Goldman Sachs Research

Equity Research

31 May 2026 | 4:57PM JST

Kioxia Holdings (285A.T)

Upgrade to Buy; view of NAND as cyclical market unchanged, but now see profits higher and more sustainable over the next 2-3 years

285A.T	12m Price Target: **¥93,000**	Price: **¥65,850**	Upside: **41.2%**

BUY

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Our view of peak profits in this cycle now at a higher level

We upgrade Kioxia Holdings, a pure-play NAND flash maker, **to Buy, from Neutral.** While the NAND market is seeing a surge in demand for temporary storage applications in AI servers (especially for inference servers), we had been Neutral-rated on the company based on our view that cyclicality remained due to concerns about a slowdown in demand in non-server applications from rising prices and an increase in supply from 2027, which would keep the P/E multiple at cycle peaks in the mid-to-high single digits. Although we maintain our view that the structure of the NAND market itself has not changed (i.e., cyclicality remains as there are still more players compared to the HDD and DRAM markets, which are dominated by 2-3 major companies), we now see the level of peak profits as higher than previously assumed and sustainable for the next 2-3 years. This updated view is based on (1) **the possibility that tight supply/demand will continue through CY28,** as AI demand remains strong while near-term supply increases are limited, (2) **major memory makers continue to prioritize investment in DRAM**, and (3) **a path has been paved for procuring DRAM (used in eSSDs), which we previously viewed as a potential risk.**

Setting new TP at ¥93,000, market cap to exceed ¥50 tn

Reflecting our global team's new NAND supply/demand model (link), we now forecast Kioxia's CY26 ASP growing at 4.3X yoy (vs. 3.8X previously) and CY27 growth at +27% (vs. +4% previously). As a result, we raise our FY3/27-FY3/29 operating profit estimates by 16%/46%/48%, and now expect revenue and profit growth to continue through FY3/29 while maintaining an elevated gross margin of c.80% (our new estimates are over 30% above the Bloomberg consensus for each year). We raise our 12-month target price to ¥93,000, from ¥48,000. Our TP is based on a target P/B

Key Data

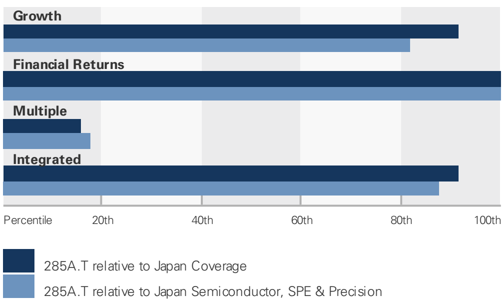
Market cap: ¥36.0tr / $225.9bn
Enterprise value: ¥34.0tr / $213.5bn
3m ADTV: ¥1.2tr / $7.4bn
Japan
Japan Semiconductor, SPE & Precision
M&A Rank: 3
Leases incl. in net debt & EV?: Yes

GS Forecast

	3/26	3/27E	3/28E	3/29E
Revenue (¥ bn)	2,337.6	9,733.4	11,810.0	13,002.4
Op. profit (¥ bn) New	**870.4**	**7,677.3**	**9,299.1**	**10,092.9**
Op. profit (¥ bn) Old	870.4	6,592.4	6,355.0	6,810.4
Op. profit CoE (¥ bn)	–	–	–	–
EPS (¥) New	**1,024.1**	**9,799.0**	**11,887.7**	**12,917.0**
EPS (¥) Old	1,024.1	8,408.2	8,113.7	8,709.2
P/E (X)	8.0	6.7	5.5	5.1
P/B (X)	3.2	5.7	2.9	1.9
CROCI (%)	25.0	95.2	87.2	84.8

	3/26	6/26E	9/26E	12/26E
EPS (¥)	752.4	1,763.1	2,376.2	2,796.1

GS Factor Profile



Source: Company data, Goldman Sachs Research estimates. See disclosures for details.

Kioxia Holdings (285A.T)

BUY

Rating since May 31, 2026

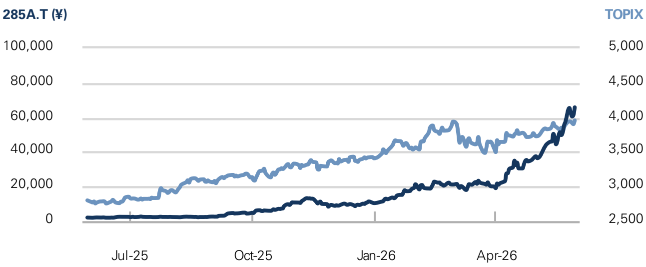
Ratios & Valuation

	3/26	3/27E	3/28E	3/29E
P/E (X)	8.0	6.7	5.5	5.1
P/B (X)	3.2	5.7	2.9	1.9
FCF yield (%)	13.8	10.1	17.2	19.7
EV/EBITDAR (X)	4.4	4.2	3.0	2.1
EV/EBITDA (excl. leases) (X)	4.3	4.2	3.0	2.1
CROCI (%)	25.0	95.2	87.2	84.8
ROE (%)	51.9	138.8	69.5	45.0
Net debt/equity (%)	55.9	(31.3)	(58.2)	(69.7)
Net debt/equity (excl. leases) (%)	41.2	(33.8)	(59.3)	(70.3)
Interest cover (X)	9.0	204.7	308.9	478.3
Days inventory outst, sales	59.8	18.6	20.0	21.6
Receivable days	70.2	64.0	94.1	98.4
Days payable outstanding	162.3	148.0	156.1	159.4
DuPont ROE (%)	39.6	84.8	52.5	37.2
Turnover (X)	0.6	1.1	0.8	0.6
Leverage (X)	2.6	1.4	1.2	1.1
Gross cash invested (ex cash) (¥)	4,733.5	7,191.9	8,241.5	9,128.4
Average capital employed (¥)	1,661.8	3,076.3	4,606.8	5,342.2
BVPS (¥)	2,562.0	11,561.0	22,648.7	34,765.7

