SGH - A PLATFORM FOR GROWTH

NASDAQ: SGH

JUNE 2022

SGH

AGENDA

01 Our Transformational Growth

02 How We Got Here

03 The Results

04 Where We're Going

SGH at a Glance

Powering growth.
Expanding possibilities.

SGH is a technology holding company with three lines of business: Intelligent Platform Solutions, Memory Solutions, and LED Solutions – all focused on serving our customers by delivering advanced technology solutions to specialty end markets. **Together with our customers and partners we develop solutions that support and advance the world.**

SGH NASDAQ	**1988** Year Founded
~4,000 Employee Count	**$1.5B** FY 2021 Revenue
1,900 Patents	**$2.61** FY 2021 Non-GAAP EPS*

* Reflects the February 2022 two-for-one share split; see appendix for reconciliation of GAAP to non-GAAP financial measures



What We Set Out To Do

- Diversify our businesses
- Increase our SAM
- Build a diverse experienced leadership team
- Revitalize our brand with a new purpose and mission
- Focus on execution
- Invest in Environment, Social, and Governance Programs

Our Lines of Business

Our diverse businesses design and manufacture technologies that support and advance the world.



Intelligent Platform Solutions

Accelerating the digital transformation with the power of emerging technologies in HPC, AI, and IoT with solutions and services that span the continuum of edge, core, and cloud.

PENGUIN SOLUTIONS



Memory Solutions

Enabling high performance computing through custom memory and storage solutions that meet the needs of diverse applications in growth markets.

SMART® Modular Technologies



LED Solutions

Providing application-optimized LED products for general lighting, video screens, and specialty lighting applications.

CREE LED

Expanding Serviceable Addressable Market (SAM)

SGH Total SAM[1] has increased by ~$17B in the past 4 years



Intelligent Platform Solutions

~$12B SAM[2]

June 2018 – July 2019



Memory Solutions

~$8B SAM[3]

Pre – 2018



LED Solutions

~$4.5B SAM[4]

March 2021

~$25B CUMULATIVE SAM

1. $17B incremental SAM represents incremental SAM from IPS + incremental SAM from LED (Sources cited in footnotes 2 and 4 below)
2. SAM Reflects CY20 figures, Sources: Hyperion Research: SC20 Virtual HPC Market Update, November 2021; Allied Market Research: High-Performance Computing (HPC) as a Service Market, February 2021; SGH Analysis
3. SAM Reflects CY22 figures, Sources: Market & Markets Research and SGH Analysis
4. SAM Reflects CY20 figures, Sources: IHS Markit, LEDinside, and SGH Analysis

Some of Our Valued Partners

Expanding position in existing markets with defensible value proposition

Intelligent Platform Solutions

Meta

Memory Solutions

DELL

IBM

SAMSUNG

CISCO

LED Solutions

MUSCO Lighting

WHELEN TRUSTED TO PERFORM

Truck-Lite

LIGHTHOUSE CREATE IMPACT

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HOW WE GOT HERE

Our Team

MARK ADAMS
President & CEO



JACK PACHECO
COO of SGH & President, SMART Modular Technologies



KEN RIZVI
Senior Vice President & Chief Financial Officer





CLAUDE DEMBY
Senior Vice President & President, CreeLED



Kiwan Kim
Executive Vice President of Emerging Markets



Anne Kuykendall
Vice President General Counsel

JEAN MCDANIEL
Vice President of the Office of Transformation



THIERRY PELLEGRINO
Senior Vice President & President, IPS



VALERIE SASSANI
Vice President of Marketing & Communications



Micron cadence DELL Ignis Optics CLOUDERA ON Lam RESEARCH GE CREE

Our Operating System

As a holding company invested in the long term, we support our businesses so they're always running at their best and empowered to consistently and efficiently deliver for our customers.



Our Acquisition Model

When we look for a business that fits our model, we pay attention to:



