

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended May 3, 2026

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-37570

**Everpure, Inc.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**27-1069557**

(I.R.S. Employer  
Identification No.)

2555 Augustine Dr.

Santa Clara, California 95054

(Address of principal executive offices, including zip code)

(800) 379-7873

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.0001 par value per share	P	New York Stock Exchange LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of June 1, 2026, the registrant had 332,404,932 shares of its Class A common stock outstanding.

**EVERPURE, INC.**  
**FORM 10-Q for the Quarter Ended May 3, 2026**  
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## NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this report, including statements regarding our future results of operations and financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, forward-looking statements may be identified by words such as “anticipate,” “believe,” “continue,” “could,” “design,” “estimate,” “expect,” “intend,” “may,” “plan,” “potentially,” “predict,” “project,” “should,” “will” or the negative of these terms or other similar expressions.

Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements regarding macroeconomic conditions, including, among other issues, inflation, interest rates, tariffs, currency fluctuations and a slowdown in demand, our ability to sustain or manage our profitability and growth, our expectations regarding demand for our products and subscription services, including Evergreen//One, trends in the external storage market, our ability to expand market share, our expectations regarding future changes in our product pricing, our plans to expand and continue to invest internationally, our plans to continue investing in marketing, sales, support and research and development, our shift to subscription services, including as-a-Service offerings, our expectations regarding fluctuations in our revenue and operating results, including our ability to expand sales with our current hyperscale customer and achieve design wins with additional hyperscale customers, the timing and magnitude of sales to hyperscale customers, our expectations that we may continue to experience losses despite revenue growth, our ability to successfully attract, motivate, and retain qualified personnel and maintain our culture, our expectations regarding our technological leadership and market opportunity, including our ability to meet hyperscalers’ performance and price requirements, the anticipated benefits of our acquisition of 1touch, our ability to innovate and introduce new or enhanced products, our expectations regarding technology and product strategy and technology differentiation, including ongoing development and customer adoption of new products and the Enterprise Data Cloud architecture (including Everpure Fusion™), our sustainability goals, our customer priorities around sustainability, and the environmental and energy saving benefits to our customers of using our products, our competitive position and the effects of competition and industry dynamics, including alternative offerings from incumbent, emerging and public cloud vendors, the potential disruptions to our contract manufacturers or supply chain, our ability to procure a sufficient supply of flash and other components used in our products, expectations about the impact of, and trends relating to, recent increases in component pricing and availability, our expectations concerning relationships with third parties, including our partners, customers, suppliers, and contract manufacturers, the adequacy of our intellectual property rights, expectations concerning potential legal proceedings and related costs, and the impact of adverse economic conditions on our business, operating results, cash flows and/or financial condition.

We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, and financial needs. These forward-looking statements are subject to a number of known and unknown risks, uncertainties and assumptions, including risks described in the section titled “Risk Factors.” These risks are not exhaustive. Other sections of this report include additional factors that could harm our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time, and it is not possible for our management to predict all risk factors nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ from those contained in, or implied by, any forward-looking statements.

Investors should not rely upon forward-looking statements as predictions of future events. We cannot assure investors that the events and circumstances reflected in the forward-looking statements will be achieved or occur. 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. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this report or to conform these statements to actual results or to changes in our expectations. Investors should read this Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q and have filed as exhibits to this report with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

EVERPURE, INC.  
Condensed Consolidated Balance Sheets  
(in thousands, except per share data, unaudited)

	At the End of	
	Fiscal 2026	First Quarter of Fiscal 2027
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 854,873	\$ 837,794
Marketable securities	692,446	666,955
Accounts receivable, net of allowance of \$203 and \$203	944,844	886,811
Inventory	75,935	77,940
Deferred commissions, current	139,379	143,364
Prepaid expenses and other current assets	356,015	437,017
Total current assets	3,063,492	3,049,881
Property and equipment, net	587,022	613,917
Operating lease right-of-use assets	185,975	201,816
Deferred commissions, non-current	280,190	288,885
Intangible assets, net	7,346	5,342
Goodwill	365,075	365,075
Restricted cash	7,687	8,285
Other assets, non-current	177,472	216,746
Total assets	\$ 4,674,259	\$ 4,749,947
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 153,312	\$ 173,207
Accrued compensation and benefits	347,205	236,221
Accrued expenses and other liabilities	184,338	181,942
Operating lease liabilities, current	44,080	45,366
Deferred revenue, current	1,181,055	1,249,675
Total current liabilities	1,909,990	1,886,411
Operating lease liabilities, non-current	172,063	185,595
Deferred revenue, non-current	1,046,442	1,127,682
Other liabilities, non-current	100,096	108,121
Total liabilities	3,228,591	3,307,809
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock, par value of \$0.0001 per share— 20,000 shares authorized; no shares issued and outstanding	—	—
Class A and Class B common stock, par value of \$0.0001 per share— 2,250,000 (Class A 2,000,000, Class B 250,000) shares authorized; 330,353 and 332,054 Class A shares issued and outstanding	33	33
Additional paid-in capital	2,624,757	2,600,471
Accumulated other comprehensive income (loss)	1,709	(1,613)
Accumulated deficit	(1,180,831)	(1,156,753)
Total stockholders' equity	1,445,668	1,442,138
Total liabilities and stockholders' equity	\$ 4,674,259	\$ 4,749,947

See the accompanying notes to condensed consolidated financial statements.

**EVERPURE, INC.**  
**Condensed Consolidated Statements of Operations**  
**(in thousands, except per share data, unaudited)**

	First Quarter of Fiscal	
	2026	2027
Revenue:		
Product	\$ 372,144	\$ 576,544
Subscription services	406,341	476,352
Total revenue	<u>778,485</u>	<u>1,052,896</u>
Cost of revenue:		
Product	141,050	204,544
Subscription services	101,282	125,020
Total cost of revenue	<u>242,332</u>	<u>329,564</u>
Gross profit	<u>536,153</u>	<u>723,332</u>
Operating expenses:		
Research and development	221,740	259,092
Sales and marketing	278,512	347,856
General and administrative	67,072	96,445
Total operating expenses	<u>567,324</u>	<u>703,393</u>
Income (loss) from operations	<u>(31,171)</u>	<u>19,939</u>
Other income (expense), net	31,655	13,931
Income before provision for income taxes	484	33,870
Provision for income taxes	14,479	9,792
Net income (loss)	<u>\$ (13,995)</u>	<u>\$ 24,078</u>
Net income (loss) per share attributable to common stockholders, basic	<u>\$ (0.04)</u>	<u>\$ 0.07</u>
Net income (loss) per share attributable to common stockholders, diluted	<u>\$ (0.04)</u>	<u>\$ 0.07</u>
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, basic	<u>326,539</u>	<u>331,152</u>
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, diluted	<u>326,539</u>	<u>343,493</u>

*See the accompanying notes to condensed consolidated financial statements.*

**EVERPURE, INC.**  
**Condensed Consolidated Statements of Comprehensive Income (Loss)**  
**(in thousands, unaudited)**

	First Quarter of Fiscal	
	2026	2027
Net income (loss)	\$ (13,995)	\$ 24,078
Other comprehensive income (loss):		
Unrealized net gains (losses) on available-for-sale securities	974	(3,083)
Less: reclassification adjustment for net gains on available-for-sale securities included in net income	(97)	(239)
Change in unrealized net gains (losses) on available-for-sale securities	877	(3,322)
Comprehensive income (loss)	\$ (13,118)	\$ 20,756

*See the accompanying notes to condensed consolidated financial statements.*

**EVERPURE, INC.**
**Condensed Consolidated Statements of Stockholders' Equity**  
**(in thousands, unaudited)**

<b>First Quarter of Fiscal 2026</b>						
	<b>Common Stock</b>		<b>Additional Paid-in Capital</b>	<b>Accumulated Other Comprehensive Income</b>	<b>Accumulated Deficit</b>	<b>Total Stockholders' Equity</b>
	<b>Shares</b>	<b>Amount</b>				
Balance at the end of fiscal 2025	326,102	\$ 33	\$ 2,674,500	\$ 954	\$ (1,369,012)	\$ 1,306,475
Issuance of common stock upon exercise of stock options	348	—	5,363	—	—	5,363
Stock-based compensation expense	—	—	98,178	—	—	98,178
Vesting of restricted stock units	2,977	—	—	—	—	—
Tax withholding on vesting of restricted stock units	(1,167)	—	(60,147)	—	—	(60,147)
Common stock issued under employee stock purchase plan	1,170	—	27,240	—	—	27,240
Repurchases of common stock	(2,492)	—	(119,936)	—	—	(119,936)
Other comprehensive income	—	—	—	877	—	877
Net loss	—	—	—	—	(13,995)	(13,995)
Balance at the end of the first quarter of fiscal 2026	<u>326,938</u>	<u>\$ 33</u>	<u>\$ 2,625,198</u>	<u>\$ 1,831</u>	<u>\$ (1,383,007)</u>	<u>\$ 1,244,055</u>

<b>First Quarter of Fiscal 2027</b>						
	<b>Common Stock</b>		<b>Additional Paid-in Capital</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Accumulated Deficit</b>	<b>Total Stockholders' Equity</b>
	<b>Shares</b>	<b>Amount</b>				
Balance at the end of fiscal 2026	330,353	\$ 33	\$ 2,624,757	\$ 1,709	\$ (1,180,831)	\$ 1,445,668
Issuance of common stock upon exercise of stock options	562	—	6,646	—	—	6,646
Stock-based compensation expense	—	—	124,170	—	—	124,170
Vesting of restricted stock units	3,300	—	—	—	—	—
Tax withholding on vesting of restricted stock units	(1,557)	—	(101,000)	—	—	(101,000)
Common stock issued under employee stock purchase plan	678	—	30,001	—	—	30,001
Repurchases of common stock	(1,282)	—	(84,103)	—	—	(84,103)
Other comprehensive loss	—	—	—	(3,322)	—	(3,322)
Net income	—	—	—	—	24,078	24,078
Balance at the end of the first quarter of fiscal 2027	<u>332,054</u>	<u>\$ 33</u>	<u>\$ 2,600,471</u>	<u>\$ (1,613)</u>	<u>\$ (1,156,753)</u>	<u>\$ 1,442,138</u>

*See the accompanying notes to condensed consolidated financial statements.*

**EVERPURE, INC.**  
**Condensed Consolidated Statements of Cash Flows**  
(in thousands, unaudited)

	Three Months Ended	
	2026	2027
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ (13,995)	\$ 24,078
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	33,770	40,198
Stock-based compensation expense	96,275	122,064
Other	705	4,381
Changes in operating assets and liabilities, net of effects of acquisition:		
Accounts receivable, net	269,542	58,032
Inventory	2,669	(2,768)
Deferred commissions	(3,657)	(12,680)
Prepaid expenses and other assets	(19,440)	(117,076)
Operating lease right-of-use assets	8,397	10,574
Accounts payable	(26,991)	16,254
Accrued compensation and other liabilities	(84,343)	(102,069)
Operating lease liabilities	(11,238)	(10,684)
Deferred revenue	32,242	149,860
Net cash provided by operating activities	<u>283,936</u>	<u>180,164</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(72,346)	(68,414)
Purchases of marketable securities and other	(114,896)	(112,952)
Sales of marketable securities	18,207	69,160
Maturities of marketable securities	57,253	66,712
Net cash used in investing activities	<u>(111,782)</u>	<u>(45,494)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from exercise of stock options	5,359	6,646
Proceeds from issuance of common stock under employee stock purchase plan	27,240	30,001
Principal payments on borrowings and finance lease obligations	(1,125)	(612)
Tax withholding on vesting of equity awards	(61,300)	(102,920)
Repurchases of common stock	(119,936)	(84,103)
Net cash used in financing activities	<u>(149,762)</u>	<u>(150,988)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	22,392	(16,318)
Cash, cash equivalents and restricted cash, beginning of period	737,750	864,979
Cash, cash equivalents and restricted cash, end of period	<u>\$ 760,142</u>	<u>\$ 848,661</u>
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF PERIOD</b>		
Cash and cash equivalents	\$ 739,336	\$ 837,794
Restricted cash	20,806	10,867
Cash, cash equivalents and restricted cash, end of period	<u>\$ 760,142</u>	<u>\$ 848,661</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 1,427	\$ —
Cash paid for income taxes, net of refunds	\$ 8,273	\$ 876
<b>SUPPLEMENTAL DISCLOSURES OF NON-CASH INVESTING AND FINANCING INFORMATION</b>		
Property and equipment purchased but not yet paid	\$ 15,977	\$ 23,071

*See the accompanying notes to condensed consolidated financial statements.*

**EVERPURE, INC.**

**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**Note 1. Business Overview**

***Organization and Description of Business***

Everpure, Inc. (the Company, we, us, or other similar pronouns) was originally incorporated in the state of Delaware in October 2009 under the name OS76, Inc. In January 2010, we changed our name to Pure Storage, Inc. In February 2026, we changed our name to Everpure, Inc. to reflect our strategic evolution from redefining storage to rethinking data management, as we help customers unleash the power of data. We are headquartered in Santa Clara, California and have wholly owned subsidiaries throughout the world.

**Note 2. Basis of Presentation and Summary of Significant Accounting Policies**

***Basis of Presentation and Principles of Consolidation***

We operate using a 52/53 week fiscal year ending on the first Sunday after January 30, which for fiscal 2026 was February 1, 2026 and for fiscal 2027 will be January 31, 2027. The first quarter of fiscal 2026 and 2027 ended on May 4, 2025 and May 3, 2026. Unless otherwise stated, all dates refer to our fiscal year and fiscal quarters.

The condensed consolidated financial statements include the accounts of the Company and our wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

***Unaudited Interim Consolidated Financial Information***

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP) and applicable rules and regulations of the Securities and Exchange Commission regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. Therefore, these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in our Annual Report on Form 10-K for fiscal 2026.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, comprehensive income and cash flows for the interim periods, but are not necessarily indicative of the results of operations to be anticipated for the full fiscal year 2027 or any future period.

***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and accompanying notes. Actual results could differ from these estimates and assumptions due to risks and uncertainties. Such estimates include, but are not limited to, the determination of standalone selling price for revenue arrangements with multiple performance obligations when the price at which the performance obligation sold separately or observable past transactions are not available, useful lives of intangible assets and property and equipment, the period of benefit for deferred contract costs for commissions, fair value for certain stock-based awards, provision for income taxes including related reserves, fair value of leases and impairment of related right-of-use (ROU) assets. Management bases its estimates on historical experience and on various other assumptions which management believes to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

**EVERPURE, INC.**

**Notes to Condensed Consolidated Financial Statements (Unaudited)**

***Restricted Cash***

Restricted cash is associated with certain employee-related benefits. At the end of fiscal 2026 and the first quarter of fiscal 2027, we had restricted cash of \$10.1 million and \$10.9 million. Included in these amounts are \$2.4 million and \$2.6 million classified as prepaid expenses and other current assets in our condensed consolidated balance sheets.

***Recent Accounting Pronouncements Not Yet Adopted***

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires additional disclosures of specific expense categories included within each expense caption presented on the Statements of Operations. The new standard can be applied on either a fully retrospective or prospective basis. ASU 2024-03 will be effective for our fiscal year beginning February 1, 2027, and interim periods within our fiscal year beginning February 7, 2028, with early adoption permitted. We are currently evaluating the impact of this standard on our financial statement disclosures.

In September 2025, the FASB issued ASU 2025-06, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use-Software*, which amends the cost capitalization criteria for internal-use software development costs by removing all references to software project development stages and providing new guidance on how to evaluate whether the probable-to-complete recognition threshold has been met. The new standard can be applied on either a fully retrospective, modified transition, or prospective basis. ASU 2025-06 will be effective for our fiscal years beginning after fiscal 2028 and interim periods within those fiscal years, with early adoption permitted. We are currently evaluating the impact of this standard on our consolidated financial statements.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements*, which clarifies that the interim reporting requirements in Topic 270 apply to all entities that issue interim financial statements prepared in accordance with U.S. GAAP and consolidates such requirements within Topic 270. The amendments provide a comprehensive list within Topic 270 of required interim disclosures, establish a principle requiring disclosure of events or changes occurring after the end of the most recent annual reporting period that have a material impact on interim results, and clarifies the form and content requirements applicable to interim financial statements. ASU 2025-11 will be effective for our fiscal year beginning February 7, 2028, with early adoption permitted. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements and related disclosures.

**Note 3. Financial Instruments**

***Fair Value Measurements***

We define fair value as the exchange price that would be received from sale of an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We measure our financial assets and liabilities at fair value at each reporting period using a fair value hierarchy which requires us to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Three levels of inputs may be used to measure fair value:

- *Level 1* - Observable inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- *Level 2* - Observable inputs are quoted prices for similar assets and liabilities in active markets or inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly through market corroboration, for substantially the full term of the financial instruments; and

**EVERPURE, INC.**

**Notes to Condensed Consolidated Financial Statements (Unaudited)**

- *Level 3* - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These inputs are based on our own assumptions used to measure assets and liabilities at fair value and require significant management judgment or estimation.

We measure our cash equivalents and marketable securities at fair value on a recurring basis. We classify these assets within Level 1 or Level 2 because they are valued using either quoted market prices or inputs other than quoted prices which are directly or indirectly observable in the market, including readily-available pricing sources for the identical underlying security which may not be actively traded. Our fixed income available-for-sale securities consist of high quality, investment grade securities from diverse issuers. The valuation techniques used to measure the fair value of our marketable securities were derived from non-binding market consensus prices that are corroborated by observable market data or quoted market prices for similar instruments.