Growth & Margins (%)

	3/26	3/27E	3/28E	3/29E
Total revenue growth	37.0	316.4	21.3	10.1
EBITDA growth	54.9	578.2	20.9	9.2
EPS growth	97.0	856.9	21.3	8.7
DPS growth	NM	NM	0.0	0.0
EBIT margin	37.2	78.9	78.7	77.6
EBITDA margin	50.6	82.4	82.2	81.5
Net income margin	23.7	55.0	55.0	54.2

Price Performance



	3m	6m	12m
Absolute	210.5%	600.1%	2,920.6%
Rel. to the TOPIX	209.0%	497.7%	2,046.5%

Source: FactSet. Price as of 29 May 2026 close.

Income Statement (¥ bn)

	3/26	3/27E	3/28E	3/29E
Total revenue	2,337.6	9,733.4	11,810.0	13,002.4
Cost of goods sold	(1,235.5)	(1,767.6)	(2,180.6)	(2,542.8)
SG&A	(146.6)	(201.6)	(235.7)	(264.2)
R&D	(89.3)	(98.9)	(106.6)	(114.5)
Other operating inc./(exp.)	4.0	12.0	12.0	12.0
EBITDA	**1,183.2**	**8,025.0**	**9,703.0**	**10,596.6**
Depreciation & amortization	(312.8)	(347.7)	(403.9)	(503.7)
EBIT	**870.4**	**7,677.3**	**9,299.1**	**10,092.9**
Net interest inc./(exp.)	(87.2)	(33.5)	(26.0)	(16.9)
Income/(loss) from associates	0.9	0.6	0.7	0.8
Pre-tax profit	**784.1**	**7,644.4**	**9,273.8**	**10,076.8**
Provision for taxes	(229.6)	(2,293.3)	(2,782.1)	(3,023.0)
Minority interest	–	–	–	–
Preferred dividends	–	–	–	–
Net inc. (pre-exceptionals)	**554.5**	**5,351.1**	**6,491.7**	**7,053.8**
Post-tax exceptionals	–	–	–	–
Net inc. (post-exceptionals)	**554.5**	**5,351.1**	**6,491.7**	**7,053.8**
EPS (basic, pre-except) (¥)	**1,024.1**	**9,799.0**	**11,887.7**	**12,917.0**
EPS (diluted, pre-except) (¥)	**1,024.1**	**9,799.0**	**11,887.7**	**12,917.0**
EPS (basic, post-except) (¥)	**1,024.1**	**9,799.0**	**11,887.7**	**12,917.0**
EPS (diluted, post-except) (¥)	**1,024.1**	**9,799.0**	**11,887.7**	**12,917.0**
DPS (¥)	–	800.0	800.0	800.0
Div. payout ratio (%)	0.0	8.2	6.7	6.2

Balance Sheet (¥ bn)

	3/26	3/27E	3/28E	3/29E
Cash & cash equivalents	470.7	3,008.8	8,065.6	13,841.2
Accounts receivable	660.6	2,750.4	3,337.2	3,674.2
Inventory	412.6	581.4	712.4	827.7
Other current assets	74.0	74.0	74.0	74.0
Total current assets	**1,617.8**	**6,414.5**	**12,189.2**	**18,417.0**
Net PP&E	1,055.3	1,150.1	1,266.2	1,362.5
Net intangibles	584.9	584.9	584.9	584.9
Total investments	227.3	227.9	228.6	229.4
Other long-term assets	204.8	250.9	435.4	636.0
Total assets	**3,690.1**	**8,628.2**	**14,704.2**	**21,229.8**
Accounts payable	594.9	838.2	1,027.2	1,193.4
Short-term debt	175.5	237.6	231.0	80.0
Short-term lease liabilities	43.9	30.1	26.6	22.0
Other current liabilities	283.7	283.7	283.7	283.7
Total current liabilities	**1,098.0**	**1,389.7**	**1,568.5**	**1,579.1**
Long-term debt	872.1	634.5	503.5	423.5
Long-term lease liabilities	161.7	131.6	105.0	83.0
Other long-term liabilities	159.2	159.2	159.2	159.2
Total long-term liabilities	**1,193.0**	**925.2**	**767.6**	**665.6**
Total liabilities	**2,291.0**	**2,314.9**	**2,336.1**	**2,244.7**
Preferred shares	–	–	–	–
Total common equity	**1,398.9**	**6,313.2**	**12,368.0**	**18,984.9**
Minority interest	**0.2**	**0.2**	**0.2**	**0.2**
Total liabilities & equity	**3,690.1**	**8,628.2**	**14,704.2**	**21,229.8**
Net debt, adjusted	576.9	(2,136.7)	(7,331.1)	(13,337.7)

Cash Flow (¥ bn)

