

**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 30, 2024**

**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 1-10658**

**Micron Technology, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

**75-1618004**

(State or other jurisdiction of incorporation  
or organization)

(IRS Employer Identification No.)

Address of principal executive offices,  
including zip code

**8000 S. Federal Way, Boise,  
Idaho 83716-9632**

Registrant's telephone number, including  
area code

**(208) 368-4000**

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

<b>Title of each class</b>	<b>Trading Symbol</b>	<b>Name of each exchange on which registered</b>
Common Stock, par value \$0.10 per share	MU	Nasdaq Global Select Market

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	Accelerated Filer	Non-Accelerated Filer	Smaller Reporting Company	Emerging Growth Company
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<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 ☒

The number of outstanding shares of the registrant’s common stock as of June 20, 2024 was 1,108,841,326.

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# Definitions of Commonly Used Terms

As used herein, “we,” “our,” “us,” and similar terms include Micron Technology, Inc. and its consolidated subsidiaries, unless the context indicates otherwise. Abbreviations, terms, or acronyms are commonly used or found in multiple locations throughout this report and include the following:

Term	Definition	Term	Definition
2024 Term Loan A	Senior Term Loan A due October 2024, repaid January 12, 2024	2041 Notes	3.366% Senior Notes due November 2041
2025 Term Loan A	Senior Term Loan A due November 2025, repaid May 29, 2024	2051 Notes	3.477% Senior Notes due November 2051
2026 Term Loan A	Senior Term Loan A due November 2026	CAC	China’s Cyberspace Administration
2027 Term Loan A	Senior Term Loan A due November 2027	EBITDA	Earnings before interest, taxes, depreciation, and amortization
2026 Notes	4.975% Senior Notes due February 2026	EUV	Extreme ultraviolet lithography
2027 Notes	4.185% Senior Notes due February 2027	HBM	High-bandwidth memory, a stacked DRAM technology optimized for memory-bandwidth intensive applications
2028 Notes	5.375% Senior Notes due April 2028	LPDRAM	Low-power DRAM
2029 A Notes	5.327% Senior Notes due February 2029	MCP	Multichip packaged solutions with managed NAND and LPDRAM
2029 B Notes	6.750% Senior Notes due November 2029	Micron	Micron Technology, Inc. (Parent Company)
2030 Notes	4.663% Senior Notes due February 2030	NRV	Net realizable value
2031 Notes	5.300% Senior Notes due January 2031	Revolving Credit Facility	\$2.5 billion Revolving Credit Facility due May 2026
2032 Green Bonds	2.703% Senior Notes due April 2032	SOFR	Secured Overnight Financing Rate
2033 A Notes	5.875% Senior Notes due February 2033	SSD	Solid state drive
2033 B Notes	5.875% Senior Notes due September 2033		

We are an industry leader in innovative memory and storage solutions transforming how the world uses information to enrich life for all. With a relentless focus on our customers, technology leadership, and manufacturing and operational excellence, Micron delivers a rich portfolio of high-performance DRAM, NAND, and NOR memory and storage products through our Micron® and Crucial® brands. Every day, the innovations that our people create fuel the data economy, enabling advances in artificial intelligence (AI) and compute-intensive applications that unleash opportunities — from the data center to the intelligent edge and across the client and mobile user experience.

Micron, Crucial, any associated logos, and all other Micron trademarks are the property of Micron. Other product names or trademarks that are not owned by Micron are for identification purposes only and may be the trademarks of their respective owners.

## Available Information

Investors and others should note that we announce material financial information about our business and products through a variety of means, including our investor relations website (investors.micron.com), filings with the U.S. Securities and Exchange Commission ("SEC"), press releases, public conference calls, blog posts (micron.com/about/blog), and webcasts. We use these channels to achieve broad, non-exclusionary distribution of information to the public and for complying with our disclosure obligations under Regulation FD. Therefore, we encourage investors, the media, and others interested in our company to review the information we post on such channels.

## Forward-Looking Statements

This Form 10-Q contains trend information and other forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements may be identified by words such as "anticipate," "expect," "intend," "committed," "plan," "opportunities," "future," "believe," "target," "on track," "estimate," "continue," "likely," "may," "will," "would," "should," "could," and variations of such words and similar expressions. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Specific forward-looking statements include, but are not limited to, statements such as those made regarding potential change in our effective tax rate; the timing for construction and ramping of production for new memory manufacturing fabs in the United States; receipt and maintenance of government incentives; the payment of future cash dividends; market conditions and profitability in our industry; our DRAM and NAND market share; the impact of the Cyberspace Administration of China decision; capital spending in 2024; and the sufficiency of our cash and investments. Our actual results could differ materially from our historical results and those discussed in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those identified in "Part II. Other Information – Item 1A. Risk Factors."

**PART I. FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS**

**Micron Technology, Inc.**  
**Consolidated Statements of**  
**Operations**

(In millions, except per share amounts)

(Unaudited)

	Quarter ended		Nine months ended	
	May 30, 2024	June 1, 2023	May 30, 2024	June 1, 2023
Revenue	\$ 6,811	\$ 3,752	\$ 17,361	\$ 11,530
Cost of goods sold	4,979	4,420	14,485	12,511
Gross margin	1,832	(668)	2,876	(981)
Research and development	850	758	2,527	2,395
Selling, general, and administrative	291	219	834	701
Restructure and asset impairments	—	68	—	167
Other operating (income) expense, net	(28)	48	(267)	29
Operating income (loss)	719	(1,761)	(218)	(4,273)
Interest income	136	127	398	334
Interest expense	(150)	(119)	(426)	(259)
Other non-operating income (expense), net	10	—	(24)	(2)
	715	(1,753)	(270)	(4,200)
Income tax (provision) benefit	(377)	(139)	172	(201)
Equity in net income (loss) of equity method investees	(6)	(4)	(11)	(2)
Net income (loss)	\$ 332	\$ (1,896)	\$ (109)	\$ (4,403)
Earnings (loss) per share				
Basic	\$ 0.30	\$ (1.73)	\$ (0.10)	\$ (4.03)
Diluted	0.30	(1.73)	(0.10)	(4.03)
Number of shares used in per share calculations				
Basic	1,107	1,094	1,104	1,092
Diluted	1,123	1,094	1,104	1,092

See accompanying notes to consolidated financial statements.



# Micron Technology, Inc.

## Consolidated Statements of Comprehensive Income (Loss)

(In millions)  
(Unaudited)

	Quarter ended		Nine months ended	
	May 30, 2024	June 1, 2023	May 30, 2024	June 1, 2023
Net income (loss)	\$ 332	\$ (1,896)	\$ (109)	\$ (4,403)
Other comprehensive income (loss), net of tax				
Gains (losses) on derivative instruments	(47)	22	(14)	222
Pension liability adjustments	(1)	(2)	(2)	(1)
Unrealized gains (losses) on investments	1	12	17	—
Foreign currency translation adjustments	—	1	—	(1)
Other comprehensive income (loss)	(47)	33	1	220
Total comprehensive income (loss)	\$ 285	\$ (1,863)	\$ (108)	\$ (4,183)

See accompanying notes to consolidated financial statements.

# **Micron Technology, Inc.**

## **Consolidated Balance Sheets**

(In millions, except par value amounts)

(Unaudited)

As of	May 30, 2024	August 31, 2023
<b>Assets</b>		
Cash and equivalents	\$ 7,594	\$ 8,577
Short-term investments	785	1,017
Receivables	5,131	2,443
Inventories	8,512	8,387
Other current assets	1,297	820
Total current assets	23,319	21,244
Long-term marketable investments	775	844
Property, plant, and equipment	37,926	37,928
Operating lease right-of-use assets	660	666
Intangible assets	413	404
Deferred tax assets	597	756
Goodwill	1,150	1,150
Other noncurrent assets	1,415	1,262
Total assets	\$ 66,255	\$ 64,254
<b>Liabilities and equity</b>		
Accounts payable and accrued expenses	\$ 5,145	\$ 3,958
Current debt	398	278
Other current liabilities	1,297	529
Total current liabilities	6,840	4,765
Long-term debt	12,860	13,052
Noncurrent operating lease liabilities	609	603
Noncurrent unearned government incentives	672	727
Other noncurrent liabilities	1,049	987
Total liabilities	22,030	20,134
Commitments and contingencies		
Shareholders' equity		
Common stock, \$0.10 par value, 3,000 shares authorized, 1,250 shares issued and 1,109 outstanding (1,239 shares issued and 1,098 outstanding as of August 31, 2023)	125	124
Additional capital	11,794	11,036
Retained earnings	40,169	40,824
Treasury stock, 141 shares held (141 shares as of August 31, 2023)	(7,552)	(7,552)
Accumulated other comprehensive income (loss)	(311)	(312)
Total equity	44,225	44,120
Total liabilities and equity	\$ 66,255	\$ 64,254

See accompanying notes to consolidated financial statements.

# **Micron Technology, Inc.**

## **Consolidated Statements of Changes in Equity**

(In millions, except per share amounts)  
(Unaudited)

	<u>Common Stock</u>						Accumulated	Total
	Number of Shares	Amount	Additional Capital	Retained Earnings	Treasury Stock	Other Comprehensive Income (Loss)	Shareholders' Equity	
<b>Balance at August 31, 2023</b>	1,239	\$ 124	\$ 11,036	\$ 40,824	\$ (7,552)	\$ (312)	\$ 44,120	
Net income (loss)	—	—	—	(1,234)	—	—	(1,234)	
Other comprehensive income (loss), net	—	—	—	—	—	52	52	
Stock issued under stock plans	8	—	9	—	—	—	9	
Stock-based compensation expense	—	—	188	—	—	—	188	
Repurchase of stock - withholdings on employee equity awards	(2)	—	(16)	(105)	—	—	(121)	
Dividends and dividend equivalents declared (\$0.115 per share)	—	—	—	(129)	—	—	(129)	
<b>Balance at November 30, 2023</b>	1,245	\$ 124	\$ 11,217	\$ 39,356	\$ (7,552)	\$ (260)	\$ 42,885	
Net income (loss)	—	—	—	793	—	—	793	
Other comprehensive income (loss), net	—	—	—	—	—	(4)	(4)	
Stock issued under stock plans	3	1	136	—	—	—	137	
Stock-based compensation expense	—	—	213	—	—	—	213	
Repurchase of stock - withholdings on employee equity awards	—	—	(2)	(22)	—	—	(24)	
Dividends and dividend								

See accompanying notes to consolidated financial statements.

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# **Micron Technology, Inc.**

## **Consolidated Statements of Changes in Equity**

(In millions, except per share amounts)

(Unaudited)



	<u>Common Stock</u>						Accumulated	Total
	Number of Shares	Amount	Additional Capital	Retained Earnings	Treasury Stock	Comprehensive Income (Loss)	Shareholders' Equity	
<b>Balance at September 1, 2022</b>	1,226	\$ 123	\$ 10,197	\$ 47,274	\$ (7,127)	\$ (560)	\$ 49,907	
Net income (loss)	—	—	—	(195)	—	—	(195)	
Other comprehensive income (loss), net	—	—	—	—	—	87	87	
Stock issued under stock plans	8	—	7	—	—	—	7	
Stock-based compensation expense	—	—	146	—	—	—	146	
Repurchase of stock - repurchase program	—	—	—	—	(425)	—	(425)	
Repurchase of stock - withholdings on employee equity awards	(2)	—	(15)	(80)	—	—	(95)	
Dividends and dividend equivalents declared (\$0.115 per share)	—	—	—	(126)	—	—	(126)	
<b>Balance at December 1, 2022</b>	1,232	\$ 123	\$ 10,335	\$ 46,873	\$ (7,552)	\$ (473)	\$ 49,306	
Net income (loss)	—	—	—	(2,312)	—	—	(2,312)	
Other comprehensive income (loss), net	—	—	—	—	—	100	100	
Stock issued under stock plans	3	—	142	—	—	—	142	
Stock-based compensation expense	—	—	157	—	—	—	157	
Repurchase of stock - withholdings								

See accompanying notes to consolidated financial statements.

# **Micron Technology, Inc.**

## **Consolidated Statements of Cash Flows**

(In millions)

(Unaudited)

Nine months ended		May 30, 2024	June 1, 2023
<b>Cash flows from operating activities</b>			
Net income (loss)	\$	(109)	\$ (4,403)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation expense and amortization of intangible assets		5,794	5,819
Stock-based compensation		620	448
Provision to write-down inventories to net realizable value		—	1,831
Change in operating assets and liabilities:			
Receivables		(2,562)	2,728
Inventories		(125)	(3,406)
Other current assets		(435)	(35)
Accounts payable and accrued expenses		846	(1,113)
Other current liabilities		769	(677)
Other		304	118
Net cash provided by operating activities		5,102	1,310
<b>Cash flows from investing activities</b>			
Expenditures for property, plant, and equipment		(5,266)	(6,215)
Purchases of available-for-sale securities		(1,110)	(496)
Proceeds from maturities and sales of available-for-sale securities		1,433	1,192
Proceeds from government incentives		267	248
Other		(35)	(90)
Net cash provided by (used for) investing activities		(4,711)	(5,361)
<b>Cash flows from financing activities</b>			
Repayments of debt		(1,816)	(706)
Payments of dividends to shareholders		(384)	(378)
Payments on equipment purchase contracts		(127)	(112)
Repurchases of common stock - repurchase program		—	(425)
Proceeds from issuance of debt		999	6,716
Other		(40)	—
Net cash provided by (used for) financing activities		(1,368)	5,095
Effect of changes in currency exchange rates on cash, cash equivalents, and restricted cash			
		(15)	(13)
Net increase (decrease) in cash, cash equivalents, and restricted cash			
		(992)	1,031
Cash, cash equivalents, and restricted cash at beginning of period		8,656	8,339
Cash, cash equivalents, and restricted cash at end of period	\$	7,664	\$ 9,370

See accompanying notes to consolidated financial statements.

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# **Micron Technology, Inc.**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(All tabular amounts in millions, except per share amounts)

(Unaudited)

## **Significant Accounting Policies**

For a discussion of our significant accounting policies, see “Part II – Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Significant Accounting Policies” of our Annual Report on Form 10-K for the year ended August 31, 2023. There have been no changes to our significant accounting policies since our Annual Report on Form 10-K for the year ended August 31, 2023.

### **Basis of Presentation**

The accompanying consolidated financial statements include the accounts of Micron Technology, Inc. and our consolidated subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) consistent in all material respects with those applied in our Annual Report on Form 10-K for the year ended August 31, 2023.

In the opinion of our management, the accompanying unaudited consolidated financial statements contain all necessary adjustments, consisting of a normal recurring nature, to fairly state the financial information set forth herein. Certain reclassifications have been made to prior period amounts to conform to current period presentation.

Our fiscal year is the 52 or 53-week period ending on the Thursday closest to August 31. Fiscal years 2024 and 2023 each contain 52 weeks. All period references are to our fiscal periods unless otherwise indicated. These interim financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended August 31, 2023.

## **Variable Interest Entities**

A number of special purpose entities (the “Lease SPEs”) were created by a third-party to facilitate equipment lease financing transactions between us and financial institutions that fund the lease financing transactions (“Financing Entities”). Neither we nor the Financing Entities have an equity interest in the Lease SPEs. The Lease SPEs are variable interest entities because their equity is not sufficient to permit them to finance their activities without additional support from the Financing Entities and because the third-party equity holder lacks characteristics of a controlling financial interest. By design, the arrangements with the Lease SPEs are merely financing vehicles and we do not bear any significant risks from variable interests with the Lease SPEs. We have determined that we do not have the power to direct the activities of the Lease SPEs that most significantly impact their economic performance

and we do not consolidate the Lease SPEs. As of May 30, 2024, we had approximately \$600 million of financial lease liabilities and right-of-use assets under these arrangements.

# Cash and Investments

All of our short-term investments and long-term marketable investments were classified as available-for-sale as of the dates noted below. Cash and equivalents and the fair values of our available-for-sale investments, which approximated amortized costs, were as follows:

	As of May 30, 2024					As of August 31, 2023				
	Cash and Equivalents	Short-term Investments	Long-term Marketable Investments <sup>(1)</sup>	Total Fair Value		Cash and Equivalents	Short-term Investments	Long-term Marketable Investments		
Cash	\$ 6,355	\$ —	\$ —	\$6,355		\$ 5,771	\$ —	\$ —		
Level 1 <sup>(2)</sup>										
Money market funds	570	—	—	570		1,629	—			
Level 2 <sup>(3)</sup>										
Certificates of deposit	554	6	—	560		1,172	25			
Corporate bonds	—	454	418	872		—	737			
Asset- backed securities	—	42	337	379		—	15			
Commercial paper	56	130	—	186		—	109			
Government securities	59	153	20	232		5	131			
	7,594	\$ 785	\$ 775	\$9,154		8,577	\$ 1,017			
Restricted cash <sup>(4)</sup>	70					79				
Cash, cash equivalents, and restricted cash	\$ 7,664					\$ 8,656				

<sup>(1)</sup> The maturities of long-term marketable investments primarily range from one to five years, except for asset-backed securities which are not due at a single maturity date.

<sup>(2)</sup> The fair value of Level 1 securities is measured based on quoted prices in active markets for identical assets.

<sup>(3)</sup> The fair value of Level 2 securities is measured using information obtained from pricing services, which obtain quoted market prices for similar instruments, non-binding market consensus prices that are corroborated by observable market data, or various other methodologies, to determine the appropriate value at the measurement date. We perform supplemental analysis to validate information obtained from these pricing services. No



adjustments were made to the fair values indicated by such pricing information as of May 30, 2024 or August 31, 2023.

- (4) Restricted cash is included in other current assets and other noncurrent assets and primarily relates to certain government incentives received prior to being earned and for which restrictions lapse upon achieving certain performance conditions or which will be returned if performance conditions are not met.