The following tables summarize these assets by significant investment categories and their classification within the fair value hierarchy and in our condensed consolidated balance sheets at the end of fiscal 2026 and the first quarter of fiscal 2027 (in thousands):

	<b>At the End of Fiscal 2026</b>					
	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>	<b>Cash Equivalents</b>	<b>Marketable Securities</b>
<b>Level 1</b>						
Money market accounts	\$ —	\$ —	\$ —	\$ 297,462	\$ 297,462	\$ —
<b>Level 2</b>						
U.S. government treasury notes	289,069	790	(95)	289,764	19,387	270,377
U.S. government agencies	9,194	148	(1)	9,341	—	9,341
Corporate debt securities	335,347	2,341	(1)	337,687	—	337,687
Foreign government bonds	6,555	3	—	6,558	—	6,558
Asset-backed securities	47,768	324	—	48,092	—	48,092
Municipal bonds	20,381	18	(8)	20,391	—	20,391
<b>Total</b>	<b>\$ 708,314</b>	<b>\$ 3,624</b>	<b>\$ (105)</b>	<b>\$ 1,009,295</b>	<b>\$ 316,849</b>	<b>\$ 692,446</b>

**EVERPURE, INC.**
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

	At the End of the First Quarter of Fiscal 2027					
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cash Equivalents	Marketable Securities
<b>Level 1</b>						
Money market accounts	\$ —	\$ —	\$ —	\$ 601,223	\$ 601,223	\$ —
<b>Level 2</b>						
U.S. government treasury notes	303,873	212	(967)	303,118	47,196	255,922
U.S. government agencies	9,193	200	—	9,393	—	9,393
Corporate debt securities	338,355	997	(280)	339,072	—	339,072
Foreign government bonds	1,484	—	(1)	1,483	—	1,483
Asset-backed securities	41,974	114	(27)	42,061	—	42,061
Municipal bonds	19,075	1	(52)	19,024	—	19,024
<b>Total</b>	<b>\$ 713,954</b>	<b>\$ 1,524</b>	<b>\$ (1,327)</b>	<b>\$ 1,315,374</b>	<b>\$ 648,419</b>	<b>\$ 666,955</b>

The amortized cost and estimated fair value of our marketable securities are shown below by contractual maturity (in thousands):

	At the End of the First Quarter of Fiscal 2027	
	Amortized Cost	Fair Value
Due within one year	\$ 220,882	\$ 221,528
Due in one to five years	445,683	445,234
Due in five to ten years	193	193
<b>Total</b>	<b>\$ 666,758</b>	<b>\$ 666,955</b>

Unrealized losses on our marketable securities have not been recorded into income because we do not intend to sell nor is it more likely than not that we will be required to sell these investments prior to recovery of their amortized cost basis. The fair value of our marketable securities is impacted by the interest rate environment and related credit spreads. The credit ratings associated with our marketable securities are highly rated and the issuers continue to make timely principal and interest payments. As a result, there were no credit or non-credit impairment charges recorded in the first quarter of fiscal 2026 and 2027. The following table presents the fair values and gross unrealized losses for those investments that were in a continuous unrealized loss position at the end of fiscal 2026 and the first quarter of fiscal 2027, aggregated by investment category (in thousands):

## EVERPURE, INC.

## Notes to Condensed Consolidated Financial Statements (Unaudited)

	At the End of Fiscal 2026	
	Less than 12 months	
	Fair Value	Unrealized Loss
U.S. government treasury notes	\$ 85,422	\$ (95)
U.S. government agencies	2,999	(1)
Corporate debt securities	942	(1)
Foreign government bonds	2,970	—
Municipal bonds	6,610	(8)
Total	\$ 98,943	\$ (105)

	At the End of the First Quarter of Fiscal 2027	
	Less than 12 months	
	Fair Value	Unrealized Loss
U.S. government treasury notes	\$ 175,407	\$ (967)
Corporate debt securities	71,614	(280)
Foreign government bonds	1,483	(1)
Asset-backed securities	13,394	(27)
Municipal bonds	15,917	(52)
Total	\$ 277,815	\$ (1,327)

Realized gains or losses on sale of marketable securities were not significant for all periods presented.

**Strategic Investments**

Strategic investments primarily include equity investments in privately-held companies without readily determinable fair values and in which we do not own a controlling interest or exercise significant influence. At the end of fiscal 2026 and the first quarter of 2027, the carrying amount of these investments was \$14.1 million, included primarily in other assets, non-current in our condensed consolidated balance sheets.

Strategic investments that are remeasured due to an observable event or impairment are classified as Level 3 in the fair value hierarchy as nonrecurring fair value measurements may include observable and unobservable inputs. No remeasurements occurred during the first quarter of fiscal 2026 and 2027.

**Other Financial Instruments**

The investments held in our nonqualified deferred compensation plan trust are considered trading securities that are measured at fair value using Level 1 inputs. The fair value of these investments was \$15.9 million and \$19.6 million at the end of fiscal 2026 and the first quarter of fiscal 2027.

**EVERPURE, INC.**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**Note 4. Balance Sheet Components**

***Inventory***

Inventory consists of the following (in thousands):

	At the End of	
	Fiscal 2026	First Quarter of Fiscal 2027
Raw materials	\$ 39,970	\$ 46,120
Finished goods	35,965	31,820
Inventory	<u>\$ 75,935</u>	<u>\$ 77,940</u>

***Prepaid Expenses and Other Current Assets***

Prepaid expenses and other current assets consist of the following (in thousands):

	At the End of	
	Fiscal 2026	First Quarter of Fiscal 2027
Prepaid expenses	\$ 80,283	\$ 95,457
Other receivables <sup>(1)</sup>	249,990	301,511
Other current assets	25,742	40,049
Total prepaid expenses and other current assets	<u>\$ 356,015</u>	<u>\$ 437,017</u>

<sup>(1)</sup> Primarily consists of receivables from our contract manufacturers.

***Property and Equipment, Net***

Property and equipment, net consists of the following (in thousands):

	At the End of	
	Fiscal 2026	First Quarter of Fiscal 2027
Test and infrastructure equipment <sup>(1)</sup>	\$ 499,903	\$ 495,088
Computer equipment and software	488,355	523,227
Furniture and fixtures	14,609	16,932
Leasehold improvements	114,510	117,664
Capitalized software development costs	95,301	101,824
Total property and equipment	1,212,678	1,254,735
Less: accumulated depreciation and amortization	(625,656)	(640,818)
Property and equipment, net	<u>\$ 587,022</u>	<u>\$ 613,917</u>

<sup>(1)</sup> Includes finance lease right-of-use assets. Refer to Note 8.

**EVERPURE, INC.**

**Notes to Condensed Consolidated Financial Statements (Unaudited)**

Depreciation and amortization expense related to property and equipment was \$30.3 million and \$38.8 million for the first quarter of fiscal 2026 and 2027.

***Intangible Assets, Net***

Intangible assets, net consist of the following (in thousands):

	At the End of					
	Fiscal 2026			First Quarter of Fiscal 2027		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Amount	Gross Carrying Value	Accumulated Amortization	Net Carrying Amount
Technology patents	\$ 20,875	\$ (19,370)	\$ 1,505	\$ 20,875	\$ (19,800)	\$ 1,075
Developed technology	84,536	(80,506)	4,030	84,536	(81,841)	2,695
Customer relationships	6,459	(4,928)	1,531	6,459	(5,157)	1,302
Trade name and trademarks <sup>(1)</sup>	3,903	(3,623)	280	3,893	(3,623)	270
Intangible assets, net	<u>\$ 115,773</u>	<u>\$ (108,427)</u>	<u>\$ 7,346</u>	<u>\$ 115,763</u>	<u>\$ (110,421)</u>	<u>\$ 5,342</u>

<sup>(1)</sup> Includes direct costs to obtain these indefinite-lived assets in connection with our name change in February 2026.

Intangible assets amortization expense was \$4.0 million and \$2.0 million for the first quarter of fiscal 2026 and 2027. At the end of the first quarter of fiscal 2027, the weighted-average remaining amortization period was 0.2 year for technology patents, 0.2 year for developed technology, and 1.4 years for customer relationships. We record amortization of technology patents in general and administrative expenses due to their defensive nature, developed technology in cost of product revenue, and customer relationships in sales and marketing expenses in the condensed consolidated statements of operations.

At the end of the first quarter of fiscal 2027, future expected amortization expense for intangible assets is as follows (in thousands):

Fiscal Years Ending	Estimated Future Amortization Expense
Remainder of 2027	\$ 1,813
2028	1,767
2029	868
2030	427
2031	197
Total	<u>\$ 5,072</u>

***Goodwill***

As of the end of fiscal 2026 and the first quarter of fiscal 2027, goodwill was \$365.1 million. There were no impairments to goodwill for the first quarter of fiscal 2026 and 2027.

**EVERPURE, INC.**

**Notes to Condensed Consolidated Financial Statements (Unaudited)**

***Accrued Expenses and Other Liabilities***

Accrued expenses and other liabilities consist of the following (in thousands):

	At the End of	
	Fiscal 2026	First Quarter of Fiscal 2027
Taxes payable	\$ 14,044	\$ 14,992
Accrued sales, marketing and partner liabilities	67,563	56,746
Engineering-related accruals <sup>(1)</sup>	6,352	6,955
Supply chain-related accruals <sup>(2)</sup>	12,961	8,842
Accrued service logistics and professional services	13,570	14,734
Customer deposits from contracts with customers	32,905	33,356
Other accrued liabilities	36,943	46,317
Total accrued expenses and other liabilities	\$ 184,338	\$ 181,942

<sup>(1)</sup> Primarily consists of subscription cloud services and outside services costs.

<sup>(2)</sup> Primarily consists of accruals related to our inventory and inventory purchase commitments with our contract manufacturers.

**Note 5. Deferred Revenue and Commissions**

***Deferred Commissions***

Deferred commissions consist of incremental costs paid to our sales force to obtain customer contracts.

Changes in total deferred commissions during the periods presented are as follows (in thousands):

	First Quarter of Fiscal	
	2026	2027
Beginning balance	\$ 328,620	\$ 419,569
Additions	45,927	85,070
Recognition of deferred commissions	(42,270)	(72,390)
Ending balance	\$ 332,277	\$ 432,249

Of the \$432.2 million total deferred commissions balance at the end of the first quarter of fiscal 2027, we expect to recognize approximately 33% as sales commission expense over the next 12 months and the remainder thereafter.

There was no impairment related to capitalized commissions for the first quarter of fiscal 2026 and 2027.

**EVERPURE, INC.****Notes to Condensed Consolidated Financial Statements (Unaudited)****Deferred Revenue**

Deferred revenue primarily consists of amounts that have been invoiced but have not yet been recognized as revenue including performance obligations pertaining to subscription services.

Changes in total deferred revenue during the periods presented are as follows (in thousands):

	First Quarter of Fiscal	
	2026	2027
Beginning balance	\$ 1,795,303	\$ 2,227,497
Additions	427,687	647,030
Recognition of deferred revenue	(395,445)	(497,170)
Ending balance	<u>\$ 1,827,545</u>	<u>\$ 2,377,357</u>

Revenue recognized during the first quarter of fiscal 2026 and 2027 from deferred revenue at the beginning of each respective period was \$340.8 million and \$439.2 million.

**Remaining Performance Obligations**

Total remaining performance obligations (RPO) which is contracted but not recognized revenue was \$3.8 billion at the end of the first quarter of fiscal 2027, of which \$51.4 million relates to a lessor arrangement. RPO consists of both deferred revenue and non-cancelable amounts that are expected to be invoiced and recognized as revenue in future periods. Of the \$3.8 billion RPO at the end of the first quarter of fiscal 2027, we expect to recognize approximately 43% over the next 12 months, and the remainder thereafter.

**Note 6. Debt****Revolving Credit Facility**

In June 2025, we entered into a Credit Agreement with a consortium of financial institutions and lenders that provides for a five-year, senior unsecured revolving credit facility of \$500.0 million (Credit Facility) that expires on June 10, 2030, unless otherwise extended. Proceeds from borrowings under the Credit Facility may be used for general corporate purposes and working capital. The Credit Facility replaced our prior \$300.0 million revolving credit facility in which the outstanding borrowings of \$100.0 million was repaid in full and terminated effective June 10, 2025.

U.S. Dollar denominated borrowings under the Credit Facility will bear interest, at our option, at a base rate, subject to a floor of 0%, plus a margin ranging from 0% to 0.50%, or the term Secured Overnight Financing Rate (SOFR) rate (based on one, three or six-month interest periods), subject to a floor of 0%, plus a margin ranging from 0.875% to 1.50%. Interest is payable quarterly in arrears with respect to base rate borrowings and at the end of the interest period with respect to term SOFR borrowing. We are also obligated to pay an ongoing commitment fee on undrawn amounts at a rate ranging from 0.075% to 0.20% per annum, payable quarterly in arrears. The respective margins will fluctuate based on the then-applicable Consolidated Net Leverage Ratio (as defined in the Credit Agreement) and, if available, our debt rating.

We are subject to certain affirmative and negative covenants, including a Consolidated Net Leverage Ratio not to exceed 3.5:1 (which may be increased to 4:1 for the first six consecutive fiscal quarters after a qualified acquisition, as defined in the Credit Agreement) measured as of the last day of each fiscal quarter. As of the end of the first quarter of fiscal 2027, there were no outstanding borrowings and we were in compliance with all covenants under the Credit Facility.

**EVERPURE, INC.**

**Notes to Condensed Consolidated Financial Statements (Unaudited)**

**Note 7. Commitments and Contingencies**

***Leases***

At the end of the first quarter of fiscal 2027, we had various non-cancelable operating and finance lease commitments for office and data center facilities. Refer to Note 8—Leases for additional information regarding lease commitments.

***Letters of Credit***

At the end of fiscal 2026 and the first quarter of fiscal 2027, we had outstanding letters of credit in the aggregate amount of \$13.0 million and \$16.6 million in connection with our facility leases and a certain employee-related benefit, that mature on various dates through December 2031. Of the \$13.0 million and \$16.6 million outstanding as of the end of fiscal 2026 and the first quarter of fiscal 2027, \$2.0 million and \$4.9 million was issued under the Credit Facility.

***Legal Matters***

From time to time, we have become involved in claims and other legal matters arising in the normal course of business. We investigate these claims as they arise. Although claims are inherently unpredictable, we currently are not aware of any matters that we expect to have a material adverse effect on our business, financial position, results of operations or cash flows. Accordingly, no material loss contingency has been recorded in our condensed consolidated balance sheet as of the end of the first quarter of fiscal 2027.

***Indemnification***

Our arrangements generally include certain provisions for indemnifying customers against liabilities if our products or services infringe a third party's intellectual property rights. Other guarantees or indemnification arrangements include guarantees of product and service performance and standby letters of credit for lease facilities. It is not possible to determine the maximum potential amount under these indemnification obligations due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. To date, we have not incurred any material costs as a result of such obligations and have not accrued any liabilities related to such obligations in the condensed consolidated financial statements. In addition, we indemnify our officers, directors and certain key employees while they are serving in good faith in their respective capacities. To date, there have been no claims under any indemnification provisions.

**Note 8. Leases**

We lease office and data center facilities under non-cancelable operating lease agreements expiring through November 2038. Our lease agreements do not contain any material residual value guarantees or restrictive covenants. During the first quarter of fiscal 2027, we have executed certain lease agreements primarily related to our headquarter office and data center that are expected to commence between fiscal 2027 and fiscal 2031, with duration of these leases ranging from 5 to 12 years. As such, aggregate lease payments of approximately \$366.6 million are excluded from our future lease payments tabular disclosure below.

We also lease certain engineering test equipment under financing agreements. These finance leases have a lease term of three to five years and contain a bargain purchase option that we have exercised or expect to exercise at the end of the respective lease terms. Lease asset and liability associated with these leases were not material for all periods presented.

**EVERPURE, INC.**  
**Notes to Condensed Consolidated Financial Statements (Unaudited)**

The components of operating lease costs during the periods presented were as follows (in thousands):

	First Quarter of Fiscal	
	2026	2027
Fixed operating lease cost	\$ 12,867	\$ 13,830
Variable lease cost <sup>(1)</sup>	2,033	3,372
Short-term lease cost (12 months or less)	1,126	1,361
Total lease cost	<u>\$ 16,026</u>	<u>\$ 18,563</u>

<sup>(1)</sup> Variable lease cost predominantly included common area maintenance charges.

Supplemental information related to operating leases is as follows (in thousands):

	At the End of	
	Fiscal 2026	First Quarter of Fiscal 2027
<b>Operating leases:</b>		
Weighted-average remaining lease term (in years)	4.7	5.3
Weighted-average discount rate	6.5 %	5.7 %

Supplemental cash flow information related to operating leases is as follows (in thousands):

	First Quarter of Fiscal	
	2026	2027
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows for operating leases	\$ 16,369	\$ 14,014
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases	\$ 1,473	\$ 31,261

Future lease payments under our non-cancelable operating leases at the end of the first quarter of fiscal 2027 are as follows (in thousands):

Fiscal Years Ending	Operating Leases
Remainder of 2027	\$ 27,411
2028	56,518
2029	56,053
2030	53,042
2031	44,478
Thereafter	33,946
Total future lease payments	<u>271,448</u>
Less: imputed interest	(40,487)
Present value of total lease liabilities	<u>\$ 230,961</u>

**EVERPURE, INC.****Notes to Condensed Consolidated Financial Statements (Unaudited)*****Lessor Arrangement***

We, as a lessor, have entered into non-cancelable arrangements to lease our storage and data management solutions and subscription services. The arrangements include multiple seven-year leases with total net consideration of \$372.9 million. The arrangements provide an end-of-term option to purchase the leased assets for a pre-determined price.

We determined, at inception of the respective arrangements, that each of the leases include sales-type leases, an operating lease, and non-lease components. The non-lease components are comprised primarily of subscription support services and professional services. The total net consideration for each lease was allocated to these components based on relative standalone selling price. The amounts allocated to the lease and non-lease components are accounted for in accordance with ASC 842 and ASC 606, respectively.

No product revenue was recognized during the first quarter of fiscal 2026. We recognized \$29.2 million in product revenue related to the sales-type lease components during the first quarter of fiscal 2027. The associated profit was \$27.0 million, based on the product revenue recognized less certain costs, during the first quarter of fiscal 2027. Subscription services revenue related to the operating lease and non-lease components recognized was \$7.2 million and \$15.1 million during the first quarter of fiscal 2026 and 2027.

Future minimum gross lease payments allocated to the sales-type leases and operating lease components are as follows (in thousands). The remaining lease payments of \$182.7 million allocated to the non-lease components are excluded from the table below.

Fiscal Years Ending	Sales-Type Leases	Operating Lease
Remainder of 2027	\$ 16,325	\$ 9,406
2028	21,267	9,063
2029	24,916	3,354
2030	29,300	—
2031	29,300	—
Thereafter	33,541	—
Total future lease payments to be received	<u>\$ 154,649</u>	<u>\$ 21,823</u>

**Note 9. Stockholders' Equity*****Preferred Stock***

We have 20.0 million authorized shares of undesignated preferred stock, the rights, preferences and privileges of which may be designated from time to time by our Board of Directors. At the end of the first quarter of fiscal 2027, there were no shares of preferred stock issued or outstanding.

