

# FOURTH QUARTER AND FULL YEAR FY23 SGH FINANCIAL RESULTS

OCTOBER 12, 2023



# Disclaimer

This presentation and the oral communications made during the course of this presentation contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements concerning or regarding future events and SGH's future financial and operating performance; statements regarding the extent and timing of and expectations regarding SGH's future revenues and expenses and customer demand; statements regarding SGH's sale of the SMART Brazil operations and expected closing timeline; statements regarding the business and financial outlook for the next fiscal quarter and statements regarding environmental, societal and governance ("ESG") matters and in our ESG report. These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often use words such as "anticipate," "target," "expect," "estimate," "intend," "plan," "goal," "believe," "could," and other words of similar meaning. Forward-looking statements provide SGH's current expectations or forecasts of future events, circumstances, results or aspirations and are subject to a number of significant risks, uncertainties and other factors, many of which are outside of SGH's control, including but not limited to, issues, delays or complications in integrating the operations of Stratus Technologies; global business and economic conditions and growth trends in technology industries, SGH's customer markets and various geographic regions; uncertainties in the geopolitical environment; the unpredictable nature of the COVID-19 pandemic; disruptions in SGH's operations or supply chain as a result of the downstream effects of the COVID-19 pandemic or otherwise; the ability to manage SGH's cost structure, including SGH's success in implementing restructuring or other plans intended to improve SGH's operating efficiency; workforce reductions; uncertainties in the global macro-economic environment; changes in demand for SGH's segments; changes in trade regulations or adverse developments in international trade relations and agreements; changes in currency exchange rates; availability of SGH's cash and cash equivalents; 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, including any resulting impairment of goodwill or gain (loss) on extinguishment of debt; the proposed divestiture of SMART Brazil, the failure to execute on the separation and transition of SMART Brazil and its business, the failure to satisfy all conditions to complete the proposed divestiture within the expected timeframe, and the failure to achieve the intended benefits of the sale of SMART Brazil and its business; limitations on, or changes in the availability of, supply of materials and components; fluctuations in material costs; the temporary or volatile nature of pricing trends in memory or elsewhere; deterioration in customer relationships; SGH's dependence on a select number of customers and timing and volume of customer orders; 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 or in the LED market; reduction in, or termination of, incentives for local manufacturing in Brazil; changes to applicable tax regimes or rates; reversal of the valuation allowance for a significant portion of SGH's deferred tax assets, including any potential inability to realize these assets in the future; prices for the end products of SGH's customers; strikes or labor disputes; deterioration in or loss of relations with any of SGH's limited number of key vendors; the inability to maintain or expand government business; and the continuing availability of borrowings under term loans and revolving lines of credit and SGH's ability to raise capital through debt or equity financings. These and other risks, uncertainties and factors are described in greater detail under the sections titled "Risk Factors," "Critical Accounting Estimates," "Results of Operations," "Quantitative and Qualitative Disclosures About Market Risk" and "Liquidity and Capital Resources" contained in SGH's Annual Report on Form 10-K for the fiscal year ended August 25, 2023, Quarterly Reports on

Form 10-Q and SGH's other filings with the U.S. Securities and Exchange Commission. In addition, such risks, uncertainties and factors as outlined above and in such filings do not constitute all risks, uncertainties and factors that could cause actual results of our company to be materially different from such forward-looking statements. Accordingly, you are cautioned not to place undue reliance on any forward-looking statements.

Any forward-looking statements that we make in this presentation speak only as of the date of this presentation. Except as required by law, we do not undertake to update the forward-looking statements contained in this presentation.

## 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 (consisting of amortization of developed technology, customer relationships, trademarks/trade names and backlog acquired in connection with business combinations), acquisition-related inventory adjustments, acquisition-related expenses, restructure charges and integration expenses, impairment of goodwill, changes in the fair value of contingent consideration, gains (losses) from changes in currency exchange rates, amortization of debt discount and other costs, gain (loss) on extinguishment of debt, other infrequent or unusual items and related tax effects and other tax adjustments. While amortization of acquisition-related intangible assets is excluded, the revenues from acquired companies is reflected in SGH's 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 SGH'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, impairment of goodwill, changes in the fair value of contingent consideration, gain (loss) on extinguishment of debt 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 SGH's financial results, as noted above. The presentation of these adjusted amounts varies from amounts presented in accordance with GAAP and therefore may not be comparable to amounts reported by other companies. 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 "Reconciliation of GAAP to Non-GAAP Measures" in the appendix at the end of this presentation.

SGH's fiscal year is the 52- or 53-week period ending on the last Friday in August.

# — SMART Brazil Classified as Discontinued Operations

On June 13, 2023, we entered into an agreement to sell an 81% interest in our SMART Brazil operations. The transaction is expected to close at the end of calendar 2023 or early 2024, subject to required regulatory approvals and satisfaction of customary closing conditions. Accordingly, our SMART Brazil operations are classified as discontinued operations in our financial statements for all periods presented.

The following discussion relates to our continuing operations, which exclude SMART Brazil.

# SPEAKERS



**Mark Adams**

President and CEO  
SGH



**Ken Rizvi**

SVP and CFO  
SGH

# FY23 Highlights

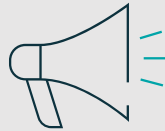
Continuing our transformation

## MEMORY MODULE COMPANY



### Completed Acquisition of Stratus Technologies

Adding high-availability, fault-tolerant capabilities, and zero-touch Edge computing solutions



### Announced Divestiture of SMART Brazil

Expected to close at the end of calendar 2023/early 2024



### Expanded Beyond Memory

52% from IPS,  
31% from Memory,  
17% from LED

## ENTERPRISE SOLUTIONS COMPANY

# FY23 Highlights

Strong performance from Continuing Operations

## MEMORY MODULE COMPANY



### Improved Revenue Mix w/ High Margin Services

\$248M in FY23, or 17%  
of revenue



### Record Non-GAAP Gross Margin

31.7% in FY23



### Strong Balance Sheet

Cash, equivalents and  
ST investments of \$391M

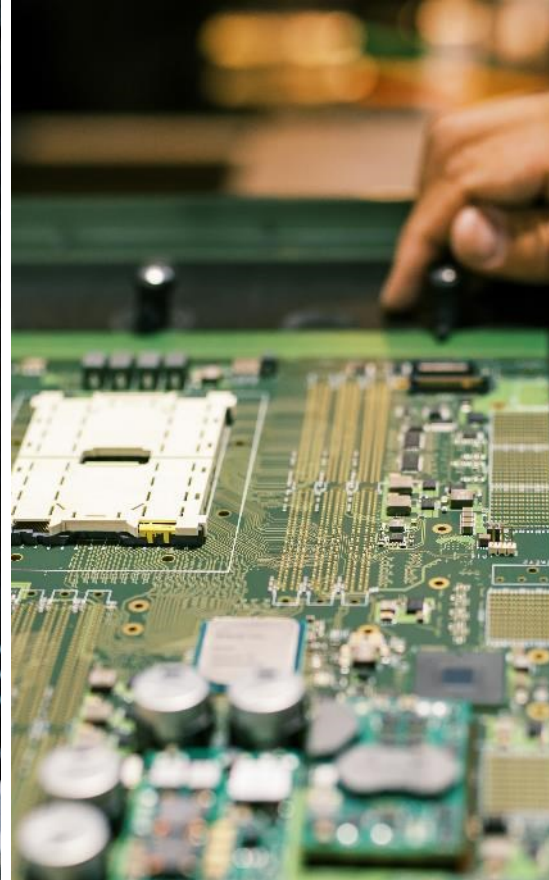
# Our Business Lines

Providing high-performance high-availability enterprise solutions



## Intelligent Platform Solutions

Computing solutions and services that span Edge, Core, and Cloud.