Gross realized gains and losses from sales of available-for-sale securities were not significant for any period presented.

## **Non-marketable Equity Investments**

In addition to the amounts included in the table above, we had \$192 million and \$218 million of non-marketable equity investments without a readily determinable fair value that were included in other noncurrent assets as of May 30, 2024 and August 31, 2023, respectively. We recognized a net loss in other non-operating income (expense) on our non-marketable investments of \$29 million for the first nine months of 2024. The amounts recognized for the other periods presented were not significant. Our non-marketable equity investments are recorded at fair value on a non-recurring basis and classified as Level 3.

## Receivables

As of	May 30, 2024	August 31, 2023
Trade receivables	\$ 4,416	\$ 2,048
Government incentives	340	105
Income and other taxes	208	194
Other	167	96
	<u>\$ 5,131</u>	<u>\$ 2,443</u>

## Inventories

As of	May 30, 2024	August 31, 2023
Finished goods	\$ 1,280	\$ 1,616
Work in process	6,542	6,111
Raw materials and supplies	690	660
	<u>\$ 8,512</u>	<u>\$ 8,387</u>

## Property, Plant, and Equipment

As of	May 30, 2024	August 31, 2023
Land	\$ 284	\$ 283
Buildings	19,134	17,967
Equipment <sup>(1)</sup>	68,426	65,555
Construction in progress <sup>(2)</sup>	3,351	2,464
Software	1,346	1,316
	92,541	87,585
Accumulated depreciation	(54,615)	(49,657)
	<u>\$ 37,926</u>	<u>\$ 37,928</u>

<sup>(1)</sup> Includes costs related to equipment not placed into service of \$1.77 billion as of May 30, 2024 and \$2.91 billion as of August 31, 2023.

<sup>(2)</sup> Includes building-related construction, tool installation, and software costs for assets not placed into service.

## Intangible Assets

	As of May 30, 2024			As of August 31, 2023		
	Gross	Accumulated	Net	Gross	Accumulated	Net
	Amount	Amortization	Carrying	Amount	Amortization	Carrying
			Amount			Amount
Product and process technology	\$ 662	\$ (260)	\$ 402	\$ 613	\$ (209)	\$ 404
Other	11	—	11	—	—	—
	<u>\$ 673</u>	<u>\$ (260)</u>	<u>\$ 413</u>	<u>\$ 613</u>	<u>\$ (209)</u>	<u>\$ 404</u>

In the first nine months of 2024 and 2023, we capitalized \$60 million and \$72 million, respectively, for product and process technology with weighted-average useful lives of 10 years and 9 years, respectively. Amortization expense was \$61 million and \$66 million for the first nine months of 2024 and 2023, respectively. Expected amortization expense is \$21 million for the remainder of 2024, \$63 million for 2025, \$53 million for 2026, \$49 million for 2027, and \$47 million for 2028.

## Leases

The components of lease cost are presented below:

	Quarter ended		Nine months ended	
	May 30, 2024	June 1, 2023	May 30, 2024	June 1, 2023
Finance lease cost				
Amortization of right-of-use asset	\$ 52	\$ 28	\$ 121	\$ 77
Interest on lease liability	18	6	48	18
Operating lease cost <sup>(1)</sup>	35	34	103	101
	<u>\$ 105</u>	<u>\$ 68</u>	<u>\$ 272</u>	<u>\$ 196</u>

<sup>(1)</sup>Operating lease cost includes short-term and variable lease expenses, which were not material for the periods presented.

Supplemental cash flow information related to leases was as follows:

	May 30, 2024	June 1, 2023
<b>Nine months ended</b>		
Cash flows used for operating activities		
Finance leases	\$ 41	\$ 17
Operating leases	98	91
Cash flows used for financing activities – Finance leases	99	79
Noncash acquisitions of right-of-use assets		
Finance leases	758	354
Operating leases	48	35

Supplemental balance sheet information related to leases was as follows:

<b>As of</b>	<b>May 30, 2024</b>	<b>August 31, 2023</b>
Finance lease right-of-use assets (included in property, plant, and equipment)	\$ 1,944	\$ 1,311
Current operating lease liabilities (included in accounts payable and accrued expenses)	68	66
Weighted-average remaining lease term (in years)		
Finance leases	8	9
Operating leases	10	11
Weighted-average discount rate		
Finance leases	4.78 %	3.86 %
Operating leases	3.37 %	3.21 %

As of May 30, 2024, maturities of lease liabilities by fiscal year were as follows:

<b>For the year ending</b>	<b>Finance Leases</b>	<b>Operating Leases</b>
Remainder of 2024	\$ 95	\$ 9
2025	368	86
2026	351	88
2027	341	86
2028	328	80
2029 and thereafter	778	468
Less imputed interest	(335)	(140)
	<u>\$ 1,926</u>	<u>\$ 677</u>

The table above excludes obligations for leases that have been executed but have not yet commenced. As of May 30, 2024, excluded obligations consisted of \$704 million of finance lease obligations over a weighted-average period of 14 years for gas supply arrangements deemed to contain embedded leases and equipment leases. We will recognize right-of-use assets and associated lease liabilities at the time such assets become available for our use.

## Accounts Payable and Accrued Expenses

<b>As of</b>	<b>May 30, 2024</b>	<b>August 31, 2023</b>
Accounts payable	\$ 1,951	\$ 1,725
Property, plant, and equipment	1,663	1,419
Salaries, wages, and benefits	909	367
Income and other taxes	121	67
Other	501	380
	<u>\$ 5,145</u>	<u>\$ 3,958</u>

# Debt

	As of May 30, 2024					As of August 31, 2023			
			Net Carrying Amount			Net Carrying Amount			
	Stated Rate	Effective Rate	Current	Long-Term	Total	Current	Long-Term	Total	
2026 Term Loan A	6.791 %	6.93 %	\$ 49	\$ 884	\$ 933	\$ 49	\$ 921	\$ 970	
2027 Term Loan A	6.916 %	7.05 %	57	1,021	1,078	57	1,063	1,120	
2026 Notes	4.975 %	5.07 %	—	499	499	—	499	499	
2027 Notes <sup>(1)</sup>	4.185 %	4.27 %	—	800	800	—	798	798	
2028 Notes	5.375 %	5.52 %	—	597	597	—	596	596	
2029 A Notes	5.327 %	5.40 %	—	698	698	—	697	697	
2029 B Notes	6.750 %	6.54 %	—	1,262	1,262	—	1,263	1,263	
2030 Notes	4.663 %	4.73 %	—	847	847	—	846	846	
2031 Notes	5.300 %	5.41 %	—	994	994	—	—	—	
2032 Green Bonds	2.703 %	2.77 %	—	995	995	—	995	995	
2033 A Notes	5.875 %	5.96 %	—	745	745	—	745	745	
2033 B Notes	5.875 %	6.01 %	—	891	891	—	890	890	
2041 Notes	3.366 %	3.41 %	—	497	497	—	497	497	
2051 Notes	3.477 %	3.52 %	—	496	496	—	496	496	
2024 Term Loan A	N/A	N/A	—	—	—	—	587	587	
2025 Term Loan A	N/A	N/A	—	—	—	—	1,050	1,050	
Finance lease obligations	N/A	4.78 %	292	1,634	1,926	172	1,109	1,281	
			\$ 398	\$12,860	\$13,258	\$ 278	\$13,052	\$13,330	

<sup>(1)</sup> In 2021, we entered into fixed-to-floating interest rate swaps on the 2027 Notes with an aggregate \$900 million notional amount equal to the principal amount of the 2027 Notes. The resulting variable interest paid is at a rate equal to SOFR plus approximately 3.33%. The fixed-to-floating interest rate swaps are accounted for as fair value hedges, and as a result, the carrying values of our 2027 Notes reflect adjustments in fair value.

## Debt Activity

The table below presents the effects of debt financing and prepayment activities in the first nine months of 2024:

	Transaction Date	Increase (Decrease) in Principal	Increase (Decrease) in Carrying Value	Increase (Decrease) in Cash
<b>Issuance</b>				
2031 Notes	January 12, 2024	\$ 1,000	\$ 993	\$ 993
<b>Prepayments</b>				
2024 Term Loan A	January 12, 2024	(588)	(587)	(588)
2025 Term Loan A	January 12, 2024	(402)	(401)	(402)
2025 Term Loan A	May 29, 2024	(650)	(649)	(650)
		<u>\$ (640)</u>	<u>\$ (644)</u>	<u>\$ (647)</u>

## 2031 Notes

On January 12, 2024, we issued \$1.00 billion principal amount of senior unsecured 2031 Notes in a public offering. The 2031 Notes bear interest at a rate of 5.300% per year and will mature on January 15, 2031. Issuance costs and debt discount for the 2031 Notes were \$7 million.



We may redeem the 2031 Notes, in whole or in part, at our option prior to their maturity dates at a redemption price equal to the greater of (i) 100% of the principal amount of the notes to be redeemed and (ii) the present value of the remaining scheduled payments of principal and interest, plus accrued interest in each case. We may also redeem the 2031 Notes, in whole or in part, at a price equal to par two months prior to maturity in accordance with the terms of the 2031 Notes.

The 2031 Notes contain covenants that, among other things, limit, in certain circumstances, our ability and/or the ability of our restricted subsidiaries (which are generally domestic subsidiaries in which we own at least 80% of the voting stock and which own principal property, as defined in the indenture governing the 2031 Notes) to (1) create or incur certain liens; (2) enter into certain sale and lease-back transactions; and (3) consolidate with or merge with or into, or convey, transfer, or lease all or substantially all of our properties and assets, to another entity. These covenants are subject to a number of limitations and exceptions. Additionally, if a change of control triggering event occurs, as defined in the indenture governing the 2031 Notes, we will be required to offer to purchase the 2031 Notes at 101% of the outstanding aggregate principal amount plus accrued interest up to the purchase date.

## **Revolving Credit Facility**

As of May 30, 2024, no amounts were outstanding under the Revolving Credit Facility and \$2.50 billion was available to us. Under the Revolving Credit Facility, borrowings would generally bear interest at a rate equal to adjusted term SOFR plus 1.00% to 1.75%, depending on our corporate credit ratings. Adjusted term SOFR for the Revolving Credit Facility agreement is the SOFR benchmark plus a credit spread adjustment ranging from approximately 0.11% to 0.43% depending on the applicable interest period selected. Any amounts outstanding under the Revolving Credit Facility would mature in May 2026 and amounts borrowed may be prepaid without penalty.

The Revolving Credit Facility requires us to maintain, on a consolidated basis, a leverage ratio of total indebtedness to adjusted EBITDA, as defined in the Revolving Credit Facility and calculated as of the last day of each fiscal quarter, not to exceed 3.25 to 1.00. On March 27, 2023, we amended the Revolving Credit Facility to provide that in lieu of the foregoing leverage ratio, during the fourth quarter of 2023 and each quarter of 2024, we will be required to maintain, on a consolidated basis, a net leverage ratio of total net indebtedness to adjusted EBITDA, as defined in the Revolving Credit Facility and calculated as of the last day of each fiscal quarter, not to exceed 3.25 to 1.00. Alternatively, for up to three of such five quarters, we may elect to comply with a requirement of minimum liquidity, as defined in the Revolving Credit Facility, of not less than \$5.0 billion. Each of the leverage ratio and net leverage ratio maximums, as applicable, is subject to a temporary four quarter increase in such ratio to 3.75 to 1.00 following certain material acquisitions. Through the third quarter of 2024, we complied with these requirements under the Revolving Credit Facility.

## **Maturities of Notes Payable**

As of May 30, 2024, maturities of notes payable by fiscal year were as follows:

Remainder of 2024	\$	27
2025		107
2026		607
2027		1,780
2028		1,493
2029 and thereafter		7,450
Unamortized issuance costs, discounts, and premium, net		(34)
Hedge accounting fair value adjustment		(98)
	\$	<u>11,332</u>

# Contingencies

We are currently a party to legal actions other than those described below arising from the normal course of business, none of which are expected to have a material adverse effect on our business, results of operations, or financial condition.

## Patent Matters

As is typical in the semiconductor and other high-tech industries, from time to time, others have asserted, and may in the future assert, that our products or manufacturing processes infringe upon their intellectual property rights. A description of certain claims is below.

On April 28, 2021, Netlist, Inc. (“Netlist”) filed two patent infringement actions against Micron, Micron Semiconductor Products, Inc. (“MSP”), and Micron Technology Texas, LLC (“MTEC”) in the U.S. District Court for the Western District of Texas. The first complaint alleges that one U.S. patent is infringed by certain of our non-volatile dual in-line memory modules. The second complaint alleges that three U.S. patents are infringed by certain of our load-reduced dual in-line memory modules (“LRDIMMs”). Each complaint seeks injunctive relief, damages, attorneys’ fees, and costs. On March 31, 2022, Netlist filed a patent infringement complaint against Micron and Micron Semiconductor Germany, GmbH in Dusseldorf Regional Court alleging that two German patents are infringed by certain of our LRDIMMs. The complaint seeks damages, costs, and injunctive relief.

On June 10, 2022, Netlist filed a patent infringement complaint against Micron, MSP, and MTEC in the U.S. District Court for the Eastern District of Texas (“E.D. Tex.”) alleging that six U.S. patents are infringed by certain of our memory modules and HBM products. On August 1, 2022, Netlist filed a second patent infringement complaint against the same defendants in E.D. Tex. alleging that one U.S. patent is infringed by certain of our LRDIMMs. On August 15, 2022, Netlist amended the second complaint to assert that two additional U.S. patents are infringed by certain of our LRDIMMs. The complaints in E.D. Tex. seek injunctive relief, damages, and attorneys’ fees. On May 23, 2024, following a four-day trial regarding the second complaint filed by Netlist in the E.D. Tex., a jury rendered a verdict that Micron’s memory modules infringe two asserted patents — U.S. Patent No. 7,619,912 (“the ‘912 patent”) and U.S. Patent No. 11,093,417 (“the ‘417 patent”) — and found that Micron should pay \$425 million for infringement of the ‘912 patent and \$20 million for infringement of the ‘417 patent. Micron expects to appeal the verdict. On April 17, 2024, the Patent Trial and Appeal Board (“PTAB”) of the United States Patent and Trademark Office (“USPTO”) issued a final written decision (“FWD”) finding unpatentable the sole asserted claim of the ‘912 patent. Netlist has sought review of that ruling by the Director of the USPTO. If the Director upholds the FWD, and the United States Court of Appeals for the Federal Circuit subsequently affirms the FWD, then the affirmed FWD will preclude any pending actions asserting infringement of the ‘912 patent (including any infringement verdict that is subject to an ongoing appeal). The PTAB’s final written decision regarding whether all claims of the ‘417 patent are also unpatentable is expected to be issued on or before August 2, 2024.

On August 16, 2022, Sonrai Memory Ltd. filed a patent infringement complaint against Micron in the U.S. District Court for the Western District of Texas. The complaint alleges that

two U.S. patents are infringed by certain SSD and NAND flash products. The complaint seeks damages, attorneys' fees, and costs.

On January 23, 2023, Besang Inc. filed a patent infringement complaint against Micron in the U.S. District Court for the Eastern District of Texas. The complaint alleges that one U.S. patent is infringed by certain of our 3D NAND and SSD products. The complaint seeks an injunction, damages, attorneys' fees, and costs.

On November 9, 2023, Yangtze Memory Technologies Company, Ltd. ("YMTC") filed a patent infringement complaint against Micron and one of its subsidiaries in the U.S. District Court for the Northern District of California. The complaint alleges that eight U.S. patents are infringed by certain of our 3D NAND products. The complaint seeks an injunction, damages, attorneys' fees, and costs. On January 22, 2024, Micron Semiconductor (Shanghai) Co., Ltd. ("MSS") was served with three patent infringement complaints filed by YMTC in Beijing Intellectual Property Court and on February 27, 2024, Micron Technology, Inc. ("MTI") was served with the same complaints. The complaints assert that MTI and MSS infringed three Chinese patents owned by YMTC by importing, selling, offering for sale, and assisting others to sell certain 3D NAND products and SSDs in China. The complaint seeks an injunction, damages, attorneys' fees, and costs.

On June 3, 2024, MimirIP LLC (“MimirIP”) submitted a complaint to the United States International Trade Commission (“ITC”) alleging that certain of Micron’s DRAM and NAND products infringe six patents owned by MimirIP. The complaint requests the ITC to institute an investigation of such alleged infringement pursuant to Section 337 of the Tariff Act of 1930 and to issue a permanent limited exclusion order barring from entry into the United States such allegedly infringing DRAM and NAND devices and electronic devices containing the same produced by several alleged customers of Micron.

On June 3, 2024, MimirIP filed a complaint against Micron, two of its subsidiaries, and certain alleged customers of Micron in the E.D. Tex. alleging that the same six patents as are asserted in the ITC are infringed by certain of Micron’s DRAM and NAND products. The complaint seeks damages, attorneys’ fees, and costs.

On June 4, 2024, MimirIP filed a second complaint against Micron, two of its subsidiaries, and certain alleged customers of Micron in the E.D. Tex. alleging that six additional patents are infringed by certain of Micron’s DRAM and NAND products. The complaint seeks damages, attorneys’ fees, and costs.

The above lawsuits pertain to substantially all of our DRAM, NAND, and other memory and storage products we manufacture, which account for substantially all of our revenue.

## **Antitrust Matters**

On May 15, 2018, the Chinese State Administration for Market Regulation (“SAMR”) notified Micron that it was investigating potential collusion and other anticompetitive conduct by DRAM suppliers in China. On May 31, 2018, SAMR made unannounced visits to our sales offices in Beijing, Shanghai, and Shenzhen to seek certain information as part of its investigation. We are cooperating with SAMR in its investigation.

