SGH TO ACQUIRE STRATUS TECHNOLOGIES

JUNE 29, 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 Stratus and statements regarding growth drivers in SGH's and Stratus' 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: inability to obtain or delays in obtaining regulatory approvals and otherwise completing all steps required to close on the acquisition of Stratus; issues, delays or complications in completing the acquisition of Stratus; incurring unanticipated costs in completing the acquisition of Stratus; the ability of Stratus to generate anticipated revenue and profits post-transaction close; risks associated with integration or transition of the operations, assets, systems, and personnel of Stratus; unfavorable reaction to the sale by customers, competitors, suppliers and employees of Stratus, global business and economic conditions and growth trends in technology industries, SGH's or Stratus' customer markets and various geographic regions; uncertainties in the geopolitical environment; disruptions in SGH's or Stratus' operations or 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 SGH's 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 SGH's or Stratus' customers; strikes or labor disputes; deterioration in or loss of relations with any of SGH's or Stratus' 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 8-K, 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 SGH's 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. While amortization of acquisition-related intangible assets is excluded, the revenues from acquired companies is reflected in our non-GAAP measures and these intangible assets contribute to revenue generation. 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. To the extent included herein, 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.

Why Stratus

Stratus Aligns with SGH's Acquisition Framework



Competes in High-Value Specialty Market

Mission-critical solutions servicing large & fast-growing data center, IT & OT Edge markets



Leadership Position

Industry leading high-availability, fault-tolerant solutions for data center and Edge environments with a 40-year track record of innovation



Strengthens IPS Business

Expected to scale IPS business and extend capabilities in data center and Edge environments



Increases Services Revenue

Expected to add $80M+ of recurring, high-margin services revenue



Large Enterprise Customer Base

Expected to add strong customer base including more than ½ of Fortune 100 companies



Enhances Financial Profile

Expected to be immediately accretive to SGH non-GAAP GM, non-GAAP EPS and free cash flow

© 2022 SGH

A Strong Track Record of Successful Acquisitions

June 2018

PENGUIN COMPUTING

Value Add

Human capital

Supply chain excellence

Financial Benefit

Significant revenue expansion: 30%+ CAGR from FY'20

July 2019

ARTESYN EMBEDDED TECHNOLOGIES

INFORCE

Value Add

Global manufacturing scale and efficiency

Financial Benefit

Improved gross margin by 600bps while optimizing OPEX

March 2021

CREE LED

Value Add

Capital-efficient model

Global manufacturing efficiency

Financial Benefit

Improved gross margin by ~1000bps in less than 18 months

2022*

Stratus

Value Add

Operational excellence and growth mindset

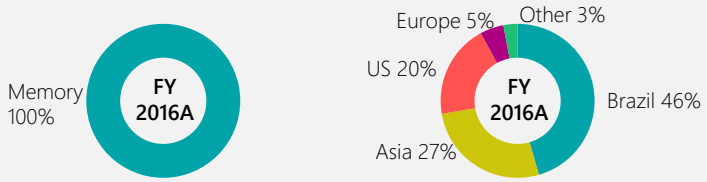
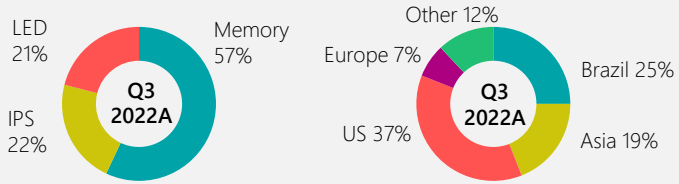
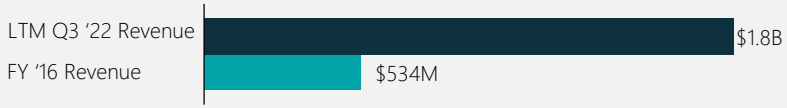
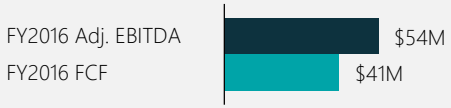
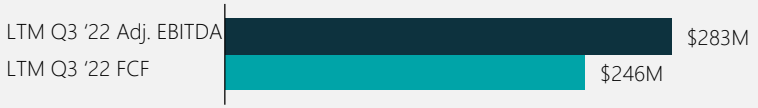
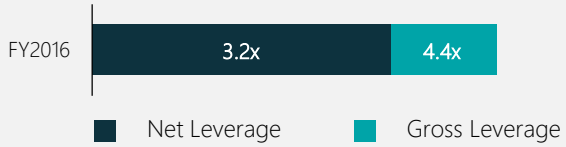
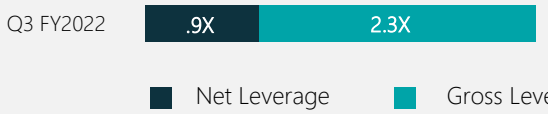
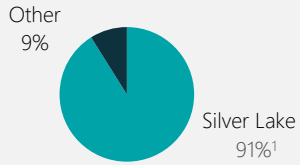
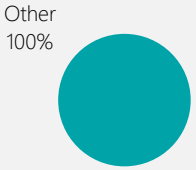
Financial Benefit