## Memory Solutions

Design, development, and advanced packaging of specialty memory.



## LED Solutions

Application optimized LED chips and components for a variety of lighting applications.



# Q4 FY23 Highlights

## Continuing Operations

- Revenue of \$317M
- Non-GAAP Gross Margin of 31.7%\* up 460 bp vs. year ago quarter
- Non-GAAP EPS of \$0.35\*
- Strong Balance Sheet
  - Cash flow from operating activities totaled \$38M
  - Cash, equivalents, and short-term investments of \$391M



\* For the definitions of Non-GAAP Gross Margin and Non-GAAP EPS and reconciliations to the most directly comparable financial measures prepared in accordance with GAAP, please see the appendix.







# OUR BUSINESS LINES

Mark Adams, President and CEO



# Intelligent Platform Solutions

- Revenue of \$145M; 46% of total SGH revenue
  - Services revenue, the majority of which is generated in IPS, was 19% of total SGH Q4 FY23 revenue
- Penguin Solutions
  - Penguin Solutions named channel partner by NVIDIA for large scale AI development
- Stratus Technologies
  - New customer wins for ztC Edge product, a secure, rugged and highly automated computing platform



# Memory Solutions

- Revenue of \$105M; 33% of total SGH revenue
  - Reminder: excludes Brazil – which is reflected in discontinued operations
- Specialty Memory
  - Early signs of potential price stabilization; inventories elevated; lead-times low
  - Remain focused on Hyperscalers and Data Centers, especially AI, machine learning and data analytics applications
  - Despite market headwinds, our value-add business model achieved 14% operating margin





# LED Solutions

- Revenue of \$66M; 21% of total SGH revenue
  - Q4 FY23 sales up 3% sequentially; continuing recovery
- Design activity improving; new opportunities emerging
  - Launched XLamp® XP-G4, a significant upgrade of one of our flagship products





SGHI™

2022 ESG REPORT

visit [www.sghcorp.com](https://www.sghcorp.com) to learn more



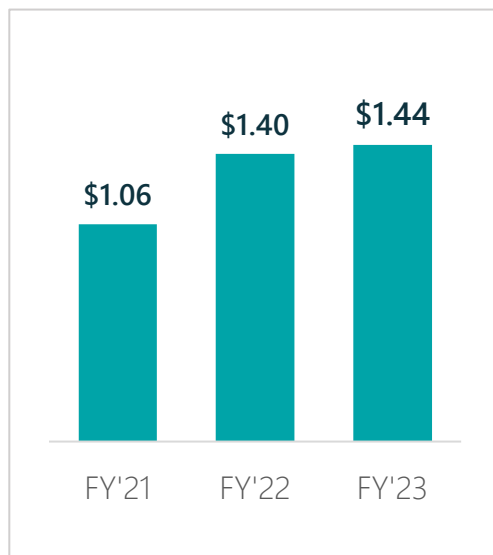


# FINANCIAL REVIEW

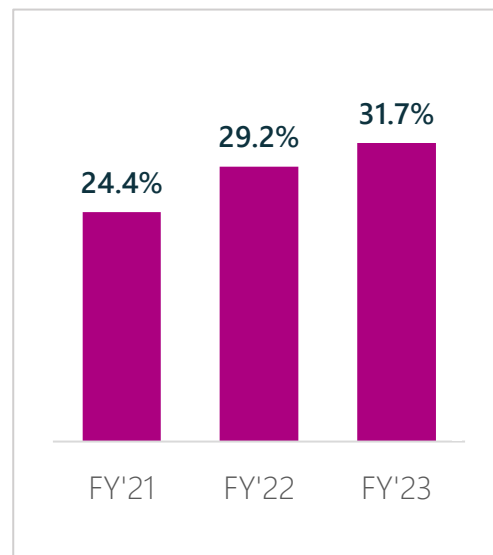
Ken Rizvi, SVP and CFO

# Historical Financials

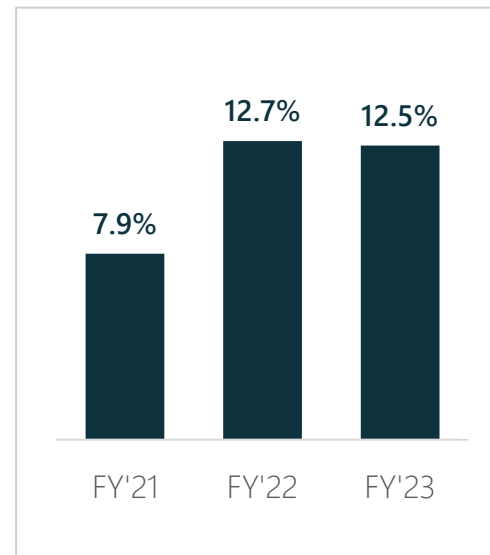
## Continuing Operations\*\*



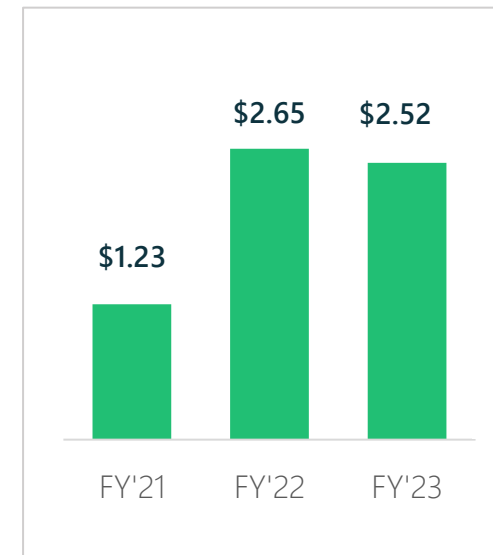
Revenue  
Growth (\$B)