## **Other Matters**

In the normal course of business, we are a party to a variety of agreements pursuant to which we may be obligated to indemnify another party. It is not possible to predict the maximum potential amount of future payments under these types of agreements due to the conditional nature of our obligations and the unique facts and circumstances involved in each particular agreement. Historically, our payments under these types of agreements have not had a material adverse effect on our business, results of operations, or financial condition.

## **Contingency Assessment**

We are unable to predict the outcome of any of the matters noted above and cannot make a reasonable estimate of the potential loss or range of possible losses. A determination that our products or manufacturing processes infringe the intellectual property rights of others or entering into a license agreement covering such intellectual property could result in significant liability and/or require us to make material changes to our products and/or manufacturing processes. Any of the foregoing, as well as the resolution of any other legal matter noted above, could have a material adverse effect on our business, results of operations, or financial condition.

# Equity

## Common Stock Repurchases

In May 2018, our Board of Directors authorized the discretionary repurchase of up to \$10 billion of our outstanding common stock through open-market purchases, block trades, privately-negotiated transactions, derivative transactions, and/or pursuant to Rule 10b5-1 trading plans. The repurchase authorization has no expiration date, does not obligate us to acquire any common stock, and is subject to market conditions and our ongoing determination of the best use of available cash. No shares were repurchased under this authorization in the first nine months of 2024. Through May 30, 2024, we had repurchased an aggregate of \$6.89 billion under the authorization. Amounts repurchased are included in treasury stock.

## Dividends

We paid dividends of \$128 million (\$0.115 per share), \$127 million (\$0.115 per share), and \$129 million (\$0.115 per share) in the third, second, and first quarters of 2024, respectively. On June 26, 2024, our Board of Directors declared a quarterly dividend of \$0.115 per share, payable in cash on July 23, 2024, to shareholders of record as of the close of business on July 8, 2024.

## Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) by component for the nine months ended May 30, 2024 were as follows:

	<b>Gains (Losses) on Derivative Instruments</b>	<b>Unrealized Gains (Losses) on Investments</b>	<b>Pension Liability Adjustments</b>	<b>Cumulative Foreign Currency Translation Adjustment</b>	<b>Total</b>
<b>As of August 31, 2023</b>	\$ (304)	\$ (41)	\$ 36	\$ (3)	\$ (312)
Other comprehensive income (loss) before reclassifications	(151)	16	—	—	(135)
Amount reclassified out of accumulated other comprehensive income (loss)	139	—	(3)	—	136
Tax effects	(2)	1	1	—	—
Other comprehensive income (loss)	(14)	17	(2)	—	1
<b>As of May 30, 2024</b>	\$ (318)	\$ (24)	\$ 34	\$ (3)	\$ (311)

## Fair Value Measurements

The estimated fair values and carrying values of our outstanding debt instruments were as follows:

	<b>As of May 30, 2024</b>		<b>As of August 31, 2023</b>	
	<b>Fair Value</b>	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Carrying Value</b>
Notes	\$ 11,037	\$ 11,332	\$ 11,549	\$ 12,049

The fair values of our debt instruments were estimated based on Level 2 inputs, including the trading price of our notes when available, discounted cash flows, and interest rates based on similar debt issued by parties with credit ratings similar to ours.



# Derivative Instruments

		Fair Value of	
	Notional or Contractual Amount	Assets <sup>(1)</sup>	Liabilities <sup>(2)</sup>
As of May 30, 2024			
Derivative instruments with hedge accounting designation			
Cash flow currency hedges	\$ 4,177	\$ 2	\$ (234)
Cash flow commodity hedges	458	25	(4)
Fair value interest rate hedges	900	—	(98)
Derivative instruments without hedge accounting designation			
Non-designated currency hedges	1,964	4	(12)
		\$ 31	\$ (348)
As of August 31, 2023			
Derivative instruments with hedge accounting designation			
Cash flow currency hedges	\$ 3,873	\$ 16	\$ (180)
Cash flow commodity hedges	331	45	—
Fair value interest rate hedges	900	—	(100)
Derivative instruments without hedge accounting designation			
Non-designated currency hedges	1,839	2	(17)
		\$ 63	\$ (297)

<sup>(1)</sup> Included in receivables and other noncurrent assets.

<sup>(2)</sup> Included in accounts payable and accrued expenses and other noncurrent liabilities.

## Derivative Instruments with Hedge Accounting Designation

**Cash Flow Hedges:** We utilize forward and swap contracts that generally mature within two years designated as cash flow hedges to minimize our exposure to changes in currency exchange rates or commodity prices for certain capital expenditures and manufacturing costs. Forward and swap contracts are measured at fair value based on market-based observable inputs including market spot and forward rates, interest rates, and credit-risk spreads (Level 2).

The effects of cash flow hedging activities were as follows:

	Quarter ended		Nine months ended	
	May 30, 2024	June 1, 2023	May 30, 2024	June 1, 2023
Gain (loss) from cash flow hedges in accumulated other comprehensive income (loss)	\$ (99)	\$ (40)	\$ (142)	\$ 88
Gain (loss) excluded from effectiveness testing in cost of goods sold	(35)	(26)	(105)	(71)
Gain (loss) reclassified from accumulated other comprehensive income (loss) to earnings, primarily to cost of goods sold	(39)	(77)	(139)	(199)

As of May 30, 2024, we expect to reclassify \$168 million of pre-tax losses related to cash flow hedges from accumulated other comprehensive income (loss) into earnings in the next 12 months.

**Fair Value Hedges:** We utilize fixed-to-floating interest rate swaps designated as fair value hedges to minimize certain exposures to changes in the fair value of fixed-rate debt that result from fluctuations in benchmark interest rates. Interest rate swaps are measured at fair value based on market-based observable inputs including interest rates and credit-risk spreads (Level 2). The changes in the fair values of derivatives designated as fair value hedges and the offsetting changes in the underlying fair values of the hedged items are both recognized in earnings. When a derivative is no longer designated as a fair value hedge for any reason, including termination and maturity, the remaining unamortized difference between the carrying value of the hedged item at that time and the face value of the hedged item is amortized to earnings over the remaining life of the hedged item, or immediately if the hedged item has matured or been extinguished. The effects of fair value hedges on our consolidated statements of operations, recognized in interest expense, were not significant for the periods presented.

## Derivative Instruments without Hedge Accounting Designation

**Currency Derivatives:** We generally utilize a rolling hedge strategy with currency forward contracts that mature within three months to hedge our exposures of monetary assets and liabilities from changes in currency exchange rates. At the end of each reporting period, monetary assets and liabilities denominated in currencies other than the U.S. dollar are remeasured into U.S. dollars and the associated outstanding forward contracts are marked to market. Currency forward contracts are valued at fair values based on the middle of bid and ask prices of dealers or exchange quotations (Level 2). Realized and unrealized gains and losses on derivative instruments without hedge accounting designation as well as the changes in the underlying monetary assets and liabilities from changes in currency exchange rates are included in other non-operating income (expense), net. The amounts recognized for derivative instruments without hedge accounting designation were not significant for the periods presented. We do not use derivative instruments for speculative purposes.

## Equity Plans

As of May 30, 2024, 72 million shares of our common stock were available for future awards under our equity plans, including 12 million shares approved for issuance under our employee stock purchase plan ("ESPP").

### Restricted Stock and Restricted Stock Units ("Restricted Stock Awards")

Restricted Stock Awards activity is summarized as follows:

Nine months ended	May 30, 2024	June 1, 2023
Restricted stock award shares granted	12	14
Weighted-average grant-date fair value per share	\$ 69.02	\$ 54.13

### Employee Stock Purchase Plan ("ESPP")

For each six-month ESPP offering period that ended in the second quarter of 2024 and 2023, employees purchased 2 million and 3 million shares, respectively, at a share price of \$60.68 and \$52.45, respectively.

## Stock-based Compensation Expense

Stock-based compensation expense recognized in our statements of operations is presented below. Stock-based compensation expense of \$100 million and \$88 million was capitalized and remained in inventory as of May 30, 2024 and August 31, 2023, respectively.

	Quarter ended		Nine months ended	
	May 30, 2024	June 1, 2023	May 30, 2024	June 1, 2023
Stock-based compensation expense by caption				
Cost of goods sold	\$ 80	\$ 61	\$ 227	\$ 137
Research and development	77	57	222	169
Selling, general, and administrative	60	34	159	107
Restructure	—	(4)	—	(6)
	<u>\$ 217</u>	<u>\$ 148</u>	<u>\$ 608</u>	<u>\$ 407</u>
Stock-based compensation expense by type of award				
Restricted stock awards	\$ 201	\$ 129	\$ 555	\$ 354
ESPP	16	19	53	53
	<u>\$ 217</u>	<u>\$ 148</u>	<u>\$ 608</u>	<u>\$ 407</u>

As of May 30, 2024, \$1.51 billion of total unrecognized compensation costs for unvested awards, before the effect of any future forfeitures, was expected to be recognized through the third quarter of 2028, resulting in a weighted-average period of 1.3 years.

# Revenue and Customer Contract Liabilities

## Revenue by Technology

	Quarter ended		Nine months ended	
	May 30, 2024	June 1, 2023	May 30, 2024	June 1, 2023
DRAM	\$ 4,692	\$ 2,672	\$ 12,277	\$ 8,223
NAND	2,065	1,013	4,862	3,001
Other (primarily NOR)	54	67	222	306
	<u>\$ 6,811</u>	<u>\$ 3,752</u>	<u>\$ 17,361</u>	<u>\$ 11,530</u>

See “Segment and Other Information” for disclosure of disaggregated revenue by market segment.

Revenue is primarily recognized at a point in time when control of the promised goods is transferred to our customers in an amount that reflects the consideration we expect to be entitled to in exchange for those goods. Substantially all contracts with our customers are short-term in duration at fixed, negotiated prices with payment generally due shortly after delivery. From time to time, we have contracts with initial terms that include performance obligations that extend beyond one year. As of May 30, 2024, our future performance obligations beyond one year were \$141 million, which included customer prepayments and other contract liabilities. Customer prepayments made to secure product supply in future periods and other contract liabilities were \$756 million as of May 30, 2024, of which \$615 million was reported in other current liabilities and the remainder in other noncurrent liabilities.

As of May 30, 2024 and August 31, 2023, other current liabilities also included \$617 million and \$453 million, respectively, for estimates of consideration payable to customers including estimates for pricing adjustments and returns.

## Restructure and Asset Impairments

	Quarter ended		Nine months ended	
	May 30, 2024	June 1, 2023	May 30, 2024	June 1, 2023
Employee severance	\$ —	\$ 70	\$ —	\$ 163
Asset impairments and other asset-related costs	—	1	—	9
Other	—	(3)	—	(5)
	<u>\$ —</u>	<u>\$ 68</u>	<u>\$ —</u>	<u>\$ 167</u>

In 2023, we initiated a restructure plan in response to challenging industry conditions (the “2023 Restructure Plan”). Under the 2023 Restructure Plan, we reduced our headcount by approximately 15% by the end of calendar 2023, through a combination of voluntary attrition and personnel reductions. The plan was substantially completed in 2023.

# Other Operating (Income) Expense, Net

	Quarter ended		Nine months ended	
	May 30, 2024	June 1, 2023	May 30, 2024	June 1, 2023
(Gain) loss on disposition of property, plant, and equipment	\$ (38)	\$ (24)	\$ (63)	\$ (46)
Patent cross-license agreement gain	—	—	(200)	—
Litigation settlement	—	68	—	68
Other	10	4	(4)	7
	<u>\$ (28)</u>	<u>\$ 48</u>	<u>\$ (267)</u>	<u>\$ 29</u>

# Income Taxes

Our income tax (provision) benefit consisted of the following:

	Quarter ended		Nine months ended	
	May 30, 2024	June 1, 2023	May 30, 2024	June 1, 2023
Income (loss) before taxes	\$ 715	\$ (1,753)	\$ (270)	\$ (4,200)
Income tax (provision) benefit	(377)	(139)	172	(201)
Effective tax rate	52.7 %	(7.9)%	63.7 %	(4.8)%

In the first quarter of 2024, our tax expense was based on actual results for jurisdictions where small changes in our projected pre-tax income would have caused significant changes in the estimated annual effective tax rate. With our improved fiscal 2024 outlook, we were able to estimate a more reliable annual effective tax rate and have reverted to a global annual effective tax rate method for all jurisdictions beginning in the second quarter of 2024.

The changes in our effective tax rate for the third quarter and first nine months of 2024 as compared to the third quarter and first nine months of 2023 were primarily due to changes in profitability and discrete items primarily related to tax return filings.

We operate in a number of jurisdictions outside the United States, including Singapore, where we have tax incentive arrangements. These incentives expire, in whole or in part, at various dates through 2034 and are conditional, in part, upon meeting certain business operations and employment thresholds. As a result of the low level of profitability and the geographic mix of income, the benefit from tax incentive arrangements was not material for the periods presented.

As of May 30, 2024, other current assets included \$539 million related to income taxes.





# Earnings Per Share

	Quarter ended		Nine months ended	
	May 30, 2024	June 1, 2023	May 30, 2024	June 1, 2023
Net income (loss) – Basic and Diluted	\$ 332	\$ (1,896)	\$ (109)	\$ (4,403)
Weighted-average common shares outstanding – Basic	1,107	1,094	1,104	1,092
Dilutive effect of equity plans	16	—	—	—
Weighted-average common shares outstanding – Diluted	1,123	1,094	1,104	1,092
Earnings (loss) per share				
Basic	\$ 0.30	\$ (1.73)	\$ (0.10)	\$ (4.03)
Diluted	0.30	(1.73)	(0.10)	(4.03)

Antidilutive potential common shares excluded from the computation of diluted earnings per share, that could dilute basic earnings per share in the future, were 1 million and 31 million for the third quarter and first nine months of 2024, respectively, and were 31 million and 33 million for the third quarter and first nine months of 2023, respectively.

## Segment and Other Information

Segment information reported herein is consistent with how it is reviewed and evaluated by our chief operating decision maker. We have the following four business units, which are our reportable segments:

**Compute and Networking Business Unit (“CNBU”):** Includes memory products and solutions sold into the client, cloud server, enterprise, graphics, and networking markets.

**Mobile Business Unit (“MBU”):** Includes memory and storage products sold into the smartphone and other mobile-device markets.

**Embedded Business Unit (“EBU”):** Includes memory and storage products and solutions sold into the automotive, industrial, and consumer markets.

**Storage Business Unit (“SBU”):** Includes SSDs and component-level solutions sold into the enterprise and cloud, client, and consumer storage markets.

Certain operating expenses directly associated with the activities of a specific segment are charged to that segment. Other indirect operating income and expenses are generally allocated to segments based on their respective percentage of cost of goods sold or forecasted wafer production. We do not identify or report internally our assets (other than goodwill) or capital expenditures by segment, nor do we allocate gains and losses from equity method investments, interest, other non-operating income or expense items, or taxes to segments.



	Quarter ended		Nine months ended	
	May 30, 2024	June 1, 2023	May 30, 2024	June 1, 2023
<b>Revenue</b>				
CNBU	\$ 2,573	\$ 1,389	\$ 6,495	\$ 4,510
MBU	1,588	819	4,479	2,419
EBU	1,294	912	3,442	2,777
SBU	1,353	627	2,911	1,814
All Other	3	5	34	10
	<u>\$ 6,811</u>	<u>\$ 3,752</u>	<u>\$ 17,361</u>	<u>\$ 11,530</u>
<b>Operating income (loss)</b>				
CNBU	\$ 442	\$ (337)	\$ 73	\$ (182)
MBU	301	(478)	(395)	(1,017)
EBU	124	65	133	347
SBU	76	(601)	(631)	(1,215)
All Other	(2)	2	23	6
	<u>941</u>	<u>(1,349)</u>	<u>(797)</u>	<u>(2,061)</u>
<b>Unallocated</b>				
Stock-based compensation	(217)	(151)	(608)	(413)
Restructure and asset impairments	—	(68)	—	(167)
Provision to write-down inventories to net realizable value	—	(401)	—	(1,831)
Lower costs from sale of inventory written down in prior periods	—	281	987	281
Patent cross-license agreement gain	—	—	200	—
Litigation settlement	—	(68)	—	(68)
Other	(5)	(5)	—	(14)
	<u>(222)</u>	<u>(412)</u>	<u>579</u>	<u>(2,212)</u>
<b>Operating income (loss)</b>	<u>\$ 719</u>	<u>\$ (1,761)</u>	<u>\$ (218)</u>	<u>\$ (4,273)</u>

## Certain Concentrations

Revenue by end market as an approximate percentage of total revenue is presented in the table below:

Nine months ended	May 30, 2024	June 1, 2023
Mobile	25 %	20 %
Automotive, industrial, and consumer	20 %	25 %
Enterprise and cloud server	20 %	20 %
Client and graphics	15 %	20 %
SSDs and other storage	15 %	15 %

Revenue from one customer, which is a distributor, was 11% of total revenue for the first nine months of 2024. No customer accounted for 10% or more of total revenue for the first nine months of 2023.

## **ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This discussion should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended August 31, 2023. All period references are to our fiscal periods unless otherwise indicated. Our fiscal year is the 52 or 53-week period ending on the Thursday closest to August 31. Fiscal 2024 and 2023 each contain 52 weeks. All tabular dollar amounts are in millions, except per share amounts.

### **Overview**

We are an industry leader in innovative memory and storage solutions transforming how the world uses information to enrich life for all. With a relentless focus on our customers, technology leadership, and manufacturing and operational excellence, Micron delivers a rich portfolio of high-performance DRAM, NAND, and NOR memory and storage products through our Micron® and Crucial® brands. Every day, the innovations that our people create fuel the data economy, enabling advances in artificial intelligence (AI) and compute-intensive applications that unleash opportunities — from the data center to the intelligent edge and across the client and mobile user experience.