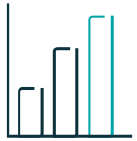
Compete in high-value specialty markets



Serve strategic customers and partners



Leverage our proven operating system



Create shareholder value



Embody SGH corporate culture and values

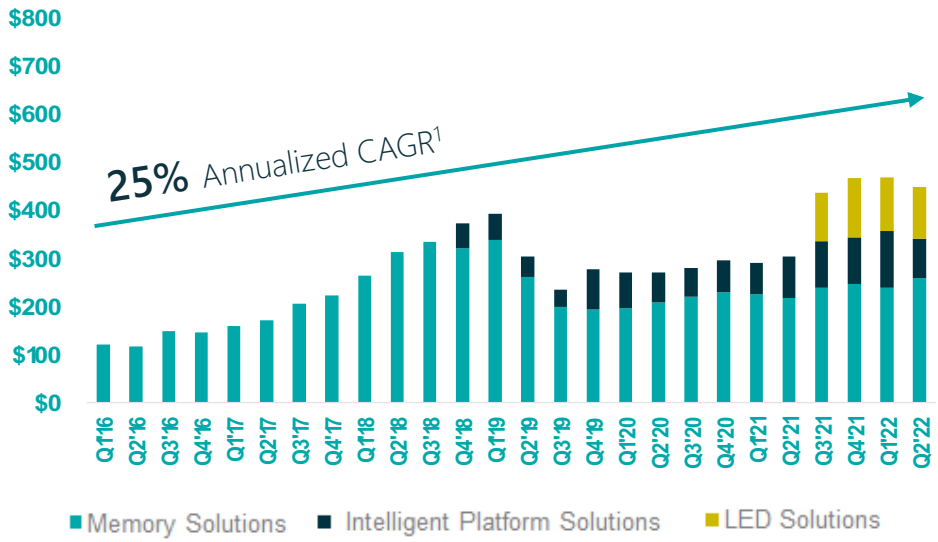
THE RESULTS

Driving Revenue Growth and Diversification

8 Quarters of YoY Revenue Growth

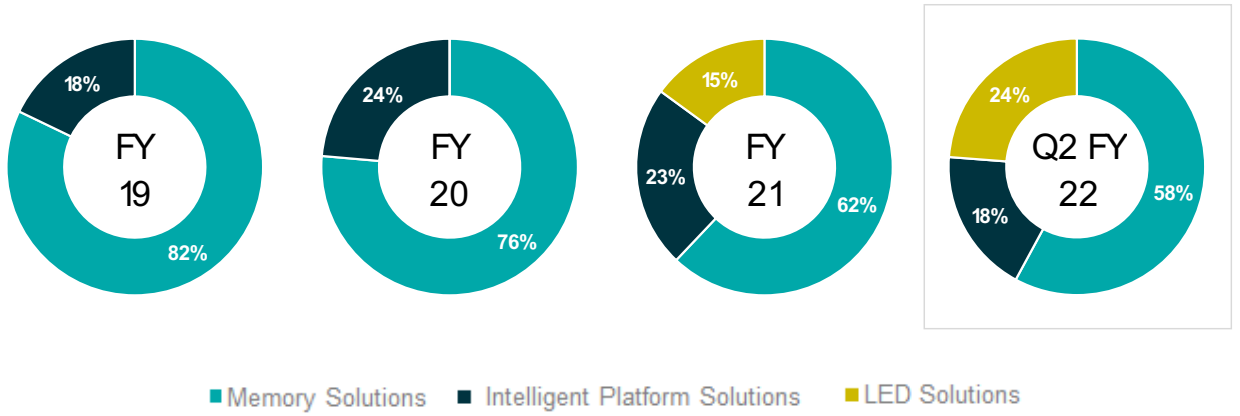
Revenue Growth

IPS and LED Solutions driving double-digit CAGR



Diversification

Continued diversification strategy beyond Memory Solutions



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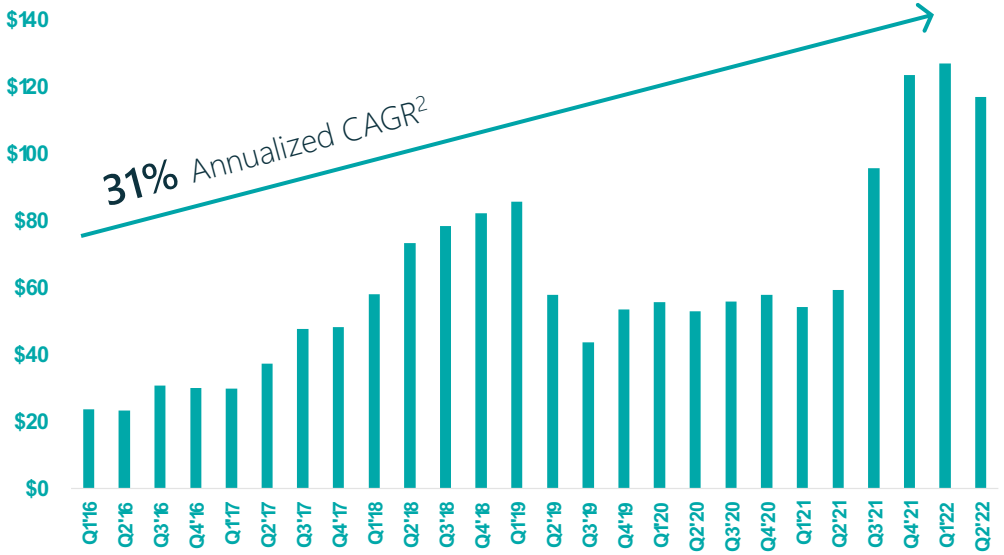
1. CAGR based on annualized Q2 FY16A – Q2 FY22A revenue