Non-GAAP  
Gross Margin\*



Non-GAAP  
Operating Margin\*

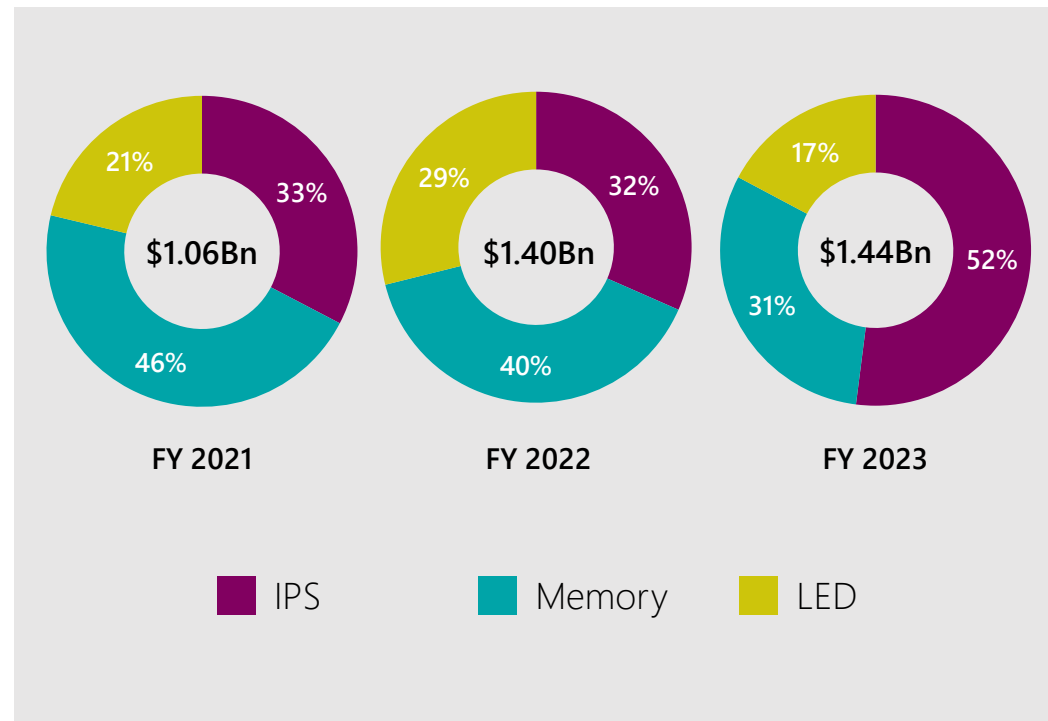


Non-GAAP  
EPS\*

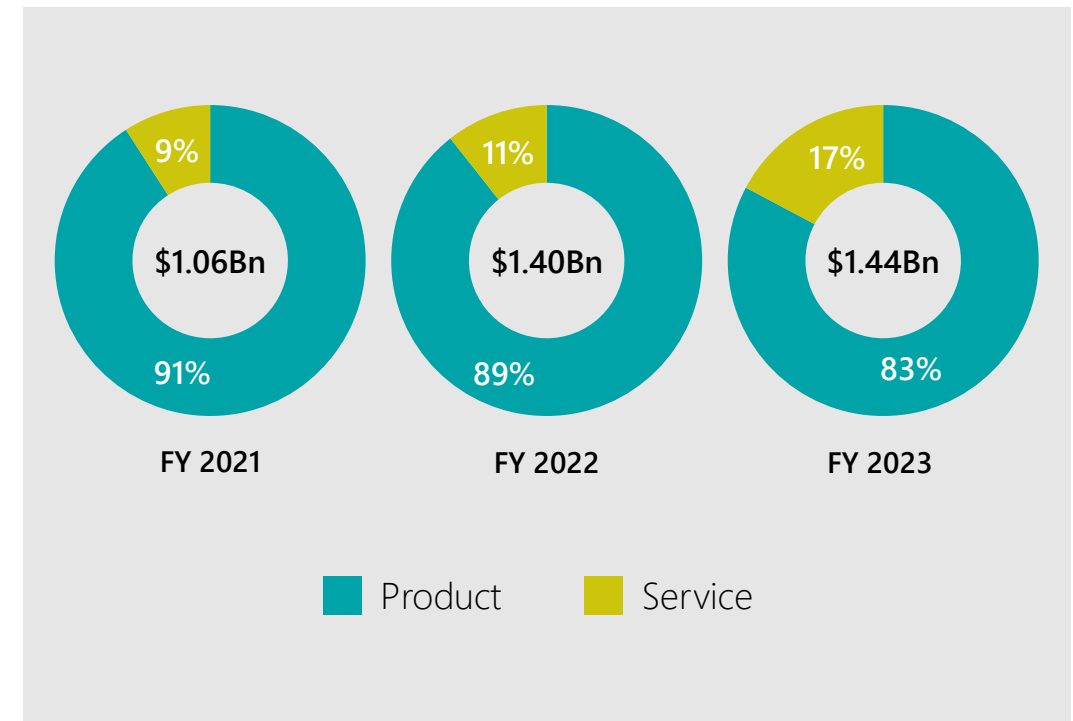
# Historical Revenue Detail

## Continuing Operations

### Revenue Mix by Business



### Revenue Mix by Product vs. Service



# Non-GAAP FY23 Results

Continuing Operations

FY23 NON-GAAP GROSS MARGIN\*

31.7%

Up from 29.2% in FY22

FY23 NON-GAAP EPS\*

\$2.52

Down from \$2.65 in FY22

FY23 Adjusted EBITDA\*

\$209M

Up from \$199M in FY22

# Q4 FY23 Non-GAAP Operating Results

## Continuing Operations

(\$M)	Q4 FY23	Q3 FY23	Q4 FY22
<b>Revenue</b>	<b>\$316.7</b>	<b>\$344.4</b>	<b>\$362.5</b>
Intelligent Platform Solutions	\$145.4	\$170.9	\$144.7
Memory Solutions	\$105.2	\$109.5	\$134.6
LED Solutions	\$66.0	\$64.1	\$83.1
<b>Non-GAAP Gross profit*</b>	<b>\$100.3</b>	<b>\$109.0</b>	<b>\$98.4</b>
<b>Non-GAAP Operating expenses*</b>	<b>\$70.0</b>	<b>\$66.7</b>	<b>\$56.5</b>
<b>Non-GAAP Net income*</b>	<b>\$18.4</b>	<b>\$28.7</b>	<b>\$31.6</b>
<b>Non-GAAP Diluted earnings per share*</b>	<b>\$0.35</b>	<b>\$0.57</b>	<b>\$0.63</b>
<b>Adjusted EBITDA*</b>	<b>\$37.6</b>	<b>\$48.5</b>	<b>\$47.3</b>



# Q4 FY23 Balance Sheet Highlights

## Continuing Operations

Working Capital	Q3 FY23	Q4 FY23	Cash Flow	Q3 FY23	Q4 FY23	Capital Expenditures	Q3 FY23	Q4 FY23
Net Accounts Receivable	\$222M	\$219M	Cash, Equivalents & ST investments (at period end)	\$347M	\$391M	CapEx	\$12.0M	\$7.7M
Days Sales Outstanding	41 days	48 days	CF from Operations	\$33.1M	\$37.6M	Depreciation	\$6.8M	\$7.3M
Inventory	\$204M	\$175M	LTM CF from Operations	\$34.3M	\$63.7M			
Inventory Turns	7.6X	7.5X						



# OUR GUIDANCE

# Q1 FY24 Guidance

## Continuing Operations

	GAAP Outlook	Adjustments	Non-GAAP Outlook
Net Sales	\$275 million +/- \$25 million	—	\$275 million +/- \$25 million
Gross margin	28.5% +/- 1%	3% (A)	31.5% +/- 1%
Operating expenses	\$82 million +/- \$1 million	\$(15) million (B)(C)	\$67 million +/- \$1 million
Diluted earnings (loss) per share	\$(0.16) +/- \$0.15	\$0.31 (A)(B)(C)(D)	\$0.15 +/- \$0.15
Diluted shares	55.6 million	(1.6) million	54.0 million

### Non-GAAP adjustments: (in millions)

(A) Share-based compensation and amortization of acquisition-related intangibles included in cost of sales	\$	8
(B) Share-based compensation and amortization of acquisition-related intangibles included in R&D and SG&A		13
(C) Other adjustments		2
(D) Estimated tax effects		(6)
	\$	17

The background features a dark teal color with several thin, light-colored lines. These lines originate from various points and extend across the frame, creating a sense of depth and movement. Some lines are straight, while others are slightly curved. A prominent line runs diagonally from the top left towards the center. Another line runs horizontally across the middle, intersecting with a vertical line on the right side. These lines form a series of overlapping geometric shapes, including triangles and rectangles, which contribute to the overall abstract design.

POWERING GROWTH.  
EXPANDING POSSIBILITIES.