We manufacture our products at wholly-owned facilities and also utilize subcontractors for certain manufacturing processes. Our global network of manufacturing centers of excellence not only allows us to benefit from scale while streamlining processes and operations, but it also brings together some of the world’s brightest talent to work on the most advanced memory technology. Centers of excellence bring expertise together in one location, providing an efficient support structure for end-to-end manufacturing, with quicker cycle times, in partnership with teams such as research and development (“R&D”), product development, human resources, procurement, and supply chain. For our locations in Singapore and Taiwan, this is also a combination of bringing fabrication and back-end manufacturing together. We make significant investments to develop proprietary product and process technology, which generally increases bit density per wafer and reduces per-bit manufacturing costs of each generation of product. We continue to introduce new generations of products that offer improved performance characteristics, including higher data transfer rates, advanced packaging solutions, lower power consumption, improved read/write reliability, and increased memory density.

We face intense competition in the semiconductor memory and storage markets. To remain competitive we must continuously develop and implement new products and technologies and decrease manufacturing costs in spite of ongoing inflationary cost pressures. Our success is largely dependent on obtaining returns on our R&D investments, efficient utilization of our manufacturing infrastructure, development and integration of advanced product and process technologies, market acceptance of our diversified portfolio of semiconductor-based memory and storage solutions, and efficient capital spending.

### **Product Technologies**

Our product portfolio of memory and storage solutions, advanced solutions, and storage platforms is based on our high-performance semiconductor memory and storage technologies, including DRAM, NAND, and NOR. We sell our products into various markets through our business units in numerous forms, including components, modules, SSDs, managed NAND, MCPs, HBM, and wafers. Our system-level solutions, including SSDs and managed NAND, combine NAND, a controller, firmware, and in some cases DRAM.

**DRAM:** DRAM products are dynamic random access memory semiconductor devices with low latency that provide high-speed data retrieval with a variety of performance characteristics. DRAM products lose content when power is turned off (“volatile”) and are most commonly used in client, cloud server, enterprise, networking, graphics, industrial, and automotive markets. LPDRAM products, which are engineered to meet standards for performance and power consumption, are sold into smartphone and other mobile-device markets (including client markets for Chromebooks, notebook PCs, and gaming consoles), as well as into the automotive, industrial, consumer, and datacenter markets. HBM is a stacked DRAM technology optimized for memory-bandwidth intensive applications.

**NAND:** NAND products are non-volatile, re-writeable semiconductor storage devices that provide high-capacity, low-cost storage with a variety of performance characteristics. NAND is used in SSDs for the enterprise and cloud, client, consumer, and automotive markets and in removable storage markets. Managed NAND is used in smartphones and other mobile devices, and in consumer, automotive, and embedded markets. Low-density NAND is ideal for applications like automotive, surveillance, machine-to-machine, automation, printer, and home networking.

**NOR:** NOR products are non-volatile, re-writable semiconductor memory devices that provide fast read speeds. NOR is most commonly used for reliable code storage (e.g., boot, application, operating system, and execute-in-place code in an embedded system) and for frequently changing small data storage and is ideal for automotive, industrial, and consumer applications.

## Industry Conditions

The memory and storage industry environment deteriorated sharply in the fourth quarter of 2022 and through 2023 due to weak demand in many end markets combined with global and macroeconomic challenges and lower demand resulting from customer actions to reduce inventory levels. This led to significant reductions in average selling prices for both DRAM and NAND and reductions in bit shipments for DRAM, resulting in declines in revenue across all our business segments and nearly all our end markets. For the first nine months of 2024, increasing demand growth, driven in part by deployment of artificial intelligence and mostly normal customer inventories, combined with industry-wide supply discipline, resulted in an improved industry supply and demand balance. As a result, we have experienced improvements in pricing and margins in 2024.

We reduced capital expenditures and wafer starts for both DRAM and NAND in response to challenging market conditions that began in the latter part of 2022 and increased levels of our inventories. In the first quarter of 2024, we recognized \$165 million of period costs due to wafer start reductions. In the second and third quarters of 2024, fabrication facility underutilization was reduced and principally related to legacy manufacturing capacity, accordingly period costs were not significant. In addition, to improve capital efficiency, we have redeployed equipment from older technology nodes to support conversions to leading-edge nodes. Since the number of wafer processing steps is higher for leading-edge nodes, this approach has resulted in a meaningful structural reduction in DRAM and NAND wafer capacity. We are now fully utilized on our high-volume manufacturing nodes where we are maximizing output against the structurally lowered capacity. We believe this approach to node migration and consequent wafer capacity reduction is an industry-wide phenomenon.

## Impact of China Cyberspace Administration Decision

On March 31, 2023, China's Cyberspace Administration (the "CAC") notified us that it was conducting a cybersecurity review of our products sold in China. On May 21, 2023, we received notice that the CAC had concluded its review and decided that our products presented a cybersecurity risk. As such, the CAC determined that critical information infrastructure operators in China may not purchase Micron products. The CAC decision has impacted our business, particularly in the domestic data center and networking markets in



China, and we have been working to mitigate that impact. Our goal is to retain our worldwide DRAM and NAND market share.

# Results of Operations

## Consolidated Results

	Third Quarter 2024			Second Quarter 2024			Third Quarter 2023			Nine months ended		
										2024		
										2023		
Revenue	\$6,811	100 %		\$5,824	100 %		\$ 3,752	100 %		\$17,361	100 %	\$11,530 100 %
Cost of goods sold	4,979	73 %		4,745	81 %		4,420	118 %		14,485	83 %	12,511 109 %
Gross margin	1,832	27 %		1,079	19 %		(668)	(18)%		2,876	17 %	(981) (9)%
Research and development	850	12 %		832	14 %		758	20 %		2,527	15 %	2,395 21 %
Selling, general, and administrative	291	4 %		280	5 %		219	6 %		834	5 %	701 6 %
Restructure and asset impairments	—	— %		—	— %		68	2 %		—	— %	167 1 %
Other operating (income) expense, net	(28)	— %		(224)	(4)%		48	1 %		(267)	(2)%	29 — %
Operating income (loss)	719	11 %		191	3 %		(1,761)	(47)%		(218)	(1)%	(4,273) (37)%
Interest income (expense), net	(14)	— %		(14)	— %		8	— %		(28)	— %	75 1 %
Other non-operating income (expense), net	10	— %		(7)	— %		—	— %		(24)	— %	(2) — %
Income tax (provision) benefit	(377)	(6)%		622	11 %		(139)	(4)%		172	1 %	(201) (2)%
Equity in net income (loss) of equity method investees	(6)	— %		1	— %		(4)	— %		(11)	— %	(2) — %
Net income (loss)	\$ 332	5 %		\$ 793	14 %		\$(1,896)	(51)%		\$ (109)	(1)%	\$(4,403) (38)%

**Total Revenue:** Total revenue for the third quarter and first nine months of 2024 was impacted by the factors described in the section titled “Industry Conditions” above. These conditions drove significant quarterly declines in average selling prices throughout 2023 and a subsequent recovery of average selling prices in the first three quarters of 2024.

Total revenue for the third quarter of 2024 increased 17% as compared to the second quarter of 2024 due to increases in sales of both DRAM and NAND products.

- Sales of DRAM products in the third quarter of 2024 increased 13% as compared to the second quarter of 2024 primarily due to increases in average selling prices by approximately 20%, partially offset by a mid-single-digit percent range decrease in bit shipments.
- Sales of NAND products in the third quarter of 2024 increased 32% as compared to the second quarter of 2024 primarily due to an approximate 20% increase in average selling prices and a high-single-digit percent range increase in bit shipments.

Total revenue for the third quarter of 2024 increased 82% as compared to the third quarter of 2023 due to increases in sales of both DRAM and NAND products.

- Sales of DRAM products in the third quarter of 2024 increased 76% as compared to the third quarter of 2023 primarily due to a mid-30% range increase in both average selling prices and bit shipments.
- Sales of NAND products in the third quarter of 2024 increased 104% as compared to the third quarter of 2023 primarily due to a low-60% range increase in average selling prices and a high-20% range increase in bit shipments.

Total revenue for the first nine months of 2024 increased 51% as compared to the first nine months of 2023 due to increases in both DRAM and NAND sales.

- Sales of DRAM products in the first nine months of 2024 increased 49% as compared to the first nine months of 2023 primarily due to a mid-50% range increase in bit shipments, partially offset by a low-single-digit percentage range decline in average selling prices.
- Sales of NAND products in the first nine months of 2024 increased 62% as compared to the first nine months of 2023 primarily due to a low-50% range increase in bit shipments and a high-single-digit percentage range increase in average selling prices.

**Consolidated Gross Margin:** Our consolidated gross margin has been impacted by the factors described in the section titled “Industry Conditions” above and inventory write-downs in 2023 as detailed in the table below. Our consolidated gross margin percentage improved to 27% for the third quarter of 2024 from 19% for the second quarter of 2024, as a result of improvements in margins for both DRAM and NAND products, primarily due to increases in average selling prices and NAND manufacturing cost reductions, partially offset by a reduction in the benefits from the sale of inventories previously written down to their net realizable value. Our consolidated gross margin percentage improved to 27% for the third quarter of 2024 from negative 18% for the third quarter of 2023 primarily due to increases in average selling prices, manufacturing cost reductions, the effects of charges to write down inventories to their NRV in 2023, and the sale of previously written down inventories. Our consolidated gross margin percentage improved to 17% for the first nine months of 2024 from negative 9% for the first nine months of 2023 primarily due to manufacturing cost reductions, the effects of charges to write down inventories to their NRV in 2023, and the sale of previously written down inventories.

Inventory NRV write-downs: Our consolidated gross margin was impacted by charges in the second and third quarters of 2023 to write inventories down to their estimated NRV as a result of declines in average selling prices for both DRAM and NAND. As charges to write down inventories are recorded in advance of when inventories are sold, costs of goods sold in subsequent periods are lower than they otherwise would be. The impact of inventory NRV write-downs for each period reflects (1) inventory write-downs in that period, offset by (2) lower costs in that period on the sale of inventory written down in prior periods. The impacts of inventory NRV write-downs are summarized below:

	Third Quarter 2024	Second Quarter 2024	Third Quarter 2023	Nine months ended	
				2024	2023
Provision to write down inventory to NRV	\$ —	\$ —	\$ (401)	\$ —	\$ (1,831)
Lower costs from sale of inventory written down in prior periods	—	382	281	987	281
	<u>\$ —</u>	<u>\$ 382</u>	<u>\$ (120)</u>	<u>\$ 987</u>	<u>\$ (1,550)</u>

## Revenue by Business Unit

	Third Quarter 2024		Second Quarter 2024		Third Quarter 2023		Nine months ended			
							2024		2023	
CNBU	\$2,573	38 %	\$2,185	38 %	\$1,389	37 %	\$ 6,495	37 %	\$ 4,510	39 %
MBU	1,588	23 %	1,598	27 %	819	22 %	4,479	26 %	2,419	21 %
EBU	1,294	19 %	1,111	19 %	912	24 %	3,442	20 %	2,777	24 %
SBU	1,353	20 %	905	16 %	627	17 %	2,911	17 %	1,814	16 %
All Other	3	— %	25	— %	5	— %	34	— %	10	— %
	<u>\$6,811</u>		<u>\$5,824</u>		<u>\$3,752</u>		<u>\$17,361</u>		<u>\$11,530</u>	

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

Changes in revenue for each business unit for the third quarter of 2024 as compared to the second quarter of 2024 were as follows:

- CNBU revenue increased 18% primarily due to increases in DRAM average selling prices driven by strong growth in the data center market.
- MBU revenue decreased 1% reflecting decreases in bit shipments, partially offset by increases in average selling prices for both mobile DRAM and NAND.
- EBU revenue increased 16% primarily due to increases in DRAM average selling prices and bit shipments driven by strong demand in automotive markets.
- SBU revenue increased 50% primarily due to increases in NAND average selling prices and bit shipments driven by strong demand in data center markets.

Changes in revenue for each business unit for the third quarter and first nine months of 2024 as compared to the corresponding periods of 2023 were as follows:

- CNBU revenue increased 85% and 44%, respectively, driven by increases in bit shipments. CNBU DRAM average selling prices increased for the third quarter of 2024 as compared to the third quarter of 2023 and decreased slightly for the first nine months of 2024 as compared to the first nine months of 2023.
- MBU revenue increased 94% and 85%, respectively, primarily due to increases in average selling prices and bit shipments for both mobile DRAM and NAND.
- EBU revenue increased 42% and 24%, respectively, primarily due to increases in bit shipments, partially offset by declines in average selling prices.
- SBU revenue increased 116% and 60%, respectively, primarily due to increases in average selling prices and bit shipments.

## Operating Income (Loss) by Business Unit

	Third Quarter 2024		Second Quarter 2024		Third Quarter 2023		Nine months ended			
							2024		2023	
CNBU	\$ 442	17 %	\$ 28	1 %	\$ (337)	(24)%	\$ 73	1 %	\$ (182)	(4)%
MBU	301	19 %	(9)	(1)%	(478)	(58)%	(395)	(9)%	(1,017)	(42)%
EBU	124	10 %	(1)	— %	65	7 %	133	4 %	347	12 %
SBU	76	6 %	(217)	(24)%	(601)	(96)%	(631)	(22)%	(1,215)	(67)%
All Other	(2)	(67)%	21	84 %	2	40 %	23	68 %	6	60 %
	<u>\$ 941</u>		<u>\$ (178)</u>		<u>\$ (1,349)</u>		<u>\$ (797)</u>		<u>\$ (2,061)</u>	

Percentages reflect operating income (loss) as a percentage of revenue for each business unit.

For the third quarter of 2024 as compared to the second quarter of 2024, operating income (loss) improved for all segments primarily due to increases in average selling prices as a result of improving conditions across most markets.





For the third quarter of 2024 as compared to the third quarter of 2023, CNBU, MBU, and SBU operating income (loss) improved primarily due to increases in average selling prices, manufacturing cost reductions, and increases in bit sales as a result of improving conditions across most markets in 2024. SBU and CNBU experienced higher R&D expenses for the third quarter of 2024 as compared to the third quarter of 2023. For EBU, operating income (loss) for the third quarter of 2024 also improved from the third quarter of 2023 primarily due to increases in bits sold and manufacturing cost reductions, partially offset by lower average selling prices.

For the first nine months of 2024 as compared to the first nine months of 2023, operating income (loss) improved for CNBU, MBU, and SBU primarily due to manufacturing cost reductions, increases in bit sales, and increases in MBU and SBU average selling prices as a result of improving conditions across most markets in 2024. SBU and CNBU experienced higher R&D expenses for the first nine months of 2024 as compared to the first nine months of 2023. For EBU, operating income (loss) for the first nine months of 2024 deteriorated from the first nine months of 2023 primarily due to lower average selling prices, partially offset by manufacturing cost reduction and increases in bit shipments.

## Operating Expenses and Other

**Research and Development:** R&D expenses vary primarily with the number of development and pre-qualification wafers processed, the cost of advanced equipment dedicated to new product and process development, and personnel costs. Because of the lead times necessary to manufacture our products, we typically begin to process wafers before completion of performance and reliability testing. Development of a product is deemed complete when it is qualified through internal reviews and tests for performance and reliability. R&D expenses can vary significantly depending on the timing of product qualification.

R&D expenses for the third quarter of 2024 increased 2% as compared to the second quarter of 2024 primarily due to an increase in employee compensation and subcontractor expense. R&D expenses for the third quarter of 2024 increased 12% as compared to the third quarter of 2023 primarily due to an increase in employee compensation and subcontractor expense, partially offset by an increase in government incentives. R&D expenses for the first nine months of 2024 increased 6% as compared to the first nine months of 2023 primarily due to an increase in employee compensation, partially offset by an increase in government incentives.

**Selling, General, and Administrative:** SG&A expenses for the third quarter of 2024 increased 4% as compared to the second quarter of 2024 primarily due to an increase in employee compensation. SG&A expenses for the third quarter and first nine months of 2024 increased 33% and 19%, respectively, as compared to the corresponding periods of 2023, primarily due to an increase in employee compensation and legal fees.

**Restructure and Asset Impairments:** See “Item 1. Financial Statements – Notes to Consolidated Financial Statements – Restructure and Asset Impairments.”

**Other Operating (Income) Expense, Net:** See “Item 1. Financial Statements – Notes to Consolidated Financial Statements – Other Operating (Income) Expense, Net.”

**Interest (Income) Expense, Net:** Interest income (expense) for the third quarter of 2024 compared to the second quarter of 2024 was unchanged. Interest income (expense) deteriorated for the third quarter and first nine months of 2024 as compared to the corresponding periods of 2023 primarily due to increases in interest expense as a result of higher debt balances and interest rates, partially offset by increases in interest income due to higher interest rates on our cash and investments.

**Income Taxes:** Our income tax (provision) benefit consisted of the following:

	Third Quarter 2024	Second Quarter 2024	Third Quarter 2023	Nine months ended	
				2024	2023
Income (loss) before taxes \$	715	\$ 170	\$ (1,753)	\$ (270)	\$ (4,200)
Income tax (provision) benefit	(377)	622	(139)	172	(201)
Effective tax rate	52.7 %	(365.9)%	(7.9)%	63.7 %	(4.8)%

In the first quarter of 2024, our tax expense was based on actual results for jurisdictions where small changes in our projected pre-tax income would have caused significant changes in the estimated annual effective tax rate. With our improved fiscal 2024 outlook, we were able to estimate a more reliable annual effective tax rate and have reverted to a global annual effective tax rate method for all jurisdictions beginning in the second quarter of 2024.

