STRATEGIC INTELLIGENCE DIVISION

The memory bill now sets the price of the box

HP shipped 16 per cent fewer personal systems units for 18 per cent more revenue in the quarter to 31 July 2026, Roku lost 25.1 per cent at the devices gross margin in the quarter to 30 September 2026, and SK hynix ran a 76 per cent operating margin in the quarter to 30 June 2026. Memory content now sets what a device costs and sells for, and the 2027 endpoint refresh is where the bill lands.

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In brief

- SK hynix converted a shortage into a 76 per cent operating margin while the devices its memory goes into lost money at the gross line: Roku's devices segment ran negative 25.1 per cent in the quarter to 30 September 2026 on revenue up 33 per cent.
- The supplier's own filing says the price is suppressing demand, with SK hynix expecting adjustments to PC shipments and a partial slowdown in demand in 2026 from the purchasing burden of recent memory price increases.
- Device makers are paying in units rather than in margin: HP grew Personal Systems revenue 18 per cent on 16 per cent fewer units, about 40 per cent more revenue per unit, at a 4.6 per cent operating margin.
- The counter-move is architectural. Roku sells its TV operating system to brands on a low DRAM and Flash requirement, and NETGEAR covered substantially all of its 2026 enterprise production by buying memory direct from manufacturers.
- The decision falls in the fourth quarter of 2026: a refresh at the 16GB floor SK hynix describes raises memory content per commercial seat, and the budget that prices it is signed before the next memory move, not after it.

SK hynix operating margin, quarter to 30 June 2026	**76%**
Roku devices gross margin, quarter to 30 September 2026	**(25.1%)**
HP Personal Systems units, quarter to 31 July 2026	**down 16%**
HP Personal Systems revenue, same quarter	**up 18%**

Source: SK hynix Form 6-K filed 18 August 2026; Roku Form 8-K, Exhibit 99.1, filed 2 November 2026; HP Inc. Form 8-K, Exhibit 99.1, filed 26 August 2026

Memory content, not the feature list, now sets what a device costs and what it can be sold for, and the cost lands on whoever signs the purchase order. HP pushed 18 per cent more revenue through personal systems on 16 per cent fewer units in the quarter to 31 July 2026 at a 4.6 per cent operating margin. Roku's devices segment ran a negative 25.1 per cent gross margin on revenue up 33 per cent in the quarter to 30 September 2026. Above both, SK hynix reported a 76 per cent operating margin for the quarter to 30 June 2026. Two things are still under a buyer's control in the fourth quarter of 2026: the memory content written into the endpoint standard, and the price the 2027 refresh is budgeted at.

The supplier's margin is the device maker's loss

SK hynix reported revenue of Won 79.3 trillion for the quarter to 30 June 2026 against Won 22.2 trillion a year earlier, an increase of 256.8 per cent, and 50.9 per cent above the March quarter. Operating profit was Won 60.5 trillion, an operating margin of 76 per cent, which the company calls an all time quarterly record. DRAM average selling price rose in the mid-30 per cent range in the quarter. That is pricing power and it is shared: SK hynix held 29.1 per cent of the DRAM market in the quarter to 31 March 2026, so the price is a small group's decision rather than one supplier's.

The gap is direction, not a transfer price

SK hynix's 76 per cent is an operating margin taken after all operating costs. Roku's negative 25.1 per cent is a gross margin on one segment. They are not the same measure, the 101 point spread between them is not a transfer price, and subtracting one from the other proves nothing by itself. What they establish together is where the margin sat in the quarters to 30 June 2026 and 30 September 2026: upstream, with the company that makes the component, not with the companies that assemble and sell the device. Sources: SK hynix Form 6-K filed 18 August 2026; Roku Form 8-K, Exhibit 99.1, filed 2 November 2026.

> *Although adjustments to PC shipments and a partial slowdown in demand are expected in 2026 due to the purchasing burden resulting from recent memory price increases, the emergence of AI PCs is becoming a new growth driver for the market.*

SK hynix, Form 6-K, quarterly business report for the month of August 2026, filed 18 August 2026

That is a supplier forecasting demand destruction from its own pricing, and it is the part of the report a buyer should read twice. It sits next to the part that does not reverse: "AI PCs require a minimum of 16GB of memory and, for high specification models, 32GB or more". A price can fall. A capacity floor stated as the requirement of the product category does not, and it lifts the memory content of every commercial seat in a refresh.