***Class A and Class B Common Stock***

We have two classes of authorized common stock, Class A common stock, which we refer to as our "common stock", and Class B common stock. At the end of the first quarter of fiscal 2027, we had 2.0 billion authorized shares of Class A common stock and 250.0 million authorized shares of Class B common stock, with each class having a par value of \$0.0001 per share. At the end of the first quarter of fiscal 2027, 332.1 million shares of Class A common stock were issued and outstanding.

***Share Repurchase Program***

Our Board of Directors has authorized up to \$1.8 billion under our share repurchase program. At the end of the first quarter of fiscal 2027, \$244.9 million remained available for future share repurchases under our current repurchase authorization.

**EVERPURE, INC.****Notes to Condensed Consolidated Financial Statements (Unaudited)**

The following table summarizes the stock repurchase activity for the first quarter of fiscal 2026 and 2027 (in thousands except for per share amounts):

	First Quarter of Fiscal	
	2026	2027
Number of shares repurchased and retired	2,492	1,282
Average price per share <sup>(1)</sup>	\$ 48.10	\$ 65.59
Aggregate purchase price <sup>(1)</sup>	\$ 119,887	\$ 84,077

<sup>(1)</sup> Excludes transaction costs that are included in the repurchases of common stock on the consolidated statements of cash flows.

**Note 10. Equity Incentive Plans****2015 Equity Incentive Plan**

The 2015 Equity Incentive Plan (the 2015 Plan) provides for grants of incentive stock options to our employees and non-statutory stock options, stock appreciation rights, restricted stock, restricted stock units, performance-based stock and cash awards, market-based stock awards, and other forms of stock awards to our employees, directors and consultants. Our equity awards generally vest over a two to four year period and expire no later than ten years from the date of grant.

Upon vesting of equity awards, 1.2 million and 1.6 million shares were withheld during the first quarter of fiscal 2026 and 2027 to cover \$60.1 million and \$101.0 million in tax withholding obligations. The shares withheld to satisfy employee tax withholding obligations are returned to our 2015 Plan and will be available for future issuance. Payments for employees' tax obligations to the tax authorities are recognized as a reduction to additional paid-in capital and reflected as a financing activity in our condensed consolidated statements of cash flows.

**2015 Amended and Restated Employee Stock Purchase Plan**

Under our Amended and Restated 2015 Employee Stock Purchase Plan (2015 ESPP), our Board of Directors (or a committee thereof) has the authority to establish the length and terms of the offering periods and purchase periods and the purchase price of the shares of common stock which may be purchased under the plan. The current offering terms allow eligible employees to purchase shares of our common stock at a discount through payroll deductions of up to 30% of their eligible compensation, subject to a cap of 3,000 shares on any purchase date, a dollar cap of \$7,500 per purchase period, or \$25,000 in any calendar year (as determined under applicable tax rules). The current terms also allow for a 24-month offering period beginning March 16th and September 16th of each year, with each offering period consisting of four 6-month purchase periods, subject to a reset provision. Further, currently, on each purchase date, eligible employees may purchase our common stock at a price per share equal to 85% of the lesser of the fair market value of our common stock (1) on the first trading day of the applicable offering period or (2) the purchase date.

Under the reset provision currently authorized, if the closing stock price on the offering date of a new offering falls below the closing stock price on the offering date of an ongoing offering, the ongoing offering would terminate immediately following the purchase of ESPP shares on the purchase date immediately preceding the new offering and participants in the terminated offering would automatically be enrolled in the new offering (ESPP reset), resulting in a modification charge to be recognized over the new offering period. No ESPP reset occurred during the first quarter of fiscal 2026. During the first quarter of fiscal 2027, ESPP reset resulted in total modification charge of \$6.0 million, which will be recognized over its new offering period.

Stock-based compensation expense related to our 2015 ESPP was \$7.5 million and \$8.0 million during the first quarter of fiscal 2026 and 2027. At the end of the first quarter of fiscal 2027, total unrecognized stock-based compensation cost related to our 2015 ESPP was \$37.5 million, which is expected to be recognized over a weighted-average period of 1.3 years.

PURE STORAGE, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)

**Stock Options**

A summary of the stock option activity under our equity incentive plans and related information is as follows:

	Options Outstanding			
	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Balance at the end of fiscal 2026	1,142,394	\$ 13.80	1.7	\$ 64,144
Options exercised	(562,224)	11.82		
Balance at the end of the first quarter of fiscal 2027	580,170	\$ 15.71	1.6	\$ 32,438
Vested and exercisable at the end of the first quarter of fiscal 2027	580,170	\$ 15.71	1.6	\$ 32,438

The aggregate intrinsic value of options vested and exercisable at the end of the first quarter of fiscal 2027 is calculated based on the difference between the exercise price and the closing price of \$71.62 of our common stock on the last day of the first quarter of fiscal 2027.

Stock-based compensation expense related to stock options was fully recognized in fiscal 2025.

**Restricted Stock Units (RSUs)**

A summary of the RSU activity under our 2015 Plan and related information is as follows:

	Number of RSUs Outstanding	Weighted-Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)
Unvested balance at the end of fiscal 2026	17,340,284	\$ 44.32	\$ 1,205,843
Granted	6,964,181	67.42	
Vested	(2,231,678)	36.89	
Forfeited or canceled <sup>(1)</sup>	(428,350)	46.18	
Unvested balance at the end of the first quarter of fiscal 2027	21,644,437	\$ 52.48	\$ 1,550,175

<sup>(1)</sup> Represents the number of shares granted under the RSU awards that were forfeited due to termination of employment or canceled.

Stock-based compensation expense related to RSUs was \$77.2 million and \$85.6 million during the first quarter of fiscal 2026 and 2027. At the end of the first quarter of fiscal 2027, total unrecognized stock-based compensation cost related to unvested RSUs was \$1.1 billion, which is expected to be recognized over a weighted-average period of 3.1 years.

**Performance-based Restricted Stock Units (PRSUs)**

The number of shares that could be earned under our PRSU grants ranges from 0% to 200% of the target number granted depending on the achievement of certain performance conditions with any unearned shares canceled. Generally, the number of earned shares vest over three years from the date of grant subject to continuous service.

PURE STORAGE, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)

A summary of the PRSU activity under our 2015 Plan and related information is as follows:

	Number of PRSUs Outstanding	Weighted- Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)
Unvested balance at the end of fiscal 2026	1,936,107	\$ 52.33	\$ 134,637
Granted	1,244,446	55.43	
Vested and earned <sup>(1)</sup>	(1,068,712)	51.90	
Forfeited <sup>(2)</sup>	(40,825)	51.01	
Unvested balance at the end of the first quarter of fiscal 2027	<u>2,071,016</u>	\$ 54.44	\$ 148,326

<sup>(1)</sup> Represents the number of shares earned in which the service condition has also been satisfied.

<sup>(2)</sup> Represents the number of shares granted under the PRSU awards that were forfeited due to termination of employment.

Stock-based compensation expense related to PRSUs was \$8.0 million and \$24.7 million during the first quarter of fiscal 2026 and 2027. At the end of the first quarter of fiscal 2027, total unrecognized stock-based compensation cost related to unvested PRSUs was \$47.3 million, which is expected to be recognized over a weighted-average period of 1.9 years.

**Long-Term Performance Incentive RSUs (LTP Awards)**

In fiscal 2024 and 2026, we granted 4.2 million and 1.2 million market-based LTP Awards, respectively, contingent on achieving specified market capitalization thresholds measured over approximately three- to five-year periods. Awards granted in fiscal 2024 are measured at the end of fiscal years 2026 through 2028 and vest on March 20, 2028, while awards granted in fiscal 2026 are measured at the end of fiscal years 2028 through 2030 and vest on March 20, 2030, in each case subject to continued service and a one-year post-vest holding period.

The stock-based compensation expense for these awards is being recognized over the respective requisite service periods of nearly five years using the accelerated attribution method and is not reversed if the market condition is not ultimately met.

A summary of LTP Awards activity under our 2015 Plan is as follows:

	Number of LTP Awards Outstanding	Weighted- Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)
Unvested balance at the end of fiscal 2026	4,881,686	\$ 20.11	\$ 339,472
Forfeited <sup>(1)</sup>	(125,221)	19.97	
Unvested balance at the end of the first quarter of fiscal 2027	<u>4,756,465</u>	\$ 20.11	\$ 340,658

<sup>(1)</sup> Represents the number of shares granted that were forfeited due to termination of employment.

Stock-based compensation expense related to LTP Awards was \$3.6 million and \$3.8 million during the first quarter of fiscal 2026 and 2027. At the end of the first quarter of fiscal 2027, total unrecognized stock-based compensation cost related to unvested LTP Awards was \$49.6 million, which is expected to be recognized over a weighted-average period of 3.0 years.

PURE STORAGE, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)

**Stock-Based Compensation Expense**

The following table summarizes the components of stock-based compensation expense recognized in the condensed consolidated statements of operations (in thousands):

	First Quarter of Fiscal	
	2026	2027
Cost of revenue—product	\$ 3,266	\$ 4,132
Cost of revenue—subscription services	7,162	8,155
Research and development	49,242	60,331
Sales and marketing	22,084	29,163
General and administrative	14,521	20,283
Total stock-based compensation expense, net of amounts capitalized <sup>(1)</sup>	\$ 96,275	\$ 122,064

<sup>(1)</sup> Stock-based compensation expense capitalized was \$1.9 million and \$2.1 million during the first quarter of fiscal 2026 and 2027.

**Note 11. Net Income (Loss) per Share Attributable to Common Stockholders**

Basic and diluted net income (loss) per share attributable to common stockholders is presented in conformity with the two-class method required for participating securities. Basic net income (loss) per share attributable to common stockholders is computed by dividing the net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net income (loss) per share attributable to common stockholders is computed by giving effect to all potentially dilutive common stock equivalents, including our outstanding stock options, common stock related to unvested RSUs, PRSUs, and LTP Awards, and common stock issuable pursuant to the ESPP. In periods of net loss, all potentially dilutive common stock equivalents have been excluded from the calculation of diluted net loss per share attributable to common stockholders as their effect is anti-dilutive.

The following table sets forth the computation of basic and diluted net income (loss) per share attributable to common stockholders (in thousands, except per share data):

	First Quarter of Fiscal	
	2026	2027
<b>Numerator:</b>		
Net income (loss)	\$ (13,995)	\$ 24,078
<b>Denominator:</b>		
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, basic	326,539	331,152
Add: dilutive effect of common stock equivalents	—	12,341
Weighted-average shares used in computing net income (loss) per share attributable to common stockholders, diluted	326,539	343,493
Net income (loss) per share attributable to common stockholders, basic	\$ (0.04)	\$ 0.07
Net income (loss) per share attributable to common stockholders, diluted	\$ (0.04)	\$ 0.07

## PURE STORAGE, INC.

## Notes to Condensed Consolidated Financial Statements (Unaudited)

The following weighted-average outstanding shares of common stock equivalents were excluded from the computation of diluted net income (loss) per share attributable to common stockholders for the periods presented because including them would have been anti-dilutive (in thousands):

	First Quarter of Fiscal	
	2026	2027
Stock options to purchase common stock	2,257	—
Unvested RSUs and PRSUs	20,691	1,686
Shares issuable pursuant to the ESPP	464	—
Total	23,412	1,686

**Note 12. Other Income (Expense), Net**

Other income (expense), net consists of the following (in thousands):

	First Quarter of Fiscal	
	2026	2027
Interest income <sup>(1)</sup>	\$ 16,876	\$ 14,304
Interest expense <sup>(2)</sup>	(1,807)	(239)
Foreign currency transactions gains (losses)	14,479	(3,032)
Other income	2,107	2,898
Total other income (expense), net	\$ 31,655	\$ 13,931

<sup>(1)</sup> Includes interest income related to our cash, cash equivalents and marketable securities and non-cash interest income (expense) related to accretion (amortization) of the discount (premium) on marketable securities.

<sup>(2)</sup> Includes non-cash interest expense related to amortization of issuance costs and contractual interest expense related to our revolving credit facility and accretion of our finance lease liabilities.

**Note 13. Income Taxes**

Our provision for income tax primarily reflects taxes on international operations and U.S. income taxes. The difference between the income tax provision that would be derived by applying the statutory rate to our income before provision for income taxes and the income tax provision recorded was primarily attributable to our valuation allowance on U.S. deferred tax assets, research and development credits, U.S. taxes on foreign income, and stock-based compensation expense.

At the end of the first quarter of fiscal 2027, there were no material changes to either the nature or the amounts of the uncertain tax positions previously determined for fiscal 2026.

**Note 14. Segment Information and Geographic Areas****Segment Information**

Our chief operating decision maker (CODM), the Chief Executive Officer, manages business activities as a single operating and reportable segment at the consolidated level. The CODM reviews and utilizes consolidated financial information, including revenue, gross profit, operating income (loss) and net income (loss) as reported on the condensed consolidated statements of operations, to assess performance and allocate resources to support strategic priorities. Condensed consolidated net income (loss) is our segment's primary measure of profit or loss. The measure of segment assets is reported on the condensed consolidated balance sheets as total consolidated assets.

**PURE STORAGE, INC.****Notes to Condensed Consolidated Financial Statements (Unaudited)**

Our CODM reviews the following significant segment expenses, which are each separately disclosed and presented in the condensed consolidated statements of operations: cost of revenue for product, cost of revenue for subscription services, research and development expenses, sales and marketing expenses, and general and administrative expenses. Other segment items within condensed consolidated net income (loss) include other income (expense), net and income tax provision. Other significant noncash segment expenses include stock-based compensation and depreciation and amortization.

***Disaggregation of Revenue***

The following table depicts the disaggregation of revenue by geographic area based on the billing address of our customers and is consistent with how we evaluate our financial performance (in thousands):

	First Quarter of Fiscal	
	2026	2027
United States	\$ 530,658	\$ 739,390
Rest of the world	247,827	313,506
Total revenue	<u>\$ 778,485</u>	<u>\$ 1,052,896</u>

***Long-Lived Assets by Geographic Area***

Long-lived assets, which are comprised of property and equipment, net, by geographic area are summarized as follows (in thousands):

	At the End of	
	Fiscal 2026	First Quarter of Fiscal 2027
United States	\$ 569,932	\$ 590,988
Rest of the world	17,090	22,929
Total long-lived assets	<u>\$ 587,022</u>	<u>\$ 613,917</u>

**Note 15. Subsequent Event*****1touch Acquisition***

On May 7, 2026, we completed the acquisition of 1touch, an innovator in data intelligence and orchestration that provides a comprehensive, unified view of enterprise information, for total stated cash consideration of \$125.0 million, subject to customary closing adjustments and escrow arrangements. Upon closing, 1touch became a wholly owned subsidiary of Everpure, Inc., and its results of operations will be included in our consolidated financial statements beginning on the acquisition date.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

*The following discussion and analysis of our financial condition, results of operations and cash flows should be read in conjunction with the (1) unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q, and (2) audited consolidated financial statements and notes thereto and management's discussion and analysis of financial condition and results of operations included in our Annual Report on Form 10-K for the fiscal year ended February 1, 2026. This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements are often identified by the use of words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate," or "continue," and similar expressions or variations. Such forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified herein, and those discussed in the section titled "Risk Factors", set forth in Part II, Item 1A of this Form 10-Q and in our other SEC filings. We disclaim any obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements. Our fiscal year end is the first Sunday after January 30.*

### Overview

Everpure, formerly known as Pure Storage, is a global technology company providing an integrated storage and data management platform. Data is foundational to our customers' business transformation and increasingly central to their operational resilience and competitive differentiation. As data volumes expand and artificial intelligence (AI) becomes more deeply embedded in customers' operations, the ability to store, manage, govern, and derive greater value from their data is becoming as important as the infrastructure used to store it.

We began as a provider of flash-based storage systems. Over time, we have evolved into a company that delivers a cloud experience with an intelligent, unified storage and data management platform (the Everpure Platform) that virtualizes data across on-premises, hybrid, public cloud, and edge environments into a single storage layer with consistent control, built-in automation and continuous modernization. We are executing a focused strategy to modernize and simplify data center infrastructure for customers as AI adoption increases and power, space, and operational constraints intensify. Our vision of an all-flash data center integrates our foundation of simplicity and reliability with four major market trends that are impacting all organizations: (1) the shift towards modernizing data infrastructure with all-flash technology; (2) the growth of modern cloud-native applications; (3) increasing demand for data storage delivered as a service; and (4) increasing demand for data storage to support accelerating AI adoption while managing rising energy costs.

With the Everpure Platform, customers can build their own Enterprise Data Cloud (EDC), an architectural approach to storage and data management that allows organizations to centrally manage a virtualized cloud of data with unified control — spanning on-premises, hybrid, and public cloud environments — enabling intelligent, autonomous data management and consistent governance across the entire environment.

### Recent Key Developments

- In March 2026, we extended Evergreen//One support to FlashBlade//EXA, providing a flexible pay-as-you-go model for high-performance AI training and inference, and also announced the general availability of Everpure™ FlashArray™ support for Microsoft Azure Local.
- In April 2026, we announced Pure1 + Veeam Anomaly Awareness Workflow, which is a new integration unifying Everpure Pure1 and Veeam Backup & Replication (VBR).
- In April 2026, we also updated our ticker symbol (NYSE: P), reflecting our expansion from a storage provider to a leader in the future of data management.
- In May 2026, we completed the strategic acquisition of 1touch, an innovator in data intelligence and orchestration, adding data security posture management (DSPM), advanced data discovery, classification, and semantic context capabilities to the Everpure Platform.

## Components of Results of Operations

### Revenue

We derive revenue primarily from sales of our integrated storage hardware and embedded licensed software products and storage-as-a-service offerings that comprise our Everpure Platform. Product revenue includes sales of our *FlashArray* and *FlashBlade* solutions, royalties from hyperscaler shipments, and sales of *Portworx by Everpure* term software licenses. Subscription services revenue includes sales of our portfolio of *Evergreen*, *Portworx by Everpure*, and *Everpure Cloud* consumption and subscription-based offerings, support and maintenance, and professional services such as installation and implementation services.