The change in our effective tax rate for the third quarter of 2024 as compared to the second quarter of 2024 was primarily due to the change in tax rate methodology applied in the second quarter of 2024. The changes in our effective tax rate for the third quarter and first nine months of 2024 as compared to the corresponding periods of 2023 were primarily due to changes in profitability and discrete items primarily related to tax return filings.

We operate in a number of jurisdictions outside the United States, including Singapore, where we have tax incentive arrangements. These incentives expire, in whole or in part, at various dates through 2034 and are conditional, in part, upon meeting certain business operations and employment thresholds. As a result of the low level of profitability and the geographical mix of income, the benefit from tax incentive arrangements was not material for the periods presented.

Various tax reforms are being considered in multiple jurisdictions that, if enacted, contain provisions that could materially impact our tax expense. We continue to monitor the potential impact of these various tax reform proposals to our overall global effective tax rate and financial statements.

**Other:** Further information can be found in “Item 1. Financial Statements – Notes to Consolidated Financial Statements – Equity Plans”.

## Liquidity and Capital Resources

Our primary sources of liquidity are cash generated from operations and financing obtained from capital markets and financial institutions. Cash generated from operations is highly dependent on selling prices for our products, which can vary significantly from period to period. Cash and marketable investments totaled \$9.15 billion as of May 30, 2024, and \$10.44 billion as of August 31, 2023. Our cash and investments consist primarily of bank deposits, money market funds, and liquid investment-grade, fixed-income securities, which are diversified among industries and individual issuers. To mitigate credit risk, we invest through high-credit-quality financial institutions and by policy generally limit the concentration of credit exposure by restricting the amount of investments with any single obligor. As of May 30, 2024, \$2.51 billion of our cash and marketable investments was held by our foreign subsidiaries.

We continuously evaluate alternatives for efficiently funding our capital expenditures and ongoing operations. From time to time, we expect to engage in a variety of financing transactions for such purposes as well as to refinance our existing indebtedness, including the issuance of securities. As of May 30, 2024, \$2.50 billion was available to draw under our Revolving Credit Facility. Funding of certain significant capital projects is also dependent on

the receipt of government incentives, which are subject to conditions and may not be obtained.

To develop new product and process technology, support future growth, achieve operating efficiencies, and maintain product quality, we must continue to invest in manufacturing technologies, facilities and equipment, and R&D. We estimate capital expenditures in 2024 for property, plant, and equipment, net of proceeds from government incentives, to be approximately \$8.0 billion. Actual amounts for 2024 will vary depending on market conditions and may vary from quarter to quarter due to the timing of expenditures. As of May 30, 2024, we had purchase obligations of approximately \$1.31 billion for the acquisition of property, plant, and equipment, of which approximately \$1.20 billion is expected to be paid within one year. For a description of other contractual obligations, such as leases and debt, see “Item 1. Financial Statements – Notes to Consolidated Financial Statements – Leases,” and “ – Debt.”

To support expected memory demand in the second half of the decade, we will need to add new DRAM wafer capacity. Following the enactment of the U.S. CHIPS and Science Act of 2022 (“CHIPS Act”), we announced plans to invest in two leading-edge memory manufacturing fab facilities in the United States, contingent on CHIPS Act support through grants and investment tax credits. As part of this plan, in September 2022, we broke ground on a leading-edge memory manufacturing fab in Boise, Idaho. Construction of the fab began in October 2023 with DRAM production targeted to start in early calendar 2026 and first output in mid calendar 2026. In addition, in October 2022, we announced plans to build a second leading-edge DRAM manufacturing facility, consisting of up to four fabs to be built over the next 20-plus years, in Clay, New York. We expect construction site preparation to begin in calendar 2025, with production anticipated to ramp in the latter half of the decade. We expect these new fabs to be key to meeting our requirements for additional wafer capacity starting in the second half of the decade and beyond, in line with industry demand trends.

We have signed a non-binding preliminary memorandum of terms with the U.S. Department of Commerce for up to \$6.1 billion in direct funding under the CHIPS Act for our planned fab in Boise, Idaho and the first two planned fabs in Clay, New York. We are also eligible for federal loans up to \$7.5 billion. In addition, we receive a 25% investment tax credit on qualified investments in U.S. semiconductor manufacturing under the CHIPS Act. We have also signed a non-binding term sheet with the state of New York that provides up to \$5.5 billion in funding for the planned four-fab facility over the next 20-plus years through a combination of tax credits for qualified capital investments and incentives for eligible new job wages.

Additionally, we began enablement of cleanroom space within our existing manufacturing fab in Hiroshima, Japan, that will support production of DRAM using EUV lithography. We also continue to advance our global back-end assembly and test network in order to support our product portfolio and extend our ability to deliver on global customer demand in the future. We have started construction to expand our existing assembly and test facility in Xi’an, China, to provide space to add more product capability, to allow us over time to serve more of the demand from our customers in China. Construction is also progressing for the assembly and test facility in Gujarat, India to address demand in the latter half of this decade.

Our Board of Directors has authorized the discretionary repurchase of up to \$10 billion of our outstanding common stock through open-market purchases, block trades, privately-negotiated transactions, derivative transactions, and/or pursuant to Rule 10b5-1 trading plans. The repurchase authorization has no expiration date, does not obligate us to acquire any common stock, and is subject to market conditions and our ongoing determination of the best use of available cash. Through May 30, 2024, we had repurchased an aggregate of \$6.89 billion of the authorized amount. See “Item 1. Financial Statements – Notes to Consolidated Financial Statements – Equity.”

On June 26, 2024, our Board of Directors declared a quarterly dividend of \$0.115 per share, payable in cash on July 23, 2024, to shareholders of record as of the close of business on July 8, 2024. The declaration and payment of any future cash dividends are at the discretion and subject to the approval of our Board of Directors. Our Board of Directors' decisions

regarding the amount and payment of dividends will depend on many factors, including, but not limited to, our financial condition, results of operations, capital requirements, business conditions, debt service obligations, contractual restrictions, industry practice, legal requirements, regulatory constraints, and other factors that our Board of Directors may deem relevant.

We expect that our cash and investments, cash flows from operations, expected funding from government incentives, and available financing will be sufficient to meet our requirements at least through the next 12 months and thereafter for the foreseeable future.

## Cash Flows

	Nine months ended	
	2024	2023
Net cash provided by operating activities	\$ 5,102	\$ 1,310
Net cash provided by (used for) investing activities	(4,711)	(5,361)
Net cash provided by (used for) financing activities	(1,368)	5,095
Effect of changes in currency exchange rates on cash, cash equivalents, and restricted cash	(15)	(13)
Net increase (decrease) in cash, cash equivalents, and restricted cash	\$ (992)	\$ 1,031

**Operating Activities:** Cash provided by operating activities reflects net income (loss) adjusted for certain non-cash items, including depreciation expense, amortization of intangible assets, stock-based compensation, and inventory write-downs, and the effects of changes in operating assets and liabilities. The increase in cash provided by operating activities for the first nine months of 2024 as compared to the first nine months of 2023 was primarily due to a smaller net loss in the current year adjusted for non-cash items, the effect of an increase in accounts payable and accrued expenses and an increase in other current liabilities largely due to approximately \$600 million of customer prepayments to secure product supply, partially offset by an increase in receivables.

**Investing Activities:** For the first nine months of 2024, net cash used for investing activities consisted primarily of \$5.27 billion of expenditures for property, plant, and equipment, partially offset by contributions of \$267 million received from government incentives to offset capital expenditures and \$323 million of net inflows from maturities, sales, and purchases of available-for-sale securities.

For the first nine months of 2023, net cash used for investing activities consisted primarily of \$6.22 billion of expenditures for property, plant, and equipment, partially offset by contributions of \$248 million received from government incentives to offset capital expenditures and \$696 million of net inflows from maturities, sales, and purchases of available-for-sale securities.

**Financing Activities:** For the first nine months of 2024, net cash used for financing activities consisted primarily of \$1.82 billion of repayments of debt, which included the prepayment of the 2024 Term Loan A and the 2025 Term Loan A borrowings, \$384 million for payments of dividends to shareholders, and \$127 million of payments on equipment purchase contracts, partially offset by approximately \$1.00 billion of proceeds from the issuance of the 2031 Notes. See “Item 1. Financial Statements – Notes to Consolidated Financial Statements – Debt.”

For the first nine months of 2023, net cash provided by financing activities consisted primarily of \$3.20 billion of proceeds from our 2025, 2026, and 2027 Term Loan A borrowings, \$1.27 billion from the issuance of the 2029 B Notes, \$896 million from the issuance of the 2033 B Notes, \$749 million from the issuance of the 2033 A Notes, and \$599 million from the issuance of the 2028 Notes. Cash used for financing activities included \$706 million for repayments of debt, \$425 million for the acquisition of 8.6 million shares of our common stock under our share repurchase authorization, \$378 million for payments of dividends to shareholders, and \$112 million of payments on equipment purchase contracts.

## Critical Accounting Estimates

For a discussion of our critical accounting estimates, see “Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates” of our Annual Report on Form 10-K for the year ended August 31, 2023. There have been no significant changes to our critical accounting estimates since our Annual Report on Form 10-K for the year ended August 31, 2023.

# Recently Adopted Accounting Standards

No material items.

# Recently Issued Accounting Standards

No material items.



## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

For further discussion about market risk and sensitivity analysis related to changes in interest rates and currency exchange rates, see “Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk” in our Annual Report on Form 10-K for the year ended August 31, 2023.

## **ITEM 4. CONTROLS AND PROCEDURES**

An evaluation was carried out under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based upon that evaluation, the principal executive officer and principal financial officer concluded that those disclosure controls and procedures were effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act are 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 the principal executive officer and principal financial officer, to allow timely decisions regarding disclosure.

During the third quarter of 2024, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

For a discussion of legal proceedings, see “Part I – Item 3. Legal Proceedings” of our Annual Report on Form 10-K for the year ended August 31, 2023, and the sections titled “Part I. Financial Information – Item 1. Financial Statements – Notes to Consolidated Financial Statements – Contingencies” and “Item 1A. Risk Factors” in this Quarterly Report on Form 10-Q, as well as in our Quarterly Report on Form 10-Q for the first and second quarters of 2024.

SEC regulations require disclosure of certain proceedings related to environmental matters unless we reasonably believe that the related monetary sanctions, if any, will be less than a specified threshold. We use a threshold of \$1 million for this purpose.

## ITEM 1A. RISK FACTORS

In addition to the factors discussed elsewhere in this Form 10-Q, this section discusses important factors which could cause actual results or events to differ materially from those contained in any forward-looking statements made by us. The order of presentation is not necessarily indicative of the level of risk that each factor poses to us. Any of these factors could have a material adverse effect on our business, results of operations, financial condition, or stock price. Our operations could also be affected by other factors that are presently unknown to us or not considered significant.

# Risk Factor Summary

### Risks Related to Our Business, Operations, and Industry

- volatility in average selling prices of our products;
- a range of factors that may adversely affect our gross margins;
- our international operations, including geopolitical risks;
- the highly competitive nature of our industry;
- our ability to develop and produce new and competitive memory and storage technologies and products;
- realizing expected returns from capacity expansions;
- achieving or maintaining certain outcomes or compliance with other obligations associated with incentives from various governments;
- availability and quality of materials, supplies, and capital equipment and dependency on third-party service providers;
- a downturn in regional or worldwide economies;
- disruptions to our manufacturing process from operational issues, natural disasters, or other events;
- dependency on a select number of key customers, including international customers;
- products that fail to meet specifications, are defective, or are incompatible with end uses;
- breaches of our security systems or products, or those of our customers, suppliers, or business partners;
- attracting, retaining, and motivating highly skilled employees;
- responsible sourcing requirements and related regulations;
- environmental, social, and governance considerations;
- acquisitions and/or alliances; and
- restructure plans may not realize expected savings or other benefits.

### Risks Related to Intellectual Property and Litigation

- protecting our intellectual property and retaining key employees who are knowledgeable of and develop our intellectual property;
- legal proceedings and claims; and
- claims that our products or manufacturing processes infringe or otherwise violate the intellectual property rights of others or failure to obtain or renew license agreements covering such intellectual property.

## **Risks Related to Laws and Regulations**

- impacts of government actions and compliance with tariffs, trade restrictions, and/or trade regulations;
- tax expense and tax laws in key jurisdictions; and
- compliance with laws, regulations, or industry standards, including environmental considerations.

## **Risks Related to Capitalization and Financial Markets**

- our ability to generate sufficient cash flows or obtain access to external financing;
- our debt obligations;
- changes in foreign currency exchange rates;
- counterparty default risk;
- volatility in the trading price of our common stock; and
- fluctuations in the amount and frequency of our common stock repurchases and payment of cash dividends and resulting impacts.

# Risks Related to Our Business, Operations, and Industry

## **Volatility in average selling prices for our semiconductor memory and storage products may adversely affect our business.**

We have experienced significant volatility in our average selling prices and may continue to experience such volatility in the future. For example, average selling prices for DRAM declined in the high-40s percent range and NAND declined in the low-50s percent range for 2023 as compared to 2022. Since 2017, annual percentage changes in DRAM average selling prices have ranged from plus mid-30s percent range to a minus high-40s percent range. Since 2017, annual percentage changes in NAND average selling prices have ranged from nearly flat to a minus low-50s percent range. In recent periods, average selling prices for our products have been below our manufacturing costs and we may experience such circumstances in the future. Average selling prices for our products that decline faster than our costs have recently had an adverse effect on our business and results of operations, and in future periods could have a material adverse effect on our business, results of operations, or financial condition.

## **Our gross margins may be adversely affected by a range of factors.**

Our gross margins are dependent, in part, upon continuing decreases in per gigabit manufacturing costs achieved through improvements in our manufacturing processes and product designs. Factors that may limit our ability to reduce our per gigabit manufacturing costs at sufficient levels to prevent deterioration of or improve gross margins include, but are not limited to:

- strategic product diversification decisions affecting product mix;
- increasing complexity of manufacturing processes;
- difficulties in transitioning to smaller line-width process technologies or additional 3D memory layers or NAND cell levels;
- process complexity including number of mask layers and fabrication steps;
- manufacturing yield;
- technological barriers;
- changes in process technologies;
- new products that may require relatively larger die sizes;
- start-up or other costs associated with capacity expansions;
- higher costs of goods and services due to inflationary pressures or market conditions; and
- higher manufacturing costs per gigabit due to fabrication facility underutilization, lower wafer output, and insufficient volume to run new technology nodes to achieve cost optimization.

Many factors may result in a reduction of our output or a delay in ramping production, which could lead to underutilization of our production assets. These factors may include, among others, a weak demand environment, industry oversupply, inventory surpluses, difficulties in ramping emerging technologies, supply chain disruptions, and delays from equipment

suppliers. See “Part I. Financial Information – Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Overview – Industry Conditions” for information regarding our recent underutilization charges. A significant portion of our manufacturing costs are fixed and do not vary proportionally with changes in production output. As a result, lower utilization, lower wafer output, and corresponding increases in our per gigabit manufacturing costs have resulted in higher inventory carrying costs, and have had, and may continue to have, an adverse effect on our gross margins, business, results of operations, or financial condition.

We have a broad portfolio of products to address our customers' needs, which span multiple market segments and are subject to rapid technological changes. Our manufacturing costs on a per gigabit basis vary across our portfolio as they are largely influenced by the technology node in which the solution was developed. We strive to balance our demand and supply for each technology node, but the dynamics of our markets and our customers can create periods of imbalance, which can lead us to carry elevated inventory levels. Consequently, we may incur charges in connection with obsolete or excess inventories, or we may not fully recover our costs, which would reduce our gross margins. For example, in 2023, we recorded aggregate charges of \$1.83 billion to write down the carrying value of our inventories to their estimated net realizable value. In addition, due to the customized nature of certain products we manufacture, we may be unable to sell certain finished goods inventories to alternative customers or manufacture in-process inventory to different specifications, which may result in excess and obsolescence charges in future periods.

In addition, if we are unable to supply products that meet customer design and performance specifications, we may be required to sell such products at lower average selling prices, which may reduce our gross margins. Our gross margins may also be impacted by shifts in product mix, driven by our strategy to optimize our portfolio to best respond to changing market dynamics.

Our inability to prevent deterioration of or improve gross margins could have a material adverse effect on our business, results of operations, or financial condition.

**We face geopolitical and other risks associated with our international operations that could materially adversely affect our business, results of operations, or financial condition.**

In addition to our U.S. operations, a substantial portion of our operations are conducted in Taiwan, Singapore, Japan, Malaysia, China, and India, and many of our customers, suppliers, and vendors also operate internationally. In 2023, nearly half of our revenue was from sales to customers who have headquarters located outside the United States, while over 80% of our revenue in 2023 was from products shipped to customer locations outside the United States.

Our international operations are subject to a number of risks, including:

- restrictions on sales of goods or services to one or more of our significant foreign customers;
- export and import duties, changes to import and export regulations, customs regulations and processes, and restrictions on the transfer of funds, including currency controls in China, which could negatively affect the amount and timing of payments from certain of our customers and, as a result, our cash flows;
- compliance with U.S. and international laws involving international operations, including the Foreign Corrupt Practices Act of 1977, as amended, sanctions and anti-corruption laws, export and import laws, and similar rules and regulations;
- theft of intellectual property;
- political and economic instability, including instability resulting from domestic and international conflicts;

- government actions or civil unrest preventing the flow of products and materials, including delays in shipping and obtaining products and materials, cancellation of orders, or loss or damage of products;
- problems with the transportation or delivery of products and materials;
- issues arising from cultural or language differences and labor unrest;
- longer payment cycles and greater difficulty in collecting accounts receivable;
- compliance with trade, technical standards, and other laws in a variety of jurisdictions;
- contractual and regulatory limitations on the ability to maintain flexibility with staffing levels;
- disruptions to manufacturing or R&D activities as a result of actions imposed by foreign governments;
- changes in economic policies of foreign governments;
- difficulties in staffing and managing international operations; and
- public health issues.

