UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended May 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-38102

SMART GLOBAL HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Cayman Islands	98-1013909
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
c/o Walkers Corporate Limited	
190 Elgin Avenue	
George Town, Grand Cayman	
Cayman Islands	KY1-9008
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (510) 623-1231

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary shares, $0.03 par value per share	SGH	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
☒	☐	☐	☐	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 1, 2024, the registrant had 52,914,787 ordinary shares outstanding.

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q ("Quarterly Report") contains "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 that are not historical in nature, that are predictive or that depend upon or refer to future events or conditions. These statements include, but are not limited to, statements regarding our future financial or operating performance, the extent and timing of future revenues and expenses and customer demand; statements regarding the deployment of our products and services; statements regarding our reliance on third parties; and statements using words such as "anticipate," "believe," "could," "estimate," "expect," "forecast," "intend," "plan," "potential," "should" and similar words and the negatives thereof. These forward-looking statements are based on our 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 our control, including but not limited to, global business and economic conditions and growth trends in technology industries, our customer markets and various geographic regions; uncertainties in the geopolitical environment; the ability to manage our cost structure; disruptions in our operations or supply chain; changes in trade regulations or adverse developments in international trade relations and agreements; changes in currency exchange rates; overall information technology spending; appropriations for government spending; the success of our strategic initiatives including additional investments in new products and additional capacity; acquisitions of companies or technologies and the failure to successfully integrate and operate them or customers' negative reactions to them; incurring unanticipated costs related to the sale of our SMART Brazil business; issues, delays or complications in integrating the operations of Stratus Technologies; 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; our dependence on a select number of customers and the 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 LED market; changes to applicable tax regimes or rates; prices for the end products of our customers; strikes or labor disputes; deterioration in or loss of relations with any of our limited number of key vendors; the inability to maintain or expand government business; and the continuing availability of borrowings under term loans and revolving lines of credit and our 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 our Annual Report on Form 10-K for the fiscal year ended August 25, 2023, this Quarterly Report and the risks discussed in our other Securities and Exchange Commission ("SEC") filings. The risks, uncertainties and factors outlined above, and in such SEC 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.

The forward-looking statements included in this Quarterly Report are made only as of the date of this Quarterly Report. We do not intend, and have 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 Quarterly Report, except as required by law.

About This Quarterly Report

As used herein, "SGH," "Company," "Registrant," "we," "our," "us" or similar terms refer to SMART Global Holdings, Inc. and its consolidated subsidiaries, unless the context indicates otherwise. Our fiscal year is the 52- or 53-week period ending on the last Friday in August. Fiscal years 2024 and 2023 contain 53 weeks and 52 weeks, respectively. All period references are to our fiscal periods unless otherwise indicated.

SGH, SMART Global Holdings, SMART Modular Technologies, SMART, Intelligent Platform Solutions, Penguin Computing, Penguin Edge, Penguin Solutions, the Penguin Computing logo, CreeLED, J Series, XLamp, Stratus, Stratus Technologies, the Stratus Logo and our other trademarks or service marks appearing in this Quarterly Report are our trademarks or registered trademarks. Trade names, trademarks and service marks of other companies appearing in this Quarterly Report are the property of their respective holders.

PART I. Financial Information

Item 1. Financial Statements

INDEX TO FINANCIAL STATEMENTS

SMART Global Holdings, Inc.
Consolidated Balance Sheets

(In thousands, except par value amount)
(Unaudited)