Provided that all other revenue recognition criteria have been met, we typically recognize product revenue for our integrated storage hardware products upon transfer of control to our customers and the satisfaction of our performance obligations. Products are typically shipped directly by us to customers, and our channel partners generally do not stock our inventory. Royalties from hyperscaler shipments of third party hardware that provide the customer a perpetual license to use our functional intellectual property (IP) are recognized when the revenue is earned based upon shipments by our supply chain partners. Revenue from *Portworx* term software licenses, which grant customers the right to use our functional IP for a specified period, is recognized at the point in time the software activation keys are made available to the customer for download at commencement of the initial or renewal term. For *Evergreen//Flex*, product revenue is recognized upon the commencement of the underlying subscription services. We expect our product revenue may vary from period to period based on, among other things, the timing and size of orders, delivery of products, hyperscaler shipments by our supply chain partners and the impact of significant transactions.

We generally recognize revenue from the fair value of subscription services provided ratably over the contractual service period or on a consumption basis based on the minimum usage commitment as well as usage above the commitment amount and professional services as delivered. We expect our subscription services revenue to continue to increase and in-line with our overall growth rate as more customers choose to consume our storage solutions as a service and our existing *Evergreen* subscription customers renew and expand their offerings.

### Cost of Revenue

Cost of product revenue primarily consists of costs paid to our third-party contract manufacturers, which includes the costs of raw material components, and personnel costs associated with our supply chain operations. Personnel costs consist of salaries, bonuses and stock-based compensation expense. Cost of product revenue also includes allocated overhead costs, adjustments to inventory and purchase commitments based on forecasted demand, amortization of intangible assets pertaining to developed technology, and freight. Allocated overhead costs consist of certain employee benefits and facilities-related costs. We expect our cost of product revenue to increase in absolute dollars as our product revenue increases.

Cost of subscription services revenue primarily consists of personnel costs associated with delivering our subscription and professional services, part replacements, allocated overhead costs, depreciation of infrastructure used to deliver our subscription services, amortization of intangible assets pertaining to developed technology, and amortization of capitalized internal-use software. We expect our cost of subscription services revenue to increase in absolute dollars, as our subscription services revenue increases.

### Operating Expenses

Operating expenses consist of research and development, sales and marketing and general and administrative expenses. Salaries and personnel-related costs, including stock-based compensation expense, are the most significant component of each category of operating expenses. Operating expenses also include allocated overhead costs for employee benefits, facilities, and certain information technology costs.

**Research and Development.** Research and development expenses consist primarily of employee compensation and related expenses, prototype expenses, depreciation associated with assets acquired for research and development, data center and cloud services costs, third-party engineering and contractor support costs, as well as allocated overhead. We expect our research and development expenses to increase in absolute dollars. Key incremental investments will focus on accelerating density of our direct flash modules, increasing the operational scale of our supply chain partners to support large production deployments for our hyperscaler customer, and accelerating product development.

**Sales and Marketing.** Sales and marketing expenses consist primarily of employee compensation and related expenses, sales commissions, marketing programs, travel and entertainment expenses as well as allocated overhead. Marketing programs consist of advertising, events, corporate communications and brand-building activities. We expect our sales and marketing expenses to increase in absolute dollars, including investments to capture additional growth opportunities, in particular, in the enterprise market.

**General and Administrative.** General and administrative expenses consist primarily of employee compensation and related expenses for administrative functions including finance, legal, human resources, facilities, IT and fees for third-party professional services as well as amortization of intangible assets pertaining to defensive technology patents and allocated overhead. We expect our general and administrative expenses to increase in absolute dollars, including investments in back-office systems to support continued business growth.

**Other Income (Expense), Net**

Other income (expense), net consists primarily of interest income related to cash, cash equivalents and marketable securities, interest expense related to our revolving credit facility, and gains (losses) from foreign currency transactions.

**Provision for Income Taxes**

Provision for income taxes consists primarily of income taxes in certain foreign jurisdictions in which we conduct business and current income taxes in the United States. Our foreign subsidiaries earn a profit margin based upon transfer pricing principles which require an arm's length return. Our foreign subsidiaries' sales and marketing expenses are expected to increase over time as we grow, resulting in higher pre-tax foreign earnings and higher foreign income taxes.

We have provided a full valuation allowance for U.S. deferred tax assets, which includes net operating loss carryforwards, capitalized research costs, and tax credits related primarily to research and development. When considering our historical earnings trend, sufficient positive evidence may become available where we will release all or a portion of the valuation allowance within 12 months. Release of the valuation allowance would result in the recognition of certain deferred tax assets and a decrease to income tax expense for the period the release is recorded.

**Results of Operations**

The following tables set forth our results of operations for the periods presented in dollars and as a percentage of total revenue:

**Revenue**

	First Quarter of Fiscal		Change	
	2026	2027	\$	%
<i>(dollars in thousands, unaudited)</i>				
Product revenue	\$ 372,144	\$ 576,544	\$ 204,400	55 %
Subscription services revenue	406,341	476,352	70,011	17 %
Total revenue	\$ 778,485	\$ 1,052,896	\$ 274,411	35 %

The increase in product revenue during the first quarter of fiscal 2027 compared to the first quarter of fiscal 2026 was primarily driven by an increase in customer demand for our FlashArray and FlashBlade solutions across all of our key geographic areas and customer base and increased pricing and to a lesser extent, royalties from hyperscaler shipments.

The increase in subscription services revenue during the first quarter of fiscal 2027 compared to the first quarter of fiscal 2026 was largely driven by increases in sales of our Evergreen consumption, subscription-based offerings and renewals of our Evergreen subscription services across our installed base.

During the first quarter of fiscal 2027 compared to the first quarter of fiscal 2026, total revenue in the United States grew 39% from \$530.7 million to \$739.4 million while total rest of the world revenue grew 27% from \$247.8 million to \$313.5 million.

**Subscription Annualized Recurring Revenue (ARR)**

We use Subscription ARR as a key business metric to evaluate the underlying performance of subscription services as of a point in time. Subscription ARR is not indicative of future revenue as events or circumstances that impact future revenue such as (i) future non-renewals or cancellations of existing contracts or renewals of expired contracts, (ii) expansion, contraction and churn of existing customers or the acquisition of new customers, and (iii) changes in customers' on-demand consumption of our subscription services are not reflected in Subscription ARR. Subscription ARR should be viewed independently of revenue, deferred revenue and remaining performance obligations and is not intended as a substitute for any of these items.

Subscription ARR is calculated as the annualized recurring contract value of all active, non-cancelable customer subscription agreements with subscription terms of any length at the end of a fiscal quarter, plus on-demand billings for the quarter multiplied by four. The contract values are the contracted amounts in effect at the end of a fiscal quarter and do not contemplate any adjustments made in accordance with ASC 606 such as the proportionate allocation of the contracted subscription amounts to other performance obligations based on standalone selling prices for contracts that have multiple performance obligations or vice versa that are reflected in subscription services revenue under U.S. generally accepted accounting principles. On-demand billings represent billings for consumption by our customers' most recent usage of our subscription services above the minimum usage commitment.

The following table sets forth our Subscription ARR for the periods presented:

(dollars in thousands, unaudited)	At the End of		Year-over-Year Growth
	First Quarter of Fiscal 2026	First Quarter of Fiscal 2027	%
Subscription annualized recurring revenue	\$ 1,710,912	\$ 2,036,441	19 %

The year-over-year growth in our Subscription ARR at the end of the first quarter of fiscal 2026 was 18%. The increase in year-over-year growth to 19% at the end of the first quarter of fiscal 2027 was driven by our increased sales of *Evergreen* subscription-based offerings.

### **Remaining Performance Obligations**

Total remaining performance obligations (RPO) which is total contracted but not recognized revenue was \$3.8 billion at the end of the first quarter of fiscal 2027, and primarily includes non-cancelable Total Contract Value (TCV) sales for our storage-as-a-service offerings, including *Evergreen//One*, *Evergreen//Flex*, and *Everpure Cloud* consumption and subscription-based offerings, as well as \$51.4 million relates to a lessor arrangement. RPO consists of both deferred revenue and non-cancelable amounts that are expected to be invoiced and recognized as revenue in future periods. Product orders are generally cancelable until delivery has occurred, and as such, unfulfilled product orders that are cancelable are excluded from RPO. Cancelable orders will fluctuate depending on numerous factors.

TCV sales for our storage-as-a-service offerings is a key business metric we use to evaluate the performance of our consumption and subscription based offerings. TCV sales for these offerings include recurring subscription fees, any non-recurring charges such as initial setup fees, and any other billable services directly tied to the execution of the underlying service contract. Year-over-year growth in RPO to 41% at the end of the first quarter of fiscal 2027 when compared to 40% at the end of fiscal 2026 was driven by both growth of TCV sales for our storage-as-a-service offerings, and strong renewals of our *Evergreen* subscriptions.

We expect to recognize approximately 43% of total RPO over the next 12 months, and the remainder thereafter. RPO is expected to increase as our subscription services business grows over time.

**Cost of Revenue and Gross Margin**

	First Quarter of Fiscal		Change	
	2026	2027	\$	%
<b>(dollars in thousands, unaudited)</b>				
Product cost of revenue	\$ 137,784	\$ 200,412	\$ 62,628	45 %
Stock-based compensation	3,266	4,132	866	27 %
Total product cost of revenue	\$ 141,050	\$ 204,544	\$ 63,494	45 %
% of Product revenue	38 %	35 %		
Subscription services cost of revenue	\$ 94,120	\$ 116,865	\$ 22,745	24 %
Stock-based compensation	7,162	8,155	993	14 %
Total subscription services cost of revenue	\$ 101,282	\$ 125,020	\$ 23,738	23 %
% of Subscription services revenue	25 %	26 %		
Total cost of revenue	\$ 242,332	\$ 329,564	\$ 87,232	36 %
% of Total revenue	31 %	31 %		
Product gross margin	62 %	65 %		
Subscription services gross margin	75 %	74 %		
Total gross margin	69 %	69 %		

The increase in product gross margin during the first quarter of fiscal 2027 when compared to the first quarter of fiscal 2026 was primarily due to price increases and shifts in product mix towards higher performance FlashArray and FlashBlade solutions and to a lesser extent, royalties from hyperscaler shipments.

The slight decrease in subscription services gross margin during the first quarter of fiscal 2027 when compared to the first quarter of fiscal 2026 was primarily driven by amortization of capitalized software costs for the development of *Everpure Fusion* and *Everpure Cloud Azure Native* and higher employee compensation and related costs.

## Operating Expenses

### Research and Development

	First Quarter of Fiscal		Change	
	2026	2027	\$	%
<b>(dollars in thousands, unaudited)</b>				
Research and development	\$ 172,498	\$ 198,761	\$ 26,263	15 %
Stock-based compensation	49,242	60,331	11,089	23 %
Total expenses	\$ 221,740	\$ 259,092	\$ 37,352	17 %
% of Total revenue	29 %	25 %		

The increase in research and development expense during the first quarter of fiscal 2027 when compared to the first quarter of fiscal 2026 was primarily driven by an increase in employee compensation and related costs, including stock-based compensation, from growth in headcount and, to a lesser extent, an increase in equipment depreciation and facilities-related costs.

### Sales and Marketing

	First Quarter of Fiscal		Change	
	2026	2027	\$	%
<b>(dollars in thousands, unaudited)</b>				
Sales and marketing	\$ 256,428	\$ 318,693	\$ 62,265	24 %
Stock-based compensation	22,084	29,163	7,079	32 %
Total expenses	\$ 278,512	\$ 347,856	\$ 69,344	25 %
% of Total revenue	36 %	33 %		

The increase in sales and marketing expense during the first quarter of fiscal 2027 when compared to the first quarter of fiscal 2026 was primarily driven by an increase in employee compensation and related costs, including sales commission expense and stock-based compensation, from growth in headcount and higher bookings achievement.

### General and Administrative

	First Quarter of Fiscal		Change	
	2026	2027	\$	%
<b>(dollars in thousands, unaudited)</b>				
General and administrative	\$ 52,551	\$ 76,162	\$ 23,611	45 %
Stock-based compensation	14,521	20,283	5,762	40 %
Total expenses	\$ 67,072	\$ 96,445	\$ 29,373	44 %
% of Total revenue	9 %	9 %		

The increase in general and administrative expense during the first quarter of fiscal 2027 when compared to the first quarter of fiscal 2026 was primarily driven by an increase in employee compensation and related costs, including stock-based compensation, from growth in headcount, and, to a lesser extent, an increase in third-party professional services, including acquisition-related transaction costs.

*Other Income (Expense), Net*

	First Quarter of Fiscal		Change	
	2026	2027	\$	
(dollars in thousands, unaudited)				
Other income (expense), net	\$ 31,655	\$ 13,931	\$ (17,724)	

The decrease in other income (expense), net during the first quarter of fiscal 2027 when compared to the first quarter of fiscal 2026 was primarily due to higher net foreign exchange losses as the U.S. dollar strengthened relative to certain foreign currencies.

*Provision for Income Taxes*

	First Quarter of Fiscal		Change	
	2026	2027	\$	%
(dollars in thousands, unaudited)				
Provision for income taxes	\$ 14,479	\$ 9,792	\$ (4,687)	(32)%

The decrease in provision for income taxes during the first quarter of fiscal 2027 when compared to the first quarter of fiscal 2026 was primarily attributable to the enactment of the One Big Beautiful Bill Act (OBBBA), specifically the provisions related to Section 174, which eliminated the requirement to capitalize domestic research and development expenditures.

**Liquidity and Capital Resources**

At the end of the first quarter of fiscal 2027, we had cash, cash equivalents and marketable securities of \$1.5 billion. Our cash and cash equivalents primarily consist of bank deposits and money market accounts. Our marketable securities generally consist of highly rated debt instruments of the U.S. government and its agencies, debt instruments of highly rated corporations, debt instruments issued by foreign governments, asset-backed securities, and municipal bonds.

We believe our existing cash, cash equivalents, marketable securities and revolving credit facility will be sufficient to fund our operating and capital needs for at least the next 12 months. Our future capital requirements will depend on many factors including our sales growth, the timing and extent of capital spending to support development efforts including investments to scale operations in support of our hyperscale customer and capture additional growth opportunities, the timing and extent of strategic inventory purchases driven by supply chain constraints, higher commodity pricing, growth of our *Evergreen//One* offering, the addition or closure of office space, the timing of new product introductions, our share repurchases, the timing of repayment of borrowings under the revolving credit facility, and cash payments for tax withholding obligations for equity awards held by employees. We may continue to enter into arrangements to acquire or invest in complementary businesses, services and technologies, including intellectual property and other licensing rights. For example, on May 7, 2026, we completed the acquisition of 1touch. We may enter into other financing arrangements and seek additional equity or debt financing in the future.

### ***Revolving Credit Facility***

In June 2025, we entered into a Credit Agreement with a consortium of financial institutions and lenders that provides for a five-year, senior unsecured revolving credit facility of \$500.0 million (Credit Facility) that expires on June 10, 2030, unless otherwise extended. Proceeds from borrowings under the Credit Facility may be used for general corporate purposes and working capital. The Credit Facility replaced our prior \$300.0 million revolving credit facility in which the outstanding borrowings of \$100.0 million was repaid in full and terminated effective June 10, 2025.

U.S. Dollar denominated borrowings under the Credit Facility will bear interest, at our option, at a base rate, subject to a floor of 0%, plus a margin ranging from 0% to 0.50%, or the term Secured Overnight Financing Rate (SOFR) rate (based on one, three or six-month interest periods), subject to a floor of 0%, plus a margin ranging from 0.875% to 1.50%. Interest is payable quarterly in arrears with respect to base rate borrowings and at the end of the interest period with respect to term SOFR borrowing. We are also obligated to pay an ongoing commitment fee on undrawn amounts at a rate ranging from 0.075% to 0.20% per annum, payable quarterly in arrears. The respective margins will fluctuate based on the then-applicable Consolidated Net Leverage Ratio (as defined in the Credit Agreement) and, if available, our debt rating.

We are subject to certain affirmative and negative covenants, including a Consolidated Net Leverage Ratio not to exceed 3.5:1 (which may be increased to 4:1 for the first six consecutive fiscal quarters after a qualified acquisition, as defined in the Credit Agreement) measured as of the last day of each fiscal quarter. As of the end of the first quarter of fiscal 2027, there were no outstanding borrowings and we were in compliance with all covenants under the Credit Facility.

### ***Letters of Credit***

At the end of fiscal 2026 and the first quarter of fiscal 2027, we had outstanding letters of credit in the aggregate amount of \$13.0 million and \$16.6 million in connection with our facility leases and a certain employee-related benefit, that mature on various dates through December 2031. Of the \$13.0 million and \$16.6 million outstanding as of the ends of fiscal 2026 and the first quarter of fiscal 2027, \$2.0 million and \$4.9 million is issued under the Credit Facility.

### ***Share Repurchase Program and Shares Withheld to Cover Taxes***

Our Board of Directors has authorized up to \$1.8 billion under our share repurchase program. At the end of the first quarter of fiscal 2027, \$244.9 million remained available for future share repurchases under our current repurchase authorization. The authorization allows us to repurchase shares of our common stock opportunistically and will be funded from available working capital. Repurchases may be made at management's discretion from time to time on the open market through privately negotiated transactions, transactions structured through investment banking institutions, block purchase techniques, 10b5-1 trading plans, or a combination of the foregoing. The share repurchase program does not obligate us to acquire any of our common stock, has no end date, and may be suspended or discontinued by us at any time without prior notice. During the first quarter of fiscal 2027, we repurchased and retired approximately 1.3 million shares of common stock at an average purchase price of \$65.59 per share for an aggregate repurchase price of \$84.1 million.

During the first quarter of fiscal 2027, we withheld approximately 1.6 million shares to cover \$101.0 million in tax withholding obligations.

## Cash Flows

The following table summarizes our cash flows for the periods presented (in thousands, unaudited):

	First Quarter of Fiscal	
	2026	2027
Net cash provided by operating activities	\$ 283,936	\$ 180,164
Net cash used in investing activities	\$ (111,782)	\$ (45,494)
Net cash used in financing activities	\$ (149,762)	\$ (150,988)

### Operating Activities

Net cash provided by operating activities consists of net income, adjusted for non-cash items and changes in operating assets and liabilities. Non-cash items primarily included stock-based compensation and depreciation and amortization. The year-over-year decrease in net cash provided by operating activities was primarily driven by a decrease of \$177.7 million from changes in operating assets and liabilities, partially offset by higher net income of \$38.1 million and higher stock-based compensation of \$25.8 million. The decrease from changes in operating assets and liabilities were primarily impacted by higher payments for employee compensation, including commission payments pertaining to overachievement in the fourth quarter of fiscal 2026, and increased payments for inventory purchases.