# APPENDIX



# GAAP to Non-GAAP Reconciliations

	Three Months Ended			Year Ended		
	August 25, 2023	May 26, 2023	August 26, 2022	August 25, 2023	August 26, 2022	August 27, 2021
<i>(dollars in thousands)</i>						
<b>GAAP gross profit</b>	<b>\$ 91,585</b>	<b>\$ 100,480</b>	<b>\$ 94,420</b>	<b>\$ 415,171</b>	<b>\$ 391,045</b>	<b>\$ 237,973</b>
Share-based compensation expense	1,789	1,595	1,569	6,334	6,296	3,871
Amortization of acquisition-related intangibles	5,876	6,704	2,367	25,661	10,741	8,228
Flow-through of inventory step up	—	—	—	2,599	—	7,090
Cost of sales-related restructure	1,050	211	—	6,813	—	—
<b>Non-GAAP gross profit</b>	<b>\$ 100,300</b>	<b>\$ 108,990</b>	<b>\$ 98,356</b>	<b>\$ 456,578</b>	<b>\$ 408,082</b>	<b>\$ 257,162</b>
<b>GAAP gross margin</b>	<b>28.9 %</b>	<b>29.2 %</b>	<b>26.0 %</b>	<b>28.8 %</b>	<b>28.0 %</b>	<b>22.5 %</b>
Effect of adjustments	2.8 %	2.4 %	1.1 %	2.9 %	1.2 %	1.9 %
<b>Non-GAAP gross margin</b>	<b>31.7 %</b>	<b>31.6 %</b>	<b>27.1 %</b>	<b>31.7 %</b>	<b>29.2 %</b>	<b>24.4 %</b>
<b>GAAP operating expenses</b>	<b>\$ 93,224</b>	<b>\$ 102,866</b>	<b>\$ 71,360</b>	<b>\$ 406,426</b>	<b>\$ 323,869</b>	<b>\$ 253,679</b>
Share-based compensation expense	(7,785)	(8,047)	(7,890)	(32,894)	(30,988)	(27,090)
Amortization of acquisition-related intangibles	(5,443)	(4,905)	(3,247)	(18,940)	(12,988)	(12,027)
Acquisition and integration expenses	(2,676)	(8,637)	(3,620)	(20,869)	(7,090)	(5,314)
Impairment of goodwill	(1,534)	—	—	(19,092)	—	—
Change in fair value of contingent consideration	(4,100)	(14,800)	—	(29,000)	(41,324)	(32,400)
Restructure charge	(1,681)	186	15	(7,047)	(234)	(3,172)
Other	—	—	(128)	(1,800)	(624)	2
<b>Non-GAAP operating expenses</b>	<b>\$ 70,005</b>	<b>\$ 66,663</b>	<b>\$ 56,490</b>	<b>\$ 276,784</b>	<b>\$ 230,621</b>	<b>\$ 173,678</b>
<b>GAAP operating income (loss)</b>	<b>\$ (1,639)</b>	<b>\$ (2,386)</b>	<b>\$ 23,060</b>	<b>\$ 8,745</b>	<b>\$ 67,176</b>	<b>\$ (15,706)</b>
Share-based compensation expense	9,574	9,642	9,459	39,228	37,284	30,961
Amortization of acquisition-related intangibles	11,319	11,609	5,614	44,601	23,729	20,255
Flow-through of inventory step up	—	—	—	2,599	—	7,090
Cost of sales-related restructure	1,050	211	—	6,813	—	—
Acquisition and integration expenses	2,676	8,637	3,620	20,869	7,090	5,314
Impairment of goodwill	1,534	—	—	19,092	—	—
Change in fair value of contingent consideration	4,100	14,800	—	29,000	41,324	32,400
Restructure charge	1,681	(186)	(15)	7,047	234	3,172
Other	—	—	128	1,800	624	(2)
<b>Non-GAAP operating income</b>	<b>\$ 30,295</b>	<b>\$ 42,327</b>	<b>\$ 41,866</b>	<b>\$ 179,794</b>	<b>\$ 177,461</b>	<b>\$ 83,484</b>
<b>GAAP operating margin</b>	<b>(0.5)%</b>	<b>(0.7)%</b>	<b>6.4 %</b>	<b>0.6 %</b>	<b>4.8 %</b>	<b>(1.5)%</b>
Effect of adjustments	10.1 %	13.0 %	5.2 %	11.9 %	7.9 %	9.4 %
<b>Non-GAAP operating margin</b>	<b>9.6 %</b>	<b>12.3 %</b>	<b>11.6 %</b>	<b>12.5 %</b>	<b>12.7 %</b>	<b>7.9 %</b>

# GAAP to Non-GAAP Reconciliations

	Three Months Ended			Year Ended		
	August 25, 2023	May 26, 2023	August 26, 2022	August 25, 2023	August 26, 2022	August 27, 2021
<i>(dollars in thousands, except per share data)</i>						
<b>GAAP net income (loss) attributable to SGH</b>	<b>\$ 64,841</b>	<b>\$ (19,648)</b>	<b>\$ 8,862</b>	<b>\$ 7,858</b>	<b>\$ 22,372</b>	<b>\$ (43,150)</b>
Share-based compensation expense	9,574	9,642	9,459	39,228	37,284	30,961
Amortization of acquisition-related intangibles	11,319	11,609	5,614	44,601	23,729	20,255
Flow-through of inventory step up	—	—	—	2,599	—	7,090
Cost of sales-related restructure	1,050	211	—	6,813	—	—
Acquisition and integration expenses	2,676	8,637	3,620	20,869	7,090	5,314
Impairment of goodwill	1,534	—	—	19,092	—	—
Change in fair value of contingent consideration	4,100	14,800	—	29,000	41,324	32,400
Restructure charge	1,681	(186)	(15)	7,047	234	3,172
Amortization of debt discount and other costs	1,010	937	2,788	4,064	9,999	8,419
Loss on extinguishment of debt	—	—	—	15,924	653	—
Foreign currency (gains) losses	(276)	410	97	(221)	9	389
Other	—	—	128	1,800	624	(1,004)
Income tax effects	(79,103)	2,319	1,057	(70,993)	(4,031)	(1,724)
<b>Non-GAAP net income attributable to SGH</b>	<b>\$ 18,406</b>	<b>\$ 28,731</b>	<b>\$ 31,610</b>	<b>\$ 127,681</b>	<b>\$ 139,287</b>	<b>\$ 62,122</b>
<b>Weighted-average shares outstanding - Diluted:</b>						
GAAP weighted-average shares outstanding	55,523	49,380	50,504	51,322	54,443	48,558
Adjustment for dilutive securities and capped calls	(2,233)	754	—	(558)	(1,851)	2,129
<b>Non-GAAP weighted-average shares outstanding</b>	<b>53,290</b>	<b>50,134</b>	<b>50,504</b>	<b>50,764</b>	<b>52,592</b>	<b>50,687</b>
<b>Diluted earnings (loss) per share from continuing operations:</b>						
GAAP diluted earnings (loss) per share	\$ 1.17	\$ (0.40)	\$ 0.18	\$ 0.15	\$ 0.41	\$ (0.89)
Effect of adjustments	(0.82)	0.97	0.45	2.37	2.24	2.12
<b>Non-GAAP diluted earnings per share</b>	<b>\$ 0.35</b>	<b>\$ 0.57</b>	<b>\$ 0.63</b>	<b>\$ 2.52</b>	<b>\$ 2.65</b>	<b>\$ 1.23</b>

# GAAP to Non-GAAP Reconciliations

	Three Months Ended			Year Ended		
	August 25, 2023	May 26, 2023	August 26, 2022	August 25, 2023	August 26, 2022	August 27, 2021
<i>(dollars in thousands)</i>						
<b>Net income (loss) attributable to SGH</b>	<b>\$ 64,841</b>	<b>\$ (19,648)</b>	<b>\$ 8,862</b>	<b>\$ 7,858</b>	<b>\$ 22,372</b>	<b>\$ (43,150)</b>
Interest expense, net	9,183	9,314	7,485	36,421	24,345	17,141
Income tax provision (benefit)	(75,890)	7,216	6,075	(49,203)	18,074	9,689
Depreciation expense and amortization of intangible assets	18,830	18,554	11,646	71,632	46,665	34,937
Share-based compensation expense	9,574	9,642	9,459	39,228	37,284	30,961
Flow-through of inventory step up	—	—	—	2,599	—	7,090
Cost of sales-related restructure	1,050	211	—	6,813	—	—
Acquisition and integration expenses	2,676	8,637	3,620	20,869	7,090	5,314
Impairment of goodwill	1,534	—	—	19,092	—	—
Change in fair value of contingent consideration	4,100	14,800	—	29,000	41,324	32,400
Restructure charge	1,681	(186)	(15)	7,047	234	3,172
Loss on extinguishment of debt	—	—	—	15,924	653	—
Other	—	—	128	1,800	624	(1,004)
<b>Adjusted EBITDA</b>	<b>\$ 37,579</b>	<b>\$ 48,540</b>	<b>\$ 47,260</b>	<b>\$ 209,080</b>	<b>\$ 198,665</b>	<b>\$ 96,550</b>