If we or our customers, suppliers, or vendors are impacted by any of these risks, it could have a material adverse effect on our business, results of operations, or financial condition.



Following the May 21, 2023 decision of its cybersecurity review of our products sold in China, the CAC determined that critical information infrastructure operators in China may not purchase Micron products, impacting our revenue with companies headquartered in mainland China and Hong Kong, including direct sales as well as indirect sales through distributors. Some revenue with customers headquartered outside of China has also been impacted. Further actions by the Chinese government could impact additional revenue inside or outside China, or our operations in China, or our ability to ship products to our customers, any of which could have a material adverse effect on our business, results of operations, or financial condition.

Political, economic, or other actions may adversely affect our operations in Taiwan. A majority of our DRAM production output in 2023 was from our fabrication facilities in Taiwan and any loss of output could have a material adverse effect on us. Any political, economic, or other actions may also adversely affect our customers and the technology industry supply chain, for which Taiwan is a central hub, and as a result, could have a material adverse impact on us.

In addition, the U.S. government has in the past restricted American firms from selling products and software to certain of our customers and may in the future impose similar restrictions on one or more of our significant customers. These restrictions may not prohibit our competitors from selling similar products to our customers, which may result in our loss of sales and market share. Even as such restrictions are lifted, financial or other penalties or continuing export restrictions imposed with respect to our customers could have a continuing negative impact on our future revenue and results of operations, and we may not be able to recover any customers or market share we lose, or make such recoveries at acceptable average selling prices, while complying with such restrictions.

### **The semiconductor memory and storage markets are highly competitive.**

We face intense competition in the semiconductor memory and storage markets from a number of companies, including Kioxia Holdings Corporation; Samsung Electronics Co., Ltd.; SK hynix Inc.; and Western Digital Corporation. Our competitors may use aggressive pricing to obtain market share. Some of our competitors are large corporations or conglomerates that may have a larger market share and greater resources to invest in technology, capitalize on growth opportunities, and withstand downturns in the semiconductor markets in which we compete. Consolidation of industry competitors could put us at a competitive disadvantage as our competitors may benefit from increased manufacturing scale and a stronger product portfolio. We operate in different jurisdictions than our competitors and may be impacted by unfavorable changes in currency exchange rates.

In addition, some governments may provide, or have provided and may continue to provide, significant assistance, financial or otherwise, to some of our competitors or to new entrants and may intervene in support of national industries and/or competitors. In particular, we face the threat of increasing competition as a result of significant investment in the semiconductor industry by the Chinese government and various state-owned or affiliated entities, in companies such as Yangtze Memory Technologies Co., Ltd. ("YMTC") and ChangXin Memory Technologies, Inc. ("CXMT"). In addition, the CAC's decision that critical

information infrastructure operators in China may not purchase Micron products had an impact on our ability to compete effectively in China and elsewhere.

We and our competitors generally seek to increase supply to address growing market demands, improve yields, and reduce die size, which could result in significant increases in worldwide supply and downward pressure on prices. Increases in worldwide supply of semiconductor memory and storage also result from fabrication capacity expansions, either by way of new facilities, increased capacity utilization, or reallocation of other semiconductor production to semiconductor memory and storage production. Our competitors may increase capital expenditures resulting in future increases in worldwide supply. We, and some of our competitors, have plans to ramp, or are constructing or ramping, production at new fabrication facilities. Increases in worldwide supply of semiconductor memory and storage, if not accompanied by commensurate increases in demand, could lead to declines in average selling prices for our products and could materially adversely affect our business, results of operations, or financial condition. If competitors are more successful at developing or implementing new product or process technology, their products could have cost or performance advantages.

The competitive nature of our industry could have a material adverse effect on our business, results of operations, or financial condition.

**Our future success depends on our ability to develop and produce new and competitive memory and storage technologies and products.**

Our key semiconductor memory and storage technologies face technological barriers to continue to meet long-term customer needs. These barriers include potential limitations on stacking additional 3D memory layers, increasing bits per cell (i.e., cell levels), meeting higher density requirements, developing advanced packaging solutions, improving power consumption and reliability, and delivering advanced features and higher performance. We may face technological barriers to continue to shrink our products at our current or historical rate, which has generally reduced per gigabit cost. We have invested and expect to continue to invest in R&D for new and existing products and process technologies, such as EUV lithography, to continue to deliver advanced product requirements. Such new technologies can add complexity and risk to our schedule and may affect our costs and production output. We may be unable to recover our investment in R&D or otherwise realize the economic benefits of reducing die size or increasing memory and storage densities. Our competitors are working to develop new memory and storage technologies that may offer performance and/or cost advantages to existing technologies and render existing technologies obsolete. Accordingly, our future success may depend on our ability to develop and produce viable and competitive new memory and storage technologies.

We are developing new products, including system-level memory and storage products and solutions, which complement our traditional products or leverage their underlying design or process technology. We have invested and expect to continue to invest in new semiconductor product and system-level solution development. We are increasingly differentiating our products and solutions to meet the specific demands of our customers, which increases our reliance on our customers' ability to accurately forecast the needs and preferences of their customers. As a result, our product demand forecasts may be impacted significantly by the strategic actions of our customers. In addition, our ability to successfully introduce new products often requires us to make product specification decisions multiple years in advance of when new products enter the market.

It is important that we deliver products in a timely manner with increasingly advanced performance characteristics at the time our customers are designing and evaluating samples for their products. If we do not meet their product design schedules, our customers may exclude us from further consideration as a supplier for those products. The process to develop new products requires us to demonstrate advanced functionality, performance, and reliability, often well in advance of a planned ramp of production, in order to secure design wins with our customers. Many factors may negatively impact our ability to meet anticipated timelines and/or expected or required quality standards with respect to the development of certain of our products. In addition, some of our components have long lead-times, requiring us to place orders up to a year in advance of anticipated demand. Such long lead-times increase the risk of excess inventory or loss of sales in the event our forecasts vary substantially from actual demand.

There can be no assurance of the following:

- we will be successful in developing competitive new semiconductor memory and storage technologies and products;

- we will be able to cost-effectively manufacture new products;
- we will be able to successfully market these technologies;
- margins generated from sales of these products will allow us to recover costs of development efforts;
- we will be able to establish or maintain key relationships with customers, or that we will not be prohibited from working with certain customers, for specific chip set or design requirements;
- we will accurately predict and design products that meet our customers' specifications; or
- we will be able to introduce new products into the market and qualify them with our customers on a timely basis.

Unsuccessful efforts to develop new memory and storage technologies and products could have a material adverse effect on our business, results of operations, or financial condition.

**We may not be able to achieve expected returns from capacity expansions.**

We have announced our intent to expand our production capacity and/or make capital investments in the United States and in other regions where we operate.

These expansions involve several risks including the following:

- capital expenditure requirements for capacity expansions during periods of relatively low free cash flow generation, resulting from challenging memory and storage industry conditions;
- availability of necessary funding, which may include external sources;
- ability to realize expected grants, investment tax credits, and other government incentives, including through the CHIPS Act and other national, international, state, and local grants;
- potential changes in laws or provisions of grants, investment tax credits, and other government incentives;
- potential restrictions or delays related to environmental regulations or permits;
- potential restrictions on expanding in certain geographies;
- availability of equipment and construction materials;
- ability to complete construction as scheduled and within budget;
- availability of the necessary workforce;
- ability to timely ramp production in a cost-effective manner;
- increases to our cost structure until new production is ramped to adequate scale; and
- sufficient customer demand to utilize our increased capacity.

We invest our capital in areas that we believe best align with our business strategy and optimize future returns. Investments in capital expenditures may not generate expected returns or cash flows. Significant judgment is required to determine which capital investments will result in optimal returns, and we could invest in projects that are ultimately less profitable than those projects we do not select. Delays in completion and ramping of new production facilities, or failure to optimize our investment choices, could significantly impact our ability to realize expected returns on our capital expenditures.

Any of the above factors could have a material adverse effect on our business, results of operations, or financial condition.

**Our incentives from various governments are conditional upon achieving or maintaining certain outcomes or compliance with other obligations and are subject to reduction, termination, clawback, or could impose certain limitations on our business.**

We have received, and may in the future continue to receive, benefits and incentives from national, state, and local governments in various regions of the world designed to encourage us to establish, maintain, or increase investment, workforce, research and development, or production in those regions. These incentives may take various forms, including grants, subsidies, loans, and tax arrangements, and typically require us to achieve or maintain certain levels of investment, capital spending, employment, technology deployment or development milestones, construction or production milestones, or research and

development activities to qualify for such incentives or could restrict us from undertaking certain activities. We may be unable to obtain sufficient future incentives to continue to fund a portion of our capital expenditures and operating costs, without which our cost structure may be adversely impacted and planned capital expenditures and research and development expenditures may be affected. We also cannot guarantee that we will successfully achieve and maintain outcomes or be able to comply with other obligations required to qualify for these incentives or that the granting agencies will provide or continue to provide such funding. These incentive arrangements typically provide the granting agencies with rights to audit our compliance with their terms and obligations. Such audits could result in modifications to, or termination of, the applicable incentive program. The incentives we receive could be subject to reduction, termination, or clawback, and any decrease or clawback of government incentives could have a material adverse effect on our business, results of operations, or financial condition.

**Our business, results of operations, or financial condition could be adversely affected by the availability and quality of materials, supplies, and capital equipment, or dependency on third-party service providers.**

Our supply chain and operations are dependent on the availability of materials that meet exacting standards and the use of third parties to provide us with components and services. We generally have multiple sources of supply for our materials and services. However, only a limited number of suppliers are capable of delivering certain materials, components, and services that meet our standards and, in some cases, materials, components, or services are provided by a single or sole source, and we may be unable to qualify new suppliers on a timely basis. The availability of materials or components such as chemicals, silicon wafers, gases, photoresist, controllers, substrates, lead frames, printed circuit boards, targets, and reticle glass blanks is impacted by various factors. These factors could include a shortage of raw materials or a disruption in the processing or purification of those raw materials into finished goods. Shortages or increases in lead times have occurred in the past, are currently occurring with respect to some materials and components, and may occur from time to time in the future. Constraints within our supply chain for certain materials and integrated circuit components could limit our bit shipments, which could have a material adverse effect on our business, results of operations, or financial condition.

Our manufacturing processes are also dependent on our relationships with third-party manufacturers of controllers, analog integrated circuits, and other components used in some of our products and with outsourced semiconductor foundries, assembly and test providers, contract manufacturers, logistics carriers, and other service providers, including providers of maintenance for our advanced semiconductor manufacturing equipment and providers of electricity and other utilities. Although we have certain long-term contracts with some of our suppliers, many of these contracts do not provide for long-term capacity or pricing commitments. To the extent we do not have firm commitments from our third-party suppliers over a specific time period or for any specific capacity, quantity, and/or pricing, our suppliers may allocate capacity to their other customers and capacity and/or materials may not be available when needed or at reasonable prices. Inflationary pressures have increased, and may continue to increase costs for materials, supplies, and services. Regardless of contract structure, large swings in demand may exceed our contracted supply and/or our suppliers' capacity to meet those demand changes resulting in a shortage of parts, materials, or capacity needed to manufacture our products. In addition, if any of our suppliers were to cease operations or become insolvent, this could impact their ability to provide us with necessary supplies, and we may not be able to obtain the needed supply in a timely way or at all from other providers.

Certain materials are primarily available in a limited number of countries, including rare earth elements, minerals, and metals. Trade disputes, geopolitical tensions, economic circumstances, political conditions, or public health issues may limit our ability to obtain such materials. Although these rare earth and other materials are generally available from multiple suppliers, China is the predominant producer of certain of these materials. If China were to restrict or stop exporting these materials, our suppliers' ability to obtain such supply may be constrained and we may be unable to obtain sufficient quantities, or obtain supply in a timely manner, or at a commercially reasonable cost. Constrained supply of rare earth elements, minerals, and metals may restrict our ability to manufacture certain of our

products and make it difficult or impossible to compete with other semiconductor memory and storage manufacturers who are able to obtain sufficient quantities of these materials from China.

We and/or our suppliers and service providers could be affected by regional conflicts, civil unrest, labor disruptions, sanctions, tariffs, embargoes, or other trade restrictions, as well as laws and regulations enacted in response to concerns regarding climate change, conflict minerals, responsible sourcing practices, public health crises, or other matters, which could limit the supply of our materials and/or increase the cost. Environmental regulations could limit our ability to procure or use certain chemicals or materials in our operations or products. In addition, disruptions in transportation lines could delay our receipt of materials. Our ability to procure components to repair equipment essential for our manufacturing processes could also be negatively impacted by various restrictions or disruptions in supply chains, among other items. The disruption of our supply of materials, components, or services, or the extension of our lead times could have a material adverse effect on our business, results of operations, or financial condition.



Our operations are dependent on our ability to procure advanced semiconductor manufacturing equipment that enables the transition to lower cost manufacturing processes. For certain key types of equipment, including photolithography tools, we are sometimes dependent on a single supplier. From time to time, we have experienced difficulties in obtaining some equipment on a timely basis due to suppliers' limited capacity. Our inability to obtain equipment on a timely basis could adversely affect our ability to transition to next generation manufacturing processes and reduce our costs. Delays in obtaining equipment could also impede our ability to ramp production and could increase our overall costs of a ramp. Our inability to obtain advanced semiconductor manufacturing equipment in a timely manner could have a material adverse effect on our business, results of operations, or financial condition.

Our construction projects to expand production and R&D capacity are highly dependent on available sources of labor, materials, equipment, and services. Increasing demand, supply constraints, inflation, and other market conditions could result in increasing shortages and higher costs for these items. Difficulties in obtaining these resources could result in significant delays in completion of our construction projects and cost increases, which could have a material adverse effect on our business, results of operations, or financial condition.

Our inability to source materials, supplies, capital equipment, or third-party services could affect our overall production output and our ability to fulfill customer demand. Significant or prolonged shortages of our products could halt customer manufacturing and damage our relationships with these customers. Any damage to our customer relationships as a result of a shortage of our products could have a material adverse effect on our business, results of operations, or financial condition.

Similarly, if our customers experience disruptions to their supplies, materials, components, or services, or the extension of their lead times, they may reduce, cancel, or alter the timing of their purchases with us, which could have a material adverse effect on our business, results of operations, or financial condition.

#### **Downturns in regional or worldwide economies may harm our business.**

Downturns in regional or worldwide economies, due to inflation, geopolitics, major central bank policy actions including interest rate increases, public health crises, or other factors, have harmed our business in the past and current and future downturns could also adversely affect our business. Adverse economic conditions affect demand for devices that incorporate our products, such as personal computers, smartphones, automobiles, and servers. Reduced demand for these or other products could result in significant decreases in our average selling prices and product sales. In addition, to the extent our customers or distributors have elevated inventory levels or are impacted by a deterioration in credit markets, we may experience a decrease in short-term and/or long-term demand resulting in industry oversupply and declines in pricing for our products.

A deterioration of conditions in regional or worldwide credit markets could limit our ability to obtain external financing to fund our operations and capital expenditures. In addition, we may experience losses on our holdings of cash and investments due to failures of financial institutions and other parties. Difficult economic conditions may also result in a higher rate of

losses on our accounts receivable due to credit defaults. As a result, downturns in regional or worldwide economies could have a material adverse effect on our business, results of operations, or financial condition.

**If our manufacturing process is disrupted by operational issues, natural disasters, or other events, our business, results of operations, or financial condition could be materially adversely affected.**

We and our subcontractors manufacture products using highly complex processes that require technologically advanced equipment and continuous modification to improve yields and performance. Difficulties in the manufacturing process or the effects from a shift in product mix can reduce yields or disrupt production and may increase our per gigabit manufacturing costs. We and our subcontractors maintain operations and continuously implement new product and process technology at manufacturing facilities, which are widely dispersed in multiple locations in several countries including the United States, Singapore, Taiwan, Japan, Malaysia, and China. As a result of the necessary interdependence within our network of manufacturing facilities, an operational disruption at one of our or a subcontractor's facilities may have a disproportionate impact on our ability to produce many of our products.

From time to time, there have been disruptions in our manufacturing operations as a result of power outages, improperly functioning equipment, disruptions in supply of raw materials or components, or equipment failures. We have manufacturing and other operations in locations subject to natural occurrences and possible climate changes, such as severe and variable weather and geological events resulting in increased costs, or disruptions to our manufacturing operations or those of our suppliers or customers. In addition, climate change may pose physical risks to our manufacturing facilities or our suppliers' facilities, including increased extreme weather events that could result in supply delays or disruptions. Other events, including political or public health crises, such as an outbreak of contagious diseases, may also affect our production capabilities or that of our suppliers, including as a result of quarantines, closures of production facilities, lack of supplies, or delays caused by restrictions on travel or shipping. Events of the types noted above have occurred from time to time and may occur in the future. As a result, in addition to disruptions to operations, our insurance premiums may increase or we may not be able to fully recover any sustained losses through insurance.

If production is disrupted for any reason, manufacturing yields may be adversely affected, or we may be unable to meet our customers' requirements and they may purchase products from other suppliers. This could result in a significant increase in manufacturing costs, loss of revenue, or damage to customer relationships, any of which could have a material adverse effect on our business, results of operations, or financial condition.