Our primary source of cash from operating activities during the first quarter of fiscal 2026 and 2027 were from cash collections from billings for sales of our product and subscription services.

Our primary uses of cash from operating activities during the first quarter of fiscal 2026 and 2027 were payments to our contract manufacturers, payments for employee compensation, and general corporate operating expenditures.

### Investing Activities

Net cash used in investing activities during the first quarter of fiscal 2027 was driven by \$68.4 million in capital expenditures, partially offset by net proceeds of \$23.0 million in marketable securities. Key capital expenditures included investments for equipment supporting deployments of our *Evergreen//One* offering, data center expansion to support testing of new products and services, including for our hyperscale business, and leasehold improvements related to our new office leases.

Net cash used in investing activities during the first quarter of fiscal 2026 was driven by \$72.3 million in capital expenditures. Key capital expenditures included investments for equipment supporting deployments of our *Evergreen//One* offering, data center expansion to support testing of new products and services, including for our hyperscale solution design win, and developing our *Pure Fusion v2* solution. Cash outflows were also impacted by net purchases of marketable securities of \$39.4 million.

### Financing Activities

Net cash used in financing activities during the first quarter of fiscal 2027 was primarily driven by cash outflows related to tax withholding remittances on vested equity awards of \$102.9 million and share repurchases of \$84.1 million, partially offset by proceeds from the issuance of common stock under our employee stock purchase plan (ESPP) of \$30.0 million, and the exercise of stock options of \$6.6 million. The year-over-year increase in tax withholding remittances on vested equity awards was primarily driven by higher stock prices.

Net cash used in financing activities during the first quarter of fiscal 2026 was primarily driven by cash outflows related to share repurchases of \$119.9 million and tax withholding remittances on vested equity awards of \$61.3 million, partially offset by proceeds from the issuance of common stock under our ESPP of \$27.2 million, and the exercise of stock options of \$5.4 million.

### **Contractual Obligations and Commitments**

Except as set forth in Notes 6 to 8 of Part I, Item 1 of this Quarterly Report on Form 10-Q, there have been no material changes to our non-cancelable contractual obligations and commitments disclosed in our Annual Report on 10-K for fiscal 2026.

### **Critical Accounting Policies and Estimates**

Our condensed consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates, judgments, and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures.

We evaluate our estimates and assumptions on an ongoing basis. Our estimates and judgments are based on historical experience, forecasted events and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We deem an accounting policy to be critical if the nature of the estimate or assumption it incorporates is subject to material level of judgment related to matters that are highly uncertain and changes in those estimates and assumptions are reasonably likely to materially impact our condensed consolidated financial statements. Refer to Note 2 of Part I, Item I of this Quarterly Report on Form 10-Q for the summary of significant accounting policies. In addition, see "Critical Accounting Policy and Estimates" in our latest Form 10-K for our fiscal year ended February 1, 2026. There have been no material changes to our critical accounting policies and estimates since this Form 10-K filed on March 25, 2026.

### **Available Information**

Our website is located at [www.everpuredata.com](http://www.everpuredata.com), and our investor relations website is located at [investor.everpuredata.com](http://investor.everpuredata.com). The following filings will be available through our investor relations website free of charge after we file them with the SEC: Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and our Proxy Statements for our annual meetings of stockholders. We also provide a link to the section of the SEC's website at [www.sec.gov](http://www.sec.gov) that has all of our public filings, including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, all amendments to those reports, our Proxy Statements, and other ownership related filings.

Investors and others should note that we announce material business and financial information through our investor relations website at [www.investors.everpuredata.com](http://www.investors.everpuredata.com), SEC filings, public conference calls and webcasts, and press releases, including earnings press releases. We also announce business and financial information through our newsroom website (<https://www.everpuredata.com/company/newsroom.html>), LinkedIn ([linkedin.com/company/everpure-data](https://www.linkedin.com/company/everpure-data)), X ([x.com/EverpureData](https://x.com/EverpureData)), Facebook ([@purestorage](https://www.facebook.com/purestorage)), Instagram ([@purestorage](https://www.instagram.com/purestorage)) and YouTube ([@everpure-data](https://www.youtube.com/channel/UC...)). It is possible that the information we post on these channels could be deemed to be material information. Therefore, we encourage investors to follow these channels, in addition to our SEC filings, public conference calls and webcasts, and press releases. The information we publish through these channels is not incorporated by reference into this Quarterly Report on Form 10-Q or in any other report or document we file with the SEC, and any references to our websites are intended to be inactive textual references only.

### **Item 3. Quantitative and Qualitative Disclosures about Market Risk.**

We have operations both within the United States and internationally, and we are exposed to market risk in the ordinary course of our business.

#### **Interest Rate Risk**

Our cash, cash equivalents and marketable securities primarily consist of bank deposits and money market accounts, highly rated debt instruments of the U.S. government and its agencies, debt instruments of highly rated corporations, debt instruments issued by foreign governments, and asset-backed securities. At the end of the first quarter of fiscal 2027, we had cash, cash equivalents and marketable securities of \$1.5 billion. The carrying amount of our cash equivalents reasonably approximates fair value, due to the short maturities of these instruments. The primary objectives of our investment activities are the preservation of capital, the fulfillment of liquidity needs and the fiduciary control of cash and investments. We do not enter into investments for trading or speculative purposes. Our investments are exposed to market risk due to fluctuation in interest rates, which may affect our interest income and the fair value of our investments.

We considered the historical volatility of short-term interest rates and determined that it was reasonably possible that an adverse change of 100 basis points could be experienced in the near term. A hypothetical 1.00% (100 basis points) increase in interest rates would have resulted in a decrease in the fair value of our marketable securities of approximately \$7.6 million at the end of the first quarter of fiscal 2027.

#### **Foreign Currency Exchange Risk**

Our revenue is primarily denominated in U.S. dollars with a proportionally small amount denominated in foreign currencies. A portion of our operating expenses are incurred outside the United States and denominated in foreign currencies and are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the British pound, Euro, Czech koruna and Indian Rupee. Additionally, fluctuations in foreign currency exchange rates may cause us to recognize transaction gains and losses in our statement of operations. Given the impact of foreign currency exchange rates has not been material to our historical operating results, we have not entered into any derivative or hedging transactions, but we may do so in the future if our exposure to foreign currency exchange should become more significant.

We considered the historical trends in currency exchange rates and determined that it was reasonably possible that adverse changes in exchange rates of 10% for all currencies could be experienced in the near term. These reasonably possible adverse changes in exchange rates of 10% were applied to total monetary assets and liabilities denominated in currencies other than U.S. dollar at the end of the first quarter of fiscal 2027 to compute the adverse impact these changes would have had on our income before income taxes in the near term. These changes would have resulted in an adverse impact on income before provision for income taxes of approximately \$11.0 million at the end of the first quarter of fiscal 2027.

### **Item 4. Controls and Procedures.**

#### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this report. Based on such evaluation, our CEO and CFO concluded that, at the end of the first quarter of fiscal 2027, our disclosure controls and procedures were designed at a reasonable assurance level and were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

**Changes in Internal Control over Financial Reporting**

During the first quarter of fiscal 2027, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) or 15d-15(d) of the Exchange Act that occurred during the first quarter of fiscal 2027 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Limitations on Effectiveness of Controls**

In designing and evaluating the disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

## **PART II—OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

From time to time, we are involved in various legal proceedings arising from the normal course of business, and an unfavorable resolution of any of these matters could materially affect our future results of operations, cash flows or financial position. We are not presently party to any legal proceedings that, in the opinion of management, would have a material adverse effect on our business.

### **Item 1A. Risk Factors.**

*Investing in our Class A common stock, which we refer to as our “common stock”, involves a high degree of risk. Investors should carefully consider the risks and uncertainties described below, together with all of the other information contained in this report, including our condensed consolidated financial statements and the related notes appearing in this quarterly report, before deciding to invest in our common stock. If any of the following risks actually occur, it could harm our business, prospects, operating results and financial condition. In such event, the trading price of our common stock could decline and investors might lose all or part of their investment.*

#### **Summary of Risk Factors**

Our business is subject to numerous risks and uncertainties, many of which are beyond our control. Some of the principal risks associated with our business include the following:

- Our business, operating results, and cash flows may be adversely impacted by uncertain macroeconomic conditions, and the uncertain geopolitical environment.
- If we do not manage the supply of our products and their components efficiently, or if our suppliers fail to perform their contractual obligations to us or are otherwise unable to allocate a sufficient volume of components to us, our ability to deliver products could be adversely affected and result in delayed or reduced revenue, reduced product margins or lost sales opportunities altogether.
- We rely on a limited number of suppliers, and in some cases single-source suppliers, and any disruption or termination of our supply arrangements could delay shipments of our products and could harm our relationships with current and prospective customers.
- We are devoting significant resources toward developing flash storage solutions for hyperscalers, but there can be no assurance that our efforts will lead to meaningful revenue, operating margin, or cash flow, or additional hyperscaler design wins.
- Adverse changes to tariffs, trade agreements, and trade policies may have a negative effect on our business and results of operations.
- Our sales cycles can be long, unpredictable and expensive, particularly during a global economic slowdown, making it difficult for us to predict future sales.
- We face intense competition from established companies and others.
- If we fail to develop and introduce new or enhanced storage offerings successfully, our ability to attract and retain customers could be harmed.
- If we fail to execute our transition to subscription offerings successfully, our revenues and results of operation may be harmed.
- Sales of our subscription and consumption offerings as a percentage of our total sales are difficult to predict, and we expect they will fluctuate over time, which will impact our product and total revenue growth.

- If our security measures are compromised, or the security, confidentiality, integrity or availability of our information technology or data is compromised, our business could experience a material adverse impact.
- Our gross margins are impacted by a variety of factors and vary from period to period, making them difficult to predict with certainty.
- Our operating results may fluctuate significantly, which could make our future results difficult to predict and could cause our operating results to fall below expectations.
- The sales prices of our products and services may fluctuate or decline, which may reduce our gross profits, revenue growth, and adversely impact our financial results.

## **Risks Related to Our Business and Industry**

### ***Our business, operating results, and cash flows may be adversely impacted by uncertain macroeconomic conditions, and the uncertain geopolitical environment.***

Our operations and performance depend in part on worldwide economic conditions and the economic health of our current and prospective customers. Recent macroeconomic and geopolitical events, including tariffs, inflation, elevated interest rates, geopolitical tensions, and political and fiscal challenges in the United States and abroad, have, and may continue to have, an adverse effect on the budgets, confidence and demand of our customers, particularly in the United States where we derive the majority of our revenue. These pressures create a great deal of uncertainty and affect our customer demand, margins, costs and operations. Macroeconomic conditions can and do further exacerbate other risks discussed in this “Risk Factors” section, such as risks related to our supply chain and sales and marketing efforts. If we are unable to successfully manage the effects of these pressures, our business, operating results, cash flows and financial condition may be adversely affected.

### ***If we do not manage the supply of our products and their components efficiently, or if our suppliers fail to perform their contractual obligations to us or are otherwise unable to allocate a sufficient volume of components to us, our ability to deliver products could be adversely affected and result in delayed or reduced revenue, reduced product margins or lost sales opportunities altogether.***

Managing the supply of our products and underlying components is complex and has become increasingly difficult, in part, due to component quality, component scarcity, increased global demand, and inflationary pressure. Our supply chain has been, and may continue to be adversely impacted by component cost increases. In response to these cost increases, we raised our prices during the first quarter of fiscal year 2027, and if component costs or other supply chain-related costs continue to increase, we may need to further increase prices again in the future. Any such price increase may result in reduced sales or the loss of customers, and adversely impact our business and results of operations. We enter into agreements with our suppliers to provide components at specified prices, volume, and timing. Our suppliers have in the past, and may in the future, seek to renegotiate terms of our supply agreements. Furthermore, in the current environment of increased global demand and component scarcity, suppliers may lack the capacity to allocate the necessary volume of components to meet our manufacturing requirements. If our suppliers fail to perform their obligations or if they are unable or refuse to provide components to us at the specified prices, volumes, or at the times that we have agreed upon, or if they are simply unable to allocate the volume of components that we need, we may be unable to secure alternate supply on commercially reasonable terms or within our required timeframes. As a result, we could face component shortages, higher component costs, manufacturing disruptions, longer customer lead times and delays in shipping our products, or lost sales opportunities altogether. Such a disruption could cause us to miss revenue opportunities, damage our relationships with customers and partners, and negatively impact our reputation. A significant or sustained supply chain failure of this nature could adversely affect our business, financial condition, product margins, results of operations, prospects, and require us to incur significant cash outlays and increase our working capital requirements.

In addition, to scale our supply chain, we must manage our supply and inventory effectively, including ensuring a sufficient supply of flash to support our hyperscaler customer. If our hyperscaler customer reduces its demand for our flash storage solutions, we may be obligated to fulfill component purchase commitments. If we are unable to effectively manage our supply and inventory, including the supply of flash necessary to fulfill potential hyperscaler demand, our results of operations could be adversely affected.

Our third-party contract manufacturers procure components and build our products based on our forecasts, and we generally do not hold inventory for a prolonged period of time. Our forecasts are based on estimates of future demand for our products, which are in turn based on historical trends and analyses from our sales and marketing organizations, adjusted for overall market conditions. In order to reduce manufacturing lead times and plan for adequate component supply, we may issue orders for components and products that are non-cancelable and non-returnable. Our inventory management systems and related supply chain visibility tools may be inadequate to enable us to make accurate forecasts and effectively manage the supply of our products and components. If we have excess supply, we may reduce our prices and write down or write off excess or obsolete inventory, which in turn could result in lower gross margins. Alternatively, insufficient supply levels may lead to shortages that exacerbate other risk factors and result in delayed revenue, reduced product margins or lost sales opportunities altogether.

***We rely on a limited number of suppliers, and in some cases single-source suppliers, and any disruption or termination of our supply arrangements could delay shipments of our products and could harm our relationships with current and prospective customers.***

We rely on a limited number of suppliers and, in some cases, on single-source suppliers, for several key components of our products, and we have not generally entered into agreements for the long-term purchase of these components. If we are unable to obtain components from our existing suppliers, we may need to obtain these components through secondary sources or markets. Our reliance on a limited number of suppliers and the lack of any guaranteed sources of supply exposes us to several risks, including:

- the inability to obtain, or delay in obtaining, an adequate supply of key components, including flash;
- price volatility for the components of our products;
- failure of a supplier to meet our quality or production requirements;
- failure of a supplier of key components to remain in business or adjust to market conditions; and
- consolidation among suppliers, resulting in some suppliers exiting the industry, discontinuing the manufacture of components or increasing the price of components.

Further, we source some of our product components from suppliers outside the United States, including from China, which subjects us to additional logistical risks and risks associated with complying with local rules and regulations in foreign countries. Significant changes to existing international trade agreements could result in import delays or the imposition of increased tariffs on our sourcing partners, which could lead to sourcing or logistics disruptions to our business. For example, there have been, and may continue to be, significant changes to U.S. trade policies, legislation, treaties and tariffs, including announcements of import tariffs and export restrictions. As new legislation and/or regulations are implemented, existing trade agreements are renegotiated or terminated, and trade restrictions and tariffs are imposed on foreign-sourced or U.S. goods, it may be inefficient and expensive for us to alter our business operations in order to adapt to or comply with such changes. Such operational changes could have a material adverse effect on our business, financial condition, results of operations or cash flows.

As a result of these risks, we cannot assure investors that we will be able to obtain a sufficient supply of key product components in the future or that the cost of these components will not increase. If our component supply is disrupted or delayed, or if we need to replace our suppliers, there can be no assurance that additional components will be available when required or that components will be available on favorable terms, which could extend our manufacturing lead times, increase the costs of our components and harm our business, operating results and financial condition. We may not be able to continue to procure components at reasonable prices, which may impact our business negatively or require us to enter into longer-term contracts to obtain components. Even if we enter into such long-term contracts, our suppliers may fail to perform their contractual obligations or may otherwise be unable to supply components in the quantities or at the prices agreed upon. Any of the foregoing disruptions could

exacerbate other risk factors, increase our costs and decrease our gross margins, harming our business, operating results and financial condition.

***We are devoting significant resources toward developing flash storage solutions for hyperscalers, but there can be no assurance that our efforts will lead to meaningful revenue, operating margin or cash flow, or additional hyperscaler design wins.***

We are devoting significant resources toward expanding our sales to our existing hyperscale customer and to additional hyperscale customers. Achieving a hyperscaler design win requires us to dedicate significant resources and investment in pursuit of a single customer opportunity without any guarantee of revenue. Additionally, we may be obligated to fulfill NAND flash purchase commitments if our hyperscale customer reduces its demand for our flash storage solutions. While we believe the opportunity to sell our solutions to our existing hyperscale customer and additional hyperscalers is significant, and that sales to hyperscalers may in the future account for a significant portion of our revenue, there can be no assurance that our efforts will lead to meaningful revenue, operating margin or cash flow, or that we will succeed in securing additional hyperscale customers. Further, even if we do secure additional hyperscaler design wins, a design win does not guarantee sales. Our existing, and potential future, hyperscale customers could choose to delay or cancel purchasing or licensing our technology and services. It is therefore difficult to predict the volume and timing of sales, if any, that will follow from any design win that we secure. Moreover, if our existing hyperscale customer were to delay, reduce or cancel its purchases from us, our business, operating results, cash flows and financial condition would be adversely affected.

***Adverse changes to tariffs, trade agreements, and trade policies may have a negative effect on our business and results of operations.***

We rely on contract manufacturers and component vendors, some of which are located outside the United States. The importation of our products and the underlying components may be affected by changes in applicable tariffs, trade agreements, and trade policies, and expose us to risks associated with doing business globally. The United States and other countries in our supply chain or in which we have sales have imposed, and may impose additional, tariffs, duties, quotas, or other restrictions or regulations, or may adversely adjust prevailing tariff levels, quotas, duties, or other restrictions or regulations. Countries impose, modify and remove tariffs and other trade restrictions in response to a variety of factors, including economic and political conditions, which make it impossible for us to predict future developments regarding tariffs and other trade restrictions. Additionally, changes in U.S. policy have and may continue to lead to significant changes in tariffs for imported goods. The imposition of tariffs on our products or their underlying components may require us to raise our prices, which may result in the loss of customers and harm our business and results of operations, or we may choose to pay for these tariffs without raising prices which may negatively impact our results of operations and profitability.

