

FY2019 ended March 31, 2020

Financial Results

Kioxia Holdings Corporation

May 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.

This presentation includes forward-looking statements that represent certain opinions, expectations, beliefs, intentions or estimates regarding the future of Kioxia Holdings Corporation and its consolidated subsidiaries. You can identify forward-looking statements by terms such as “may,” “will,” “should,” “would,” “expects,” “plans,” “anticipates,” “could,” “intends,” “aims,” “seeks,” “targets,” “projects,” “anticipates,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions. Forward-looking statements are based largely on our current expectations and projections about future events and trends that we believe may affect our industry, business strategy, short-term and long-term business operations and objectives, financial condition and results of operations. These forward-looking statements involve known and unknown risks, uncertainties, changes in circumstances that are difficult to predict and other factors that may cause our actual results, performance or achievements to be materially different from any future result, performance or achievement expressed or implied by the forward-looking statement. In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this presentation may not occur and actual results could differ materially and adversely from those anticipated or implied.

The forward-looking statements included in this presentation are made only as of the date hereof. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, performance or events and circumstances reflected in the forward-looking statements will be achieved or occur. We undertake no obligation to update any forward-looking statement for any reason after the date of this presentation to conform these statements to actual results or to changes in our expectations, except as may be required by law.

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 Q3	FY19 Q4	QoQ	FY18 (simple, combined basis) ⁵	FY19
Sales	254.4	279.6	+25.2	1,263.9	987.2
Operating Income	(20.5)	12.1	+32.6	116.3	(173.1)
<i>Margin</i>	(8)%	4%	+12pt	9%	(18)%
Net Income	(25.3)	9.8	+35.1	60.5	(166.7)
<i>Margin</i>	(10)%	4%	+13pt	5%	(17)%

Additional detail (included in above figures)

Depreciation and Amortization	105.0	105.2	+0.2	355.1	411.7
PPA Impact ²	(28.8)	(27.3)	+1.5	(227.2)	(112.8)
Power Outage Impact ³	1.1	0.0	(1.1)	0.0	(33.4)
Refinance Impact ⁴	0.0	0.0	0.0	0.0	(19.4)
Income Tax	(8.0)	(7.9)	+0.1	12.9	(72.8)

1. Based on the audited consolidated financial statements for FY19 Q3, FY19 Q4 and FY19, and the unaudited consolidated financial reports of Former TMC as a wholly-owned subsidiary of Toshiba Corporation, before the acquisition by K.K. Pangea from April 2018 to May 2018 (①) and the audited consolidated financial reports of TMCHD from April 2018 to March 2019 (②), which includes the income statement impact of K.K. Pangea's financing activities during the first two months of the period for FY18. TMCHD has assumed the financial reports of TMC, which became TMCHD's wholly-owned subsidiary through a sole-share transfer on March 1, 2019. 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, 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 or non-material impacts, but reflect the insurance income of 1.1 billion yen against the accounting losses of 34.5 billion yen, resulting in the net accounting impact of 33.4 billion yen.

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

5. The figures are presented on a simple, combined basis, and adjustments that are necessary to enable a strict comparison against the previous year's figures have not been made.

Highlights

Recent Sales Trends

	FY19 Q3	FY19 Q4
Bit growth (QoQ)	High-single-digit-% increase	Low-single-digit-% increase
ASP (JPY, QoQ)	Mid-single-digit-% increase	Mid-single-digit-% increase

- Overall bit growth continues with SSD sales growth more than offsetting smartphone decline
- A recovery trend continues with ASP as industry supply / demand conditions improved in the second half

New Products and Technology

- First to deliver PCIe® 4.0 solid state drives (February 21, 2020)
- Launched UFS Ver. 3.1 embedded flash memory devices (February 27, 2020)
- Launched new “Kioxia” brand consumer product portfolio (microSD/SD memory cards, USB memory and SSDs) (April 15, 2020)

Industry/Market Trends and Outlook

- With the global spread of COVID-19, the memory industry in FY20 Q1 is expected to see demand for smartphones decline, offset by firm demand for SSDs in PCs and data centers due to changes in consumer behavior including increased work from home and video streaming

Operations amid COVID-19

- Following Japan’s declaration of a national emergency, the company is thoroughly implementing measures to protect employees and prevent COVID-19 spread. Manufacturing operations at Yokkaichi Plant and Kitakami Plant continue.

KIOXIA