



First Quarter of FY2019 (Three months ended June 30, 2019) **Financial Results**

Toshiba Memory Holdings Corporation
August 8, 2019 (Corrected August 9, 2019)

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" or "we") 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.

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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⁽¹⁾

[in billion yen]	FY18 Q4	FY19 Q1	Change QoQ
	(TMCHD ⁽²⁾)	(TMCHD)	
Sales	247.0	214.2	(32.8)
Operating Income	(28.4)	(98.9)	(70.5)
<i>Margin</i>	(11)%	(46)%	(35)pt
Net Income	(19.3)	(95.2)	(75.9)
<i>Margin</i>	(8)%	(44)%	(37)pt
Depreciation and Amortization	100.8	99.6	(1.2)
PPA Impact ⁽³⁾	(26.1)	(28.5)	(2.4)
Power Outage Impact ⁽⁴⁾	–	(34.4)	–
Refinance Impact ⁽⁵⁾	–	(19.4)	–
Income Tax	(20.7)	(34.4)	(13.7)

1. Based on the audited consolidated financial statements of the respective companies for FY18 Q4 and FY19 Q1. All figures are prepared under IFRS.

2. TMCHD has assumed the financial reports of TMC, which became TMCHD's wholly-owned subsidiary through a sole-share transfer on March 1, 2019.

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

4. Amount of financial impact on operating income due to power outage, including costs and expenses related to write-offs of work in process inventory and the burden of fixed manufacturing costs during downtime of the relevant manufacturing capacity, etc.

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

Highlights (1/2)

Recent Sales Trends

	FY18 Q4	FY19 Q1
Bit growth (QoQ)	Mid-single-digit-% decline	Low-single-digit-% increase
ASP (QoQ)	Mid 20% range decline	Mid-teens % decline

- The impact of the power outage at the Yokkaichi Operations facility on Q1 GB shipments was limited
- ASP remains in a downtrend, but the rate of decline is easing
- More than 90% of total production (Q1, bit basis) was BiCS FLASH™

Revision of Capital Structure

- To stabilize its business, TMCHD refinanced borrowings from major lenders and issued non-convertible-bond-type preferred stock to the Development Bank of Japan Inc. Using the funds raised, the company has completed the redemption of all non-convertible-bond-type preferred stock issued last year.

Products and Technology Development

- Developed the XG6-P Series of 2TB client SSDs for high-end applications, enabling high-speed access to large volumes of data (May 28, 2019).

Highlights (2/2)

Industry/Market Trends and Outlook

- Although NAND price declines are stabilizing, supply/demand imbalance still remains. Overall, the market expects supply and demand to normalize in the second half of 2019. TMCHD's view is consistent with such market expectations.
- A power outage in parts of the city of Yokkaichi on June 15 affected some operations at the Yokkaichi Operations facility. This caused a 34.4 billion yen impact on Q1 operating income, and TMC expects a negative impact on Q2 operating income as well. Most equipment had been restored by mid-July.
- TMC formally entered into an agreement to execute capital investment on the new fab ("K1") at the Kitakami plant (Toshiba Memory Iwate Corporation) in conjunction with Western Digital Corporation. TMC began installing production equipment at K1 from June. Construction of K1 is scheduled to be completed in autumn 2019.
- Our company (Toshiba Memory Holdings Corporation) will be renamed Kioxia Holdings Corporation effective October 1.

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