	3/26	3/27E	3/28E	3/29E
Net income	554.5	5,351.1	6,491.7	7,053.8
D&A add-back	312.8	347.7	403.9	503.7
Minority interest add-back	–	–	–	–
Net (inc)/dec working capital	(400.3)	(2,015.3)	(528.9)	(286.0)
Other operating cash flow	149.5	(46.7)	(185.3)	(201.4)
Cash flow from operations	**616.5**	**3,636.8**	**6,181.4**	**7,070.1**
Capital expenditures	(0.5)	(0.5)	(0.5)	(0.5)
Acquisitions	–	–	–	–
Divestitures	–	–	–	–
Others	(221.0)	(442.0)	(519.5)	(599.5)
Cash flow from investing	**(221.5)**	**(442.5)**	**(520.0)**	**(600.0)**
Repayment of lease liabilities	–	–	–	–
Dividends paid (common & pref)	–	(436.9)	(436.9)	(436.9)
Inc/(dec) in debt	(80.8)	(219.4)	(167.8)	(257.6)
Other financing cash flows	(11.5)	0.0	0.0	0.0
Cash flow from financing	**(92.3)**	**(656.2)**	**(604.6)**	**(694.5)**
Total cash flow	**302.8**	**2,538.1**	**5,056.8**	**5,775.7**
Free cash flow	616.0	3,636.3	6,180.9	7,069.6

Source: Company data, Goldman Sachs Research estimates.

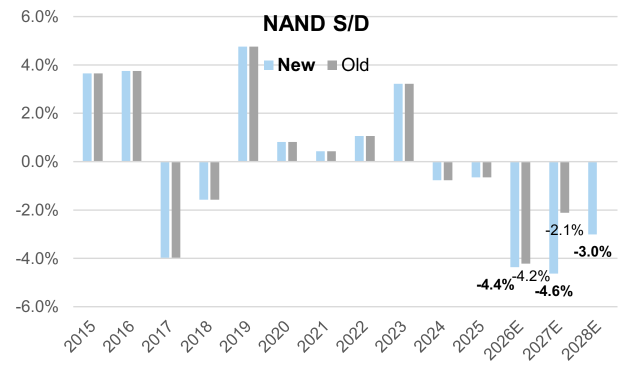
calculated from our average FY3/27E-FY3/28E ROE estimate and an implied cost of equity (15% for FY3/27 (from 23%), 20% for FY3/28 (from 27%)) derived from the current share prices of peer group companies. The implied FY3/28E P/E is 7.8X, which we see as reasonable compared to peers (Exhibit 11).

IR Day and quarterly results as catalysts for share price gains

We see the following as catalysts for share price gains: (1) the IR Day scheduled for June 2, (2) quarterly results, and (3) continued increases in NAND prices. Key risks include a slowdown in AI investment centered on hyperscalers, the rise of NAND players in China, a decline in profit margins due to rising costs, a sharp appreciation of the yen against the US dollar, and a slowdown in NAND demand for non-AI applications.

Exhibit 1: We are now seeing a supply shortage continuing through CY28

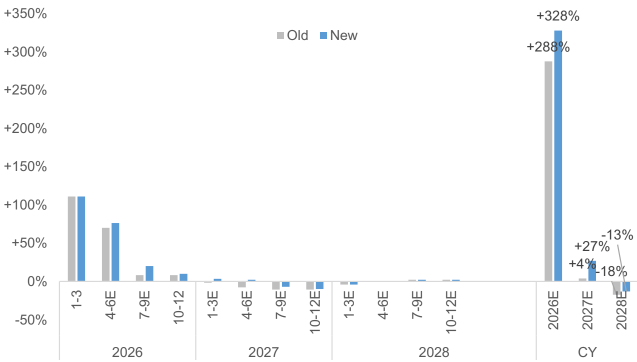
Global NAND market supply/demand balance (negative indicates excess demand, positive indicates excess supply)



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 2: Raising our price outlook

Kioxia: Average price trends



Source: Company data, Goldman Sachs Global Investment Research

Why now?

The share price has already risen substantially YTD, and while market expectations for future earnings expansion are by no means low, we upgrade the stock for the following three main reasons.

(1) We expect the level of peak profits in this cycle to rise materially and to be sustained through FY3/29

There are six players globally in the NAND flash industry (Exhibit 3), and looking at the Herfindahl-Hirschman Index (HHI), which shows the degree of market concentration, there has been no major change in over 10 years (Exhibit 4). We therefore believe that the industry structure itself has not changed significantly (= it remains a cyclical industry). However, as demand for AI applications expands while the pace of supply increases is limited, we now see a situation where prices fall sharply and companies fall into the red, as seen in past downcycles, as unlikely for the next 2-3 years. While we maintain our view that a P/E multiple in the mid-to-high single digits is appropriate for peak cycle profits, we now see peak profits in this cycle as substantially exceeding our previous assumptions and for revenue and profit growth to continue through FY3/29.

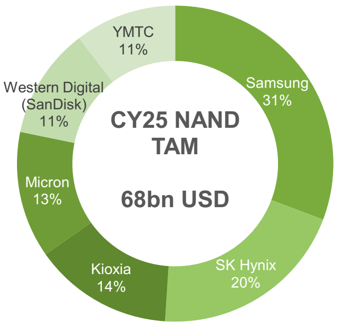
(2) Peers continue to prioritize DRAM investment, limiting NAND supply growth

The two South Korean memory companies (Samsung, SK Hynix) and Micron are involved in both DRAM and NAND. These companies continue to prioritize the allocation of cleanroom space in new fabs to DRAM against the backdrop of expansion in DRAM/HBM demand and continued higher margins for DRAM compared to NAND (Exhibit 5). As shown in Exhibit 6 and Exhibit 7, while demand for production equipment has also expanded significantly for DRAM, demand for NAND remains at a low level compared to past peaks. We therefore believe it is likely that NAND supply growth will be limited for the time being.