As of	May 31, 2024	August 25, 2023
Assets		
Cash and cash equivalents	$ 453,791	$ 365,563
Short-term investments	13,746	25,251
Accounts receivable, net	211,842	219,247
Inventories	177,299	174,977
Other current assets	85,649	51,790
Current assets of discontinued operations	—	70,574
Total current assets	942,327	907,402
Property and equipment, net	107,646	118,734
Operating lease right-of-use assets	61,729	68,444
Intangible assets, net	131,380	160,185
Goodwill	161,958	161,958
Deferred tax assets	77,903	74,085
Other noncurrent assets	63,190	15,150
Total assets	$ 1,546,133	$ 1,505,958
Liabilities and Equity		
Accounts payable and accrued expenses	$ 230,646	$ 182,035
Current debt	—	35,618
Deferred revenue	88,719	48,096
Acquisition-related contingent consideration	—	50,000
Other current liabilities	31,777	32,731
Current liabilities of discontinued operations	—	77,770
Total current liabilities	351,142	426,250
Long-term debt	667,042	754,820
Noncurrent operating lease liabilities	62,054	66,407
Other noncurrent liabilities	35,374	29,248
Total liabilities	1,115,612	1,276,725
Commitments and contingencies		
SMART Global Holdings shareholders' equity:		
Ordinary shares, $ 0.03 par value; authorized 200,000 shares; 59,676 shares issued and 52,865 outstanding as of May 31, 2024; 57,542 shares issued and 51,901 outstanding as of August 25, 2023	1,790	1,726
Additional paid-in capital	517,548	476,703
Retained earnings	54,532	82,457
Treasury shares, 6,811 and 5,641 shares held as of May 31, 2024 and August 25, 2023, respectively	(150,438)	(132,447)
Accumulated other comprehensive income (loss)	17	(205,964)
Total SGH shareholders' equity	423,449	222,475
Noncontrolling interest in subsidiary	7,072	6,758
Total equity	430,521	229,233
Total liabilities and equity	$ 1,546,133	$ 1,505,958

The accompanying notes are an integral part of these consolidated financial statements.

SMART Global Holdings, Inc.
Consolidated Statements of Operations

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	May 31, 2024	May 26, 2023	May 31, 2024	May 26, 2023
Net sales:				
Products	$ 233,105	$ 286,753	$ 674,992	$ 936,313
Services	67,475	57,665	184,656	188,279
Total net sales	300,580	344,418	859,648	1,124,592
Cost of sales:				
Products	182,517	219,226	525,819	726,227
Services	29,157	24,712	80,139	74,779
Total cost of sales	211,674	243,938	605,958	801,006
Gross profit	88,906	100,480	253,690	323,586
Operating expenses:				
Research and development	19,681	20,338	61,596	69,682
Selling, general and administrative	57,249	67,914	175,851	195,696
Impairment of goodwill	—	—	—	17,558
Change in fair value of contingent consideration	—	14,800	—	24,900
Other operating (income) expense	465	(186)	6,739	5,366
Total operating expenses	77,395	102,866	244,186	313,202
Operating income (loss)	11,511	(2,386)	9,504	10,384
Non-operating (income) expense:				
Interest expense, net	6,167	9,314	22,975	27,238
Other non-operating (income) expense	441	354	113	12,299
Total non-operating (income) expense	6,608	9,668	23,088	39,537
Income (loss) before taxes	4,903	(12,054)	(13,584)	(29,153)
Income tax provision (benefit)	(1,323)	7,216	4,409	26,687
Net income (loss) from continuing operations	6,226	(19,270)	(17,993)	(55,840)
Net income (loss) from discontinued operations	—	(4,807)	(8,148)	10,301
Net income (loss)	6,226	(24,077)	(26,141)	(45,539)
Net income attributable to noncontrolling interest	610	378	1,784	1,143
Net income (loss) attributable to SGH	$ 5,616	$ (24,455)	$ (27,925)	$ (46,682)
Basic earnings (loss) per share:				
Continuing operations	$ 0.11	$ (0.40)	$ (0.38)	$ (1.16)
Discontinued operations	—	(0.10)	(0.15)	0.21
	$ 0.11	$ (0.50)	$ (0.53)	$ (0.95)
Diluted earnings (loss) per share:				
Continuing operations	$ 0.10	$ (0.40)	$ (0.38)	$ (1.16)
Discontinued operations	—	(0.10)	(0.15)	0.21
	$ 0.10	$ (0.50)	$ (0.53)	$ (0.95)
Shares used in per share calculations:				
Basic	52,570	49,380	52,219	49,152
Diluted	54,283	49,380	52,219	49,152

The accompanying notes are an integral part of these consolidated financial statements.

