

Q&A Summary for the Investor Day (June 2, 2026)

Q: LTAs; What bit growth assumptions are you using as the basis for your LTA discussions? Which markets are you gaining greater confidence in through LTAs? What portion of Kioxia's shipment volume are you looking to cover with LTAs? And how are LTAs structured to remain executable if market conditions change?

A: As the underlying assumption for bit growth, we are forecasting a CAGR of 22% from CY25 to CY28. We are currently in discussions on LTAs mainly with data center and enterprise customers, given the strong demand outlook for the AI inference market. We believe market outlook is becoming more visible, as several data center and enterprise customers, have also expressed interest in entering into LTAs beyond CY29.

For 2028 and beyond, customer needs regarding products and specifications are expected to evolve. With that in mind, at this point we plan to cover approximately 50% of our projected CY28 shipment volume through LTAs, while maintaining a certain degree of flexibility. Over time, depending on market conditions and discussions with customers, we may consider increasing the coverage ratio. In parallel, we are carefully reviewing key terms such as pricing and contract duration as part of our efforts to mitigate risks in investment decisions for FY2028 and beyond.

As for the details of the agreements, we are unable to disclose specifics due to confidentiality obligations with customers.

Q: (p.28) Could you discuss the future market outlook and competitive advantages of your SSD products for inference server—the CM, GP, and LC Series?

A: We believe all the series will continue to grow rapidly in AI inference server market. For the LC Series, which is designed for high-capacity storage, we are addressing increasing data volumes with products based on leading-edge QLC chips.

For the CM Series, which targets KV cache and other applications, we also expect rapid market growth. These products have already been adopted and qualified by major enterprise and hyperscale customers, and we believe this demonstrates their strong technological potential.

As for the GP Series, we are developing specialized NAND chips for this segment and are also planning next-generation products.

Q: (p.16) You mentioned that supply is expected to remain tight through CY27. To what extent do you believe new sources of demand—such as KV cache, context memory, and super-high-IOPS applications—are already factored into that view?

A: We forecast the supply-demand balance based on data from multiple research firms, as well as discussions with customers. At this point, we expect the market to remain relatively tight even beyond the second half of CY27, and we believe market pricing will continue to reflect those supply-demand conditions. As such, we are not anticipating a sharp deterioration. As for AI-related demand, we will continue to closely monitor how the market develops.



Q: How do you assess your technological leadership in Super High IOPS SSDs, and what are your expectations for adoption by major customers and ecosystem partners, as well as the revenue impact, over the next 12 to 24 months?

A: The NAND used in our Super High IOPS SSD is XL-FLASH™, a specialized SLC-based chip technology currently proprietary to our company. We are currently developing an SSD that meets NVIDIA's specifications, and we plan to provide samples for evaluation as early as possible within this year. Because XL-FLASH™ essentially leverages the same process technology as BiCS FLASH™, it can be manufactured using part of our overall NAND capacity. This gives us flexibility to adjust production while monitoring market conditions. We expect an appropriate level of added value and would like to consider increasing allocation accordingly going forward.

Q: With regard to your projected 46% CAGR for the data center market from CY25 to CY28, are there any leading indicators you look at to gauge the expansion of AI inference demand?

A: The AI inference market is currently one of the fastest-growing areas, so it is difficult to point to any single clear-cut indicator at this stage.

That said, for example, we view the level of demand we are seeing for our CM Series as an indication of growing demand for KV cache applications. More broadly, we believe one useful indicator is the type of demand that begins to emerge for specific products and use cases.

From last fiscal year into this fiscal year, we have seen a clear change in the strength of customer requirements, and we believe this has been driven largely by AI inference demand—particularly demand related to the new storage hierarchy proposed by NVIDIA.

Q: Could you update us on the mass production schedule for your next-generation 10th-generation BiCS FLASH™?

A: We plan to begin sample shipments this summer. Following customer qualification activities, we expect to move into mass production in about a year, while closely monitoring market conditions.