**A significant portion of our revenue is concentrated with a select number of customers.**

Approximately one-half of our total revenue comes from our top ten customers. A disruption in our relationship with any of these customers could adversely affect our business. We could experience fluctuations in our customer base or the mix of revenue by customer as markets and strategies evolve. Our customers' demand for our products may fluctuate due to factors beyond our control. In addition, any consolidation of our customers could reduce the number of customers to whom our products may be sold. Our inability to meet our customers' requirements or to qualify our products with them could adversely impact our revenue. A meaningful change in the inventory strategy of our customers could impact our industry bit demand growth outlook. The loss of, or restrictions on our ability to sell to, one or more of our major customers, or any significant reduction in orders from, or a shift in product mix by, customers could have a material adverse effect on our business, results of operations, or financial condition.

**Increases in sales of system solutions may increase our dependency upon specific customers and our costs to develop, qualify, and manufacture our system solutions.**

Our development of system-level memory and storage products is dependent, in part, upon successfully identifying and meeting our customers' specifications for those products. Developing and manufacturing system-level products with specifications unique to a customer increases our reliance upon that customer for purchasing our products at sufficient volumes and prices in a timely manner. Even if our products meet customer specifications, our sales of system-level solutions are dependent upon our customers choosing our products

over those of our competitors and purchasing our products at sufficient volumes and prices. Our competitors' products may be less costly, provide better performance, or include additional features when compared to our products. Our long-term ability to sell system-level memory and storage products is reliant upon our customers' ability to create, market, and sell their products containing our system-level solutions at sufficient volumes and prices in a timely manner. If we fail to successfully develop and market system-level products, our business, results of operations, or financial condition may be materially adversely affected.

Manufacturing system-level solutions, such as SSDs, managed NAND, and HBM, typically results in higher per-unit manufacturing costs as compared to other products. Even if we are successful in selling system-level solutions to our customers in sufficient volume, we may be unable to generate sufficient profit if our per-unit manufacturing costs are not offset by higher per-unit selling prices. Manufacturing system-level solutions to customer specifications requires a longer development cycle, as compared to discrete products, to design, test, and qualify, which may increase our costs. Some of our system solutions are increasingly dependent on sophisticated firmware that may require significant customization to meet customer specifications, which increases our costs and time to market. Additionally, we may need to update our controller and hardware design as well as our firmware or develop new firmware as a result of new product introductions or changes in customer specifications and/or industry standards, which increases our costs. System complexities and extended warranties for system-level products could also increase our warranty costs. Our failure to cost-effectively manufacture system-level solutions and/or controller, hardware design, and firmware in a timely manner may result in reduced demand for our system-level products and could have a material adverse effect on our business, results of operations, or financial condition.

**Products that fail to meet specifications, are defective, or are otherwise incompatible with end uses could impose significant costs on us.**

Products that do not meet specifications or that contain, or are perceived by our customers to contain, defects or that are otherwise incompatible with end uses could impose significant costs on us or otherwise materially adversely affect our business, results of operations, or financial condition. From time to time, we experience problems with nonconforming, defective, or incompatible products after we have shipped such products. In recent periods, we have further diversified and expanded our product offerings, which could potentially increase the chance that one or more of our products could fail to meet specifications in a particular application. Our products and solutions may be deemed fully or partially responsible for functionality in our customers' products and may result in sharing or shifting of product or financial liability from our customers to us for costs incurred by the end user as a result of our customers' products failing to perform as specified. In addition, if our products and solutions perform critical functions in our customers' products or are used in high-risk consumer end products, such as autonomous driver assistance programs, home and enterprise security, smoke and noxious gas detectors, medical monitoring equipment, or wearables for child and elderly safety, our potential liability may increase. We could be adversely affected in several ways, including the following:

- we may be required or agree to compensate customers for costs incurred or damages caused by defective or incompatible products and to replace products;
- we could incur a decrease in revenue or adjustment to pricing commensurate with the reimbursement of such costs or alleged damages; and
- we may encounter adverse publicity, which could cause a decrease in sales of our products or harm our reputation or relationships with existing or potential customers.

Any of the foregoing items could have a material adverse effect on our business, results of operations, or financial condition.

**Breaches of our security systems or products, or those of our customers, suppliers, or business partners, could expose us to losses.**

We maintain a system of controls over the physical security of our facilities. We also manage and store various proprietary information and sensitive or confidential data relating to our operations. In addition, we process, store, and transmit large amounts of data relating to our customers and employees, including sensitive personal information. Unauthorized persons, employees, former employees, nation states, or other parties may gain access to our facilities or technology infrastructure and systems through fraudulent means to steal trade secrets or other proprietary information, compromise confidential information, create system disruptions, or cause shutdowns. This risk is exacerbated as competitors for talent, particularly engineering talent, attempt to hire our employees. Through cyberattacks on technology infrastructure and systems, unauthorized parties may obtain access to computer systems, networks, and data, including cloud-based platforms. The technology infrastructure and systems of our suppliers, vendors, service providers, cloud solution providers, and partners have in the past experienced, and may in the future experience, such attacks, which could impact our operations. Cyberattacks can include ransomware, computer denial-of-

service attacks, worms, supply chain attacks, social engineering, open source vulnerabilities, and other malicious software programs or other attacks, including those using techniques that change frequently or may be disguised or difficult to detect, or designed to remain dormant until a triggering event, impersonation of authorized users, and efforts to discover and exploit any design flaws, “bugs,” security vulnerabilities, as well as intentional or unintentional acts by employees or other insiders with access privileges. Additionally, some actors are using artificial intelligence technology to launch more automated, targeted, and coordinated attacks. Globally, cyberattacks are increasing in number and the attackers are increasingly organized and well-financed, or supported by state actors, and are developing increasingly sophisticated systems to not only attack, but also to evade detection. In addition, geopolitical tensions or conflicts may create a heightened risk of cyberattacks. Breaches of our physical security, attacks on our technology infrastructure and systems, or breaches or attacks on our customers, suppliers, or business partners who have confidential or sensitive information regarding us and our customers and suppliers, could result in significant losses and damage our reputation with customers and suppliers and may expose us to litigation if the confidential information of our customers, suppliers, or employees is compromised.

Our products are also targets for cyberattacks, including those products utilized in cloud-based environments. While some of our products contain encryption or security algorithms designed to protect third-party content or user-generated data stored on our products, these products could still be hacked or the encryption schemes could be compromised, breached, or circumvented by motivated and sophisticated attackers. Further, our products contain sophisticated hardware and firmware and applications that may contain security vulnerabilities or defects in design or manufacture, including “bugs” and other problems that could interfere with the intended operation of our products. To the extent our products are hacked, encryption schemes are compromised, or our suppliers are breached or attacked, this could harm our business by requiring us to employ additional resources to fix the errors or defects, exposing us to litigation, claims, and harm to our reputation.

Additionally, we cannot be certain that any applicable insurance coverage we maintain will be adequate or otherwise protect us with respect to claims, expenses, fines, penalties, business loss, data loss, litigation, regulatory actions, or other impacts arising from security breaches or incidents, or that such coverage will continue to be available on acceptable terms or at all. Any of the foregoing security risks could have a material adverse effect on our business, results of operations, or financial condition.

**We must attract, retain, and motivate highly skilled employees.**

To remain competitive, we must attract, retain, and motivate executives and a highly skilled, diverse workforce, as well as effectively manage succession for key roles. Competition for experienced employees in our industry can be intense. Hiring and retaining qualified executives and other skilled talent is critical to our business. If our total compensation programs, employment benefits, and workplace culture are not viewed as competitive and inclusive, our ability to attract, retain, and motivate employees could be compromised.

At times, we experience higher levels of attrition, increasing compensation costs, and more intense competition for talent across our industry. To the extent we experience significant attrition and are unable to timely replace employees, we could experience a loss of critical skills and reduced employee morale, potentially resulting in business disruptions or increased expenses to address any disruptions. Additionally, changes to immigration policies in the countries in which we operate, as well as restrictions on travel due to public health crises or other causes, may limit our ability to hire and/or retain talent in, or transfer talent to, specific locations.

Our inability to attract, retain, and motivate executives and other employees or effectively manage succession of key roles may inhibit our ability to maintain or expand our business operations.

**Compliance with responsible sourcing requirements and any related regulations could increase our operating costs, or limit the supply and increase the cost of certain materials, supplies, and services, and if we fail to comply, customers may reduce purchases from us or disqualify us as a supplier.**

We and many of our customers have adopted responsible sourcing programs that require us to meet certain environmental, social, and governance criteria, and to periodically report on

our performance against these requirements, including that we source the materials, supplies, and services we use and incorporate into the products we sell as prescribed by these programs. Many customer programs require us to remove a supplier within a prescribed period if such supplier ceases to comply with prescribed criteria, and our supply chain may at any time contain suppliers at risk of being removed due to non-compliance with responsible sourcing requirements. Some of our customers may elect to disqualify us as a supplier (resulting in a permanent or temporary loss of sales to such customer) or reduce purchases from us if we are unable to verify that our performance or products (including the underlying supply chain) meet the specifications of our customers' responsible sourcing programs on a continuous basis. Meeting responsible sourcing requirements may increase operating requirements and costs or limit the sourcing and availability of some of the materials, supplies, and services we use, particularly when the availability of such materials, supplies, and services is concentrated to a limited number of suppliers. From time to time, we remove suppliers or require our suppliers to remove suppliers from their supply chains based on our responsible sourcing requirements or customer requirements, and we or our suppliers may be unable to replace such removed suppliers in a timely or cost-effective manner. Any inability to replace removed suppliers in a timely or cost effective manner may affect our ability and/or the cost to obtain sufficient quantities of materials, supplies, and services necessary for the manufacture of our products. Our inability to replace suppliers we have removed in a timely or cost-effective manner or comply with customers' responsible sourcing requirements or with any related regulations could have a material adverse effect on our business, results of operations, or financial condition.



**Failure to meet environmental, social, and governance expectations or standards or achieve our related goals could adversely affect our business, results of operations, financial condition, or stock price.**

In recent years, there has been an increased focus from stakeholders on environmental, social, and governance matters, including greenhouse gas emissions and climate-related risks, sustainability, renewable energy, water stewardship, waste management, diversity, equality and inclusion, responsible sourcing and supply chain, human rights, and social responsibility. Given our commitment to social and environmental issues as it relates to our business, we actively manage these issues and have established and publicly announced certain goals, commitments, and targets which we may refine or even expand further in the future. These goals, commitments, and targets reflect our current plans and aspirations and are not guarantees that we will be able to achieve them. Achieving these goals may entail significant costs, for example we have entered into several virtual power purchase agreements to obtain renewable energy credits at a cost that will vary based on future prices for electrical power. Evolving stakeholder expectations and our efforts to manage these issues, report on them, and accomplish our goals present numerous operational, regulatory, reputational, financial, legal, and other risks, any of which could have a material adverse impact, including on our reputation and stock price.

Such risks and uncertainties include:

- reputational harm, including damage to our relationships with customers, suppliers, investors, governments, or other stakeholders;
- adverse impacts on our ability to manufacture and sell products and maintain our market share;
- the success of our collaborations with third parties;
- increased risk of litigation, investigations, or regulatory enforcement action;
- unfavorable environmental, social, and governance ratings or investor sentiment;
- diversion of resources and increased costs to control, assess, and report on environmental, social, and governance metrics;
- our ability to achieve our goals, commitments, and targets within timeframes announced;
- increased costs to achieve our goals, commitments, and targets;
- unforeseen operational and technological difficulties;
- access to and increased cost of capital; and
- adverse impacts on our stock price.

Any failure, or perceived failure, to meet evolving stakeholder expectations and industry standards or achieve our environmental, social, and governance goals, commitments, and targets could have an adverse effect on our business, results of operations, financial condition, or stock price.

**Acquisitions and/or alliances involve numerous risks.**

Acquisitions and the formation or operation of alliances, such as joint ventures and other partnering arrangements, involve numerous risks, including the following:

- integrating the operations, technologies, and products of acquired or newly formed entities into our operations;
- increasing capital expenditures to upgrade and maintain facilities;
- increased debt levels;
- the assumption of unknown or underestimated liabilities;
- the use of cash to finance a transaction, which may reduce the availability of cash to fund working capital, capital expenditures, R&D expenditures, and other business activities;
- diverting management's attention from daily operations;
- managing larger or more complex operations and facilities and employees in separate and diverse geographic areas;
- hiring and retaining key employees;
- requirements imposed by government authorities in connection with the regulatory review of a transaction, which may include, among other things, divestitures or restrictions on the conduct of our business or the acquired business;
- underestimating the costs or overestimating the benefits, including product, revenue, cost and other synergies and growth opportunities that we expect to realize, and we may not achieve those benefits;
- failure to maintain customer, vendor, and other relationships;

- inadequacy or ineffectiveness of an acquired company's internal financial controls, disclosure controls and procedures, compliance programs, and/or environmental, health and safety, anti-corruption, human resource, or other policies or practices; and
- impairment of acquired intangible assets, goodwill, or other assets as a result of changing business conditions or technological advancements.

The global memory and storage industry has experienced consolidation and may continue to consolidate. We engage, from time to time, in discussions regarding potential acquisitions and similar opportunities. To the extent we are successful in completing any such transactions, we could be subject to some or all of the risks described above. Acquisitions of, or alliances with, technology companies are inherently risky and may not be successful and could have a material adverse effect on our business, results of operations, or financial condition.

**We have incurred restructure charges and may incur restructure charges in future periods and may not realize expected savings or other benefits from restructure plans.**

In 2023, we initiated a restructure plan in response to challenging industry conditions (the "2023 Restructure Plan"). Under the 2023 Restructure Plan, we reduced our headcount by approximately 15% through a combination of voluntary attrition and personnel reductions. The 2023 Restructure Plan was substantially completed in 2023. In addition, we may in the future enter into other restructure initiatives in order to, among other items, streamline our operations, respond to changes in business conditions, our markets, or product offerings, or to centralize certain key functions.

We may not realize expected savings or other benefits from our 2023 Restructure Plan or future restructure activities and may incur additional restructure charges or other losses in future periods associated with other initiatives. In connection with any restructure initiatives, we could incur restructure charges, loss of production output, loss of key personnel, disruptions in our operations, and difficulties in the timely delivery of products, which could have a material adverse effect on our business, results of operations, or financial condition.

## **Risks Related to Intellectual Property and Litigation**

**We may be unable to protect our intellectual property or retain key employees who are knowledgeable of and develop our intellectual property.**

We maintain a system of controls over our intellectual property, including U.S. and foreign patents, trademarks, copyrights, trade secrets, licensing arrangements, confidentiality procedures, non-disclosure agreements with employees, consultants, and vendors, and a general system of internal controls. Despite our system of controls over our intellectual property, it may be possible for our current or future competitors to obtain, copy, use, or disclose, illegally or otherwise, our product and process technology or other proprietary information. The laws of some foreign countries may not protect our intellectual property to

the same degree as do U.S. laws, and our confidentiality, non-disclosure, and non-compete agreements may be unenforceable or difficult and costly to enforce.

Additionally, our ability to maintain and develop intellectual property is dependent upon our ability to attract, develop, and retain highly skilled employees. If our competitors or future entrants into our industry are successful in hiring our employees, they may directly benefit from the knowledge these employees gained while they were under our employment, and this may also negatively impact our ability to maintain and develop intellectual property.

Our inability to protect our intellectual property or retain key employees who are knowledgeable of and develop our intellectual property could have a material adverse effect on our business, results of operations, or financial condition.

**Legal proceedings and claims could have a material adverse effect on our business, results of operations, or financial condition.**

From time to time, we are subject to various legal proceedings and claims that arise out of the ordinary conduct of our business or otherwise, both domestically and internationally. Such claims include, but are not limited to, allegations of anticompetitive conduct and infringement of intellectual property. See “Part I. Financial Information – Item 1. Financial Statements – Notes to Consolidated Financial Statements – Contingencies.”

Any claim, with or without merit, could result in significant legal fees that could negatively impact our financial results, disrupt our operations, and require significant attention from our management. We may be associated with and subject to litigation, claims, or arbitration disputes arising from, or as a result of:

- our relationships with vendors or customers, supply agreements, or contractual obligations with our subcontractors or business partners;
- the actions of our vendors, subcontractors, or business partners;
- our indemnification obligations, including obligations to defend our customers against third-party claims asserting infringement of certain intellectual property rights, which may include patents, trademarks, copyrights, or trade secrets; and
- the terms of our product warranties or from product liability claims.

As we continue to focus on developing system solutions with manufacturers of consumer products, including autonomous driving, augmented reality, and others, we may be exposed to greater potential for personal liability claims against us as a result of consumers' use of those products. We, our officers, or our directors could also be subject to claims of alleged violations of securities laws. There can be no assurance that we are adequately insured to protect against all claims and potential liabilities, and we may elect to self-insure with respect to certain matters. Exposures to various legal proceedings and claims could lead to significant costs and expenses as we defend claims, are required to pay damage awards, or enter into settlement agreements, any of which could have a material adverse effect on our business, results of operations, or financial condition.

**Claims that our products or manufacturing processes infringe or otherwise violate the intellectual property rights of others, or failure to obtain or renew license agreements covering such intellectual property, could materially adversely affect our business, results of operations, or financial condition.**

As is typical in the semiconductor and other high technology industries, from time to time others have asserted, and may in the future assert, that our products or manufacturing processes infringe upon, misappropriate, misuse, or otherwise violate their intellectual property rights. We are unable to predict the outcome of these assertions made against us. Any of these types of claims, regardless of the merits, could subject us to significant costs to defend or resolve such claims and may consume a substantial portion of management's time and attention. As a result of these claims, we may be required to:

- pay significant monetary damages, fines, royalties, or penalties;
- enter into license or settlement agreements covering such intellectual property rights;
- make material changes to or redesign our products and/or manufacturing processes; and/or
- cease manufacturing, having made, selling, offering for sale, importing, marketing, or using products and/or manufacturing processes in certain jurisdictions.