(3) DRAM procurement stabilized, cost pressures to ease with full-scale transition to BiCS 8

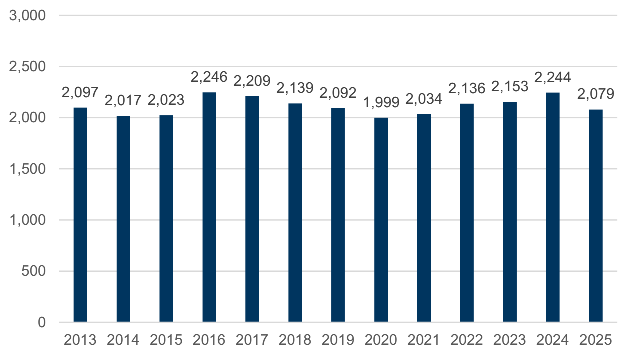
We had considered the procurement risks and cost increases for DRAM for enterprise SSDs (eSSDs) to be one of Kioxia's risk factors, but the investment in Nanya Tech announced in March appears to have paved the way for stable DRAM procurement. According to the company, it has generally secured the necessary volume of DRAM for the next several years (it has multiple DRAM suppliers), and DRAM cost-up pressures are expected to gradually decrease from 2H3/27. The transition to the highly cost-competitive 8th generation BiCS (BiCS 8) is also progressing smoothly. As such, we believe the company is entering a phase where per-bit costs will gradually decline (Exhibit 8).

Exhibit 3: Six companies jostle for position globally
NAND flash industry market share



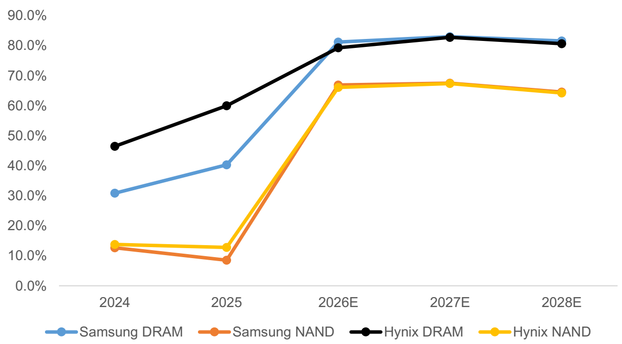
Source: Gartner

Exhibit 4: Industry concentration has not changed much in over 10 years
NAND industry HHI



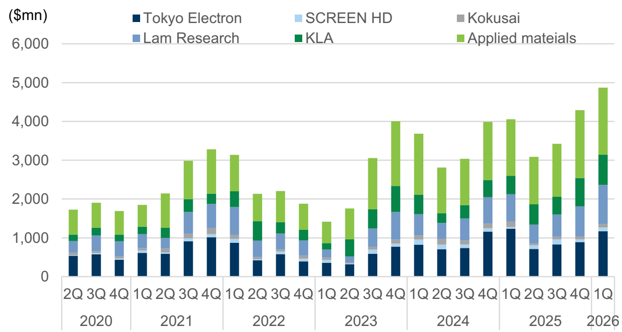
Source: TrendForce

Exhibit 5: DRAM remains more profitable (= tendency to prioritize DRAM investment)
Samsung and Hynix DRAM and NAND OPM trends



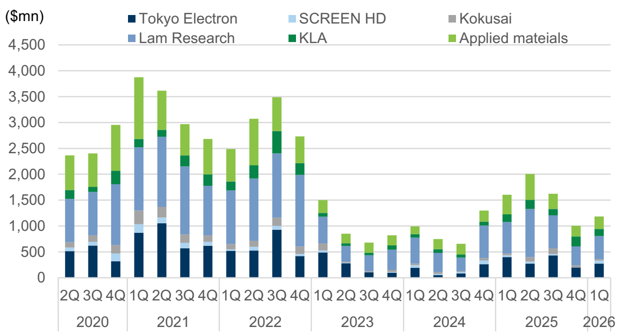
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 6: Equipment demand for DRAM is robust
Sales to DRAM customers at major SPE companies



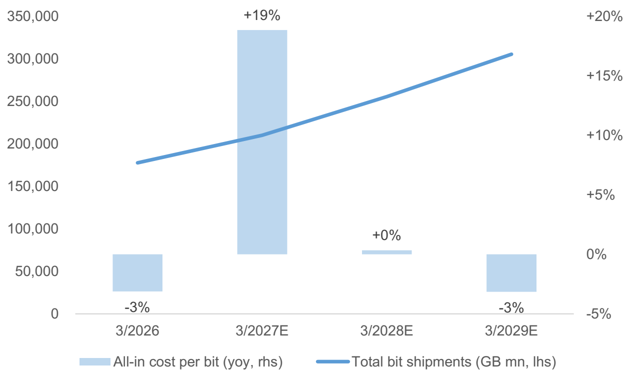
Source: Company data

Exhibit 7: Meanwhile, equipment demand for NAND remains low compared to past peaks
Sales to NAND customers at major SPE companies



Source: Company data

Exhibit 8: We expect strong cost-up pressure in FY3/27, but per-bit costs to gradually decline from FY3/28
Kioxia's per-bit cost trends (yoy)



Source: Company data, Goldman Sachs Global Investment Research

Why Kioxia?

Global memory companies are all benefiting from the historic supply tightness, but we highlight the following three points as Kioxia's unique characteristics and investment appeal.