Q: Could you share your view on Kioxia's bit shipment growth going forward, and the underlying market growth assumptions behind that outlook?

A: We assume the market bit growth rate will be around 22% CAGR from CY25 to CY28. Based on that assumption, we expect to drive GB growth by investing in production equipment within the existing facility at our Yokkaichi and Kitakami factories. Beyond CY29, we will continue to assess market size and growth prospects carefully, and will consider and execute investments in a disciplined manner.

Q: Given the available cleanroom space and technological capabilities at Kitakami, couldn't you accelerate the CAPEX further?

A: We believe that, as before, it is necessary to balance between financial discipline and growth investment. For CY25–CY28, we plan to invest approximately JPY 470 billion per year to support GB growth at a 22% CAGR.

Q: Could you explain your view on constructing new fab buildings?

A: At present, we still have available space in Yokkaichi Y7 and Kitakami K2, and for the time being we plan to utilize that space in line with the market GB growth rate of 22% CAGR for CY25–28. Looking further ahead, we will consider the plan for the new fab at the appropriate timing, in line with market growth. Under

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our current plan, demand can be accommodated with our existing fab buildings through CY29, but for plans beyond CY30, we believe it will be necessary to move forward with new fab construction at the right time.

Q: Could you provide more detail on your capex plan? Does this mean production capacity in FY2028 will be roughly double that of FY2025?

A: CAPEX for FY2026 will be increased from JPY 280 billion in FY2025 to JPY 450 billion, as we prepare to continuously support GB growth at a 22% CAGR. We plan to maintain a similar level of investment in FY2027. These investments include capacity expansion for 8th-generation BiCS FLASH™, production ramp-up for 10th-generation BiCS FLASH™, and investments in Fab 7 at Yokkaichi and Fab 2 at Kitakami.

Q: You mentioned capacity expansion in Yokkaichi and Kitakami, but is there any possibility of expanding at overseas sites as well?

A: Over the next five years or so, we believe Kitakami is the leading candidate from the standpoints of scalability and economies of scale. As for establishing manufacturing sites overseas, we will continue to evaluate that option by taking into account factors such as construction costs, operating costs, and the time required for technology transfer, as well as the associated opportunity costs. That said, for the time being, we believe investing in our domestic manufacturing sites is the more efficient approach.

Q: Regarding the long-term financial model explained at the 2025 Investor Day, including through-the-cycle operating margin and SSD market share, could you share your target levels under this new cycle?

A: Driven by very strong demand, particularly from AI inference applications, our profitability is currently at a high level. As a result, we expect the overall framework we outlined last year to shift upward, with our performance becoming more stable and the degree of cyclical volatility also becoming more moderate.

For enterprise SSD share, we see room to increase from the current level of around 10% to 15%+, and to around 17% over the medium to long term. Including our share in NAND chips for hyperscalers, we believe we can secure a position that is higher than our overall share of the NAND market.

Q: What kind of opportunities are you assuming for the inorganic investments you mentioned as part of your growth investment strategy?

A: The inorganic investments we referred to today are primarily M&A-related, although we do not have any specific deals or plans at this point. As we operate in the NAND flash industry, where attractive returns can be expected, we may consider investments that help strengthen customer relationships in our existing downstream businesses, as well as investments that support more stable procurement of raw materials and components upstream in the value chain.

Q: On shareholder returns, should we understand the 50% figure for excess cumulative free cash flow as a rough guideline?

A: The 50% figure was presented as an illustrative reference point to explain our thinking on the allocation between growth investment and shareholder returns. In practice, however, the actual level may vary depending on the status, timing, and scale of growth investments, so it should not be interpreted as a commitment to always return exactly 50%.

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Note:

- Unless otherwise specified, all references are in fiscal years
- This document is a summary of the questions were asked and answered during the Investor Day. Some expressions have been edited to be easier to understand.