

Third Quarter of FY2019 Financial Results (Three months ended December 31, 2019)

Kioxia Holdings Corporation

February 14, 2020

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 Overview¹

(in billion yen)	FY19 Q2	FY19 Q3		FY19 9M
			QoQ	
Sales	239.0	254.4	+15.4	707.6
Operating Income	(65.8)	(20.5)	+45.3	(185.2)
<i>Margin</i>	(28)%	(8)%	+19pt	(26)%
Net Income	(56.0)	(25.3)	+30.7	(176.5)
<i>Margin</i>	(23)%	(10)%	+13pt	(25)%

Additional detail (included in above figures)

Depreciation and Amortization	101.9	105.0	+3.1	306.5
PPA Impact ²	(28.2)	(28.8)	(0.6)	(85.5)
Power Outage Impact ³	(0.1)	0.0	+0.1	(34.5)
Refinance Impact ⁴	0.0	0.0	0.0	(19.4)
Income Tax	(22.5)	(8.0)	+14.5	(64.9)

1. Based on the audited consolidated financial statements of the respective companies for FY19 Q2 and Q3. All figures are prepared under IFRS.

2. Amount of accounting impact of PPA on operating income caused by the acquisition of the Former TMC by K.K. Pangea.

3. Accounting impact on operating income from costs and expenses related to write-offs of work in process inventory and the burden of fixed manufacturing costs during the downtime of the relevant manufacturing capacity, equipment repair expenses

and the allocation of increased manufacturing costs due to power outage from Q2 in accordance with the joint venture agreement. These figures do not include any sales-related impact, other related impacts, and any non-operating or non-material impacts.

4. Amount of one-time financial impact on non-operating income associated with the early repayment of debt and early redemption of preferred stock.

Highlights

Recent Sales Trends

	FY19 Q2	FY19 Q3
Bit growth (QoQ)	Low 20% range increase	High-single-digit-% increase
ASP (JPY, QoQ)	Mid-single-digit-% decline	Mid-single-digit-% increase

- Yokkaichi plant power outage in June 2019 no longer impacting operations
- Boosted by strength in memory for SSD, overall bit growth continues
- ASPs trend moves positive on further improvement in supply and demand balance

New Products and Technology

- Launched industry's first¹ 512GB Automotive UFS (November 14, 2019)
- Unveiled new 3D semicircular flash memory cell structure "Twin BiCS FLASH" (December 12, 2019)
- Developed fifth-generation 3D flash memory technology "BiCS FLASH™" (January 31, 2020)

Industry/Market Trends and Outlook

- Despite global macroeconomic uncertainties, the industry is expecting memory demand to increase steadily with the recovery of data center investment and the increasing penetration of 5G networks

1. Source: KIOXIA Corporation, as of November 14, 2019.

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