Q1 FY2022
SGH FINANCIAL RESULTS

JANUARY 4, 2022

SGH

Disclaimer

This presentation and oral communications made during the course of this presentation will contain "forward-looking statements," including, among other things, statements regarding future events and the future financial performance of SGH (including the business outlook for the next fiscal quarter) and statements regarding growth drivers in SGH's industries and markets. These forward-looking statements are based on current expectations and preliminary assumptions that are subject to factors and uncertainties that could cause actual results to differ materially from those described in these forward-looking statements. These forward-looking statements are subject to a number of risks, uncertainties and other factors, many of which are outside SGH's control, including, among others: global business and economic conditions and growth trends in technology and lighting industries, our customer markets and various geographic regions; uncertainties in the geopolitical environment; disruptions in our operations or our supply chain as a result of COVID-19 pandemic or otherwise; changes in trade regulations or adverse developments in international trade relations and agreements; changes in currency exchange rates; overall information technology spending; appropriations for government spending; the success of our strategic initiatives including additional investments in new products and additional capacity; acquisitions of companies or technologies, the failure to successfully integrate and operate them, or customers' negative reactions to them; limitations on or changes in the availability of supply of materials and components; fluctuations in material costs; temporary or volatile nature of pricing trends in memory or elsewhere; deterioration in customer relationships; production or manufacturing difficulties; competitive factors; technological changes; difficulties with or delays in the introduction of new products; slowing or contraction of growth in the memory market in Brazil; reduction in or termination of incentives for local manufacturing in Brazil; changes to applicable tax regimes or rates; prices for the end products of our customers; strikes or labor disputes; deterioration in or loss of relations with any of our limited number of key vendors; the inability to maintain or expand government business; and other factors and risks detailed in SGH's filings with the U.S. Securities and Exchange Commission, which include SGH's most recent reports on Form 10-K and Form 10-Q, including SGH's future filings.

Such factors and risks as outlined above and in such filings do not constitute all factors and risks that could cause actual results of SGH to be materially different from our forward-looking statements.

Accordingly, investors are cautioned not to place undue reliance on any forward-looking statements. These forward-looking statements are made as of today, and SGH does not intend, and has no obligation, to update or revise any forward-looking statements in order to reflect events or circumstances that may arise after the date of this presentation, except as required by law.

Statement Regarding Use of Non-GAAP Financial Measures:

SGH management uses non-GAAP measures to supplement SGH's financial results under GAAP. Management uses these measures to analyze its operations and make decisions as to future operational plans, and believes that this supplemental non-GAAP information is useful to investors in analyzing and assessing the Company's past and future operating performance. These non-GAAP measures exclude certain items, such as share-based compensation expense, amortization of acquisition-related intangible assets, acquisition-related inventory adjustments, acquisition-related expenses, restructure charges and integration expenses, changes in the fair value of contingent consideration, (gains) losses from changes in currency exchange rates, COVID-19 expenses, amortization of convertible debt discount and other costs and other infrequent or unusual items. Management believes the presentation of operating results that exclude certain items provides useful supplemental information to investors and facilitates the analysis of the Company's core operating results and comparison of operating results across reporting periods. Management also uses adjusted EBITDA, which represents GAAP net income (loss), adjusted for net interest expense, income tax expense, depreciation and amortization expense, share-based compensation expense, acquisition-related inventory adjustments, acquisition-related expenses, restructure charges and integration expenses, changes in the fair value of contingent consideration, COVID-19 expenses and other infrequent or unusual items.

Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP, as they exclude important information about our financial results, as noted above. In addition, adjusted EBITDA does not purport to represent cash flow provided by, or used for, operating activities in accordance with GAAP and should not be used as a measure of liquidity. Investors are encouraged to review the "GAAP to Non-GAAP Reconciliations" in the appendix at the end of this presentation.

Fiscal year ends in August.