(1) High cost competitiveness/margins from low capital intensity

As shown in Exhibit 9, Kioxia's investment efficiency is high even compared to the NAND industry average. We believe its investment efficiency is high due to the manufacturing-side economies of scale through its JV with SanDisk and the cost competitiveness of BiCS 8. As a result, the profitability of its NAND business is also relatively high compared to its peers (Exhibit 10), and we believe this trend will continue.

(2) Unlike competitors, has sufficient upward flexibility

As mentioned earlier, global memory competitors are prioritizing DRAM investment, which has led to continued constraints on cleanroom space that can be allocated to NAND capacity. On the other hand, Kioxia has a large-scale cleanroom space in Kitakami, Iwate Prefecture. A key feature of the company is its ability to flexibly ensure upward elasticity in response to demand, depending on the availability of production equipment.

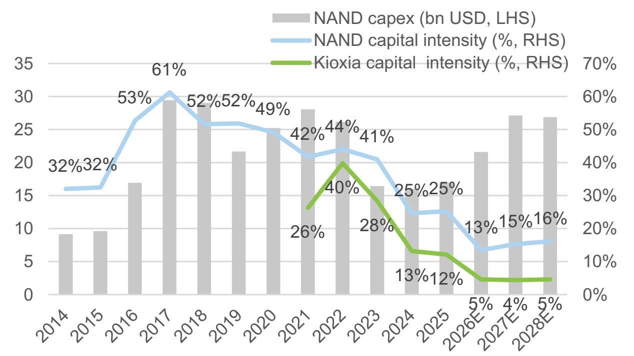
(3) Relatively low valuation compared to SanDisk

As shown in Exhibit 11, Kioxia's P/E has been trading at a discount to SanDisk, another pure-play NAND maker. While we believe this is largely due to regional market characteristics, we think it is unlikely that a wide divergence in the two companies' valuations will become the norm, given their similar business characteristics.

The implied FY3/28E P/E is 7.8X, which is nearly 2X the 4-5X P/E multiple the market tolerated when the NAND industry entered past downcycles (Exhibit 12). In the past, the NAND industry's profitability has fluctuated wildly due to cyclicality from major upswings and downswings in market conditions. It has repeatedly gone through a cycle where the median through-the-cycle OPM for major NAND manufacturers was around 10%, with many manufacturers posting losses during downcycles.

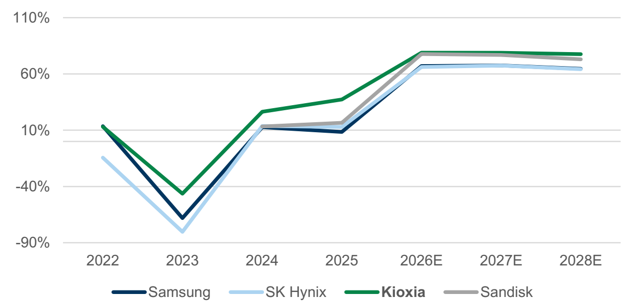
On the other hand, we believe Kioxia is poised to generate a level of profitability different from past cycles, as we forecast its OPM will remain stable at nearly 80% in FY3/27-FY3/29 (Samsung achieved profitability at past cycle peaks in the mid-50% OPM range). We believe the NAND industry's through-the-cycle OPM in this cycle could be over 60%. As this is significantly higher than the historical cycle average of 10% and more than double the profitability of the most recent cycle (OPM of around 25%), we believe it is reasonable to expect a substantial increase in the P/E level tolerated at the cycle peak.

Exhibit 9: Kioxia's investment efficiency is relatively high
Capital intensity (capex-to-sales ratio) trends for the NAND industry and Kioxia



Source: Company data, Goldman Sachs Global Investment Research, SEMI

Exhibit 10: Kioxia generates relatively high margins compared to peers
NAND operating margin trends at memory makers in our global coverage



Source: Company data, Goldman Sachs Global Investment Research

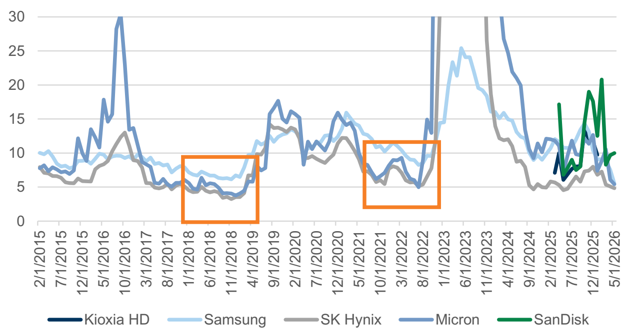
Exhibit 11: Peer group valuation comparison

