

# **First Quarter of FY2023**

## **Financial Results** (Three months ended June 30, 2023)

**Kioxia Holdings Corporation**

**Aug 9, 2023**

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

(in billion yen)	FY22 Q4	FY23 Q1	QoQ
Revenue	245.2	251.1	+5.9
Operating Profit (Loss)	(171.4)	(130.8)	+40.6
<i>Margin</i>	(70)%	(52)%	+18pt
Net Income (Loss)	(130.9)	(103.1)	+27.8
<i>Margin</i>	(53)%	(41)%	+12pt

Additional detail (included in above figures)

Depreciation and Amortization <sup>2</sup>	106.9	94.3	(12.6)
PPA Impact <sup>3, 4</sup>	(5.6)	(4.0)	+1.6
Income Tax Expense	(53.9)	(43.5)	+10.4

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

<sup>2</sup> EBITDA is operating profit (loss) plus depreciation and amortization, which is indicative of our cash-based profitability. EBITDA for FY23 Q1 is calculated as follows: operating profit (loss) of (130.8) billion yen plus depreciation and amortization of 94.3 billion yen totaling (36.5) billion yen.

<sup>3</sup> Amount of financial impact of PPA on operating profit (loss) caused by the past business combinations.

<sup>4</sup> Non-GAAP measures are indicative of core ongoing operating results. Non-GAAP operating profit (loss) for FY23 Q1 is calculated as follows: operating profit (loss) of (130.8) billion yen plus PPA impact of 4.0 billion yen totaling (126.8) billion yen. Non-GAAP net income for FY23 Q1 is calculated as follows: net income (loss) of (103.1) billion yen plus PPA impact of 4.0 billion yen minus a tax adjustment for a total of (100.3) billion yen.

# Highlights (1/2)

## Recent Sales Trends

	FY22 Q4	FY23 Q1
Bit growth <sup>1</sup> (QoQ)	Low-teens % increase	Mid-teens % increase
ASP <sup>1</sup> (JPY, QoQ)	High-20% range decline	Mid-single-digit-% decline

1. Bit basis

- Kioxia Q1 revenue slightly increased quarter over quarter as shipments increased backed by inventory improvement of PC and smartphone customers.
- ASP decline moderated compared to the previous quarter
- Operating profit (loss) improved quarter over quarter as inventory write-downs were insignificant and the annual property tax effect (in accordance with IFRS) of the prior quarter did not repeat

## New Products and Technology

- Introduced next-generation UFS ver. 4.0 devices
- Announced new KIOXIA BG6 series compact client SSDs with higher capacities using 6<sup>th</sup> generation BiCS FLASH<sup>TM</sup> technology
- Introduced new KIOXIA CD8P series data center SSD
- Commenced operation of new R&D facilities to strengthen R&D capabilities

## Highlights (2/2)

### Industry/Market Trends and Outlook

- The supply-demand balance is gradually improving, as production adjustments by flash memory manufacturers impact overall supply. Demand for flash memory is expected to gradually recover driven by the improvement of customer inventories and the memory content growth in PCs and smartphones. ASP declines have also moderated as the supply-demand balance has improved.
- Demand for data center and enterprise SSDs is expected to be slow in CY2023 due to inventory adjustments and weak enterprise IT spending.
- Despite the challenging near-term market environment, industry experts remain confident in the growth potential of the flash memory market and the underlying demand drivers in the longer term horizon.
- Given the delay in market recovery, Kioxia will continue production adjustments in line with market conditions and manage operating expenses, while striving to maintain competitiveness by continuing our efforts in developing next-generation products and reducing manufacturing costs.

**KIOXIA**