**SMART Global Holdings, Inc.**  
**Consolidated Statements of Operations**  
(In thousands, except per share amounts)  
(Unaudited)

	Q4 FY23	Q3 FY23	Q2 FY23	Q1 FY23	Q4 FY22	Q3 FY22	Q2 FY22	Q1 FY22	Q4 FY21	Q3 FY21	Q2 FY21	Q1 FY21	FY 2023	FY 2022	FY 2021
<b>Net sales:</b>															
Memory Solutions	\$ 105,181	\$ 109,458	\$ 110,339	\$ 118,286	\$ 134,611	\$ 152,608	\$ 138,737	\$ 125,749	\$ 128,477	\$ 121,620	\$ 115,451	\$ 120,657	\$ 443,264	\$ 551,705	\$ 486,205
Intelligent Platform Solutions	145,432	170,854	222,451	210,971	144,730	95,345	82,257	118,654	97,614	95,857	85,412	65,874	749,708	440,986	344,757
LED Solutions	66,045	64,106	55,587	62,540	83,118	101,345	106,833	111,889	122,812	101,755	—	—	248,278	403,185	224,567
<b>Total net sales</b>	<b>316,658</b>	<b>344,418</b>	<b>388,377</b>	<b>391,797</b>	<b>362,459</b>	<b>349,298</b>	<b>327,827</b>	<b>356,292</b>	<b>348,903</b>	<b>319,232</b>	<b>200,863</b>	<b>186,531</b>	<b>1,441,250</b>	<b>1,395,876</b>	<b>1,055,529</b>
Cost of sales	225,073	243,938	277,369	279,699	268,039	248,653	233,531	254,608	251,480	255,776	158,620	151,680	1,026,079	1,004,831	817,556
<b>Gross profit</b>	<b>91,585</b>	<b>100,480</b>	<b>111,008</b>	<b>112,098</b>	<b>94,420</b>	<b>100,645</b>	<b>94,296</b>	<b>101,684</b>	<b>97,423</b>	<b>63,456</b>	<b>42,243</b>	<b>34,851</b>	<b>415,171</b>	<b>391,045</b>	<b>237,973</b>
<b>Operating expenses:</b>															
Research and development	20,883	20,338	25,272	24,072	19,160	19,326	19,830	19,156	19,246	19,358	10,700	10,629	90,565	77,472	59,933
Selling, general and administrative	65,026	67,914	60,074	67,708	52,215	54,742	48,913	48,969	48,183	45,473	28,823	35,695	260,722	204,839	158,174
Impairment of goodwill	1,534	—	17,558	—	—	—	—	—	—	—	—	—	19,092	—	—
Change in fair value of contingent consideration	4,100	14,800	6,400	3,700	—	124	24,000	17,200	16,000	16,400	—	—	29,000	41,324	32,400
Other operating (income) expense	1,681	(186)	3,781	1,771	(15)	249	—	—	2,077	623	472	—	7,047	234	3,172
<b>Total operating expenses</b>	<b>93,224</b>	<b>102,866</b>	<b>113,085</b>	<b>97,251</b>	<b>71,360</b>	<b>74,441</b>	<b>92,743</b>	<b>85,325</b>	<b>85,506</b>	<b>81,854</b>	<b>39,995</b>	<b>46,324</b>	<b>406,426</b>	<b>323,869</b>	<b>253,679</b>
<b>Operating income (loss)</b>	<b>(1,639)</b>	<b>(2,386)</b>	<b>(2,077)</b>	<b>14,847</b>	<b>23,060</b>	<b>26,204</b>	<b>1,553</b>	<b>16,359</b>	<b>11,917</b>	<b>(18,398)</b>	<b>2,248</b>	<b>(11,473)</b>	<b>8,745</b>	<b>67,176</b>	<b>(15,706)</b>
<b>Non-operating (income) expense:</b>															
Interest expense, net	9,183	9,314	9,430	8,494	7,485	6,461	5,148	5,251	5,056	4,955	3,559	3,571	36,421	24,345	17,141
Other non-operating (income) expense	(462)	354	13,307	(1,362)	170	(717)	669	228	(811)	(415)	489	155	11,837	350	(582)
<b>Total non-operating (income) expense</b>	<b>8,721</b>	<b>9,668</b>	<b>22,737</b>	<b>7,132</b>	<b>7,655</b>	<b>5,744</b>	<b>5,817</b>	<b>5,479</b>	<b>4,245</b>	<b>4,540</b>	<b>4,048</b>	<b>3,726</b>	<b>48,258</b>	<b>24,695</b>	<b>16,559</b>
<b>Income (loss) before taxes</b>	<b>(10,360)</b>	<b>(12,054)</b>	<b>(24,814)</b>	<b>7,715</b>	<b>15,405</b>	<b>20,460</b>	<b>(4,264)</b>	<b>10,880</b>	<b>7,672</b>	<b>(22,938)</b>	<b>(1,800)</b>	<b>(15,199)</b>	<b>(39,513)</b>	<b>42,481</b>	<b>(32,265)</b>
<b>Income tax provision (benefit)</b>	<b>(75,890)</b>	<b>7,216</b>	<b>8,149</b>	<b>11,322</b>	<b>6,075</b>	<b>6,154</b>	<b>1,824</b>	<b>4,021</b>	<b>4,608</b>	<b>2,527</b>	<b>2,922</b>	<b>(368)</b>	<b>(49,203)</b>	<b>18,074</b>	<b>9,689</b>
<b>Net income (loss) from continuing operations</b>	<b>65,530</b>	<b>(19,270)</b>	<b>(32,963)</b>	<b>(3,607)</b>	<b>9,330</b>	<b>14,306</b>	<b>(6,088)</b>	<b>6,859</b>	<b>3,064</b>	<b>(25,465)</b>	<b>(4,722)</b>	<b>(14,831)</b>	<b>9,690</b>	<b>24,407</b>	<b>(41,954)</b>
<b>Net income (loss) from discontinued operations</b>	<b>(205,685)</b>	<b>(4,807)</b>	<b>6,177</b>	<b>8,931</b>	<b>11,097</b>	<b>10,189</b>	<b>9,060</b>	<b>13,839</b>	<b>18,225</b>	<b>18,811</b>	<b>10,566</b>	<b>16,858</b>	<b>(195,384)</b>	<b>44,185</b>	<b>64,460</b>
<b>Net income (loss)</b>	<b>(140,155)</b>	<b>(24,077)</b>	<b>(26,786)</b>	<b>5,324</b>	<b>20,427</b>	<b>24,495</b>	<b>2,972</b>	<b>20,698</b>	<b>21,289</b>	<b>(6,654)</b>	<b>5,844</b>	<b>2,027</b>	<b>(185,694)</b>	<b>68,592</b>	<b>22,506</b>
Net income (loss) attributable to noncontrolling interest	689	378	433	332	468	382	514	671	639	557	—	—	1,832	2,035	1,196
<b>Net income (loss) attributable to SGH</b>	<b>\$ (140,844)</b>	<b>\$ (24,455)</b>	<b>\$ (27,219)</b>	<b>\$ 4,992</b>	<b>\$ 19,959</b>	<b>\$ 24,113</b>	<b>\$ 2,458</b>	<b>\$ 20,027</b>	<b>\$ 20,650</b>	<b>\$ (7,211)</b>	<b>\$ 5,844</b>	<b>\$ 2,027</b>	<b>\$ (187,526)</b>	<b>\$ 66,557</b>	<b>\$ 21,310</b>
<b>Basic earnings (loss) per share:</b>															
Continuing operations	\$ 1.28	\$ (0.40)	\$ (0.68)	\$ (0.08)	\$ 0.18	\$ 0.28	\$ (0.13)	\$ 0.13	\$ 0.05	\$ (0.54)	\$ (0.10)	\$ (0.30)	\$ 0.16	\$ 0.45	\$ (0.89)
Discontinued operations	(4.05)	(0.10)	0.13	0.18	0.23	0.20	0.18	0.28	0.37	0.39	0.22	0.34	(3.94)	0.90	1.33
	<u>\$ (2.77)</u>	<u>\$ (0.50)</u>	<u>\$ (0.55)</u>	<u>\$ 0.10</u>	<u>\$ 0.41</u>	<u>\$ 0.48</u>	<u>\$ 0.05</u>	<u>\$ 0.41</u>	<u>\$ 0.42</u>	<u>\$ (0.15)</u>	<u>\$ 0.12</u>	<u>\$ 0.04</u>	<u>\$ (3.78)</u>	<u>\$ 1.35</u>	<u>\$ 0.44</u>
<b>Diluted earnings (loss) per share:</b>															
Continuing operations	\$ 1.17	\$ (0.40)	\$ (0.68)	\$ (0.08)	\$ 0.18	\$ 0.25	\$ (0.13)	\$ 0.11	\$ 0.05	\$ (0.54)	\$ (0.10)	\$ (0.30)	\$ 0.15	\$ 0.41	\$ (0.89)
Discontinued operations	(3.71)	(0.10)	0.13	0.18	0.22	0.19	0.18	0.26	0.34	0.39	0.22	0.34	(3.80)	0.81	1.33
	<u>\$ (2.54)</u>	<u>\$ (0.50)</u>	<u>\$ (0.55)</u>	<u>\$ 0.10</u>	<u>\$ 0.40</u>	<u>\$ 0.44</u>	<u>\$ 0.05</u>	<u>\$ 0.37</u>	<u>\$ 0.39</u>	<u>\$ (0.15)</u>	<u>\$ 0.12</u>	<u>\$ 0.04</u>	<u>\$ (3.65)</u>	<u>\$ 1.22</u>	<u>\$ 0.44</u>
<b>Shares used in per share calculations:</b>															
Basic	50,807	49,380	49,116	48,962	49,238	50,095	49,522	49,011	48,605	48,071	48,435	49,121	49,566	49,467	48,558
Diluted	55,523	49,380	49,116	48,962	50,504	54,998	49,522	54,635	52,835	48,071	48,435	49,121	51,322	54,443	48,558