Updated as of 28-May-2026

	Stock Price (LC)	Market Cap ($mn)	P/E multiple (x)			EV/EBITDA multiple (x)			LTM P/B	P/B multiple (x)			ROE (%)			Dividend Yield	DATV (mn LC)			Stock Performance				
			FY1	FY2	FY3	FY1	FY2	FY3		FY1	FY2	FY3	FY1	FY2	FY3		1Y	3Y	5Y	1W	1M	3M	6M	YTD
Kioxia HD	***61,280***	***209,800***	***6.3***	***5.2***	***4.7***	***3.9***	***2.7***	***1.9***	***4.6***	***5.3***	***2.7***	***1.8***	***138.8***	***69.5***	***45.0***	***1.3%***	*420,937*	*303,243*	*303,243*	*+11%*	*+69%*	*+185%*	*+577%*	*+440%*
Samsung Electronics	299,500	1,323,730	7.1	5.7	5.0	4.2	3.0	2.3	2.4	2.8	2.0	1.5	48.9	40.6	33.8	2.4%	5,470,249	2,666,413	1,989,521	0%	+35%	+47%	+189%	+117%
SK Hynix	2,289,000	1,076,713	7.5	6.2	5.6	5.4	3.9	3.2	3.8	4.9	2.9	2.0	95.1	58.2	42.3	1.7%	4,528,447	1,955,661	1,306,094	+18%	+76%	+125%	+321%	+229%
Micron	924	1,060,201	14.8	9.3	12.2	10.7	6.5	8.0	5.2	8.6	4.6	3.3	80.8	63.5	31.5	0.1%	10,343	4,714	3,343	+21%	+83%	+115%	+301%	+196%
SanDisk	1,642	244,604	24.4	8.5	8.3	19.7	6.1	5.2	5.5	13.0	5.2	3.3	73.7	88.9	48.7	0.0%	5,944	4,680	4,680	+6%	+64%	+160%	+663%	+499%
Global median			**7.5**	**6.2**	**5.6**	**5.4**	**3.9**	**3.2**	**4.6**	**5.3**	**2.9**	**2.0**	**80.8**	**63.5**	**42.3**	**1.3%**				**11%**	**69%**	**125%**	**321%**	**229%**
Global average			**12.0**	**7.0**	**7.2**	**8.8**	**4.4**	**4.1**	**4.3**	**6.9**	**3.5**	**2.4**	**87.5**	**64.2**	**40.2**	**1.1%**				**11%**	**65%**	**126%**	**410%**	**296%**

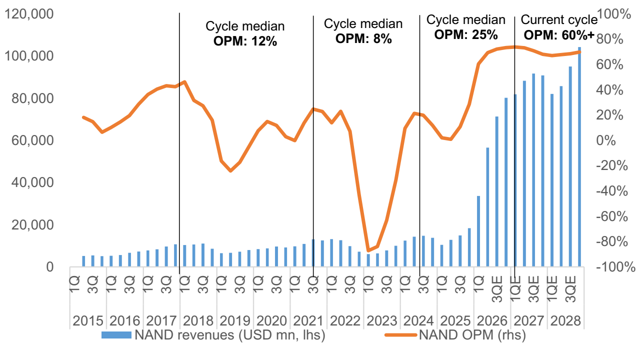
Source: Bloomberg, LSEG Data & Analytics, Goldman Sachs Global Investment Research

Exhibit 12: In previous NAND cycle peaks, such as those in 2018 and 2022, P/E multiples typically settled in the mid-single-digit range
Global peers' P/E trends



Source: LSEG Data & Analytics

Exhibit 13: We believe that the average profitability for the current cycle is at a level entirely different from the past and is sustainable
OPM trends for key NAND makers (weighted average of Samsung, SK Hynix,Kioxia, SanDisk)



Source: Company data, Goldman Sachs Global Investment Research

What are the catalysts?

We see the following three points as major catalysts for future share price gains.

(1) IR Day

Kioxia is scheduled to hold its IR Day from 4:00 PM (JST) on June 2. In addition to its outlook for NAND market bit growth (previously +20% annual growth), we expect discussions to focus on its financial strategy, including capex and shareholder returns, and the status of long-term agreement (LTA) negotiations. While opinions seem to be divided in the stock market on the impact of LTAs on the share price and valuation, we believe it could be a positive for the stock if the company can demonstrate high earnings visibility from FY3/28 onward through progress on LTAs.

(2) Confirmation of strong earnings run rate at quarterly results

We expect that a further rise in earnings expectations at quarterly results from 1Q3/27 onward will also be a catalyst for share price gains. We forecast 1Q operating profits of ¥1.38 tn, above guidance of ¥1.298 tn. According to management, price negotiations for about 30% of the bit shipments planned for 1Q have not yet been finalized. Given the current tightness in supply/demand, the average selling price could rise above the guidance.

(3) Continued NAND price increases

We also believe that confirmation of continued NAND price increases through the earnings of competitors and major customers such as Apple and Dell will be positive for the stock. We assume that the average selling price will continue to rise through Apr-Jun quarter of CY27.