***Our sales cycles can be long, unpredictable and expensive, making it difficult for us to predict future sales.***

Our sales efforts involve educating our customers about the use and benefits across our data storage platform (Everpure Platform) and often involve an evaluation process that can result in a lengthy sales cycle, particularly for larger customers and hyperscalers. We spend substantial time and resources on our sales efforts without any assurance that our efforts will produce any sales. In addition, purchases are frequently subject to our customers' budget constraints, multiple approvals and unplanned administrative and other delays. These factors can lead to unpredictable and extended closing times of sales to our customers. Some of our customers make large concentrated purchases to complete or upgrade specific data storage deployments. A substantial portion of our quarterly sales typically occurs during the last several weeks of the quarter, which we believe largely reflects customer buying patterns of products similar to ours and other technology products generally. As a result, our revenue and operating results have and may continue to fluctuate from quarter to quarter.

Since revenue from a product sale is not recognized until performance obligations are satisfied, a substantial portion of our sales late in a quarter may negatively impact the recognition of the associated revenue. Furthermore, our products come with a 30-day money back guarantee, allowing a customer to return a product within 30 days of receipt if the customer is not satisfied with its purchase for any reason. These factors, among others, make it difficult for us to predict when customers will purchase our products, which may adversely affect our operating results and cause our operating results to fluctuate. In addition, if sales expected from a specific customer for a particular quarter are not realized in that quarter or at all, our operating results may suffer.

***Our business may be harmed by trends in the overall data storage market.***

Despite ongoing data growth, the data storage market in which we compete has not experienced substantial growth in the past few years due to a combination of technology transitions, increased storage efficiency, competitive pricing dynamics and changing economic and business environments. Some customers are shifting spending toward the public cloud and software as a service, as well as other storage deployment models. The impact of these trends on future growth of the overall data storage market is uncertain. If we fail to accurately predict trends, successfully update our product offerings or adapt our sales programs to meet changing customer demands and priorities, our business, operating results and financial condition could be harmed. Reductions in the overall data storage market or the specific markets in which we compete would harm our business and operating results.

***The evolving market for data storage and data management products makes it difficult to forecast demand for our Everpure Platform.***

The market for data storage and data management products is rapidly evolving. Changes in the application requirements, data center infrastructure trends and the broader technology landscape result in evolving customer requirements for capacity, scalability and other enterprise features of storage systems. Our future financial performance depends on our ability to adapt to competitive dynamics and emerging customer demands and trends, such as the opportunities created by the recent advances in artificial intelligence (AI). We continue to expand and evolve our Everpure Platform to compete directly with hard disk systems, and that strategy may take longer than we anticipate or may not succeed due to unforeseen factors. We may be unable to capture significant storage workloads for AI environments and hyperscalers. The enhancement of all-flash storage products by incumbent vendors and changes or advances in alternative technologies or adoption of cloud storage offerings that do not utilize our Everpure Platform could adversely affect the demand for our products.

Offerings from large public cloud providers are expanding quickly and serve as alternatives to our Everpure Platform for a variety of customer workloads. Since these providers are known for developing storage systems internally, this trend reduces the demand for storage systems like ours. It is difficult to predict customer adoption rates of new offerings, customer demand for our Everpure Platform or the future growth rate and size of our addressable market. Reduced demand for our Everpure Platform caused by technological challenges, alternative technologies and products or any other reason would result in a lower revenue growth rate or decreased revenue, either of which would negatively impact our business and operating results.

***We face intense competition from established companies and others.***

We face intense competition from a number of established companies that sell competing storage products, including Dell EMC, HP Enterprise, Huawei, Hitachi Vantara, IBM, and NetApp. We also compete against cloud providers and vendors of hyperconverged products, which combine compute, networking and storage. These providers are growing and expanding their product offerings, potentially displacing some demand for our products. In addition, some of our competitors offer bundled products and services in order to reduce the initial cost of their storage products. Further, some of our competitors offer their storage products either at significant discounts or even for free in competing against us. Our competitors may have:

- greater name and brand recognition and longer operating histories;
- larger sales and marketing and customer support budgets and resources;
- broader distribution and established relationships with distribution partners and customers;

- the ability to bundle storage products with other products and services to address customers' requirements;
- greater resources to make acquisitions;
- larger and more mature product and intellectual property portfolios; and
- substantially greater financial, technical and other resources.

Many of our competitors have developed or acquired storage technologies with features or data reduction technologies that directly compete with our Everpure Platform or have introduced business programs designed, among other things, to compete with our innovative programs, such as our *Evergreen Storage* model. We expect our competitors to continue to improve their products, reduce their prices and introduce new offerings that may, or may claim to, offer greater value compared to our Everpure Platform. These developments may render our products or technologies obsolete or less competitive. These and other competitive pressures may prevent us from competing successfully against our competitors.

***Many of our competitors have long-standing relationships with key decision makers at current and prospective customers, which may inhibit our ability to compete.***

Many of our competitors benefit from established brand awareness and long-standing relationships with key decision makers at our current and prospective customers. Our competitors often leverage these existing relationships to discourage customers from evaluating or purchasing our Everpure Platform. Additionally, most of our prospective customers have existing storage products supplied by our competitors who have an advantage in retaining the customer because, among other things, the incumbent vendor already understands the customer's IT infrastructure, user demands and needs, or the customer is concerned about actual or perceived costs of switching to a new vendor and technology. If we are unable to sell our offerings to new customers or persuade existing customers to continue purchasing our offerings, we will not be able to maintain or increase our market share and revenue, which would adversely affect our business and operating results.

***We rely on contract manufacturers to manufacture our products, and if we fail to manage our relationships with our contract manufacturers successfully, our business could be negatively impacted.***

We rely on a limited number of contract manufacturers to manufacture our products, which reduces our control over the assembly process and exposes us to risks, such as reduced control over quality assurance, increased material costs, inventory holding costs, and product supply. If we fail to manage our relationships with these contract manufacturers effectively, or if these contract manufacturers experience delays, disruptions, capacity constraints or quality control problems, our ability to timely ship products to our customers will be impaired, potentially on short notice, and our competitive position, reputation and financial results could be harmed. If we are required, for whatever reason, to change contract manufacturers or assume internal manufacturing operations, we may lose revenue, incur increased costs and damage our customer relationships. Qualifying a new contract manufacturer and commencing production is expensive and time-consuming. We may need to increase our component purchases, contract manufacturing capacity and internal test and quality functions if we experience increased demand. In response to supply shortages or other supply chain constraints, we may seek to qualify and utilize secondary sources for certain components or materials, which may increase quality, reliability and production risks and require additional testing and quality assurance efforts. The inability of our contract manufacturers to provide us with adequate supplies of high-quality products or the inability of our suppliers, including newly qualified secondary sources, to consistently meet our quality, reliability and delivery requirements could exacerbate other risk factors and cause a delay in our order fulfillment, and our business, operating results and financial condition may be harmed.

***If we fail to successfully maintain or grow our relationships with partners, our business, operating results and financial condition could be harmed.***

Our future success is highly dependent upon our ability to establish and maintain successful relationships with our partners, including value-added resellers, service providers and systems integrators. In addition to selling our Everpure Platform, our partners may offer installation, post-sale service and support in their local markets. In markets where we rely on partners more heavily, we have less contact with our customers and less control over the sales process and the quality and responsiveness of our partners. As a result, it may be more difficult for us to ensure the proper delivery and installation of our Everpure Platform or the quality or responsiveness of the support and services being offered. Moreover, because our success depends on our partner relationships, we have recently increased our partner incentive compensation arrangements which we expect to negatively impact revenue. However, there can be no assurance that this increased incentive compensation will result in a corresponding increase in our sales. Any failure on our part to effectively identify, train and manage our channel partners and to monitor their sales activity, as well as the customer support and services provided to our customers, could harm our business, operating results and financial condition.

Our partners may choose to discontinue offering our Everpure Platform or may not devote sufficient attention and resources toward selling our Everpure Platform. We typically enter into non-exclusive, written agreements with our channel partners. These agreements generally have a one-year, self-renewing term, have no minimum sales commitment and do not prohibit our channel partners from offering competing products and services. Additionally, our competitors may provide incentives to our existing and potential channel partners to use, purchase or offer their products and services or to prevent or reduce sales of our products and services. The occurrence of any of these events could harm our business, operating results and financial condition.

***Our brand name and business may be harmed by our competitors' marketing strategies.***

Building and maintaining brand recognition and customer goodwill is critical to our success. On occasion, our competitors' marketing efforts have included negative or misleading statements about us. If we are unable to effectively respond to our competitors' marketing efforts and protect our brand and customer goodwill now or in the future, our business will be adversely affected.

***Sales to governments are subject to a number of challenges and risks that may adversely impact our business.***

Sales to governmental agencies may in the future account for a significant portion of our revenue and pose additional challenges and risks to our sales efforts. Governments have and may continue to impose restrictions or requirements that must be complied with in order for us to sell to certain governmental customers. Government demand and payment for our Everpure Platform may be impacted by public sector budgetary cycles and funding reductions or delays, such as an extended federal government shutdown, which may adversely affect public sector demand for our Everpure Platform. We sell our offerings to governmental agencies through our channel partners, and these agencies may have statutory, contractual or other legal rights to terminate contracts with our distributors and resellers for convenience or due to a default, and any such termination may adversely impact our results of operations. Governments routinely investigate and audit government contractors' administrative processes, and any unfavorable audit could result in the government refusing to continue buying our Everpure Platform, which would adversely impact our revenue and results of operations, or institute fines or civil or criminal liability if the audit uncovers improper or illegal activities. Finally, governments may require certain products to be manufactured in the United States or other relatively high-cost manufacturing locations, and we may not manufacture all products in locations that meet these requirements, affecting our ability to sell to certain governmental agencies.

## Risks Related to Our Platform

***If we fail to develop and introduce new or enhanced storage offerings successfully, our ability to attract and retain customers could be harmed.***

We operate in a dynamic environment characterized by rapidly changing technologies and industry standards and technological obsolescence. To compete successfully, we must design, develop, market and sell new or enhanced storage and data management offerings that provide increasingly higher levels of performance, capacity, functionality and reliability and meet our customers' expectations, which is a complex and uncertain process. We believe that we must continue to dedicate significant resources to our research and development efforts and innovative business models such as *Evergreen//One* to improve our competitive position. We continue to expand our large capacity data storage offerings to compete directly with hard disk systems. Our investments may take longer to generate revenue or may generate less revenue than we anticipate. The introduction of new storage offerings by our competitors, or the emergence of alternative technologies or industry standards could render our Everpure Platform obsolete or less competitive.

As we introduce new or enhanced offerings, we must successfully manage their launch and customer adoption. If we are not able to successfully manage the development and release of new or enhanced offerings, our business, operating results and financial condition could be harmed. Similarly, if we fail to introduce new or enhanced offerings, such as new or improved software features, that meet our customers' needs in a timely or cost-effective fashion, we may lose market share and our operating results could be adversely affected.

***If we fail to execute our transition to subscription offerings successfully, our revenues and results of operation may be harmed.***

We offer our Everpure Platform on a subscription basis, including our hardware and software products through *Evergreen//One*. Our subscription offerings are relatively new to the storage market and will continue to evolve, and we may not be able to compete effectively, drive continued revenue growth or maintain profitability with these business models. Our subscription offerings require different accounting of our customer transactions, such as changing how we recognize revenue and capitalize commissions, among other things. In addition, our subscription offerings require compliance with additional regulatory, legal and trade licensing requirements in some countries and entail incremental operational, technical, legal and other costs. Continued market acceptance of subscription offerings depends on our ability to create a seamless customer experience and optimally price our offerings in light of market conditions, our costs and customer demand. Additionally, subscription models may unfavorably impact the pricing of and demand for our on-premise offerings, which could reduce our revenues and profitability. If we do not successfully execute our subscription offering strategy, our financial results could be negatively impacted.

***Our Everpure Platform is highly technical and may contain defects or bugs, which could cause data unavailability, loss, breach or corruption that might, in turn, result in liability and harm to our reputation and business.***

Our Everpure Platform is highly technical and complex and is often used to store information critical to our customers' business operations. Our Everpure Platform may contain errors, defects or security vulnerabilities that could result in data unavailability, loss, corruption or other harm to our customers. Some errors in our Everpure Platform may only be discovered after it has been installed and used by customers. We have, from time to time, identified vulnerabilities in our Everpure Platform. Despite our efforts to detect and remediate actual and potential vulnerabilities in our systems, we cannot be certain that we will be able to address any such vulnerabilities, and there may be delays in developing and deploying patches and other remedial measures to adequately address vulnerabilities. We may also incur unexpected costs replacing defective hardware or ensuring that hardware remains interoperable and upgradable. Any of these errors, defects, bugs or security vulnerabilities may leave us, our Everpure Platform and our customers susceptible to exploitation, including by malicious actors, which could result in a loss of revenue, injury to our reputation, loss of customers or increased service and warranty costs, and adversely affect our business and operating results. In addition, errors or failures in the products of third-party technology vendors may be attributed to us and may harm our reputation.

We could face claims for product liability, tort or breach of warranty. We may not be able to enforce provisions in our contracts relating to warranty disclaimers and liability limitations. Defending a lawsuit, regardless of its merit, would be costly and could divert management's attention and harm our reputation. Our business liability insurance coverage may be inadequate with respect to a claim and future coverage may not be available on acceptable terms or at all. Any of these issues could result in claims against us, and our business, operating results and financial condition could be harmed.

***If we are unable to ensure that our Everpure Platform interoperates with third party operating systems, software applications and hardware, we may lose or fail to increase our market share.***

Our Everpure Platform must interoperate with our customers' infrastructure, specifically networks, servers, software and operating systems, which are offered by a wide variety of vendors. When new or updated versions of these operating systems or applications are introduced, we may need to develop updated versions of our software so that our Everpure Platform continues to interoperate properly. We may not deliver or maintain interoperability quickly, cost-effectively or at all as these efforts require capital investment and engineering resources. If we fail to maintain compatibility of our Everpure Platform with these infrastructure components, our customers may not be able to fully utilize our Everpure Platform, and we may, among other consequences, lose or fail to increase our market share and experience reduced demand for our Everpure Platform, which may harm our business, operating results and financial condition.

***Our Everpure Platform must conform to industry standards in order to be accepted by customers.***

Generally, our Everpure Platform comprises only a part of an IT environment. The servers, network, software and other components and systems deployed by our customers must comply with established industry standards in order to interoperate and function efficiently together. We depend on companies that provide other systems in this ecosystem to conform to prevailing industry standards. These companies are often significantly larger and more influential in driving industry standards than we are. Some industry standards may not be widely adopted or implemented uniformly and competing standards may emerge that our customers prefer. If larger companies do not conform to the same industry standards that we do, or if competing standards emerge, sales of our Everpure Platform could be adversely affected, which may harm our business.

***Our ability to successfully market and sell our Everpure Platform depends in part on ease of use and the quality of our customer experience, and any failure to offer high-quality technical services and support could harm our business.***

Once our customers deploy our Everpure Platform, they depend on our customer experience organization to drive non-disruptive upgrades and resolve technical issues. Our ability to provide effective technical services largely depends on our ability to attract, train and retain qualified personnel, as well as engage with qualified support partners that provide a similar level of customer support. In addition, our sales process is highly dependent on our reputation and on recommendations and reviews from our existing customers. We may need to provide customized installation and configuration services to our customers before our Everpure Platform is fully operational in their environments. Any failure to maintain, or a market perception that we do not maintain, high-quality technical services and support could harm our reputation, our ability to sell our Everpure Platform to existing and prospective customers and our business.

## Risks Related to Our Operating Results or Financial Condition

### ***Our gross margins are impacted by a variety of factors and vary from period to period, making them difficult to predict with certainty.***

Our gross margins fluctuate from period to period due primarily to our component costs, product pricing, customer mix and product mix. A variety of factors may cause our gross margins to fluctuate and make them difficult to predict, including, but not limited to:

- sales and marketing initiatives, discount levels, rebates and competitive pricing;
- changes in customer mix (including our hyperscale customer), geographic mix, or product mix, including the relative sales of our lower product gross margin *FlashBlade//E*, *FlashArray//E*, and *FlashArray//C* solutions;
- the cost of components, including flash and DRAM, and freight;
- new product introductions and enhancements with higher product costs;
- excess inventory levels or purchase obligations as a result of changes in demand forecasts or product transitions;
- an increase in product returns, product warranty, order rescheduling and cancellations;
- the timing of technical support service contracts and contract renewals;
- inventory stocking requirements to mitigate supply chain constraints, accommodate unforeseen demand or support new product introductions; and
- inflation and other adverse economic pressures.

The cost of our components increased significantly during fiscal 2026 and the first quarter of fiscal 2027, and we anticipate continued component pricing volatility through the remainder of fiscal 2027. Elevated global demand for the components used in our products has made future cost fluctuations highly unpredictable. We maintain supply agreements with our component suppliers that help mitigate, but do not eliminate, significant component cost volatility. While we have implemented product price increases to help offset these rising expenses, ongoing component cost volatility has placed, and may continue to place, downward pressure on our gross margins.

If we are unable to manage these factors effectively, our gross margins may decline, and fluctuations in gross margins may make it difficult to manage our business and achieve or maintain profitability, which could materially harm our business, operating results and financial condition.

### ***We intend to continue focusing on revenue growth and increasing our market penetration and international presence by investing in our business, which may put pressure on near-term profitability.***

Our operating expenses largely are based on anticipated revenue, and a high percentage of our expenses are, and will continue to be, fixed in the short term. If we fail to adequately increase revenue and manage costs, we may not achieve or maintain profitability in the future. As a result, our business could be harmed, and our operating results could suffer.

Our strategy is to continue investing in marketing, sales, support and research and development. We believe continuing to invest heavily in our business, including investments to scale operations to support our hyperscaler customer, is critical to our future success and meeting our growth objectives. We anticipate that our operating expenses will continue to increase in absolute terms. Even if we achieve or maintain significant revenue growth, we may experience losses, forgoing near-term profitability on a U.S. GAAP basis.