Opportunity for cross-selling and increased operating leverage

* Transaction announce June 29, 2022, expected to close by the second half of calendar year 2022

© 2022 SGH

The Proof: SGH Then and Now

	FY 2016		Q3 FY 2022
Diversification		**Memory**	
Growth and Scale	 **Growth: -17%**	**~3x Revenue Scale**	 **FY2016 - FY2021 CAGR: 26%**
Cash Flow		**Adjusted EBITDA** **FCF**	
Leverage		**Gross Leverage** **Net Leverage**	
Independence		**Silver Lake Ownership Concentration**	

1. Silver Lake ownership percentage is as of March 31, 2017, as reported in the SGH Form S-1 filed with the SEC on April 28, 2017.

© 2022 SGH

About Stratus

Creating Edge and Core Computing Solutions to Simplify and Protect a Connected World

For more than 40 years, Stratus has provided high-availability, fault-tolerant computing to Fortune 500 companies and small-to-medium sized businesses enabling them to securely and remotely run mission-critical applications without downtime at the data center and Edge to turn data into actionable intelligence.

1980 Year Founded	**Maynard, MA** Headquarters
~500 Employee count	**$150M+** Annual Revenue
70+ Patents & Applications	**17** Worldwide Locations

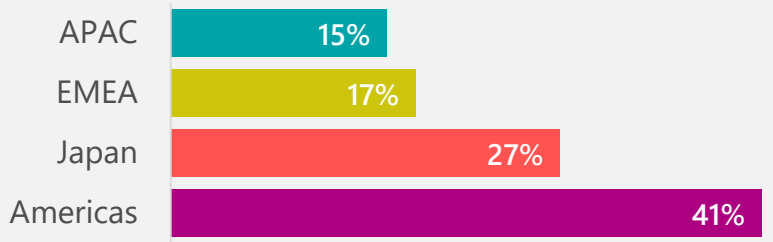
© 2022 SGH

Stratus Business Overview

Products

Data Center	Stratus V-Series 	Stratus ftServer® 
Information Technology (“IT”) Edge	Stratus ftServer® 	Stratus everRun® 
Operational Technology (“OT”) Edge	Stratus ztC™ Edge  	

Revenue Breakdown



Large Customer Base Across Multiple Industries

3/4 Largest U.S. Credit Card Networks	5/10 World’s Largest Retailers	6/10 Top Global Food & Beverage Companies	~4,000 Active Customer on Support
11,000+ Systems or Deployments	8/10 Largest Fortune 100 Energy Companies	6/10 World’s Largest Global Oil & Gas Companies	More than Half of Fortune 100 Companies

© 2022 SGH

Expands SGH's Platforms, Software, and Services Offerings

Within Intelligent Platform Solution (IPS) Business Line

Stratus adds high-availability, fault-tolerant solutions in the data center and at the Edge, and $80M+ of recurring, high-margin services revenue

Edge

IPS Solutions	Stratus Solutions
 •Embedded & Rugged Edge	 • ftServer • ztC™ Edge • everRun®

Key Capabilities

- Application-specific embedded platforms for near and far Edge
- Solutions for industrial and consumer applications (IOT)

Key Differentiators

- Deep industry experience
- Custom and rugged design capabilities
- Full software and solution integration

Core

IPS Solutions	Stratus Solutions
 • HPC and AI Solutions	 •V Series •ftServer

Key Capabilities

- Complete design services
- Optimized solutions for HPC & AI
- Managed and professional services
- Software portfolio for deployment, provisioning and cloud integration

Key Differentiators

- Deep industry domain expertise
- Flexible/agile end-to-end design model
- Single point of ownership
- Flexible consumption models

Stratus customers benefit from IPS Cloud

Cloud

IPS Solutions



- Cloud Solutions

Key Capabilities

- HPC and AI Cloud integration services (Private, Public)
- Cloud-native workload portability tools
- Data gravity solutions

Key Differentiators

- POD – Optimized Cloud Platform
- Ease of deployment and operation
- Hybrid Cloud offering