SMART Global Holdings, Inc.
Consolidated Statements of Comprehensive Income (Loss)

(In thousands)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	May 31, 2024	May 26, 2023	May 31, 2024	May 26, 2023
Net income (loss)	$ 6,226	$ (24,077)	$ (26,141)	$ (45,539)
Other comprehensive income (loss), net of tax:				
Cumulative translation adjustment	—	3,165	(6,352)	7,278
Cumulative translation adjustment reclassified to net income (loss)	(76)	—	212,321	—
Gains (losses) on derivative instruments	—	4	—	—
Gains (losses) on investments	(13)	3	12	(8)
Comprehensive income (loss)	6,137	(20,905)	179,840	(38,269)
Comprehensive income attributable to noncontrolling interest	610	378	1,784	1,143
Comprehensive income (loss) attributable to SGH	$ 5,527	$ (21,283)	$ 178,056	$ (39,412)

The accompanying notes are an integral part of these consolidated financial statements.

SMART Global Holdings, Inc.
Consolidated Statements of Shareholders’ Equity

(In thousands)

(Unaudited)

	Shares Issued	Amount	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Total SGH Shareholders’ Equity	Non-controlling Interest in Subsidiary	Total Equity
As of August 25, 2023	57,542	$ 1,726	$ 476,703	$ 82,457	$ (132,447)	$ (205,964)	$ 222,475	$ 6,758	$ 229,233
Net income (loss)	—	—	—	(19,921)	—	—	(19,921)	561	(19,360)
Other comprehensive income (loss)	—	—	—	—	—	206,267	206,267	—	206,267
Shares issued under equity plans	905	27	3,428	—	—	—	3,455	—	3,455
Repurchase of ordinary shares	—	—	—	—	(13,130)	—	(13,130)	—	(13,130)
Share-based compensation expense	—	—	11,014	—	—	—	11,014	—	11,014
Distribution to noncontrolling interest	—	—	—	—	—	—	—	(1,470)	(1,470)
As of December 1, 2023	58,447	1,753	491,145	62,536	(145,577)	303	410,160	5,849	416,009
Net income (loss)	—	—	—	(13,620)	—	—	(13,620)	613	(13,007)
Other comprehensive income (loss)	—	—	—	—	—	(197)	(197)	—	(197)
Shares issued under equity plans	525	16	776	—	—	—	792	—	792
Repurchase of ordinary shares	—	—	—	—	(2,732)	—	(2,732)	—	(2,732)
Share-based compensation expense	—	—	10,639	—	—	—	10,639	—	10,639
As of March 1, 2024	58,972	1,769	502,560	48,916	(148,309)	106	405,042	6,462	411,504
Net income	—	—	—	5,616	—	—	5,616	610	6,226
Other comprehensive income (loss)	—	—	—	—	—	(89)	(89)	—	(89)
Shares issued under equity plans	704	21	3,796	—	—	—	3,817	—	3,817
Repurchase of ordinary shares	—	—	—	—	(2,129)	—	(2,129)	—	(2,129)
Share-based compensation expense	—	—	11,192	—	—	—	11,192	—	11,192
As of May 31, 2024	59,676	$ 1,790	$ 517,548	$ 54,532	$ (150,438)	$ 17	$ 423,449	$ 7,072	$ 430,521

The accompanying notes are an integral part of these consolidated financial statements.