# SMART Global Holdings, Inc.

## Reconciliation of GAAP to Non-GAAP Measures

(In thousands, except per share amounts)

(Unaudited)

	Q4 FY23	Q3 FY23	Q2 FY23	Q1 FY23	Q4 FY22	Q3 FY22	Q2 FY22	Q1 FY22	Q4 FY21	Q3 FY21	Q2 FY21	Q1 FY21	FY 2023	FY 2022	FY 2021
<b>GAAP gross profit</b>	\$ 91,585	\$ 100,480	\$ 111,008	\$ 112,098	\$ 94,420	\$ 100,645	\$ 94,296	\$ 101,684	\$ 97,423	\$ 63,456	\$ 42,243	\$ 34,851	\$ 415,171	\$ 391,045	\$ 237,973
Share-based compensation expense	1,789	1,595	1,308	1,642	1,569	1,635	1,543	1,549	1,599	986	624	662	6,334	6,296	3,871
Amortization of acquisition-related intangibles	5,876	6,704	6,615	6,466	2,367	2,696	2,582	3,096	3,997	2,937	647	647	25,661	10,741	8,228
Flow-through of inventory step up	—	—	—	2,599	—	—	—	—	—	7,090	—	—	2,599	—	7,090
Cost of sales-related restructure	1,050	211	5,552	—	—	—	—	—	—	—	—	—	6,813	—	—
<b>Non-GAAP gross profit</b>	<u>\$ 100,300</u>	<u>\$ 108,990</u>	<u>\$ 124,483</u>	<u>\$ 122,805</u>	<u>\$ 98,356</u>	<u>\$ 104,976</u>	<u>\$ 98,421</u>	<u>\$ 106,329</u>	<u>\$ 103,019</u>	<u>\$ 74,469</u>	<u>\$ 43,514</u>	<u>\$ 36,160</u>	<u>\$ 456,578</u>	<u>\$ 408,082</u>	<u>\$ 257,162</u>
<b>GAAP gross margin</b>	28.9 %	29.2 %	28.6 %	28.6 %	26.0 %	28.8 %	28.8 %	28.5 %	27.9 %	19.9 %	21.0 %	18.7 %	28.8 %	28.0 %	22.5 %
Effect of adjustments	2.8 %	2.4 %	3.5 %	2.7 %	1.1 %	1.3 %	1.2 %	1.3 %	1.6 %	3.4 %	0.7 %	0.7 %	2.9 %	1.2 %	1.9 %
<b>Non-GAAP gross margin</b>	<u>31.7 %</u>	<u>31.6 %</u>	<u>32.1 %</u>	<u>31.3 %</u>	<u>27.1 %</u>	<u>30.1 %</u>	<u>30.0 %</u>	<u>29.8 %</u>	<u>29.5 %</u>	<u>23.3 %</u>	<u>21.7 %</u>	<u>19.4 %</u>	<u>31.7 %</u>	<u>29.2 %</u>	<u>24.4 %</u>
<b>GAAP operating expenses</b>	\$ 93,224	\$ 102,866	\$ 113,085	\$ 97,251	\$ 71,360	\$ 74,441	\$ 92,743	\$ 85,325	\$ 85,506	\$ 81,854	\$ 39,995	\$ 46,324	\$ 406,426	\$ 323,869	\$ 253,679
Share-based compensation expense	(7,785)	(8,047)	(8,723)	(8,339)	(7,890)	(8,115)	(7,561)	(7,422)	(6,618)	(6,631)	(4,058)	(9,783)	(32,894)	(30,988)	(27,090)
Amortization of acquisition-related intangibles	(5,443)	(4,905)	(4,200)	(4,392)	(3,247)	(3,247)	(3,247)	(3,247)	(3,247)	(3,247)	(2,767)	(2,766)	(18,940)	(12,988)	(12,027)
Acquisition and integration expenses	(2,676)	(8,637)	(2,824)	(6,732)	(3,620)	(2,181)	(252)	(1,037)	(543)	(2,354)	(800)	(1,617)	(20,869)	(7,090)	(5,314)
Impairment of goodwill	(1,534)	—	(17,558)	—	—	—	—	—	—	—	—	—	(19,092)	—	—
Change in fair value of contingent consideration	(4,100)	(14,800)	(6,400)	(3,700)	—	(124)	(24,000)	(17,200)	(16,000)	(16,400)	—	—	(29,000)	(41,324)	(32,400)
Restructure charge	(1,681)	186	(3,781)	(1,771)	15	(249)	—	—	(2,077)	(623)	(472)	—	(7,047)	(234)	(3,172)
Other	—	—	(900)	(900)	(128)	81	(576)	(1)	4	(1)	(1)	—	(1,800)	(624)	2
<b>Non-GAAP operating expenses</b>	<u>\$ 70,005</u>	<u>\$ 66,663</u>	<u>\$ 68,699</u>	<u>\$ 71,417</u>	<u>\$ 56,490</u>	<u>\$ 60,606</u>	<u>\$ 57,107</u>	<u>\$ 56,418</u>	<u>\$ 57,025</u>	<u>\$ 52,598</u>	<u>\$ 31,897</u>	<u>\$ 32,158</u>	<u>\$ 276,784</u>	<u>\$ 230,621</u>	<u>\$ 173,678</u>