© 2022 SGH



SGH™

+

Stratus

Transaction Overview

Transaction Structure and Purchase Price

- SGH to acquire Stratus for $225 million and up to a $50 million of earnout consideration
  - $225 million cash consideration to be paid at closing
  - Earnout to be paid in cash, SGH stock, or a mix of cash and SGH stock, at SGH's election, if gross profit target is met in the 12 month period after close

Transaction Financing

- SGH finances the transaction with cash from balance sheet and up to $125 million drawdown on revolver
- Pro forma total leverage of ~2.5x and pro forma net leverage of ~1.6x

Transaction Impact

- Expected to significantly increase IPS services revenue
- Expected to be immediately accretive to SGH non-GAAP gross margin, non-GAAP EPS and free cash flow

Transaction Timing

- Expected to close by the second half of calendar year 2022

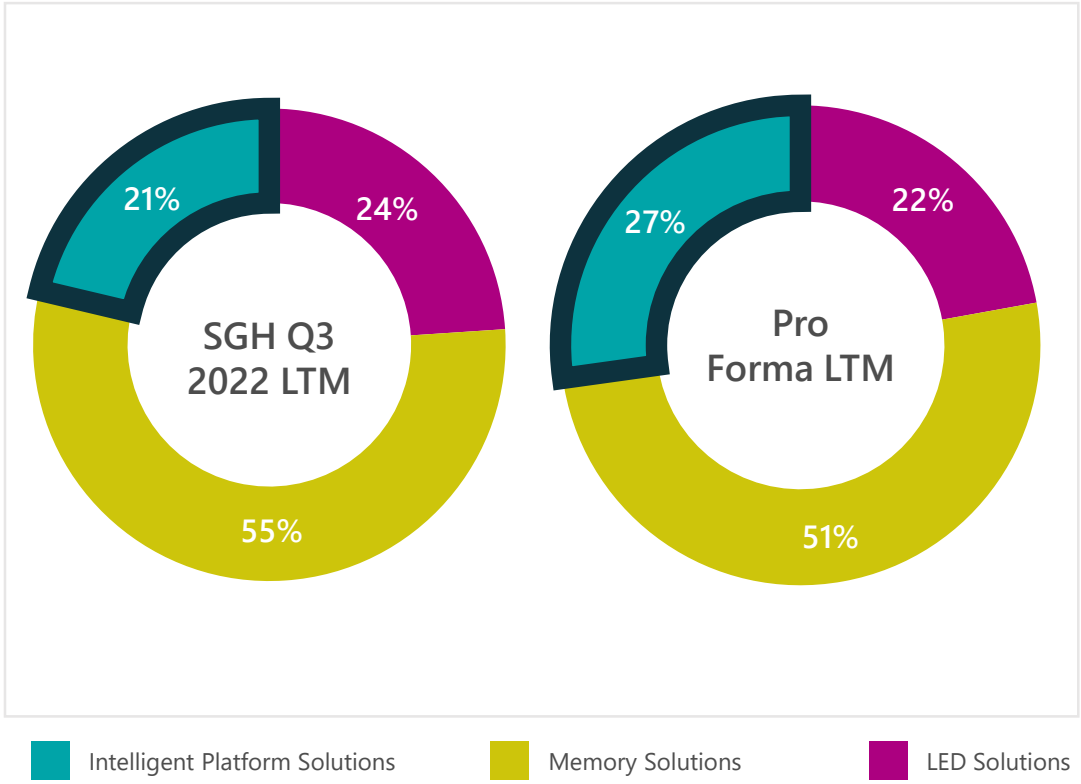
(Subject to regulatory approvals and other customary closing conditions)

Contributes to SGH's Growth and Diversification Strategy

Financial Profile

Metric	Stratus Contribution
Revenue	$150M+
Gross Margin[1]	150+ bps improvement
EPS[1]	Expected to be accretive to non-GAAP EPS immediately

Diversification



1. Non-GAAP metric

Positioned for Success



Competes in High-Value Specialty Market

Mission-critical solutions servicing large & fast-growing data center, IT & OT Edge markets



Leadership Position

Industry leading fault-tolerant/high-availability solutions for data center and Edge environments with a 40-year track record of innovation



Strengthens IPS Business

Expected to scale IPS business and extend capabilities in data center and Edge environments



Increases Services Revenue

Expected to add $80M+ of recurring, high-margin services revenue



Large Enterprise Customer Base

Expected to add strong customer base including more than ½ of Fortune 100 companies



Enhances Financial Profile

Expected to be immediately accretive to SGH non-GAAP GM, non-GAAP EPS and free cash flow

© 2022 SGH

POWERING GROWTH.
EXPANDING POSSIBILITIES.

SGH™