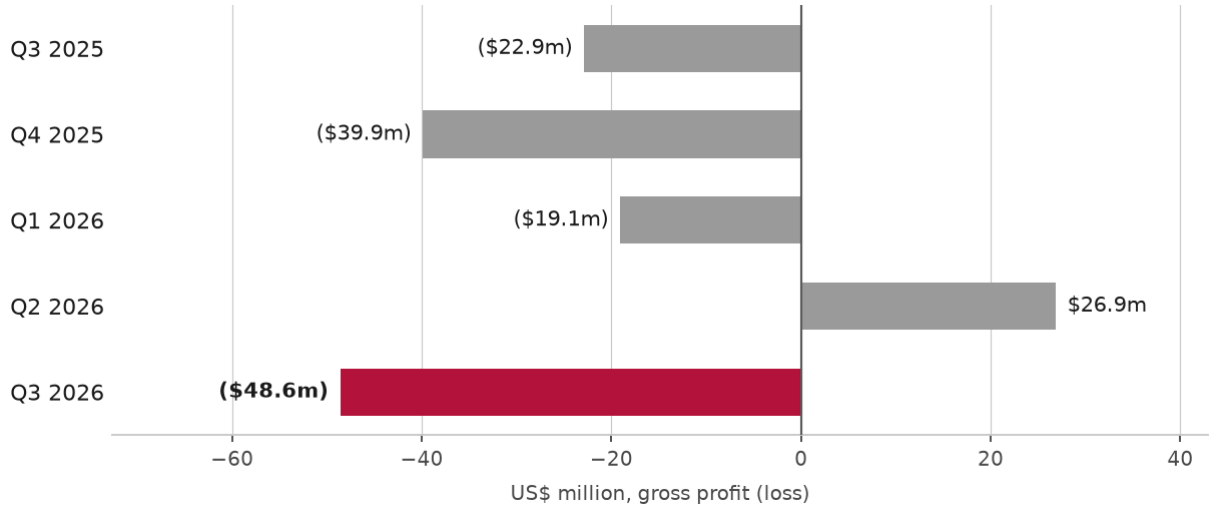
The device maker pays in units, not in margin

HP shows what that does to a P&L. Personal Systems revenue was $11.8 billion in the quarter to 31 July 2026, up 18 per cent, on total units down 16 per cent, consumer units down 19 per cent and commercial units down 14 per cent, at a 4.6 per cent operating margin. Eighteen per cent more revenue on 16 per cent fewer units is about 40 per cent more revenue per unit, and mix toward premium and commercial machines accounts for part of that, so the figure is not memory alone. The filing does not leave the cause to inference: "In Personal Systems, we face challenges with a competitive pricing environment, increasing commodity costs, particularly in memory and storage costs, and the uncertainty of the market's ability to absorb price increases."

The nine month note says the same thing forward: "we experienced higher inflationary pressure in memory and storage costs and supply constraints in our Personal Systems business, which we anticipate will continue." An OEM that sells 16 per cent fewer units and grows revenue 18 per cent is running price over volume, which holds only while buyers keep paying, and HP states its own uncertainty about whether they will. For a company buying those machines the arithmetic runs the same way: dearer units, fewer of them, and a refresh budget written before the repricing now buying less than it was set for.

Roku's devices line went from a profit to a 25 per cent loss by 30 September 2026

Roku devices segment gross profit (loss), $ million



Source: Roku Form 8-K, Exhibit 99.1, filed 2 November 2026. Figures as reported in the segment table: devices gross profit (loss) of $(22.9)m, $(39.9)m, $(19.1)m, $26.9m and $(48.6)m.

Roku's devices revenue rose 33 per cent to $193.7 million in the quarter to 30 September 2026 while devices cost of revenue rose 43 per cent to $242.3 million, a gross loss of $48.6 million against a gross profit of $26.9 million in the quarter to 30 June 2026. The cause is stated in the release: "with gross margin of (25.1%), driven primarily by elevated memory costs". The nine months to 30 September 2026 come to a $40.8 million devices gross loss. Read the whole company rather than the segment: total gross profit was $648.5 million at 43.2 per cent, up 24 per cent, and platform gross margin was 53.3 per cent. Devices are the shop window and the platform pays for them, which is why a memory price rise is survivable for Roku and is what breaks a maker that sells hardware and nothing behind it.

The counter-move is architecture, not procurement

The cheapest memory is the memory a device does not need, and one platform is selling that to the brands it licenses. Roku again, in its own words: "The Roku TV OS requires significantly less DRAM and Flash than competing platforms, which lowers our partners' costs as memory prices continue to rise and is especially meaningful on smaller screens." That is a filed claim about somebody else's bill of materials, and a commercial move sits behind it: "TCL has expanded its Roku TV lineup at Target, and Hisense is moving its value assortment to Roku at Best Buy." Roku expects "these partnerships to contribute to Roku TV model unit volume in Q4 2026". Note what its devices revenue excludes: Roku TV models made and sold by its OEM licensing partners, "which account for the largest portion of our overall unit volume". The footprint argument earns Roku more in licensing than in its own hardware, which is why it is being made.