© 2021 SGH

SPEAKERS



Mark Adams
President and CEO
SMART Global Holdings



Ken Rizvi
SVP and CFO
SMART Global Holdings

SGH Q1 FY22 Highlights

Record Revenue

- $470M, up 61% YoY
- 7th consecutive quarter of YoY growth

Record Gross Margin

- GAAP gross margin: 26%, up ~800 bp YoY
- Non-GAAP gross margin: 27% up ~850 bp YoY

EPS Up Significantly

- GAAP EPS of $0.73, up 813% YoY
- Non-GAAP EPS of $2.16; up 177% YoY

Announced 2-for-1 Share Split



SGH See appendix for GAAP to non-GAAP reconciliation

Intelligent Platform Solutions



PERFORMANCE HIGHLIGHTS

Q1 FY22 record revenue of $119M

- Up 80% vs. Q1 FY21
- Q1 FY22 managed services and software revenue doubled vs. Q1 FY21

SOLUTIONS HIGHLIGHTS

Launched GovPOD HPC/AI Cloud Solutions

- An on-demand, high-performance, secure environment supporting AI, HPC and containerized workflows
- A secure "as-a-service" offering that meets strict federal security standards

RECOGNITION

Hyperion Research – November 2021

- Penguin Computing: the fastest growing major HPC solution provider in 2021

© 2021 SGH

LED Solutions



PERFORMANCE HIGHLIGHTS

Q1 FY22 revenue of $112M

- In line with expectations
- Revenues driven by higher sales of high-brightness products into video, architectural, and landscape specialty lighting markets

MANUFACTURING TRANSFORMATION

Transition to Sapphire + fab-lite model

- Remains on track
- Expected completion by end of calendar 2022

PRODUCT/TECHNOLOGY HIGHLIGHTS

Delivering innovative, application-optimized LEDs

- Launched 3 new products in the Extreme High-Power product line
- Achieved new design wins of CV94D products for video display market
- Extended high-power and mid-power technology roadmaps targeting high value color mixing applications

© 2021 SGH

Memory Solutions



PERFORMANCE HIGHLIGHTS

Q1 FY22 revenue of $239M

- Up 6% vs. Q1 FY21
- Up 20% vs. Q1 FY21 adjusting for one-time customer realignment from gross to net (1)

PRODUCT HIGHLIGHTS

New products; new vertical markets

- Open CAPI DDIMM products ramping at a leading data center customer
- SSDs tracking to plan; ramp expected later in 2022

TECHNOLOGY HIGHLIGHTS

Developing solutions for upcoming DDR5 transition

- In design of a CXL DDR5 memory module for data center and cloud applications
- Developing the industry's first DDR5 VLP RDIMM for industrial, security and networking applications

SGH

(1) Adjusted comparison achieved by accounting for sales to affected customer in Q1 FY22 on a gross sales basis.

© 2021 SGH

FINANCIAL REVIEW

KEN RIZVI, SVP AND CFO

© 2021 SGH

Record Non-GAAP Quarterly Results

7th consecutive quarter of year-over-year growth

	Net Sales	Non-GAAP Gross Margin	Non-GAAP EPS
Q1 FY22 Change vs. Q1 FY21	$470 M up 61%	27% up ~850 bp	$2.16 Up 177%
Q1 Guide*	$440-$480 M	25-27%	$2.00 +/- $0.20

SGH

* Guidance provided on Q4 FY21 earnings call which took place on October 12, 2021.
See appendix for GAAP to non-GAAP reconciliation