SMART Global Holdings, Inc.
Consolidated Statements of Shareholders' Equity

(In thousands)

(Unaudited)

	Shares Issued	Amount	Additional Paid-in Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Total SGH Shareholders' Equity	Non-controlling Interest in Subsidiary	Total Equity
As of August 26, 2022	52,880	$ 1,586	$ 448,112	$ 251,344	$ (107,776)	$ (221,655)	$ 371,611	$ 6,935	$ 378,546
Net income	—	—	—	4,992	—	—	4,992	332	5,324
Other comprehensive income (loss)	—	—	—	—	—	(1,995)	(1,995)	—	(1,995)
Shares issued under equity plans	1,060	32	3,910	—	—	—	3,942	—	3,942
Repurchase of ordinary shares	—	—	—	—	(4,659)	—	(4,659)	—	(4,659)
Share-based compensation expense	—	—	10,412	—	—	—	10,412	—	10,412
Adoption of ASU 2020-06	—	—	(50,822)	18,639	—	—	(32,183)	—	(32,183)
As of November 25, 2022	53,940	1,618	411,612	274,975	(112,435)	(223,650)	352,120	7,267	359,387
Net income (loss)	—	—	—	(27,219)	—	—	(27,219)	433	(26,786)
Other comprehensive income (loss)	—	—	—	—	—	6,093	6,093	—	6,093
Shares issued under equity plans	443	13	295	—	—	—	308	—	308
Repurchase of ordinary shares	—	—	—	—	(11,564)	—	(11,564)	—	(11,564)
Purchase of Capped Calls	—	—	(15,090)	—	—	—	(15,090)	—	(15,090)
Settlement of Capped Calls	—	—	10,786	—	—	—	10,786	—	10,786
Share-based compensation expense	—	—	10,395	—	—	—	10,395	—	10,395
Distribution to noncontrolling interest	—	—	—	—	—	—	—	(2,009)	(2,009)
As of February 24, 2023	54,383	1,631	417,998	247,756	(123,999)	(217,557)	325,829	5,691	331,520
Net income (loss)	—	—	—	(24,455)	—	—	(24,455)	378	(24,077)
Other comprehensive income (loss)	—	—	—	—	—	3,172	3,172	—	3,172
Shares issued under equity plans	776	24	4,156	—	—	—	4,180	—	4,180
Repurchase of ordinary shares	—	—	—	—	(660)	—	(660)	—	(660)
Share-based compensation expense	—	—	10,031	—	—	—	10,031	—	10,031
As of May 26, 2023	55,159	$ 1,655	$ 432,185	$ 223,301	$ (124,659)	$ (214,385)	$ 318,097	$ 6,069	$ 324,166

The accompanying notes are an integral part of these consolidated financial statements.

SMART Global Holdings, Inc.
Consolidated Statements of Cash Flows

(In thousands)

(Unaudited)

Nine Months Ended	May 31, 2024	May 26, 2023
Cash flows from operating activities		
Net income (loss)	$ (26,141)	$ (45,539)
Net income (loss) from discontinued operations	(8,148)	10,301
Net loss from continuing operations	(17,993)	(55,840)
Adjustments to reconcile net loss from continuing operations to net cash provided by (used for) operating activities:		
Depreciation expense and amortization of intangible assets	50,335	52,802
Amortization of debt discount and issuance costs	2,827	3,054
Share-based compensation expense	32,801	29,654
Impairment of goodwill	—	17,558
Change in fair value of contingent consideration	—	24,900
(Gain) loss on extinguishment or prepayment of debt	1,117	15,924
Deferred income taxes, net	(3,646)	1,625
Other	(2,772)	3,307
Changes in operating assets and liabilities:		
Accounts receivable	7,406	159,508
Inventories	(2,321)	66,653
Other assets	(5,703)	7,057
Accounts payable and accrued expenses and other liabilities	84,626	(226,357)
Payment of acquisition-related contingent consideration	(29,000)	(73,724)
Net cash provided by operating activities from continuing operations	117,677	26,121
Net cash provided by (used for) operating activities from discontinued operations	(28,336)	41,467
Net cash provided by operating activities	89,341	67,588
Cash flows from investing activities		
Capital expenditures and deposits on equipment	(13,629)	(31,674)
Proceeds from maturities of investment securities	31,870	—
Purchases of held-to-maturity investment securities	(20,503)	—
Acquisition of business, net of cash acquired	—	(213,073)
Other	(1,264)	670
Net cash used for investing activities from continuing operations	(3,526)	(244,077)
Net cash provided by (used for) investing activities from discontinued operations	119,389	(5,745)
Net cash provided by (used for) investing activities	115,863	(249,822)
Cash flows from financing activities		
Repayments of debt	(126,634)	(14,422)
Payment of acquisition-related contingent consideration	(21,000)	(28,100)
Payments to acquire ordinary shares	(17,991)	(16,883)
Distribution to noncontrolling interest	(1,470)	(2,009)
Proceeds from issuance of ordinary shares	8,064	8,430
Proceeds from debt	—	295,287
Payment of premium in connection with convertible note exchange	—	(14,141)
Net cash paid for settlement and purchase of Capped Calls	—	(4,304)
Other	(584)	(5,765)
Net cash provided by (used for) financing activities from continuing operations	(159,615)	218,093
Net cash used for financing activities from discontinued operations	(606)	(379)
Net cash provided by (used for) financing activities	(160,221)	217,714
Effect of changes in currency exchange rates	(1,256)	2,730