Strong Momentum in Gross Profit and EBITDA

LTM Q2 FY22 Adjusted EBITDA: $270M

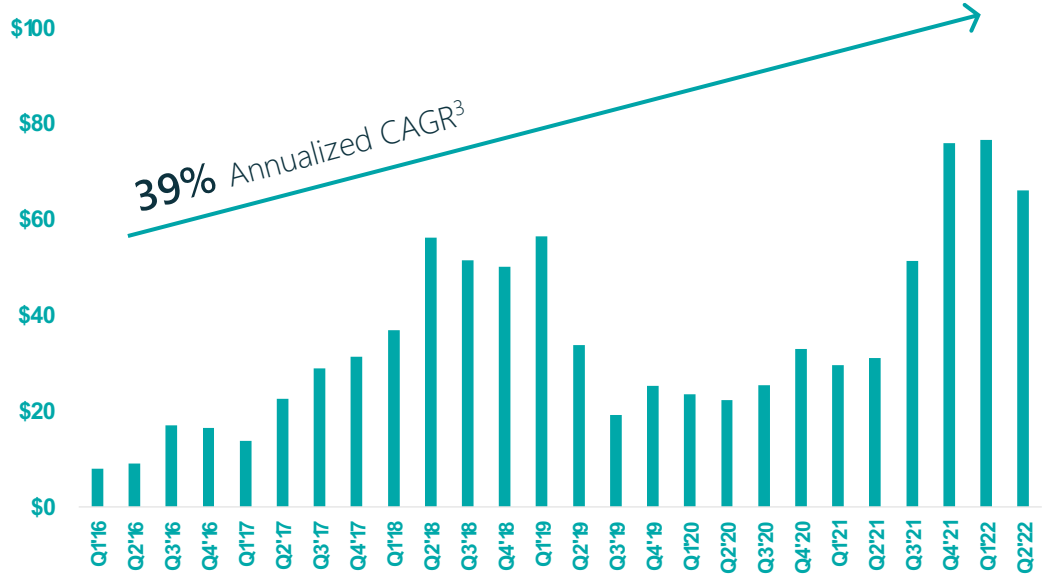
Gross Profit[1]

> $1.6B in cumulative Gross Profit since FY 16



Adjusted EBITDA[1]

> $900M in cumulative Adjusted EBITDA since FY 16
~7.3x Adjusted EBITDA growth from Q2 FY16 – Q2 FY22



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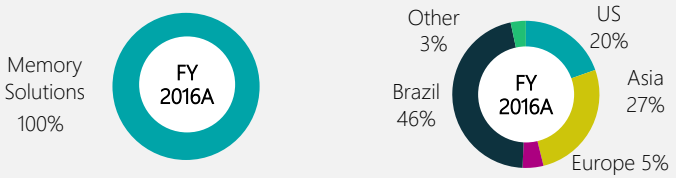
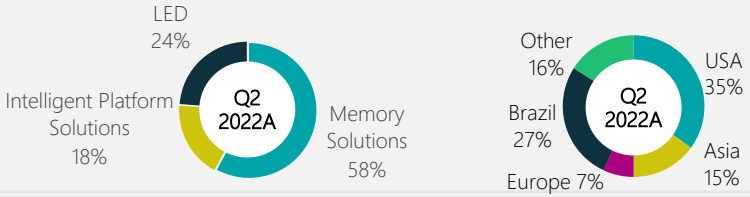
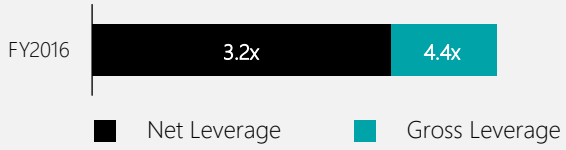
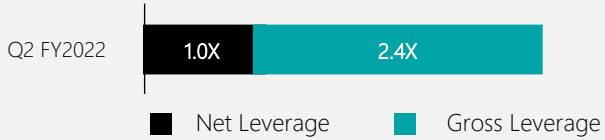
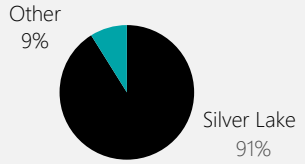
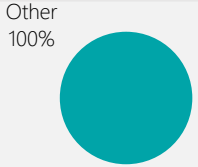
1. Gross profit and adjusted EBITDA are non-GAAP; see appendix for reconciliation of GAAP to non-GAAP financial measures
2. CAGR based on annualized Q2 FY16A – Q2 FY22A Gross Profit
3. CAGR based on annual FY16A – FY22E adjusted EBITDA