© 2021 SGH

Q1 FY2022 Non-GAAP Operating Results

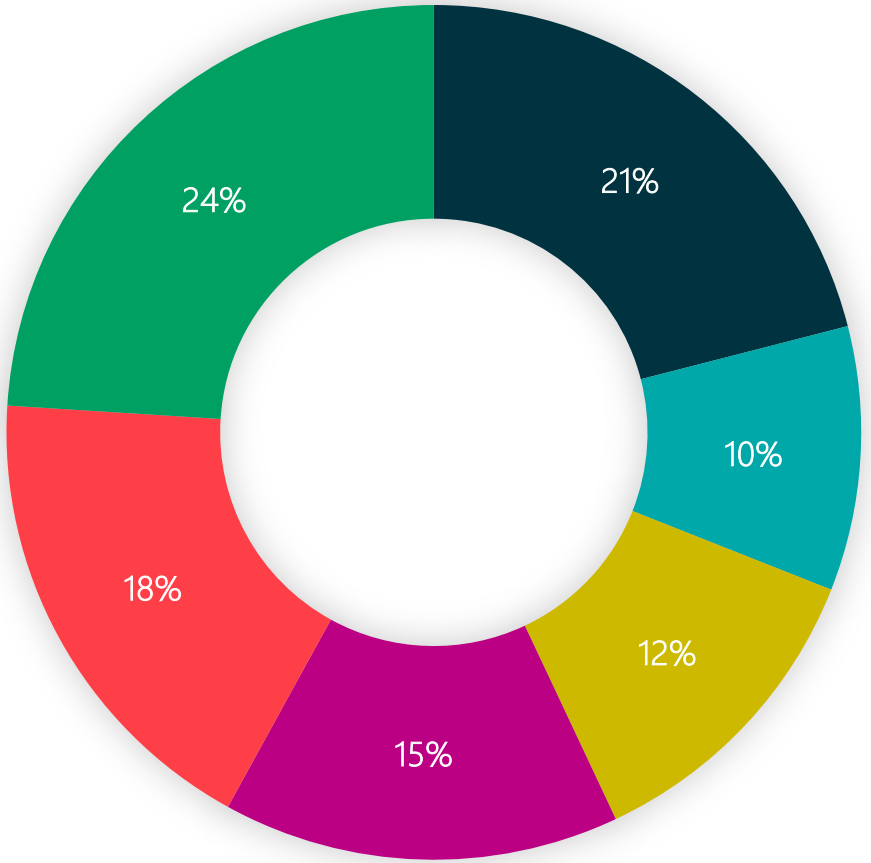
($ M)	Q1 FY21	Q4 FY21	Q1 FY22
Net sales	$291.7	$467.7	$469.9
Intelligent Platform Solutions	$65.9	$97.6	$118.7
Memory Solutions	$225.8	$247.3	$239.4
LED Solutions*	—	$122.8	$111.9
Gross profit	$54.1	$123.6	$127.0
Operating expenses	$30.4	$57.0	$57.9
Net income	$19.6	$55.1	$56.3
Diluted earnings per share	$0.78	$2.16	$2.16
Adjusted EBITDA	$29.5	$75.9	$76.7

SGH

*Cree LED acquisition completed in March 2021
See appendix for GAAP to non-GAAP reconciliation
Note: amounts may not foot because of rounding

© 2021 SGH

Q1 FY2022 Net Sales by End Market



SGH

© 2021 SGH

Q1 FY2022 Balance Sheet Highlights

Working Capital	Q4 FY21	Q1 FY22
Net Accounts Receivable	$313.4M	$344.1M
Days Sales Outstanding	39 days	39 days
Inventory	$363.6M	$317.9M
Inventory Turns	6.8X	8.6X

Cash Flow	Q4 FY21	Q1 FY22
Cash & Equivalents (at period end)	$223.0M	$233.1M
CF from Operations	$48.0M	$15.1M
LTM CF from Operations	$153.4M	$132.9M

CapEx	Q4 FY21	Q1 FY22
CapEx	$7.6 M	$12.8 M
Depreciation	$9.4 M	$9.5 M

SGH

Note: Accounts receivable, days sales outstanding and inventory turns are calculated on a gross sales and gross cost of goods sold basis, which were $739M and $621M respectively for Q4 FY21, and $806 and $684M respectively for Q1 FY22.

© 2021 SGH

Q2 FY 2022 Guidance

(excludes impact of share split to be distributed on Feb 1, 2022)

	GAAP Outlook	Adjustments	Non-GAAP Outlook
Net Sales	$415 to $455 million	–	$415 to $455 million
Gross Margin	23% to 25%	1% (A)	24% to 26%
Diluted EPS	$0.70 ± $0.15	$0.75 (A,B,C)	$1.45 ± $0.15
Diluted Shares	29 million	(1) million	28 million

Non-GAAP Adjustments (in millions):

(A) Share-based compensation and amortization of acquisition-related intangibles included in cost of sales	$	5
(B) Share-based compensation and amortization of acquisition-related intangibles included in R&D and SG&A		11
(C) Amortization of convertible debt discount and other costs		4
	$	20

SGH See appendix for GAAP to non-GAAP reconciliation

© 2021 SGH

POWERING GROWTH.
EXPANDING POSSIBILITIES.

