

# **First Quarter of FY2021 Financial Results** (Three months ended June 30, 2021)

**Kioxia Holdings Corporation**

**Aug 12, 2021**

# Disclaimer

On April 1, 2017, Toshiba Corporation spun off its memory business into the former Toshiba Memory Corporation (“Former TMC”). On June 1, 2018, Toshiba Corporation sold all of the shares of Former TMC to K.K. Pangea, a special purpose acquisition company formed by a consortium led by Bain Capital Private Equity, LP, and as a result, Former TMC became a wholly-owned subsidiary of K.K. Pangea. On August 1, 2018, K.K. Pangea merged with Former TMC, with K.K. Pangea as the legally surviving entity. On the same date, K.K. Pangea was renamed Toshiba Memory Corporation (“TMC”). On March 1, 2019, Toshiba Memory Holdings Corporation (“TMCHD”) was established as the holding company for TMC through a sole-share transfer, whereby TMC’s then-existing shareholders became the shareholders of TMCHD and TMC became a wholly-owned subsidiary of TMCHD. On October 1, 2019, TMCHD and TMC were renamed Kioxia Holdings Corporation (“we”) and Kioxia Corporation, respectively.

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This presentation includes information and statements regarding the flash memory industry obtained from industry publications and surveys, publicly available sources and from third-party sources considered to be reliable. Whilst this presentation is provided in good faith, it does not purport to be comprehensive and has not been independently verified.

This presentation has been prepared to provide information on our consolidated financial results and does not constitute or form part of an offer or invitation to sell or a solicitation of an offer to buy or subscribe for or otherwise acquire any securities in any jurisdiction or an inducement to engage in investment activity nor shall it form the basis of or be relied on in connection with any contract thereof.

# Financial Results Overview<sup>1</sup>

(in billion yen)	FY20 Q4	FY21 Q1	QoQ
Sales	294.7	329.5	+34.8
Operating Profit	(20.2)	35.1	+55.3
<i>Margin</i>	(7)%	11%	+18pt
Net Income	(21.0)	12.3	+33.3
<i>Margin</i>	(7)%	4%	+11pt

Additional detail (included in above figures)

Depreciation and Amortization	109.6	105.5	(4.1)
PPA Impact <sup>2</sup>	(26.9)	(24.0)	+2.9
Income Tax	(12.6)	6.2	+18.8

<sup>1</sup> Based on the audited consolidated financial statements prepared under IFRS

<sup>2</sup> EBITDA is operating profit plus depreciation and amortization, which is indicative of our cash-based profitability. EBITDA for FY21 Q1 is calculated as follows: operating profit of 35.1 billion yen plus depreciation and amortization of 105.5 billion yen totaling 140.6 billion yen.

<sup>3</sup> Amount of financial impact of PPA on operating profit (loss) caused by the acquisition of the Former TMC by K.K. Pangea and the acquisition of SSSTC, the SSD business of LITE-ON. Non-GAAP measures are indicative of our core ongoing operating results. Non-GAAP operating profit for FY21 Q1 is calculated as follows: operating profit of 35.1 billion yen plus PPA impact of 24.0 billion yen totaling 59.1 billion yen. Non-GAAP net profit for FY21 Q1 is calculated as follows: net profit of 12.3 billion yen plus PPA impact of 24.0 billion yen minus a tax adjustment for a total of 29.0 billion yen.

# Highlights (1/2)

## Recent Sales Trends

	FY20 Q4	FY21 Q1
Bit growth (QoQ) <sup>1,2</sup>	Mid-single-digit-% increase	High-single-digit-% increase
ASP <sup>1</sup> (JPY, QoQ)	High-single-digit-% decline	Low-teens % increase

1. Bit basis

2. Excluding third party NAND used in Solid State Storage Technology Corporation's SSDs

- Kioxia revenue grew in line with NAND flash memory market: 12% quarter-on-quarter
- Shipments for datacenter SSDs remained strong, and enterprise SSD shipments have started to recover. Furthermore, shipments for smartphone increased, which resulted in positive bit growth in this quarter
- ASP increased for the first time in 4 quarters driven by the improvement of supply/demand balance in the NAND flash memory market

## New Products and Technology

- Started mass production of 5th-generation BiCS FLASH™
- Announced expansion of Yokohama Technology Campus and new research center to strengthen research and technology development

## Highlights (2/2)

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### Industry/Market Trends and Outlook

- Overall NAND market demand is expected to remain at high level driven by work-from-home and remote online education trends. Demand for datacenter SSDs is strong, and demand for enterprise SSDs is expected to continue the recovery driven by increased capital investment from our customers. Furthermore, demand for smartphones continues its recovery on expanding 5G lineups after the decline caused by COVID-19.
- Although there are some concerns on reduced production due to components shortage, market consensus expects NAND supply/demand to maintain stability at current levels through the second half of CY2021.
- In the longer term horizon, industry experts remain confident in the NAND market growth potential and the underlying demand drivers.

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