Exhibit 14: Kioxia Holdings: Earnings summary

Kioxia HD (285A)													
(JPY mn)		GSE	GSE	GSE					GSE	GSE	GSE	GSE	CoE
Consolidated income statement	3/2026	3/2027	3/2028	3/2029	3/2026 1Q	3/2026 2Q	3/2026 3Q	3/2026 4Q	3/2027 1Q	3/2027 2Q	3/2027 3Q	3/2027 4Q	3/2027 1Q
Sales	2,337,628	9,733,400	11,810,000	13,002,400	342,799	448,346	543,631	1,002,852	1,832,300	2,376,800	2,736,300	2,788,100	1,750,000
Non-GAAP operating profits	876,170	7,677,300	9,299,100	10,092,900	45,214	87,163	144,654	599,139	1,383,600	1,861,900	2,189,500	2,242,300	1,300,000
IFRS operating profits	870,369	7,677,300	9,299,100	10,092,900	44,899	85,921	142,754	596,795	1,383,600	1,861,900	2,189,500	2,242,300	1,298,000
Pre-tax profits	784,095	7,644,400	9,273,800	10,076,800	27,294	56,716	121,740	578,345	1,375,400	1,853,700	2,181,300	2,234,000	
Non-GAAP net profits	559,638	5,351,100	6,491,700	7,053,800	18,507	40,436	89,519	411,176	962,800	1,297,600	1,526,900	1,563,800	870,000
IFRS net profits	554,496	5,351,100	6,491,700	7,053,800	18,284	40,662	87,810	407,740	962,800	1,297,600	1,526,900	1,563,800	869,000
Non-GAAP EBITDA	1,187,924	8,025,000	9,703,000	10,596,600	124,886	165,763	221,982	675,293	1,470,500	1,948,800	2,276,400	2,329,300	
IFRS EBITDA	1,183,195	8,025,000	9,703,000	10,596,600	124,886	164,773	220,334	673,202	1,470,500	1,948,800	2,276,400	2,329,300	
YoY % change													
Sales	*+37%*	*+316%*	*+21%*	*+10%*	*-20%*	*-7%*	*+21%*	*+189%*	*+435%*	*+430%*	*+403%*	*+178%*	*+404%*
Non-GAAP operating profits	*+93%*	*+776%*	*+21%*	*+9%*	*-64%*	*-48%*	*+18%*	*+1499%*	*+2960%*	*+2036%*	*+1414%*	*+274%*	*+3370%*
Non-GAAP EBITDA	*+55%*	*+576%*	*+21%*	*+9%*	*-39%*	*-32%*	*+11%*	*+489%*	*+1077%*	*+1076%*	*+925%*	*+245%*	
Non-GAAP Net profits	*+110%*	*+856%*	*+21%*	*+9%*	*-74%*	*-62%*	*+17%*	*+433%*	*+5102%*	*+3109%*	*+1606%*	*+280%*	*+1027%*
Margins													
Non-GAAP operating profits	37.5%	78.9%	78.7%	77.6%	13.2%	19.4%	26.6%	59.7%	75.5%	78.3%	80.0%	80.4%	74.3%
IFRS operating profits	37.2%	78.9%	78.7%	77.6%	13.1%	19.2%	26.3%	59.5%	75.5%	78.3%	80.0%	80.4%	74.2%
Non-GAAP EBITDA	50.8%	82.4%	82.2%	81.5%	36.4%	37.0%	40.8%	67.3%	80.3%	82.0%	83.2%	83.5%	
IFRS EBITDA	50.6%	82.4%	82.2%	81.5%	36.4%	36.8%	40.5%	67.1%	80.3%	82.0%	83.2%	83.5%	
Pre-tax profits	33.5%	78.5%	78.5%	77.5%	8.0%	12.7%	22.4%	57.7%	75.1%	78.0%	79.7%	80.1%	
Non-GAAP net profits	23.9%	55.0%	55.0%	54.2%	5.4%	9.0%	16.5%	41.0%	52.5%	54.6%	55.8%	56.1%	49.7%
IFRS net profits	23.7%	55.0%	55.0%	54.2%	5.3%	9.1%	16.2%	40.7%	52.5%	54.6%	55.8%	56.1%	49.7%
R&D	141,100	152,000	164,000	176,000	34,479	35,731	34,277	36,613	37,000	38,000	38,000	39,000	
(As a % of revenues)	6.0%	1.6%	1.4%	1.4%	10.1%	8.0%	6.3%	3.7%	2.0%	1.6%	1.4%	1.4%	
D&A	312,826	347,700	403,900	503,700	79,987	78,852	77,580	76,407	86,900	86,900	86,900	87,000	
(As a % of revenues)	13.4%	3.6%	3.4%	3.9%	23.3%	17.6%	14.3%	7.6%	4.7%	3.7%	3.2%	3.1%	
Gross capex	283,700	450,000	520,000	600,000	53,577	91,473	70,933	67,717	90,000	100,000	120,000	140,000	
(As a % of revenues)	12.1%	4.6%	4.4%	4.6%	15.6%	20.4%	13.0%	6.8%	4.9%	4.2%	4.4%	5.0%	
Net capex	221,000	442,500	520,000	600,000	34,107	72,768	61,327	52,798	82,500	100,000	120,000	140,000	
(As a % of revenues)	9.5%	4.5%	4.4%	4.6%	9.9%	16.2%	11.3%	5.3%	4.5%	4.2%	4.4%	5.0%	
EPS(JPY)	1,024.1	9,799.0	11,887.7	12,917.0	33.9	75.3	162.4	752.4	1,763.1	2,376.2	2,796.1	2,863.7	
DPS(JPY)	0.0	800.0	800.0	800.0									
BPS(JPY)	2,561.7	11,560.7	22,648.4	34,765.4									
Sales by product													
SSD & storage	1,362,638	6,350,370	8,165,164	9,258,257	217,411	244,559	300,375	600,293	1,159,612	1,524,840	1,761,191	1,904,728	
Smart device	759,978	3,154,635	3,416,527	3,515,849	79,040	157,300	186,291	337,347	615,464	794,857	918,060	826,254	
Others	215,012	228,417	228,305	228,305	46,348	46,487	56,965	65,212	57,188	57,076	57,076	57,076	
Total	**2,337,628**	**9,733,400**	**11,810,000**	**13,002,400**	**342,799**	**448,346**	**543,631**	**1,002,852**	**1,832,300**	**2,376,800**	**2,736,300**	**2,788,100**	**1,750,000**
Sales related data													
USD/JPY					145	147	153	155	158	155	155	155	159
Shipment volume (Capacity basis, QoQ)					Flat	+High-30%	+MSD%	▲10%	+5%	+11%	+5%	-1%	
ASP (USD, QoQ)					+HSD%	▲LSD%	+Low-teens%	+2x+	+76%	+20%	+10%	+3%	

Source: Company data, Goldman Sachs Global Investment Research

Key risks to our view

(1) A slowdown in AI investment centered on hyperscalers

The current tightness in NAND supply/demand is being driven by expanding demand for AI applications. If investment in AI servers, particularly by hyperscalers, were to slow, the NAND supply/demand balance would likely ease, which would increase downward pressure on prices and could pose a downside risk to our earnings estimates. Exhibit 15 summarizes Kioxia's EPS sensitivity to various price assumptions.