NETGEAR shows the procurement half and how little it buys on its own. Consumer segment gross margin was 27.3 per cent in the quarter to 28 June 2026, down from 29.4 per cent, and the segment swung from $3.3 million of contribution income to a $1.7 million contribution loss while company gross margin rose 270 basis points to 40.2 per cent on enterprise mix. Its remedies are the ones a buyer has: "we have secured sufficient memory supply for substantially all of our 2026 production plans for this segment" and it has "made significant progress in accessing supply directly from memory manufacturers", which is how an OEM stops paying a distributor for the privilege. It expects the enterprise impact "to remain nominal" on higher selling prices and "the benefit of our recent price increases", and the opposite for consumers: "rising memory costs to continue to adversely impact our business despite the mitigation efforts we have undertaken with our channel partners". It will "continue to prioritize gross profit over revenue in this segment", which is a decision to lose share rather than margin. Then the line a CFO should read twice: "The memory cost challenge is expanding to other parts of the Bill of Materials".

What each seat owes before 31 December 2026

- CFO, by 31 December 2026: rebuild the 2027 endpoint refresh at a 16GB floor per commercial seat and 32GB for high specification models, the capacities SK hynix states as the AI PC requirement, and put the delta against the budget that was set before the repricing. HP's price over volume quarter is what the increase looks like by the time it reaches a purchase order.
- CIO, by 31 December 2026: add DRAM and Flash content to the endpoint and thin client standard, and score the operating system or appliance on its footprint as well as its feature list. Roku is selling a low memory operating system to TV brands as cost relief in the same quarter its own devices line lost 25.1 per cent on memory, so the lever is real and it is being used against you.
- Chief Procurement Officer, before the 2027 device award and no later than 31 December 2026: write a memory index, a pass-through ceiling and an allocation commitment into the device contract. NETGEAR covered substantially all of its 2026 enterprise production by going direct to memory manufacturers, and reports the cost now moving into other parts of the bill of materials.
- If the estate refreshes after 2027, decide nothing now. The evidence for a structural step up is the 16GB and 32GB capacity requirement; there is no evidence yet that this price level is permanent, and SK hynix expects PC demand to slow because of it. Test the question again on 28 February 2027, when the third quarter memory report and Roku's fourth quarter results are both on the record.

What a board should put to management

The board's move is one resolution, not a discussion: approve the endpoint standard that carries the 16GB per-seat floor and the 2027 refresh budget that prices it as a single item, by 31 December 2026, the date both are signed.

- How much DRAM and Flash sits in the endpoint estate per seat, and what does a 16GB floor do to the 2027 replacement cost?
- Which of our device suppliers has named memory as a margin risk in a filing, and what did they say about passing it on?
- Does the endpoint standard we are about to approve specify memory content, and does the platform we run reduce it?
- If memory prices fall in 2027, does our device contract pass the benefit back, or only the cost forward?
- Which 2027 refresh commitments are already signed, and at what price assumption?

The dates that test this reading

- SK hynix's quarterly business report for the third quarter of 2026, filed on the same monthly Form 6-K route as the August filing. A DRAM average selling price flat or lower against the June quarter ends the compression reading.
- Roku's fourth quarter 2026 results: whether the devices gross margin returns above zero, and whether the TCL and Hisense volume arrives. Roku has already said distribution costs for Roku TV model sales will be weighted toward that quarter.
- NETGEAR's third fiscal quarter of 2026, guided to a gross margin "modestly below the second fiscal quarter of 2026 level" as memory costs increase. Watch the consumer contribution line rather than the company margin, because enterprise mix hides the segment.

- 31 December 2026: the date the 2027 refresh budget and the endpoint standard are signed. After that the memory bill is a commitment rather than a forecast.
- 28 February 2027: the review date for an estate refreshing after 2027, by which the memory report and Roku's fourth quarter results are both on the record.

The test is simple enough to score. If DRAM average selling price comes in flat or falling quarter on quarter in SK hynix's third quarter report and Roku's devices gross margin returns above zero in the same window, memory was a price cycle and the margin goes back to the box. If the price holds while the 16GB floor enters the 2027 refresh, the compression reading stands, and the device maker keeps paying in units.

Five filings from four issuers carry every figure in this piece.

- SK hynix, Form 6-K, quarterly business report for the month of August 2026, filed 18 August 2026.
- HP Inc., Form 10-Q for the quarter ended 31 July 2026, filed 27 August 2026, and Form 8-K, Exhibit 99.1, filed 26 August 2026.
- Roku, Inc., Form 8-K, Exhibit 99.1, shareholder letter for the quarter ended 30 September 2026, filed 2 November 2026.
- NETGEAR, Inc., Form 10-Q for the quarter ended 28 June 2026, filed 6 August 2026.