SGH

© 2021 SGH

APPENDIX

© 2021 SGH

GAAP to Non-GAAP Reconciliations

(dollars in thousands)	Q1 FY22	Q4 FY21	Q1 FY21
GAAP gross profit	$ 122,201	$ 117,794	$ 52,644
Share-based compensation expense	1,731	1,785	838
Amortization of acquisition-related intangibles	3,096	3,997	647
Non-GAAP gross profit	$ 127,028	$ 123,576	$ 54,129
GAAP operating expenses	$ 87,407	$ 86,055	$ 45,020
Share-based compensation expense	(8,044)	(7,225)	(10,250)
Amortization of acquisition-related intangibles	(3,247)	(3,247)	(2,766)
Change in fair value of contingent consideration	(17,200)	(16,000)	—
Restructure charges	—	(2,054)	—
Other	(1,038)	(542)	(1,617)
Non-GAAP operating expenses	$ 57,878	$ 56,987	$ 30,387
GAAP operating income	$ 34,794	$ 31,739	$ 7,624
Share-based compensation expense	9,775	9,010	11,088
Amortization of acquisition-related intangibles	6,343	7,244	3,413
Change in fair value of contingent consideration	17,200	16,000	—
Restructure charges	—	2,054	—
Other	1,038	542	1,617
Non-GAAP operating income	$ 69,150	$ 66,589	$ 23,742

© 2021 SGH

GAAP to Non-GAAP Reconciliations

(dollars in thousands, except per share data)	Q1 FY22	Q4 FY21	Q1 FY21
GAAP net income attributable to SGH	$ 20,027	$ 20,652	$ 2,027
Share-based compensation expense	9,775	9,010	11,088
Amortization of acquisition-related intangibles	6,343	7,244	3,413
Change in fair value of contingent consideration	17,200	16,000	—
Restructure charges	—	2,054	—
Amortization of convertible debt discount and other costs	2,210	2,172	2,062
Foreign currency (gains) losses	1,467	(477)	(642)
Other	1,038	(460)	1,617
Tax effects of non-GAAP adjustments	(1,752)	(1,057)	64
Non-GAAP net income attributable to SGH	$ 56,308	$ 55,138	$ 19,629
GAAP weighted-average shares outstanding – Diluted	27,318	26,417	25,103
Adjustment for capped calls	(1,292)	(867)	—
Non-GAAP weighted-average shares outstanding – Diluted	26,026	25,550	25,103
GAAP diluted earnings per share	$ 0.73	$ 0.78	$ 0.08
Effect of above adjustments	1.43	1.38	0.70
Non-GAAP diluted earnings per share	$ 2.16	$ 2.16	$ 0.78

© 2021 SGH

GAAP to Non-GAAP Reconciliations

(dollars in thousands)	Q1 FY22	Q4 FY21	Q1 FY21
Net income attributable to SGH	$ 20,027	$ 20,652	$ 2,027
Interest expense, net	5,106	5,031	3,154
Income tax provision	7,755	6,981	3,275
Depreciation expense and amortization of intangible assets	15,813	16,642	8,367
Share-based compensation expense	9,775	9,010	11,088
Change in fair value of contingent consideration	17,200	16,000	—
Restructure charges	—	2,054	—
Other	1,038	(460)	1,617
Adjusted EBITDA	$ 76,714	$ 75,910	$ 29,528

© 2021 SGH

Convertible Dilution

Share price	Convertible Share Dilution	Capped Call	Net Share Dilution
$50.00	1.16	(1.16)	—
$52.50	1.39	(1.39)	—
$55.00	1.61	(1.52)	0.09
$57.50	1.81	(1.45)	0.36
$60.00	1.99	(1.39)	0.60
$62.50	2.16	(1.33)	0.83
$65.00	2.31	(1.28)	1.03
$67.50	2.45	(1.23)	1.22
$70.00	2.58	(1.19)	1.39
$72.50	2.71	(1.15)	1.56
$75.00	2.82	(1.11)	1.71
$77.50	2.93	(1.08)	1.85
$80.00	3.03	(1.04)	1.99
$82.50	3.13	(1.01)	2.12
$85.00	3.22	(0.98)	2.24
$87.50	3.30	(0.95)	2.35
$90.00	3.38	(0.93)	2.45

Note: Dilution in millions of shares.

© 2021 SGH