The Proof: SGH Then and Now

	FY 2016		Q2 FY 2022
Diversification		**Memory ~58%**	
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. FCF = EBITDA minus Capital Expenditures
2. Q2 FY2022 leverage calculations include the potential earn-out liability of $102M as of Q2 FY2022.
3. "Then" for Silver Lake Ownership is as of April 2017



What We Did

- ✓ Diversify our businesses
- ✓ Increase our SAM
- ✓ Build a diverse experienced leadership team
- ✓ Revitalize our brand with a new purpose and mission
- ✓ Focus on execution
- ✓ Invest in Environment, Social, and Governance Programs

WHERE WE ARE GOING



What's Next

- Grow faster than the market, remaining focused on specialized solutions
- Generate higher margins, earnings and, cash flow through disciplined execution
- Deliver increasing value to our customers, suppliers, shareholders, and employees

POWERING GROWTH.
EXPANDING POSSIBILITIES.

APPENDIX

GAAP to Non-GAAP Reconciliations

(in millions)	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18
GAAP gross profit	**$ 23.3**	**$ 23.1**	**$ 30.6**	**$ 29.9**	**$ 29.7**	**$ 37.2**	**$ 47.4**	**$ 48.0**	**$ 57.8**	**$ 73.0**	**$ 78.1**	**$ 82.7**
Share-based compensation expense	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.4	0.5
Amortization of acquisition-related intangibles	—	—	—	—	—	—	—	—	—	—	—	—
Flow through of inventory step up	—	—	—	—	—	—	—	—	—	—	—	0.6
Out of period import tax expense	—	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	0.1	—	—	—
Non-GAAP gross profit	**$ 23.5**	**$ 23.2**	**$ 30.7**	**$ 30.0**	**$ 29.8**	**$ 37.3**	**$ 47.6**	**$ 48.2**	**$ 58.1**	**$ 73.2**	**$ 78.5**	**$ 83.8**
GAAP net income (loss)	**$ (10.8)**	**$ (6.3)**	**$ (1.3)**	**$ (1.5)**	**$ (3.2)**	**$ (2.3)**	**$ 8.0**	**$ (10.2)**	**$ 21.0**	**$ 36.8**	**$ 31.9**	**$ 29.7**
Share-based compensation expense	1.4	0.6	0.9	0.9	1.1	1.1	1.4	1.8	1.6	1.7	3.3	4.0
Depreciation expense	4.6	4.5	4.4	4.7	5.5	6.0	4.8	4.9	5.0	5.1	4.8	5.1
Amortization of acquisition-related intangibles	3.3	3.3	3.3	3.4	3.0	2.9	3.0	3.0	1.3	1.2	1.2	2.4
Flow through of inventory step up	—	—	—	—	—	—	—	—	—	—	—	—
Out of period import tax expense	—	—	—	—	—	—	—	—	—	—	—	—
Change in fair value of contingent consideration	—	—	—	—	—	—	—	—	—	—	—	(3.0)
Interest expense, net	6.5	6.4	6.3	6.3	6.3	8.5	8.3	6.1	4.6	4.2	4.1	6.2
Loss on debt extinguishment and debt restructure	—	—	—	—	—	3.1	—	21.9	—	—	—	—
Loss from remeasurement of Capped Calls	—	—	—	—	—	—	—	—	—	—	—	—
Income tax provision (benefit)	0.5	(0.6)	2.3	0.3	0.7	2.1	3.4	3.8	3.1	6.6	5.5	3.1
Other	3.1	1.6	1.5	2.2	1.3	2.1	1.0	—	0.3	0.6	0.7	3.5
Adjusted EBITDA	**$ 8.6**	**$ 9.5**	**$ 17.4**	**$ 16.3**	**$ 14.7**	**$ 23.5**	**$ 29.9**	**$ 31.3**	**$ 36.9**	**$ 56.2**	**$ 51.5**	**$ 51.0**