### ***Our operating results may fluctuate significantly, which could make our future results difficult to predict and could cause our operating results to fall below expectations.***

Our operating results may fluctuate due to a variety of factors, a portion of which are outside of our control. As a result, comparing our results on a period-to-period basis may not be meaningful. Factors that are difficult to predict and that could cause our operating results to fluctuate include:

- the timing and magnitude of orders, shipments and acceptance of our products in any quarter, including product returns, order rescheduling and cancellations by our customers;
- the impact on timing and amount of revenue recognized resulting from the cancellation of unfulfilled orders by our customers or our inability to fulfill orders;
- fluctuations or seasonality in demand and prices for our products, including as a result of actual or anticipated price increases, which may cause customers to accelerate purchases into earlier periods, which could lead to uneven demand in subsequent periods;
- our ability to control the costs of the components we use or to timely adopt subsequent generations of components;
- disruption in our supply chains, shipping logistics, component availability and related procurement costs;
- reductions in customers' budgets for IT purchases;
- changes in industry standards in the data storage industry;
- our ability to develop, introduce and ship new offerings that meet customer requirements and to effectively manage product transitions;
- changes in the competitive dynamics of our markets, including new entrants or price discounting;
- our ability to control or mitigate costs, including our operating expenses, to support business growth and our continued expansion;
- the impact on our revenue mix from changes in our customers' consuming our technology as a service rather than purchasing our solutions;
- the impact of inflation on labor and other costs, fluctuations in the exchange rates between the U.S. dollar and foreign currencies, other adverse economic conditions, and the impact of public health epidemics or pandemics; and
- future accounting pronouncements and changes in accounting policies.

The occurrence of any one of these factors could negatively affect our operating results in any particular quarter.

***The sales prices of our offerings may fluctuate or decline, which may adversely affect our gross margins and operating results.***

The sales prices of our offerings may fluctuate for a variety of reasons, including competitive pricing pressures, discounts, the introduction of competing products or services or promotional programs, a change in our mix of products and services, cost of components, supply chain constraints, inflation and other adverse economic conditions. As a result of the recent increase in our component costs, we raised our prices during the first quarter of fiscal year 2027 and may be required to raise our prices again in the future.

We expect competition to increase in the future, thereby leading to increased pricing pressures. Larger competitors may reduce the price of products or services that compete with ours or may bundle them with other products and services. Additionally, although we price our offerings predominantly in U.S. dollars, currency fluctuations in certain countries and regions may negatively impact actual prices that partners and customers are willing to pay in those countries and regions. Furthermore, our product prices may decrease over product life cycles. If we are required to decrease our prices to be competitive and are not able to offset this decrease by increases in the volume of sales or the sales of new products with higher margins, our gross margins and operating results could be adversely affected.

***We have experienced growth in prior periods, and we may not be able to sustain future growth effectively or at all.***

We have significantly expanded our overall business, customer base, headcount, channel partner relationships and operations in prior periods, and we anticipate that we will continue to expand and experience growth in future periods. Our future operating results will depend to a large extent on our ability to successfully sustain our growth and manage our continued expansion. To sustain and manage our growth successfully, we believe that we must, among other things, effectively allocate resources and operate our business across a wide range of priorities.

We expect that our future growth will continue to place strain on our managerial, administrative, operational, financial and other resources. We will incur costs associated with this future growth prior to realizing the anticipated benefits, and the return on these investments may be lower than, or develop slower than we expect or may never materialize. Investors should not consider our revenue growth in prior periods as indicative of our future performance. In future periods, we may not achieve similar percentage revenue growth rates as we have achieved in some past periods. If we are unable to maintain adequate revenue or revenue growth, our stock price could be volatile, and it may be difficult to achieve and maintain profitability. If we are unable to manage our growth successfully, we may not be able to take advantage of market opportunities or release new offerings in a timely manner, and we may fail to satisfy customer expectations, maintain product quality, execute on our business plan or adequately respond to competitive pressures, each of which could adversely impact our growth and affect our business and operating results.

***If we are unable to sell renewals of our subscription services to our customers, our future revenue and operating results will be harmed.***

Existing customers may not renew their subscription services agreements after the initial period and, given changing customer purchasing preferences, we may not be able to accurately predict our renewal rates. Our customers' renewal rates may decline or fluctuate as a result of a number of factors, including their available budget and the level of their satisfaction with our Everpure Platform, customer support and pricing compared to our competitors. If our customers renew their contracts, they may renew on terms that are less economically beneficial to us. If our customers do not renew their agreements or renew on less favorable terms, our revenue may grow more slowly than expected, if at all.

***Sales from our subscription and consumption offerings as a percentage of our total sales are difficult to predict, and we expect they will fluctuate over time, which will impact our product and total revenue growth.***

Sales from our subscription and consumption offerings as a percentage of our total sales are difficult to predict and we expect they will fluctuate over time. With a traditional CapEx sale, a large portion of revenue is recognized as product revenue when the order is fulfilled. By contrast, revenue for our subscription and consumption offerings is recognized over the term of the relevant contract period and the majority of revenue is included in subscription services revenue. An increase in sales from our subscription and consumption offerings as a percentage of total sales may have a near-term negative impact on both quarter-over-quarter and year-over-year product and total revenue growth rate comparisons. By contrast, a relative decrease in sales of our subscription and consumption offerings as a percentage of total sales may have a near-term positive impact on both quarter-over-quarter and year-over-year product and total revenue growth rate comparisons. As such, we expect fluctuations in sales of our subscription and consumption offerings to impact both product and total revenue growth.

***We may require additional capital to support business growth, and this capital might not be available on acceptable terms, or at all.***

We intend to continue investing in our business growth and may require additional funds to support business initiatives, including the need to develop new offerings or enhance our existing offerings, enhance our operating infrastructure and acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing we undertake in the future could involve additional restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to support our business growth and to respond to business challenges could be significantly limited and our prospects and financial condition could be harmed.

***We are exposed to the credit risk of some of our customers, which could harm our business, operating results and financial condition.***

Most of our sales are made on an open credit basis. We monitor individual customer payment capability when we grant open credit arrangements and may limit these arrangements based on perceived creditworthiness. We also maintain allowances we believe are adequate to cover exposure for doubtful accounts. Although we have programs in place that are designed to monitor and mitigate these risks, we cannot assure investors these programs will be effective in managing our credit risks, especially as we expand our business internationally. If we are unable to adequately control these risks, our business, operating results and financial condition could be harmed.

**Risks Related to Our Operations**

***If our security measures, or those maintained on our behalf, are compromised, or the security, confidentiality, integrity or availability of our information technology, software, services, networks, products, communications or data is compromised, limited, or fails, our business could experience a material adverse impact, including without limitation, a material interruption to our operations, harm to our reputation, a loss of customers, significant fines, penalties and liabilities, or breach or triggering of data protection laws, privacy policies or other obligations.***

In the ordinary course of our business, we collect, store, transmit and otherwise process proprietary, confidential and sensitive data, including by using our internal systems, networks and servers, which may include intellectual property, our proprietary business information and that of our customers, suppliers and business partners and sales data, which may, on occasion, include personally identifiable information. Additionally, we design and sell products that allow our customers to store their data. We also rely on third-party service providers and technologies to operate our business and elements of our infrastructure and our business operations depend, in part, on the success of these third parties' own cybersecurity measures. Any failure by a third-party to prevent or mitigate data security breaches or improper access to our confidential data or the confidential data of our customers, suppliers and business partners, could adversely affect our business. The security of our networks and those of our third-party service providers, and the intrusion protection features of our products are critical to our operations and business strategy.

Cyberattacks, malicious internet-based activity and online and offline fraud are prevalent and continue to increase. We and third-party service providers on whom we rely have been, and may in the future be, subject to attempts to gain unauthorized access to our data or systems. The threats to our information systems and information and those of third parties on whom we rely, include traditional computer “hackers,” social engineering attacks including phishing, vishing, smishing and domain spoofing (for example, attempts to induce fraudulent invoice payments or divert money from us), faulty password management, software bugs, malicious code (such as viruses and worms), malware installation, personnel misconduct or error, theft, denial-of-service attacks (such as credential stuffing), advanced persistent threat intrusions, server malfunction, software or hardware failures, loss of data or other computer assets, adware, as well as attacks from nation-state and nation-state supported actors. These threats are also becoming increasingly difficult to detect. Recent advances in AI have increased the sophistication of these types of attacks as attackers are able to more easily identify vulnerabilities, automate cyberattacks and create more personalized and targeted communications. Additionally, ransomware attacks, including those from organized criminal threat actors, nation-states and nation-state supported actors, are prevalent and could lead to significant interruptions, delays, or outages in our operations, disruptions in our services, loss of data, loss of income, significant extra expense to restore data or systems, reputational loss and the diversion of funds. To alleviate the financial, operational and reputational impact of a ransomware attack, it may be preferable to make extortion payments, but we may be unwilling or unable to do so (including, for example, if applicable laws or regulations prohibit such payments). Similarly, supply chain attacks have increased in frequency and severity, and there have been high-profile incidents of third-party service providers causing widespread disruptions to their customers’ infrastructure due to errors in their SaaS offerings. We cannot guarantee that third parties and infrastructure in our supply chain have not been compromised or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to our Everpure Platform, systems and network or the systems and networks of third parties that support us and our business. Moreover, we may have limited remedies against third-party providers in the event of a service disruption.

We devote significant resources to network security, authentication technologies, data encryption, employee training and other security measures designed to protect our systems and data, including to secure the transmission and storage of data and prevent third-party access to our data or accounts, but there can be no assurance that our security measures or those of our service providers, partners and other third parties upon whom we rely will be effective in protecting against a security incident or the material adverse impacts that may arise from a security incident. Notwithstanding our efforts, we may fail to detect the existence of security breaches or incidents. Malicious third parties might use techniques that we are unable to defend against to compromise and infiltrate our systems. The techniques used by malicious actors change frequently and are often not recognized until launched against a target. Any destructive or intrusive breach of our internal systems could result in the information stored on our networks, including, without limitation, source code for our products and services or the networks and systems of third parties upon whom we rely being accessed, publicly disclosed, lost or stolen. Additionally, an effective attack could disrupt the proper functioning of our Everpure Platform, allow unauthorized access to our or our customers’ sensitive, proprietary or confidential information, disrupt or temporarily interrupt our and our customers’ operations or cause other destructive outcomes, including the theft of information sufficient to engage in fraudulent transactions.

The risk that these types of events could seriously harm our business is likely to increase as we expand our network of channel partners, resellers and authorized service providers and operate in more countries. The economic costs to us to eliminate or alleviate cybersecurity risks and vulnerabilities could be significant and may be difficult to anticipate or measure because the damage may differ based on the identity and motive of the programmer or hacker, which are often difficult to identify.

If any of these types of security incidents occurs and we are unable to protect our platform, products, systems and data, or if we are perceived to have such a security incident, our relationships with our business partners and customers could be materially damaged, our reputation and brand could be materially harmed, use of our Everpure Platform could decrease and we could be exposed to a risk of loss or litigation, including, without limitation, class action litigation, and other possible liabilities. A security incident could also result in government enforcement actions that could include investigations, fines, penalties, audits and inspections, additional reporting requirements and/or oversight, temporary or permanent bans on all or some processing of personal information. For a description of our processes for assessing, identifying and managing material risks from cybersecurity threats, see Part 1. Item 1C. Cybersecurity in our Annual Report on Form 10-K filed on March 25, 2026.

Moreover, applicable data protection laws, contracts, policies and other data protection obligations may require us to notify relevant stakeholders of security incidents, including affected individuals, customers, regulators, and credit reporting agencies. Such disclosures are costly and the disclosures or the failure to comply with such requirements could lead to material adverse impacts such as negative publicity, loss of customer confidence in our services or security measures, investigations and private or government claims. Security incidents that impact our information technology systems could also result in breaches of our contracts (some of which may not have liability limitations and/or require us to indemnify affected parties) and could lead to litigation with customers, partners or other relevant stakeholders. These proceedings could force us to spend money in defense or settlement, divert management's time and attention, increase our costs of doing business and adversely affect our reputation or otherwise adversely affect our business.

***If we are unable to attract, motivate and retain sales, engineering and other key personnel, including our management team, we may not be able to increase our revenue and our business, operating results and financial condition could be harmed.***

Our ability to increase our revenue depends on our ability to attract, motivate, and retain qualified sales, engineering and other key employees, including our management. These positions may require candidates with specific backgrounds in software and the storage industry, and competition for employees with such expertise is intense. We have from time to time experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. To the extent that we are successful in hiring to fill these positions, we may need a significant amount of time to train new employees before they are effective and efficient in performing their jobs. If we are unable to adequately address these challenges, our ability to recruit and retain employees and to ensure employee productivity could be negatively affected. From time to time, there may be changes in our management team, which could create short term uncertainty. For example, in fiscal 2026, we have hired a new chief financial officer and chief revenue officer. All of our employees, including members of our management team and executive officers, are generally employed on an at-will basis, which means that they could terminate their employment with us at any time. If we are unable to attract, motivate and retain qualified sales, engineering and other key employees, including our management or if they are unable to work effectively, our business and operating results could suffer.

***If we fail to adequately expand and optimize our sales force, our growth will be impeded.***

We need to continue to expand and optimize our sales organization in order to grow our customer base and our business. We plan to continue to expand and train our sales force, both domestically and internationally. We must design and implement effective sales incentive programs, and it can take time before new sales representatives are fully trained and productive. We must adapt our sales processes for new sales and marketing approaches, including those required by our shift to subscription services and the changes resulting from evolving economic and budgetary constraints. If we are unable to hire, develop and retain qualified sales personnel or if new sales personnel are unable to achieve desired productivity levels in a reasonable period of time, we may not be able to realize the expected benefits of these investments or increase our revenue and our business and operating results could suffer.

***Our company culture has contributed to our success, and if we cannot maintain this culture as we grow, we could lose the innovation, creativity and teamwork fostered by our culture, and our business may be harmed.***

We believe that our company culture has been a critical contributor to our success. Our culture fosters innovation, creativity, teamwork, passion for customers, focus on execution, and facilitates critical knowledge sharing. In particular, we believe that the difference between our sales, support and engineering cultures and those of incumbent vendors, is a key competitive advantage and differentiator for our customers and partners. As we grow and change or are required to adapt to changes in business operations, we may find it difficult to maintain these important aspects of our company culture, which could limit our ability to innovate and operate effectively. Any failure to preserve our culture could also negatively affect our ability to retain and recruit personnel, continue to perform at current levels or execute on our business strategy.

***Our long-term success depends, in part, on sales outside of the United States, which subjects us to costs and risks associated with international operations.***

We maintain operations outside of the United States, which we have been expanding and intend to continue to expand in the future. As a company headquartered in the United States, conducting and expanding international operations subjects us to costs and risks that we may not face in the United States, including:

- exposure to foreign currency exchange rate risk;
- difficulties in collecting payments internationally;
- managing and staffing international operations;
- establishing relationships with channel partners in international locations;
- increased travel, infrastructure and legal compliance costs associated with international locations;
- requirements to comply with a wide variety of laws and regulations associated with international operations, including taxes, customs and licensing requirements;
- significant fines, penalties and collateral consequences if we or our partners fail to comply with anti-bribery laws;
- heightened risk of improper, unfair or corrupt business practices in certain geographies;
- potentially adverse tax consequences, including repatriation of earnings;
- increased financial accounting and reporting burdens and complexities;
- political, social and economic instability abroad, terrorist attacks, war and security concerns in general; and
- reduced or varied protection for intellectual property rights in some countries.

The occurrence of any of these risks could negatively affect our international operations and, consequently, our business, operating results and financial condition generally.

***Our international operations, as well as tax law changes, could expose us to potentially adverse tax consequences.***

Changes in federal, state, or international tax laws or tax rulings could adversely affect our effective tax rate and our operating results. We generally conduct our international operations through wholly owned subsidiaries and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Given proposed tax legislation and other global tax developments, we continue to evaluate our corporate structure and intercompany relationships. Future changes to U.S. and global tax laws may adversely impact our effective tax rate.

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was enacted in the United States; while certain provisions reduced our current tax expense, future interpretations or changes in guidance could materially affect our cash tax obligations, deferred tax positions, and effective tax rate over time.

Many countries around the world are beginning to implement legislation and other guidance to align their international tax rules with the Organization for Economic Co-operation and Development (OECD)'s Base Erosion and Profit Shifting (BEPS) recommendations and related action plans that aim to standardize and modernize global corporate tax policy, including changes to cross-border tax, transfer-pricing documentation rules and nexus-based tax incentive practices. As part of these broader BEPS initiatives, many jurisdictions are now implementing the OECD's Pillar Two global minimum tax framework, which introduces a 15% minimum effective tax rate for large multinational groups. Certain countries in which we operate have enacted legislation adopting Pillar Two, and additional jurisdictions continue to issue guidance or consider implementing similar rules. In January 2026, the OECD released a "side-by-side" administrative package introducing new safe harbors and potential relief for certain U.S.-parented multinational groups. While the impact of Pillar Two has not been material to date, differences in jurisdictional implementation, the expiration of transition relief, or changes in our global tax profile could increase our effective tax rate, cash tax payments, or compliance costs in future periods. We continue to monitor developments across the jurisdictions in which we operate.

Our intercompany relationships are, and after the implementation of any changes to our corporate structure will continue to be, subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. The relevant taxing authorities may disagree with our determinations as to the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position were not sustained, we could be required to pay additional taxes, interest and penalties, which could result in tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations.

***Third-party claims that we infringe their intellectual property rights could be costly and harm our business.***

There is a substantial amount of intellectual property litigation in the data storage industry, and we may become party to, or threatened with, litigation or other adversarial proceedings regarding our intellectual property rights. The outcome of intellectual property litigation is subject to uncertainties that cannot be adequately quantified in advance. We have been, and may in the future be, subject to claims that we infringe upon the intellectual property rights of other intellectual property holders, particularly as we grow and face increasing competition.

Any intellectual property rights claim against us or our customers, suppliers, and channel partners, with or without merit, could be time-consuming and expensive to litigate or settle, divert management's resources and attention from operating our business and force us to acquire intellectual property rights and licenses, which may involve substantial royalty payments. Further, a party making such a claim, if successful, could secure a judgment that requires us to pay substantial damages, including treble damages and attorneys' fees if we are found to have willfully infringed a patent. An adverse determination also could invalidate our intellectual property rights, prevent us from manufacturing and selling our products and may require that we procure or develop substitute products that do not infringe, which could require significant effort and expense. We are also incorporating AI into the operations of our business. The intellectual property rights surrounding AI technologies are unsettled, and the use or adoption of AI technologies in our business could expose us to copyright infringement or other intellectual property misappropriation claims.

