

# **Second Quarter of FY2021**

## **Financial Results** (Three months ended September 30, 2021)

**Kioxia Holdings Corporation**

**Nov 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)	FY21 Q1	FY21 Q2	QoQ
Sales	329.5	400.5	+71.0
Operating Profit	35.1	78.0	+42.9
<i>Margin</i>	11%	19%	+9pt
Net Income	12.3	44.7	+32.4
<i>Margin</i>	4%	11%	+7pt

Additional detail (included in above figures)

Depreciation and Amortization <sup>2</sup>	105.5	109.3	+3.8
PPA Impact, etc. <sup>3</sup>	(24.0)	(24.0)	0.0
Income Tax	6.2	21.4	+15.2

<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 Q2 is calculated as follows: operating profit of 78.0 billion yen plus depreciation and amortization of 109.3 billion yen totaling 187.3 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, and the financial impact of power outage in Yokkaichi plant in June 2019. Non-GAAP measures are indicative of our core ongoing operating results. Non-GAAP operating profit for FY21 Q2 is calculated as follows: operating profit of 78.0 billion yen plus PPA impact, etc. of 24.0 billion yen totaling 102.0 billion yen. Non-GAAP net profit for FY21 Q2 is calculated as follows: net profit of 44.7 billion yen plus PPA impact, etc. of 24.0 billion yen minus a tax adjustment for a total of 61.5 billion yen.

# Highlights (1/2)

## Recent Sales Trends

	FY21 Q1	FY21 Q2
Bit growth (QoQ) <sup>1,2</sup>	High-single-digit-% increase	High-teens % increase
ASP <sup>1</sup> (JPY, QoQ)	Low-teens % increase	Mid-single-digit-% increase

1. Bit basis

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

- Kioxia achieved record revenue in FY21 Q2 with 22% quarter on quarter growth.
- Data center / enterprise SSD shipments were solid, and smartphone shipments grew in line with seasonality. Total shipments continued to increase quarter-on-quarter.
- Overall ASP increased this quarter driven by balanced supply/demand in the NAND market, only partially offset by product mix impacts.

## New Products and Technology

- Introduced UFS Ver 3.1 embedded flash memory devices utilizing fifth-generation BiCS FLASH™
- Introduced PCIe® 4.0 storage class memory SSDs

\* PCIe is a registered trademark of PCI-SIG.

## Highlights (2/2)

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### Industry/Market Trends and Outlook

- Demand for datacenter / enterprise SSDs is expected to remain solid with continued cloud demand growth and strong IT spending backed by the COVID-19 economic recovery.
- Demand for client SSDs is softening in the short term as component shortages affect PC build despite solid consumer PC demand.
- Demand for smartphones is expected to continue growing in the long term driven by the roll out 5G and recovery from the decline caused by COVID-19, with seasonal fluctuations in the short term.
- The industry continues to monitor the further impacts of component shortages on customer demand and production across the supply chain.
- In the longer term horizon, industry experts remain confident in the NAND market growth potential and the underlying demand drivers.

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