GAAP to Non-GAAP Reconciliations

(in millions)	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
GAAP gross profit	**$ 85.1**	**$ 57.1**	**$ 43.0**	**$ 52.3**	**$ 54.3**	**$ 51.5**	**$ 54.2**	**$ 56.3**	**$ 52.6**	**$ 53.5**	**$ 84.5**	**$ 117.8**	**$ 122.2**	**$ 112.7**
Share-based compensation expense	0.5	0.6	0.7	0.7	0.7	0.7	0.7	0.9	0.8	0.8	1.2	1.8	1.7	1.6
Amortization of acquisition-related intangibles	—	0.1	—	0.4	0.6	0.6	0.6	0.6	0.6	0.6	2.9	4.0	3.1	2.6
Flow through of inventory step up	—	—	—	—	—	—	—	—	—	—	7.1	—	—	—
Out of period import tax expense	—	—	—	—	—	—	—	—	—	4.3	—	—	—	—
Other	—	—	—	—	0.1	0.1	0.4	—	0.1	0.1	—	—	—	—
Non-GAAP gross profit	**$ 85.6**	**$ 57.8**	**$ 43.7**	**$ 53.4**	**$ 55.7**	**$ 52.9**	**$ 55.9**	**$ 57.8**	**$ 54.1**	**$ 59.3**	**$ 95.7**	**$ 123.6**	**$ 127.0**	**$ 116.9**
GAAP net income (loss)	**$ 31.0**	**$ 12.8**	**$ 1.9**	**$ 5.6**	**$ 0.2**	**$ (9.7)**	**$ 0.8**	**$ 7.5**	**$ 2.0**	**$ 5.8**	**$ (7.2)**	**$ 20.7**	**$ 20.0**	**$ 2.5**
Share-based compensation expense	4.1	4.1	4.4	5.6	6.0	4.6	4.9	3.2	11.1	5.4	8.4	9.0	9.8	10.0
Depreciation expense	5.4	5.9	5.8	6.5	6.1	6.0	5.4	5.2	5.0	5.4	9.1	9.4	9.5	10.2
Amortization of acquisition-related intangibles	1.0	1.1	1.0	2.6	3.4	3.4	3.4	3.4	3.4	3.4	6.2	7.2	6.3	5.8
Flow through of inventory step up	—	—	—	—	—	—	—	—	—	—	7.1	—	—	—
Out of period import tax expense	—	—	—	—	—	—	—	—	—	4.3	—	—	—	—
Change in fair value of contingent consideration	—	—	—	(2.7)	—	—	—	—	—	—	16.4	16.0	17.2	24.0
Interest expense, net	5.9	5.3	5.0	4.6	4.5	4.2	3.1	3.3	3.2	4.4	5.0	5.0	5.1	4.5
Loss on debt extinguishment and debt restructure	—	—	—	—	—	6.6	0.2	—	—	—	—	—	—	—
Loss from remeasurement of Capped Calls	—	—	—	—	—	4.8	2.9	—	—	—	—	—	—	—
Income tax provision (benefit)	7.6	4.6	0.6	2.1	0.3	1.3	2.7	6.1	3.3	1.2	4.0	7.0	7.8	7.6
Other	1.5	—	0.5	0.9	3.0	1.1	2.0	4.3	1.5	1.1	2.4	1.6	1.0	1.4
Adjusted EBITDA	**$ 56.5**	**$ 33.8**	**$ 19.2**	**$ 25.2**	**$ 23.5**	**$ 22.3**	**$ 25.4**	**$ 33.0**	**$ 29.5**	**$ 31.0**	**$ 51.4**	**$ 75.9**	**$ 76.7**	**$ 66.0**

GAAP to Non-GAAP Reconciliations

(in millions, except per share data)	FY 21
Reconciliation of net income and earnings per share (diluted):	
GAAP net income	**$ 21.3**
Adjustments to GAAP net income:	
Share-based compensation expense	33.9
Amortization of acquisition-related intangibles	20.3
Change in fair value of contingent consideration	32.4
Amortization of debt discount and other costs	8.4
Flow through of inventory step up	7.1
Acquisition-related expenses	5.6
Integration/restructuring expenses	2.1
Other	1.1
Non-GAAP net income	**$ 132.2**
Weighted-average shares outstanding - Diluted:	
GAAP weighted-average shares outstanding	51.6
Adjustment for capped calls	(0.9)
Non-GAAP weighted average shares outstanding	**50.7**
GAAP earnings per share (diluted)	**$ 0.41**
Non-GAAP earnings per share (diluted)	**$ 2.61**