We may not be able to re-engineer our products to avoid infringement, and we may have to seek a license for the infringed technology, which may not be available on reasonable terms or at all, may significantly increase our operating expenses or may require us to restrict our business activities in one or more respects. Even if we were able to obtain a license, it could be non-exclusive, which may give our competitors access to the same technologies licensed to us. Claims that we have misappropriated the confidential information or trade secrets of third parties could have a similar negative impact on our business. Any of these events could harm our business and financial condition.

We currently have a number of agreements in effect with our customers, suppliers and channel partners pursuant to which we have agreed to defend, indemnify and hold them harmless from damages and costs which may arise from claims of infringement by our products of third-party patents, trademarks or other proprietary rights. The scope of these indemnity obligations varies but may, in some instances, include indemnification for damages and expenses, including attorneys' fees. Our insurance may not cover intellectual property infringement claims. A claim that our products infringe a third party's intellectual property rights could harm our relationships with our customers, deter future customers from purchasing our products and expose us to costly litigation and settlement expenses. Even if we are not a party to any litigation between a customer and a third party relating to infringement claims by our products, an adverse outcome in any such litigation could make it more difficult for us to defend our products against intellectual property infringement claims in any subsequent litigation in which we are a named party. Any of these results could harm our brand, business and financial condition.

***The success of our business depends in part on our ability to protect and enforce our intellectual property rights.***

We rely on a combination of patent, copyright, service mark, trademark and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our proprietary rights, all of which provide only limited protection. We have over 3,000 issued patents and patent applications in the United States and foreign countries. We cannot assure investors that future patents issued to us, if any, will give us the protection that we seek, if at all, or that any patents issued to us will not be challenged, invalidated, circumvented or held to be unenforceable. Our issued and future patents may not provide sufficiently broad protection or may not be enforceable. Further, the laws of certain foreign countries do not provide the same level of protection of corporate proprietary information and assets such as intellectual property, trademarks, trade secrets, know-how and records, as the laws of the United States. For instance, the legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection. As a result, we may encounter significant problems in protecting and defending our intellectual property or proprietary rights abroad.

Changes to intellectual property laws in the United States and other jurisdictions could also diminish the value of our patents and patent applications or narrow the scope of our patent protection, among other intellectual property rights. We cannot be certain that the steps we have taken will prevent theft, unauthorized use or the reverse engineering of our proprietary information and other intellectual property, including technical data, manufacturing processes, data sets or other sensitive information. Moreover, others may independently develop technologies that are competitive to ours or that infringe our intellectual property. Furthermore, any of our trademarks may be challenged by others or invalidated through administrative process or litigation.

Protecting against the unauthorized use of our intellectual property, products and other proprietary rights is expensive and difficult. Litigation may be necessary in the future to enforce or defend our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could result in substantial costs and diversion of management's resources and attention, either of which could harm our business, operating results and financial condition. Further, many of our current and potential competitors have the ability to dedicate substantially greater resources than us to defend intellectual property infringement claims and enforce their intellectual property rights. Accordingly, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. Effective patent, trademark, service mark, copyright and trade secret protection may not be available in every country in which our products are available. An inability to adequately protect and enforce our intellectual property and other proprietary rights could harm our business and financial condition.

***Our use of open source software could impose limitations on our ability to commercialize our Everpure Platform.***

We use open source software in our Everpure Platform and expect to continue to use open source software in the future. Although we monitor our use of open source software, the terms of many open source licenses have not been interpreted by U.S. or foreign courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market our offerings. From time to time, we may face claims from third parties claiming ownership of, or demanding release of, the open source software or derivative works that we have developed using such software, which could include our proprietary source code, or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to make our software source code freely available, seek licenses from third parties in order to continue offering our Everpure Platform for certain uses or cease offering the implicated solutions unless and until we can re-engineer them to avoid infringement. This re-engineering process could require significant additional research and development resources, and we may be required to discontinue providing some of our software if re-engineering cannot be accomplished on a timely basis, any of which could harm our business, operating results and financial condition.

***Failure to comply with governmental laws and regulations could harm our business.***

Our business is subject to regulation by various federal, state, local and foreign governmental agencies, including agencies responsible for monitoring and enforcing employment and labor laws, workplace safety, product safety, environmental laws, consumer protection laws, anti-bribery laws, import/export controls, data privacy, securities laws and tax laws and regulations. In certain jurisdictions, these regulatory requirements may be more stringent than in the United States. For example, the European Union has adopted certain directives to facilitate the recycling of electrical and electronic equipment sold in the European Union, including the Restriction on the Use of Certain Hazardous Substances in Electrical and Electronic Equipment directive and the Waste Electrical and Electronic Equipment directive.

Changes in applicable laws, regulations and standards could harm our business, operating results and financial condition. For example, since the start of the new presidential administration in 2025, U.S. policy changes have been implemented at a rapid pace and additional changes are likely. Changes to U.S. policy implemented by the U.S. Congress and the new presidential administration have impacted and may in the future impact, among other things, the U.S. and global economy, international trade relations, tariffs, unemployment, immigration, healthcare, taxation, the U.S. regulatory environment, inflation and other areas. Although we cannot predict the impact, if any, of these changes to our business, they could adversely affect our business.

We are also subject to a variety of data privacy laws, including the EU General Data Protection Regulation (GDPR), California Consumer Privacy Act (CCPA), and California Privacy Rights Act (CPRA). Other jurisdictions have enacted similar laws. We have modified our data protection compliance program in response to data privacy regulations and will continue to monitor the implementation and evolution of global data protection regulations, but if we are not compliant with such privacy regulations, we may be subject to significant fines and our business may be harmed. The potential effects of new or modified privacy laws may be far-reaching and require us to modify our data processing practices and policies and to incur substantial costs and expenses. Customers may choose to implement technological solutions to comply with such laws that impact the performance and competitiveness of our Everpure Platform. Even the perception of privacy concerns, whether or not valid, may harm our reputation and inhibit competitiveness and adoption of our offerings by current and future customers.

In addition, sustainability reporting and disclosure requirements continue to evolve, with increasing global regulation. Companies must develop an expanded set of metrics and measures, data collection and processing, controls, and reporting processes in order to meet regulatory requirements. As global sustainability regulatory requirements evolve, this could lead to disruptions in our product manufacturing, increase our operating costs, and harm our profitability. If we fail, or are seen as failing, to effectively respond to sustainability regulatory requirements, our reputation and brand could be harmed, demand for our offerings could decline, and our profitability could be adversely impacted. Sustainability at Everpure includes but is not limited to topics such as environment, human capital, ethics, data security, and privacy.

Noncompliance with applicable regulations or requirements could subject us to investigations, sanctions, mandatory product recalls, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties or injunctions. If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, operating results and financial condition could be harmed. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions and sanctions could harm our business, operating results and financial condition.

***Governmental regulations affecting the import or export of products could negatively affect our revenue.***

The U.S. and various foreign governments have imposed controls, export license requirements and restrictions on the import or export of some technologies, especially encryption technology, as well as laws relating to forced labor and conflict minerals. From time to time, governmental agencies have proposed additional regulation of encryption technology, such as requiring the escrow of imports or exports. If we fail to obtain required import or export approval for our products or their various components, or to timely provide requested documentation, our international and domestic sales could be harmed and our revenue may be adversely affected. In many cases, we rely on vendors and channel partners to handle logistics associated with the import and export of our products, so our visibility and control over these matters may be limited. In addition, failure to comply with such regulations could result in penalties, costs and restrictions on export privileges, which could harm our business, operating results and financial condition.

***We may acquire other businesses which could require significant management attention, disrupt our business, dilute stockholder value, and adversely affect our operating results.***

We have completed acquisitions in the past and continue to evaluate and consider additional strategic transactions, including acquisitions of, or investments in, businesses, technologies, services, products and other assets in the future. For example, we acquired 1touch in fiscal 2027. We also may enter into relationships with other businesses in order to expand our product offerings, which could involve preferred or exclusive licenses, additional channels of distribution or discount pricing or investments in other companies. Negotiating these transactions can be time-consuming, difficult and expensive, and our ability to close these transactions may be subject to third-party or government approvals, which are beyond our control. Consequently, we can make no assurance that these transactions, once undertaken and announced, will close.

These kinds of acquisitions or investments may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties integrating the businesses, technologies, products, personnel or operations of acquired companies, particularly if the key personnel of the acquired business choose not to work for us, and we may have difficulty retaining the customers of any acquired business. Acquisitions and investments may also disrupt our ongoing business, divert our resources and require significant management attention that would otherwise be available for development of our business. Any acquisition or investment could expose us to unknown liabilities. We may not successfully evaluate or utilize the acquired technology or personnel, or accurately forecast the financial impact of an acquisition or investment transaction. Moreover, we cannot assure investors that the anticipated benefits of any acquisition or investment will be realized. In connection with these types of transactions, we may issue additional equity securities that dilute our stockholders, use cash that we may need in the future to operate our business, incur debt on terms unfavorable to us or that we are unable to repay, incur large charges or substantial liabilities, encounter difficulties integrating diverse business cultures and become subject to adverse tax consequences, substantial impairment or deferred compensation charges. These challenges related to acquisitions or investments could harm our business and financial condition.

## Risks Related to Our Credit Facility

### ***Restrictive covenants in the agreement governing our revolving credit facility may restrict our ability to pursue business strategies.***

In June 2025, we entered into a Credit Agreement with a consortium of financial institutions and lenders that provides for a five-year, senior unsecured revolving credit facility of \$500.0 million (Credit Facility). We can borrow, repay and re-borrow funds under this Credit Facility at any time through June 2030, subject to customary borrowing conditions, for general corporate purposes and working capital.

The agreement governing our Credit Facility includes a financial covenant and other restrictive covenants that limit our ability, among other things, to incur additional indebtedness; consolidate or merge; and incur liens, and such restrictions could limit our ability to engage in activities that may be in our long term best interest. Our failure to comply with the financial covenant and other restrictive covenants could result in an event of default, which if not cured or waived, could result in the lenders requiring immediate payment of all outstanding borrowings thereunder.

## Risks Related to Our Common Stock

### ***The trading price of our common stock has been and may continue to be volatile, and an active, liquid, and orderly market for our common stock may not be sustained.***

The trading price of our common stock has been, and will likely continue to be, highly volatile. Since shares of our common stock were sold in our initial public offering in October 2015 at a price of \$17.00 per share, our closing stock price has ranged from \$8.76 to \$98.70, through June 1, 2026. Some of the factors, many of which are beyond our control, affecting our volatility may include:

- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market price and trading volume of technology companies in general and of companies in our industry;
- actual or anticipated changes in our results of operations or fluctuations in our operating results;
- whether our operating results meet the expectations of securities analysts or investors;
- issuance or new or updated research or reports by securities analysts, including the publication of unfavorable reports or change in recommendation or downgrading of our common stock;
- actual or anticipated developments in our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry or both;
- general economic conditions and trends, including the impact of interest rates on the overall stock market and the market for technology company stocks;
- major catastrophic events;
- sales of large blocks of our stock; or
- departures of key personnel.

In several recent situations where the price of a stock has been volatile, holders of that stock have instituted securities class action litigation against the issuer. If any of our stockholders were to bring a lawsuit against us, the defense and disposition of the lawsuit could be costly and divert the time and attention of our management and harm our business, operating results and financial condition.

***We cannot guarantee that our share repurchase program will enhance shareholder value, and share repurchases could affect the price of our common stock.***

Our Board of Directors has periodically authorized share repurchases, funded from available working capital, including up to an additional \$400.0 million authorized in December 2025. The repurchase authorization has no fixed end date. Although our Board of Directors has authorized a share repurchase program, this program does not obligate us to repurchase any specific dollar amount or number of shares. The share repurchase program could affect the price of our common stock, increase volatility and diminish our cash reserves.

***If securities analysts do not publish research or reports about our business, or if they downgrade our stock, our stock price could decline.***

The trading market for our common stock will likely be influenced by research and reports that securities or industry analysts publish about us or our business. If one or more of these analysts downgrades our stock, lowers their price target, or publishes unfavorable or inaccurate research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

***We have never paid dividends on our common stock and we do not anticipate paying any cash dividends in the foreseeable future.***

We have never declared or paid any dividends on our common stock. We intend to retain any earnings to finance the operation and expansion of our business, and we do not anticipate paying any cash dividends in the future. As a result, investors may only receive a return on their investment in our common stock if the market price of our common stock increases.

***Provisions in our amended and restated certificate of incorporation and amended and restated bylaws and under Delaware law might discourage, delay or prevent a change of control of our company or changes in our management and, therefore, depress the price of our common stock.***

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that could depress the trading price of our common stock by acting to discourage, delay or prevent a change of control of our company or changes in our management that our stockholders may deem advantageous. These provisions:

- establish a classified Board of Directors so that not all members of our Board of Directors are elected at one time;
- authorize the issuance of “blank check” preferred stock that our Board of Directors could issue to increase the number of outstanding shares to discourage a takeover attempt;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- prohibit stockholders from calling a special meeting of our stockholders;
- provide that the Board of Directors is expressly authorized to make, alter or repeal our bylaws; and
- establish advance notice requirements for nominations for elections to our Board of Directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

Additionally, we are subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder and which may discourage, delay, or prevent a change of control of our company.

Any provision of our amended and restated certificate of incorporation, bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock.

***Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware will be exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.***

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation or our bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. The choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. If a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business and financial condition.

### **General Risk Factors**

***Our business is subject to the risks of earthquakes, fires, floods and other natural catastrophic events, and to interruption by man-made factors such as war, computer viruses or terrorism or by the impact of public health epidemics or pandemics.***

We and our suppliers have operations in locations, including our headquarters in California, that are subject to earthquakes, fires, floods and other natural catastrophic events, such as climate change, severe weather and geological events, which could disrupt our operations or the operations of our customers and suppliers. Our customers affected by a natural disaster could postpone or cancel orders of our products, which could negatively impact our business. Moreover, should any of our key suppliers fail to deliver components to us as a result of a natural disaster, we may be unable to purchase these components in necessary quantities or may be forced to purchase components in the open market at significantly higher costs. We may also be forced to purchase components in advance of our normal supply chain demand to avoid potential market shortages. Our business interruption insurance may be insufficient to compensate us for losses due to a significant natural disaster or due to man-made factors. Any natural catastrophic events may also prevent our employees from being able to reach our offices in any jurisdiction around the world, and therefore impede our ability to conduct business as usual.

In addition, man-made factors, such as acts of war, terrorism or malicious computer viruses, and public health epidemics or pandemics, could cause disruptions in our or our customers' businesses or the economy as a whole. To the extent that these disruptions result in delays or cancellations of customer orders or the deployment of our products, our business, operating results and financial condition could be harmed.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.****Purchases of Equity Securities by the Issuer**

The following table summarizes our stock repurchase activity for the first quarter of fiscal 2027 (in thousands except for price per share):

Period	Average Price Paid per Share	Total Number of Shares Purchased as Part of Share Repurchase Program <sup>(1)</sup>	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Program
February 2, 2026 - March 1, 2026	\$ 70.43	454	\$ 297,051
March 2, 2026 - March 29, 2026	\$ 61.93	477	\$ 267,511
March 30, 2026 - May 3, 2026	\$ 64.30	351	\$ 244,916

<sup>(1)</sup> Our Board of Directors has authorized up to \$1.8 billion under our stock repurchase program. See "Liquidity and Capital Resources—Share Repurchase Program" included under Part I, Item 2 in this Quarterly Report on Form 10-Q.

The following table summarizes the shares of restricted common stock that were delivered by certain employees upon vesting of equity awards to satisfy tax withholding requirements during the first quarter of fiscal 2027 (in thousands except for price per share):

Period	Average Price per Share Delivered	Total Number of Shares Delivered to Satisfy Tax Withholding Requirements	Approximate Dollar Value of Shares Delivered to Satisfy Tax Withholding Requirements
February 2, 2026 - March 1, 2026	\$ —	—	\$ —
March 2, 2026 - March 29, 2026	\$ 64.88	1,557	\$ 101,000
March 30, 2026 - May 3, 2026	\$ —	—	\$ —

**Item 3. Defaults upon Senior Securities.**

Not applicable.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.****Securities Trading Plans of Directors and Executive Officers**

During the first quarter of fiscal 2027, no director or officer, as defined in Rule 16a-1(f), adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," each as defined in Regulation S-K Item 408.

**Item 6. Exhibits.**

Exhibit Number	Description	Incorporation By Reference			
		Form	SEC File No.	Exhibit	Filing Date
3.1	<a href="#">Certificate of Amendment to the Amended and Restated Certificate of Incorporation.</a>	8-K	001-37570	3.1	2/23/2026
3.2	<a href="#">Amended and Restated Bylaws.</a>	8-K	001-37570	3.2	2/23/2026
4.1	<a href="#">Form of Class A Common Stock Certificate of the Company.</a>	10-K	001-37570	4.1	3/26/2026
4.2	Reference is made to Exhibits 3.1, 3.2 and 3.3.				
31.1*	<a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>				
31.2*	<a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>				
32.1**	<a href="#">Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>				
101.INS	XBRL Instance Document				
101.SCH	XBRL Taxonomy Extension Schema Document				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document (included in Exhibit 101)				

\* Filed herewith.

\*\* Furnished herewith.



**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO  
EXCHANGE RULES 13a-14(a) AND 15d-14(a),  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Charles Giancarlo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Everpure, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 5, 2026

By:

/s/ CHARLES GIANCARLO

**Charles Giancarlo  
Chief Executive Officer  
(Principal Executive Officer)**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO  
EXCHANGE RULES 13a-14(a) AND 15d-14(a),  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Tarek Robbiati, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Everpure, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 5, 2026

By:

/s/ TAREK ROBBIATI

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**Tarek Robbiati**  
**Chief Financial Officer**  
**(Principal Financial Officer)**

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER  
PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Charles Giancarlo, certify pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Everpure, Inc. for the quarterly period ended May 3, 2026, fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and result of operations Everpure, Inc.

Date: June 5, 2026

By: /s/ CHARLES GIANCARLO

**Charles Giancarlo**  
**Chief Executive Officer**  
**(Principal Executive Officer)**

I, Tarek Robbiati, certify pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of Everpure, Inc. for the quarterly period ended May 3, 2026, fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act and that information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and result of operations Everpure, Inc.

Date: June 5, 2026

By: /s/ TAREK ROBBIATI

**Tarek Robbiati**  
**Chief Financial Officer**  
**(Principal Financial Officer)**

*This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Everpure, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.*