<b>GAAP operating income (loss)</b>	\$ (1,639)	\$ (2,386)	\$ (2,077)	\$ 14,847	\$ 23,060	\$ 26,204	\$ 1,553	\$ 16,359	\$ 11,917	\$ (18,398)	\$ 2,248	\$ (11,473)	\$ 8,745	\$ 67,176	\$ (15,706)
Share-based compensation expense	9,574	9,642	10,031	9,981	9,459	9,750	9,104	8,971	8,217	7,617	4,682	10,445	39,228	37,284	30,961
Amortization of acquisition-related intangibles	11,319	11,609	10,815	10,858	5,614	5,943	5,829	6,343	7,244	6,184	3,414	3,413	44,601	23,729	20,255
Flow-through of inventory step up	—	—	—	2,599	—	—	—	—	—	7,090	—	—	2,599	—	7,090
Cost of sales-related restructure	1,050	211	5,552	—	—	—	—	—	—	—	—	—	6,813	—	—
Acquisition and integration expenses	2,676	8,637	2,824	6,732	3,620	2,181	252	1,037	543	2,354	800	1,617	20,869	7,090	5,314
Impairment of goodwill	1,534	—	17,558	—	—	—	—	—	—	—	—	—	19,092	—	—
Change in fair value of contingent consideration	4,100	14,800	6,400	3,700	—	124	24,000	17,200	16,000	16,400	—	—	29,000	41,324	32,400
Restructure charge	1,681	(186)	3,781	1,771	(15)	249	—	—	2,077	623	472	—	7,047	234	3,172
Other	—	—	900	900	128	(81)	576	1	(4)	1	1	—	1,800	624	(2)
<b>Non-GAAP operating income</b>	<u>\$ 30,295</u>	<u>\$ 42,327</u>	<u>\$ 55,784</u>	<u>\$ 51,388</u>	<u>\$ 41,866</u>	<u>\$ 44,370</u>	<u>\$ 41,314</u>	<u>\$ 49,911</u>	<u>\$ 45,994</u>	<u>\$ 21,871</u>	<u>\$ 11,617</u>	<u>\$ 4,002</u>	<u>\$ 179,794</u>	<u>\$ 177,461</u>	<u>\$ 83,484</u>
<b>GAAP operating margin</b>	(0.5)%	(0.7)%	(0.5)%	3.8 %	6.4 %	7.5 %	0.5 %	4.6 %	3.4 %	(5.8)%	1.1 %	(6.2)%	0.6 %	4.8 %	(1.5)%
Effect of adjustments	10.1 %	13.0 %	14.9 %	9.3 %	5.2 %	5.2 %	12.1 %	9.4 %	9.8 %	12.7 %	4.7 %	8.3 %	11.9 %	7.9 %	9.4 %
<b>Non-GAAP operating margin</b>	<u>9.6 %</u>	<u>12.3 %</u>	<u>14.4 %</u>	<u>13.1 %</u>	<u>11.6 %</u>	<u>12.7 %</u>	<u>12.6 %</u>	<u>14.0 %</u>	<u>13.2 %</u>	<u>6.9 %</u>	<u>5.8 %</u>	<u>2.1 %</u>	<u>12.5 %</u>	<u>12.7 %</u>	<u>7.9 %</u>
<b>Non-GAAP operating income (loss) by segment:</b>															
Memory Solutions	\$ 14,866	\$ 19,368	\$ 20,366	\$ 19,039	\$ 18,008	\$ 22,802	\$ 18,469	\$ 19,590	\$ 7,753	\$ 6,258	\$ 3,527	\$ 1,992	\$ 73,639	\$ 78,869	\$ 19,530
Intelligent Platform Solutions	17,176	24,169	36,645	32,985	20,129	9,518	6,693	13,110	14,543	5,015	8,090	2,010	110,975	49,450	29,658
LED Solutions	(1,747)	(1,210)	(1,227)	(636)	3,729	12,050	16,152	17,211	23,698	10,598	—	—	(4,820)	49,142	34,296
	<u>\$ 30,295</u>	<u>\$ 42,327</u>	<u>\$ 55,784</u>	<u>\$ 51,388</u>	<u>\$ 41,866</u>	<u>\$ 44,370</u>	<u>\$ 41,314</u>	<u>\$ 49,911</u>	<u>\$ 45,994</u>	<u>\$ 21,871</u>	<u>\$ 11,617</u>	<u>\$ 4,002</u>	<u>\$ 179,794</u>	<u>\$ 177,461</u>	<u>\$ 83,484</u>
<b>Non-GAAP operating margin by segment:</b>															
Memory Solutions	14.1 %	17.7 %	18.5 %	16.1 %	13.4 %	14.9 %	13.3 %	15.6 %	6.0 %	5.1 %	3.1 %	1.7 %	16.6 %	14.3 %	4.0 %
Intelligent Platform Solutions	11.8 %	14.1 %	16.5 %	15.6 %	13.9 %	10.0 %	8.1 %	11.0 %	14.9 %	5.2 %	9.5 %	3.1 %	14.8 %	11.2 %	8.6 %
LED Solutions	(2.6)%	(1.9)%	(2.2)%	(1.0)%	4.5 %	11.9 %	15.1 %	15.4 %	19.3 %	10.4 %	— %	— %	(1.9)%	12.2 %	15.3 %



# SMART Global Holdings, Inc.

## Reconciliation of GAAP to Non-GAAP Measures

(In thousands, except per share amounts)

(Unaudited)