Exhibit 15: EPS sensitivity to price assumptions

	CY27 ASP assumptions			
(JPY mn)	-50%	-30%	0%	+27% (base)
FY3/27-28E avg. revenue	6,136,700	7,194,000	8,779,850	10,771,700
FY3/27-28E avg. Non-GAAP OP	3,853,100	4,910,350	6,496,200	8,488,200
FY3/27-28E avg. Non-GAAP OPM	62.8%	68.3%	74.0%	78.8%
FY3/27-28E avg. Non-GAAP EPS (JPY)	4,901.70	6,257.07	8,289.90	10,843.34
Current price (JPY)	65,850	65,850	65,850	65,850
P/E based on current price (x)	13.4	10.5	7.9	6.1

Priced as of May 28th, 2026.

Source: Goldman Sachs Global Investment Research, LSEG Data & Analytics

(2) Rise of NAND players in China

In the NAND industry, China's YMTC (Yangtze Memory Technologies Corp) has recently been increasing its presence, and its market share has grown substantially from 4% in CY24 to 11% in CY25. Based on our discussions with SPE manufacturers, it appears that YMTC is planning to continue investing in facilities to expand production capacity. Therefore, we think it could pose a certain threat in terms of future global NAND supply/demand and market share.

(3) Decline in profit margins due to cost increases or fluctuations in capacity utilization

Although procurement costs for components such as DRAM are on an upward trend, profit margins are also expanding due to the substantial increase in product prices. However, if procurement costs were to rise further or if equipment utilization rates were to decline, it could put pressure on profit margins and prevent the earnings growth we anticipate.

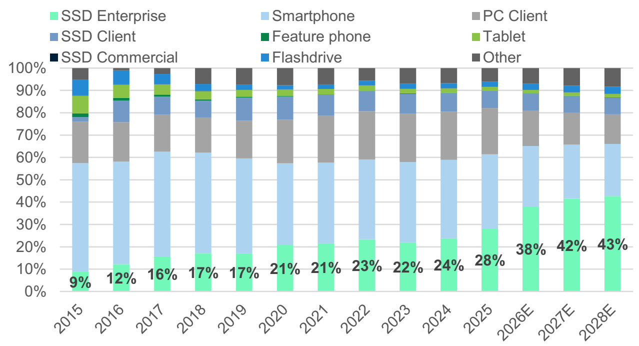
(4) A sharp appreciation of the yen against the US dollar

The majority of Kioxia's main products, NAND and SSDs, are traded in US dollars. At the 4Q3/26 results briefing, the company explained that the sensitivity of operating profits to a ¥1 change against the US dollar is c.¥9 bn on a quarterly basis. This translates to about 0.5% of our FY3/27 operating profit estimate on an annualized basis, so the company is not highly sensitive to exchange rates. However, a sharp appreciation of the yen could pose a risk to our estimates. Our forecast assumes a future exchange rate of ¥155/US$.

(5) Slowdown in NAND demand for non-AI applications

Currently, demand for data centers, particularly for AI, is driving the NAND market (Exhibit 16), which is the main reason for the continued tightness in supply/demand. However, if consumer NAND demand were to weaken more than we assume from a price elasticity perspective as prices rise substantially, the supply/demand balance could ease, and put downward pressure on prices.

Exhibit 16: Data center demand is driving the NAND market
NAND demand breakdown by application



Source: Gartner, IDC, Goldman Sachs Global Investment Research

Disclosure Appendix

Reg AC

We, Shuhei Nakamura and Kaho Otake, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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Contributing Authors: Shuhei Nakamura Goldman Sachs Japan Co., Ltd., Kaho Otake Goldman Sachs Japan Co., Ltd..

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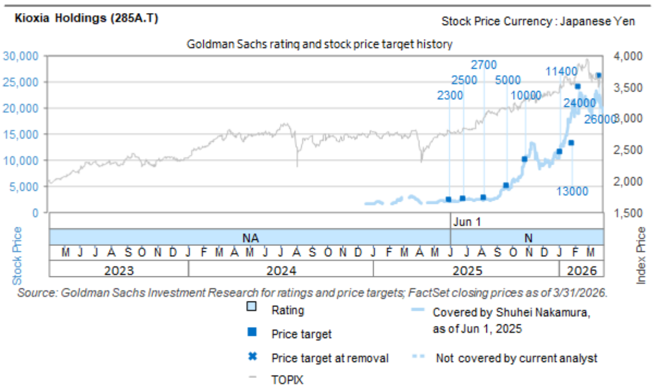
Price target and rating history chart(s)



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Target price history table(s)

Kioxia Holdings (285A.T)

Date of report	Target price (¥)	Closing price (¥)
15-May-26	48,000	44,450
28-Apr-26	36,000	36,320
25-Mar-26	26,000	22,445
12-Feb-26	24,000	21,175
30-Jan-26	13,000	21,360
06-Jan-26	11,400	11,600
29-Oct-25	10,000	10,080
23-Sep-25	5,000	4,820
08-Aug-25	2,700	2,364
30-Jun-25	2,500	2,503
01-Jun-25	2,300	2,099

Price targets shown in table(s) are unadjusted for corporate actions.

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