We may not be able to take any of the actions described above on commercially reasonable terms and any of the foregoing results could have a material adverse effect on our business,

results of operations, or financial condition. See “Part I. Financial Information – Item 1. Financial Statements – Notes to Consolidated Financial Statements – Contingencies.”

We have a number of intellectual property license agreements. Some of these license agreements require us to make one-time or periodic payments. We may need to obtain additional licenses or renew existing license agreements in the future. We are unable to predict whether these license agreements can be obtained or renewed on terms acceptable to us. The failure to obtain or renew licenses as necessary could have a material adverse effect on our business, results of operations, or financial condition.

# Risks Related to Laws and Regulations

**Government actions and regulations, such as export restrictions, tariffs, and trade protection measures, may limit our ability to sell our products to certain customers or markets, or could otherwise restrict our ability to conduct operations.**

International trade disputes, geopolitical tensions, and military conflicts have led, and continue to lead, to new and increasing export restrictions, trade barriers, tariffs, and other trade measures that can increase our manufacturing costs, make our products less competitive, reduce demand for our products, limit our ability to sell to certain customers or markets, limit our ability to procure, or increase our costs for, components or raw materials, impede or slow the movement of our goods across borders, impede our ability to perform R&D activities, or otherwise restrict our ability to conduct operations. Increasing protectionism, economic nationalism, and national security concerns may lead to further changes in trade policy, domestic sourcing initiatives, or other formal and informal measures that could make it more difficult to sell our products in, or restrict our access to, some markets and/or customers. For example, following the May 21, 2023 decision of its cybersecurity review of our products sold in China, the CAC determined that critical information infrastructure operators in China may not purchase Micron products, impacting our revenue with companies headquartered in mainland China and Hong Kong, including direct sales as well as indirect sales through distributors. Some revenue with customers headquartered outside of China has also been impacted. Further actions by the Chinese government could impact additional revenue inside or outside China, or our operations in China, or our ability to ship products to our customers, any of which could have a material adverse effect on our business, results of operations, or financial condition.

We cannot predict what further actions may ultimately be taken with respect to export regulations, tariffs, or other trade regulations between the United States and other countries, what products or companies may be subject to such actions, or what actions may be taken by other countries in retaliation. Further changes in trade policy, tariffs, restrictions on exports or other trade barriers, or restrictions on supplies, equipment, and raw materials including rare earth minerals, may limit our ability to produce products, increase our selling and/or manufacturing costs, decrease margins, reduce the competitiveness of our products, or inhibit our ability to sell products or purchase necessary equipment and supplies. Such changes may also result in reputational harm to us, the development or adoption of technologies that compete with our products, long-term changes in global trade and technology supply chains, or negative impacts on our customers' products which incorporate our solutions. Any of the effects described in this risk factor could have a material adverse effect on our business, results of operations, or financial condition.

The technology industry is subject to intense media, political, and regulatory scrutiny, which can increase our exposure to government investigations, legal actions, and penalties. Although we have policies, controls, and procedures designed to help ensure compliance with applicable laws, there can be no assurance that our employees, contractors, suppliers, or agents will not violate such laws or our policies. Violations of trade laws, restrictions, or

regulations can result in fines; criminal sanctions against us or our officers, directors, or employees; prohibitions on the conduct of our business; and damage to our reputation.

**Tax-related matters could have a material adverse effect on our business, results of operations, or financial condition.**

We are subject to income taxes in the United States and many foreign jurisdictions. Our provision for income taxes and cash tax liabilities in the future could be adversely affected by numerous factors, including changes in the geographic mix of our earnings among jurisdictions, challenges by tax authorities to our tax positions and intercompany transfer pricing arrangements, failure to meet performance obligations with respect to tax incentive agreements, expanding our operations in various countries, fluctuations in foreign currency exchange rates, adverse resolution of audits and examinations of previously filed tax returns, and changes in tax laws and regulations.



Changes to income tax laws and regulations, or the interpretation of such laws, in any of the jurisdictions in which we operate could significantly increase our effective tax rate and ultimately reduce our cash flows from operating activities and otherwise have a material adverse effect on our financial condition. Beginning in 2024, the Inflation Reduction Act of 2022 imposes a 15% book minimum tax on corporations with three-year average annual adjusted financial statement income exceeding \$1 billion. The impact of this tax will depend on our facts in each year, anticipated guidance from the U.S. Department of the Treasury, and other developing global tax legislation. Further changes in the tax laws of foreign jurisdictions could arise as a result of the base erosion and profit shifting project undertaken by the Organisation for Economic Co-operation and Development (“OECD”). In December 2022, the European Union (“EU”) member states reached an agreement to implement the minimum tax component (“Pillar Two”) of the OECD’s tax reform initiative. The directive has been enacted or will be enacted retroactively to be in effect as of January 1, 2024 in nearly all EU member states. If similar directives under Pillar Two are adopted by taxing authorities in other countries where we do business, such changes could have a material adverse effect on our business, results of operations, or financial condition.

**We and others are subject to a variety of complex and evolving laws, regulations, or industry standards, including with respect to environmental, health, safety, and product considerations, which may have a material adverse effect on our business, results of operations, or financial condition.**

The manufacture of our products requires the use of facilities, equipment, chemicals, and materials that are subject to a broad array of laws and regulations in numerous jurisdictions in which we operate. Additionally, we are subject to a variety of other laws and regulations relative to the construction, maintenance, and operations of our facilities. Any changes in laws, regulations, or industry standards could cause us to incur additional direct costs, as well as increased indirect costs related to our relationships with our customers and suppliers, and otherwise harm our operations and financial condition. Any failure to comply with laws, regulations, or industry standards could adversely impact our reputation and our financial results. Additionally, we engage various third parties as sales channel partners or to represent us or otherwise act on our behalf who are also subject to a broad array of laws, regulations, and industry standards. Our engagement with these third parties may also expose us to risks associated with their respective compliance with laws and regulations.

New and evolving environmental health, safety, and product considerations, including those related to greenhouse gas emissions and climate change, the purchase, use and disposal of regulated and/or hazardous chemicals, and the potential resulting environmental, health or safety impacts, may result in new laws, regulations, or industry standards that may affect us, our suppliers, and our customers. Such laws, regulations, or industry standards could cause us to incur additional direct costs for compliance, as well as increased indirect costs resulting from our customers, suppliers, or both incurring additional compliance costs that are passed on to us. These costs may adversely impact our results of operations and financial condition.

New and evolving cybersecurity, data privacy, and artificial intelligence laws and regulations impose requirements for information confidentiality, integrity, availability, personal and proprietary data collection, storage, use, sharing, deletion, and artificial intelligence solutions that must be transparent, fair, secure, human-focused, and accountable. Such laws,

standards, and market expectations could cause us to incur additional direct costs for compliance, as well as increased indirect costs resulting from our customers, suppliers, or partners reluctance to share information or solutions due to actual or perceived inadequate controls. These costs may adversely impact our operations and financial condition.

As a result of the considerations detailed in this risk factor, we could experience the following:

- suspension of production or sales of our products;
- limited supplies of chemicals or materials used to make our products;
- remediation costs;
- increased compliance costs;
- alteration of our manufacturing processes;
- regulatory penalties, fines, civil or criminal sanctions, and other legal liabilities; and
- reputational challenges.

Compliance with, or our failure, or the failure of our third-party sales channel partners or agents, to comply with, laws, regulations, or industry standards could have a material adverse effect on our business, results of operations, or financial condition.

# Risks Related to Capitalization and Financial Markets

**We may be unable to generate sufficient cash flows or obtain access to external financing necessary to fund our operations, make scheduled debt payments, pay our dividend, and make adequate capital investments.**

Our cash flows from operations depend primarily on the volume of semiconductor memory and storage products sold, average selling prices, and manufacturing costs. To develop new product and process technology, support future growth, achieve operating efficiencies, and maintain product quality, we must make significant capital investments in manufacturing technology, capital equipment, facilities, R&D, and product and process technology. We estimate capital expenditures in 2024 for property, plant, and equipment, net of proceeds from government incentives, to be approximately \$8.0 billion.

In the past, we have utilized external sources of financing when needed. As a result of our debt levels, expected debt amortization, prevailing interest rates, and general capital market and other economic conditions, it may be difficult for us to obtain financing on terms acceptable to us or at all. We have experienced volatility in our cash flows and operating results and we expect to continue to experience such volatility in the future, which may negatively affect our credit rating. Our credit rating may also be affected by our liquidity, financial results, economic risk, or other factors, which may increase the cost of borrowings and make it difficult for us to obtain financing on terms acceptable to us or at all. There can be no assurance that we will be able to generate sufficient cash flows, access capital or credit markets, or find other sources of financing to fund our operations, make debt payments, refinance our debt, pay our quarterly dividend, and make adequate capital investments to remain competitive in terms of technology development and cost efficiency. Our inability to do any of the foregoing could have a material adverse effect on our business, results of operations, or financial condition.

**Debt obligations could adversely affect our financial condition.**

We have incurred in the past, and expect to incur in the future, debt to finance our capital investments, business acquisitions, and to realign our capital structure. As of May 30, 2024, we had debt with a carrying value of \$13.26 billion and may incur additional debt, including under our \$2.50 billion Revolving Credit Facility. Our debt obligations could adversely impact us as follows:

- require us to use a large portion of our cash flow to pay principal and interest on debt, which will reduce the amount of cash flow available to fund our business activities;
- adversely impact our credit rating, which could increase borrowing costs;
- limit our future ability to raise funds for capital expenditures, strategic acquisitions or business opportunities, R&D, and other general corporate requirements;
- restrict our ability to incur specified indebtedness, create or incur certain liens, and enter into sale-leaseback financing transactions;
- increase our vulnerability to adverse economic and industry conditions;
- increase our exposure to rising interest rates from variable rate indebtedness; and

- result in certain of our debt instruments becoming immediately due and payable or being deemed to be in default if applicable cross default, cross-acceleration and/or similar provisions are triggered.

Our ability to meet our payment obligations under our debt instruments depends on our ability to generate significant cash flows or obtain external financing in the future. This, to some extent, is subject to market, economic, financial, competitive, legislative, and regulatory factors as well as other factors that are beyond our control. There can be no assurance that our business will generate cash flow from operations, or that additional capital will be available to us, in amounts sufficient to enable us to meet our debt payment obligations and to fund other liquidity needs. Additionally, events and circumstances may occur which would cause us to not be able to satisfy applicable draw-down conditions and utilize our Revolving Credit Facility. In light of industry conditions, in 2023, we amended the financial covenants in our Revolving Credit Facility and term loan agreements. See “Part I. Financial Information – Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Overview” and “Part I. Financial Information – Item 1. Financial Statements – Notes to Consolidated Financial Statements – Debt.” If we are unable to generate sufficient cash flows to service our debt payment obligations or satisfy our debt covenants, we may need to refinance, restructure, or amend the terms of our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may be unable to meet our debt payment obligations, which could have a material adverse effect on our business, results of operations, or financial condition.

**Changes in foreign currency exchange rates could materially adversely affect our business, results of operations, or financial condition.**

Across our global operations, significant transactions and balances are denominated in currencies other than the U.S. dollar (our reporting currency), primarily the Chinese yuan, euro, Indian rupee, Japanese yen, Malaysian ringgit, New Taiwan dollar, and Singapore dollar. In addition, a significant portion of our manufacturing costs are denominated in foreign currencies. Exchange rates for some of these currencies against the U.S. dollar have been volatile and may be volatile in future periods. If these currencies strengthen against the U.S. dollar, our manufacturing costs could significantly increase. Exchange rates for the U.S. dollar that adversely change against our foreign currency exposures could have a material adverse effect on our business, results of operations, or financial condition.

**We are subject to counterparty default risks.**

We have numerous arrangements with financial institutions that subject us to counterparty default risks, including cash deposits, investments, and derivative instruments. Additionally, we are subject to counterparty default risk from our customers for amounts receivable from them. As a result, we are subject to the risk that the counterparty will default on its performance obligations. A counterparty may not comply with its contractual commitments which could then lead to its defaulting on its obligations with little or no notice to us, which could limit our ability to mitigate our exposure. Additionally, our ability to mitigate our exposures may be constrained by the terms of our contractual arrangements or because market conditions prevent us from taking effective action. If one of our counterparties becomes insolvent or files for bankruptcy, our ability to recover any losses suffered as a result of that counterparty’s default may be limited by the liquidity of the counterparty or the applicable laws governing the bankruptcy proceedings. In the event of such default, we could

incur significant losses, which could have a material adverse effect on our business, results of operations, or financial condition.

**The trading price of our common stock has been and may continue to be volatile.**

Our common stock has experienced substantial price volatility in the past and may continue to do so in the future. Additionally, we, the technology industry, and the stock market as a whole have on occasion experienced extreme stock price and volume fluctuations that have affected stock prices in ways that may have been unrelated to the specific operating performance of individual companies. The trading price of our common stock may fluctuate widely due to various factors, including, but not limited to, actual or anticipated fluctuations in our financial condition and operating results, changes in financial forecasts or estimates by us or financial or other market estimates and ratings by securities and other analysts, changes in our capital structure, including issuance of additional debt or equity to the public, interest rate changes, regulatory changes, news regarding our products or products of our competitors, and broad market and industry fluctuations.

For these reasons, investors should not rely on recent or historical trends to predict future trading prices of our common stock, financial condition, results of operations, or cash flows. Investors in our common stock may not realize any return on their investment in us and may lose some or all of their investment. Volatility in the trading price of our common stock could also result in the filing of securities class action litigation matters, which could result in substantial costs and the diversion of management time and resources.

**The amount and frequency of our share repurchases may fluctuate, and we cannot guarantee that we will fully consummate our share repurchase authorization, or that it will enhance long-term shareholder value. Share repurchases could also increase the volatility of the trading price of our stock and will diminish our cash reserves.**

The amount, frequency, and execution of our share repurchases pursuant to our share repurchase authorization may fluctuate based on our operating results, cash flows, and priorities for the use of cash for other purposes. Our expenditures for share repurchases were \$425 million in 2023, \$2.43 billion in 2022, \$1.20 billion in 2021, \$176 million in 2020, and \$2.66 billion in 2019. These other purposes include, but are not limited to, operational spending, capital spending, acquisitions, and repayment of debt. Other factors, including changes in tax laws, could also impact our share repurchases. Although our Board of Directors has authorized share repurchases of up to \$10 billion of our outstanding common stock, the authorization does not obligate us to repurchase any common stock.

We cannot guarantee that our share repurchase authorization will be fully consummated or that it will enhance long-term shareholder value. The repurchase authorization could affect the trading price of our stock and increase volatility, and any announcement of a pause in, or termination of, this program may result in a decrease in the trading price of our stock. In addition, this program will diminish our cash reserves.

**There can be no assurance that we will continue to declare cash dividends in any particular amounts or at all.**

Our Board of Directors has adopted a dividend policy pursuant to which we currently pay a cash dividend on our common shares on a quarterly basis. The declaration and payment of any dividend is subject to the approval of our Board of Directors and our dividend may be discontinued or reduced at any time. There can be no assurance that we will declare cash dividends in the future in any particular amounts, or at all.

Future dividends, if any, and their timing and amount, may be affected by, among other factors: our financial condition, results of operations, capital requirements, business conditions, debt service obligations, contractual restrictions, industry practice, legal requirements, regulatory constraints, and other factors that our Board of Directors may deem relevant. A reduction in or elimination of our dividend payments could have a negative effect on the trading price of our stock.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In May 2018, we announced that our Board of Directors authorized the discretionary repurchase of up to \$10 billion of our outstanding common stock through open-market purchases, block trades, privately-negotiated transactions, derivative transactions, and/or pursuant to Rule 10b5-1 trading plans. The repurchase authorization has no expiration date, does not obligate us to acquire any common stock, and is subject to market conditions and our ongoing determination of the best use of available cash. During the quarter ended May 30, 2024, we did not repurchase any common stock under the authorization and as of May 30, 2024, \$3.11 billion of the authorization remained available for the repurchase of our common stock.

Shares of common stock withheld as payment of withholding taxes upon the vesting of restricted stock are also treated as common stock repurchases. Shares withheld as payment of withholding taxes upon the vesting of restricted stock units are not considered repurchases for purposes of this Item and are not required to be reported.

In the third quarter of 2024, shares withheld as payment upon the vesting of restricted stock consisted of the following:

Period		Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under publicly announced plans or programs (in millions)
March 1, 2024	March 28, 2024	—	\$ —	—	
March 29, 2024	April 25, 2024	37,402	120.32	—	
April 26, 2024	May 30, 2024	—	—	—	
		<u>37,402</u>	<u>\$ 120.32</u>	<u>—</u>	\$3,106



## ITEM 5. OTHER INFORMATION

### Securities Trading Plans of Directors and Executive Officers

During the quarter ended May 30, 2024, no officers or directors, as defined in Rule 16a-1(f), adopted and/or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as defined in Item 408 of Regulation S-K.

## ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibit	Filed Herewith	Form	Period Ending	Exhibit/ Appendix	Filing Date
3.1	<u>Restated Certificate of Incorporation of the Registrant</u>		8-K	99.2		1/26/15
3.2	<u>Amended and Restated Bylaws of the Registrant</u>		8-K	3.1		3/11/24
31.1	<u>Rule 13a-14(a) Certification of Chief Executive Officer</u>	X				
31.2	<u>Rule 13a-14(a) Certification of Chief Financial Officer</u>	X				
32.1	<u>Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350</u>	X				
32.2	<u>Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350</u>	X				
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	X				
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	X				

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Micron Technology, Inc.

(Registrant)

Date: June 27, 2024

By: /s/ Mark Murphy

Mark Murphy

Executive Vice President and Chief Financial  
Officer

(Principal Financial Officer)

/s/ Scott Allen

Scott Allen

Corporate Vice President and Chief  
Accounting Officer

(Principal Accounting Officer)