announced in Q4FY26.

Finally, our headcount increased sequentially by 269 employees in Q3, bringing our total headcount to approximately 7,200 employees.

Now turning to guidance. As I previously mentioned, our outstanding Q3 performance, strong pipeline visibility, and continued momentum across both our core business and

emerging growth opportunities gives us the confidence to raise our full-year revenue guidance and to reiterate our FY28 preliminary outlook.

We remain encouraged by the breadth of customer demand, the accelerating contribution from Hyperscale Solutions, and the continued strength of Evergreen//One as we enter the final quarter of the fiscal year.

For Q4, we anticipate revenue to be in the range of $1,505 million to $1,515 million representing approximately a 43% percent year over year increase at the midpoint.

We expect operating profit to be in the range of $350 million to $360 million representing approximately a 57% percent year over year increase at the midpoint.

For FY27, we now anticipate revenue to be in the range of $5,200 million to $5,210 million representing at the midpoint an increase of almost $160 million relative to prior FY27 guidance. In growth terms, we expect revenue growth year on year to be at 42 percent at the midpoint; this is an increase of 4pts in growth rate from prior guidance.

We expect operating profit to be in the range of $1.08 billion to $1.09 billion representing approximately at the midpoint increase of $138 million relative to prior FY27 guidance. In growth terms, we expect operating profit growth year on year to be at 72 percent at the midpoint; this is an increase of 22pts in growth rate from prior guidance. This implies a Rule of 40 score well above 70, the top-end of our long-term financial profile, on an annual basis.

From a Free Cash Flow perspective, we continue to expect annual Free Cash Flow to range between $600-800 million.

In closing, I would like to reiterate that Everpure is extremely well positioned to capture substantial growth in the Data Primacy age, with a well diversified business model and energy efficient solutions catering to different business segments encompassing Commercial- Enterprise- and Hyperscale- customers, and supporting a multitude of workloads, some of which are AI-related.

This is why Everpure's financial profile is so unique.

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

Charlie Giancarlo – CEO

Before we close, I want to thank our customers, employees, partners, investors, and suppliers. Our continued success is made possible by your trust and commitment. I would also like to wish everyone who celebrates the holiday a wonderful Thanksgiving.