	Q4 FY23	Q3 FY23	Q2 FY23	Q1 FY23	Q4 FY22	Q3 FY22	Q2 FY22	Q1 FY22	Q4 FY21	Q3 FY21	Q2 FY21	Q1 FY21	FY 2023	FY 2022	FY 2021
<b>GAAP net income (loss) from continuing operations attributable to SGH</b>	\$ 64,841	\$ (19,648)	\$ (33,396)	\$ (3,939)	\$ 8,862	\$ 13,924	\$ (6,602)	\$ 6,188	\$ 2,425	\$ (26,022)	\$ (4,722)	\$ (14,831)	\$ 7,858	\$ 22,372	\$ (43,150)
Share-based compensation expense	9,574	9,642	10,031	9,981	9,459	9,750	9,104	8,971	8,217	7,617	4,682	10,445	39,228	37,284	30,961
Amortization of acquisition-related intangibles	11,319	11,609	10,815	10,858	5,614	5,943	5,829	6,343	7,244	6,184	3,414	3,413	44,601	23,729	20,255
Flow-through of inventory step up	—	—	—	2,599	—	—	—	—	—	7,090	—	—	2,599	—	7,090
Cost of sales-related restructure	1,050	211	5,552	—	—	—	—	—	—	—	—	—	6,813	—	—
Acquisition and integration expenses	2,676	8,637	2,824	6,732	3,620	2,181	252	1,037	543	2,354	800	1,617	20,869	7,090	5,314
Impairment of goodwill	1,534	—	17,558	—	—	—	—	—	—	—	—	—	19,092	—	—
Change in fair value of contingent consideration	4,100	14,800	6,400	3,700	—	124	24,000	17,200	16,000	16,400	—	—	29,000	41,324	32,400
Restructure charge	1,681	(186)	3,781	1,771	(15)	249	—	—	2,077	623	472	—	7,047	234	3,172
Amortization of debt discount and other costs	1,010	937	1,048	1,069	2,788	2,705	2,296	2,210	2,172	2,088	2,097	2,062	4,064	9,999	8,419
Loss (gain) on extinguishment of debt	—	—	16,691	(767)	—	—	653	—	—	—	—	—	15,924	653	—
Foreign currency (gains) losses	(276)	410	165	(520)	97	(671)	139	444	165	61	(144)	307	(221)	9	389
Other	—	—	900	900	128	(81)	576	1	(1,006)	1	1	—	1,800	624	(1,004)
Income tax effects	(79,103)	2,319	811	4,980	1,057	655	(3,395)	(2,348)	(1,972)	(448)	1,468	(772)	(70,993)	(4,031)	(1,724)
<b>Non-GAAP net income from continuing operations attributable to SGH</b>	<b>\$ 18,406</b>	<b>\$ 28,731</b>	<b>\$ 43,180</b>	<b>\$ 37,364</b>	<b>\$ 31,610</b>	<b>\$ 34,779</b>	<b>\$ 32,852</b>	<b>\$ 40,046</b>	<b>\$ 35,865</b>	<b>\$ 15,948</b>	<b>\$ 8,068</b>	<b>\$ 2,241</b>	<b>\$ 127,681</b>	<b>\$ 139,287</b>	<b>\$ 62,122</b>
<b>Weighted-average shares outstanding - Diluted:</b>															
GAAP weighted-average shares outstanding	55,523	49,380	49,116	48,962	50,504	54,998	49,522	54,635	52,835	48,071	48,435	49,121	51,322	54,443	48,558
Adjustment for dilutive securities and capped calls	(2,233)	754	726	829	—	(2,063)	5,355	(2,583)	(1,734)	2,961	1,972	1,085	(558)	(1,851)	2,129
Non-GAAP weighted-average shares outstanding	53,290	50,134	49,842	49,791	50,504	52,935	54,877	52,052	51,101	51,032	50,407	50,206	50,764	52,592	50,687
<b>Diluted earnings (loss) per share from continuing operations:</b>															
GAAP diluted earnings (loss) per share	\$ 1.17	\$ (0.40)	\$ (0.68)	\$ (0.08)	\$ 0.18	\$ 0.25	\$ (0.13)	\$ 0.11	\$ 0.05	\$ (0.54)	\$ (0.10)	\$ (0.30)	\$ 0.15	\$ 0.41	\$ (0.89)
Effect of adjustments	(0.82)	0.97	1.55	0.83	0.45	0.41	0.73	0.66	0.65	0.85	0.26	0.34	2.37	2.24	2.12
Non-GAAP diluted earnings per share	\$ 0.35	\$ 0.57	\$ 0.87	\$ 0.75	\$ 0.63	\$ 0.66	\$ 0.60	\$ 0.77	\$ 0.70	\$ 0.31	\$ 0.16	\$ 0.04	\$ 2.52	\$ 2.65	\$ 1.23
<b>Net income (loss) from continuing operations attributable to SGH</b>	<b>\$ 64,841</b>	<b>\$ (19,648)</b>	<b>\$ (33,396)</b>	<b>\$ (3,939)</b>	<b>\$ 8,862</b>	<b>\$ 13,924</b>	<b>\$ (6,602)</b>	<b>\$ 6,188</b>	<b>\$ 2,425</b>	<b>\$ (26,022)</b>	<b>\$ (4,722)</b>	<b>\$ (14,831)</b>	<b>\$ 7,858</b>	<b>\$ 22,372</b>	<b>\$ (43,150)</b>
Interest expense, net	9,183	9,314	9,430	8,494	7,485	6,461	5,148	5,251	5,056	4,955	3,559	3,571	36,421	24,345	17,141
Income tax provision (benefit)	(75,890)	7,216	8,149	11,322	6,075	6,154	1,824	4,021	4,608	2,527	2,922	(368)	(49,203)	18,074	9,689
Depreciation expense and amortization of intangible assets	18,830	18,554	17,199	17,049	11,646	11,778	11,749	11,492	12,258	11,545	5,480	5,654	71,632	46,665	34,937
Share-based compensation expense	9,574	9,642	10,031	9,981	9,459	9,750	9,104	8,971	8,217	7,617	4,682	10,445	39,228	37,284	30,961
Flow-through of inventory step up	—	—	—	2,599	—	—	—	—	—	7,090	—	—	2,599	—	7,090
Cost of sales-related restructure	1,050	211	5,552	—	—	—	—	—	—	—	—	—	6,813	—	—
Acquisition and integration expenses	2,676	8,637	2,824	6,732	3,620	2,181	252	1,037	543	2,354	800	1,617	20,869	7,090	5,314
Impairment of goodwill	1,534	—	17,558	—	—	—	—	—	—	—	—	—	19,092	—	—
Change in fair value of contingent consideration	4,100	14,800	6,400	3,700	—	124	24,000	17,200	16,000	16,400	—	—	29,000	41,324	32,400
Restructure charge	1,681	(186)	3,781	1,771	(15)	249	—	—	2,077	623	472	—	7,047	234	3,172
Loss on extinguishment of debt	—	—	16,691	(767)	—	—	653	—	—	—	—	—	15,924	653	—
Other	—	—	900	900	128	(81)	576	1	(1,006)	1	1	—	1,800	624	(1,004)
<b>Adjusted EBITDA from continuing operations</b>	<b>\$ 37,579</b>	<b>\$ 48,540</b>	<b>\$ 65,119</b>	<b>\$ 57,842</b>	<b>\$ 47,260</b>	<b>\$ 50,540</b>	<b>\$ 46,704</b>	<b>\$ 54,161</b>	<b>\$ 50,178</b>	<b>\$ 27,090</b>	<b>\$ 13,194</b>	<b>\$ 6,088</b>	<b>\$ 209,080</b>	<b>\$ 198,665</b>	<b>\$ 96,550</b>

# SMART Global Holdings, Inc.

## GAAP Statements of Operations - Brazil

(In thousands)

(Unaudited)

Year ended	August 25, 2023	August 26, 2022	August 27, 2021
Net sales	\$ 185,377	\$ 423,476	\$ 445,613
Cost of sales	184,016	361,301	375,206
Gross profit	1,361	62,175	70,407
Operating expenses:			
Research and development	5,887	(116)	(10,659)
Selling, general and administrative	12,509	14,958	11,017
Other operating (income) expense	657	—	(854)
Total operating expenses	19,053	14,842	(496)
Operating income (loss)	(17,692)	47,333	70,903
Non-operating (income) expense:			
Impairment charge related to proposed divestiture of SMART Brazil	153,036	—	—
Interest (income) expense, net	(4,174)	(3,176)	459
Other non-operating (income) expense	996	4,487	207
Total non-operating (income) expense	149,858	1,311	666
Income (loss) before taxes	(167,550)	46,022	70,237
Income tax provision (benefit)	27,834	1,837	5,777
Net income (loss) from discontinued operations	\$ (195,384)	\$ 44,185	\$ 64,460

# Convertible Dilution

Stock Price	Convertible Share Dilution	Capped Call	Net Share Dilution to SGH
\$18	—	—	—
\$19	—	—	—
\$20	—	—	—
\$21	163	(163)	—
\$22	627	(627)	—
\$23	1,121	(1,121)	—
\$24	1,574	(1,574)	—
\$25	1,991	(1,991)	—
\$26	2,376	(2,376)	—
\$27	2,732	(2,732)	—
\$28	3,062	(2,899)	163
\$29	3,370	(3,043)	327
\$30	3,658	(2,974)	684
\$31	3,926	(2,878)	1,048
\$32	4,178	(2,788)	1,390
\$33	4,415	(2,703)	1,712
\$34	4,638	(2,624)	2,014
\$35	4,848	(2,549)	2,299