Net increase in cash and cash equivalents	43,727	38,210
Cash and cash equivalents at beginning of period	410,064	363,065
Cash and cash equivalents at end of period	$ 453,791	$ 401,275
Cash and cash equivalents at end of period:		
Continuing operations	$ 453,791	$ 346,881
Discontinued operations	—	54,394
	$ 453,791	$ 401,275

The accompanying notes are an integral part of these consolidated financial statements.

Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements include the accounts of SMART Global Holdings, Inc. and its consolidated subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") consistent in all material respects with those applied in our Annual Report on Form 10-K for the fiscal year ended August 25, 2023 and the applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial information. Certain information and disclosures normally included in consolidated financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. In the opinion of our management, the accompanying unaudited consolidated financial statements contain all necessary adjustments, consisting of a normal recurring nature, to fairly state the financial information set forth herein. These consolidated interim financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the fiscal year ended August 25, 2023.

Presentation of SMART Brazil as Discontinued Operations**:** On June 13, 2023, we entered into an agreement to divest of an 81 % interest in SMART Modular Technologies do Brasil – Indústria e Comercio de Componentes Ltda. ("SMART Brazil"). We concluded that, as of August 25, 2023, (i) the net assets of SMART Brazil met the criteria for classification as held for sale and (ii) the proposed sale represented a strategic shift that was expected to have a major effect on our operations and financial results. On November 29, 2023, we completed the divestiture. The balance sheets, results of operations and cash flows of SMART Brazil have been presented as discontinued operations for all periods presented. SMART Brazil was previously included within our Memory Solutions segment. See "Divestiture of SMART Brazil."

Unless otherwise noted, amounts and discussion within these notes to the consolidated financial statements relate to our continuing operations. Prior period comparative information has been conformed to current period presentation for continuing operations.

Reclassifications**:** Certain reclassifications have been made to prior period amounts to conform to current period presentation.

Fiscal Year**:** Our fiscal year is the 52- or 53-week period ending on the last Friday in August. Fiscal years 2024 and 2023 contain 53 weeks and 52 weeks, respectively. All period references are to our fiscal periods unless otherwise indicated.

Financial information for our subsidiaries in Brazil was included in our consolidated financial statements on a one-month lag because their fiscal years ended on July 31 of each year. In connection with the completion of the divestiture of an 81 % interest in SMART Brazil, we ceased consolidating the operations of SMART Brazil in our financial statements as of the November 29, 2023 disposal date. As a result, financial information for the first quarter of 2024 includes the four-month period for our SMART Brazil operations from August 1, 2023 to November 29, 2023.

Divestiture of SMART Brazil

Overview of Transaction

On November 29, 2023, we completed the previously announced divestiture of SMART Brazil pursuant to the terms of that certain Stock Purchase Agreement (the "Brazil Purchase Agreement"), by and among SMART Modular Technologies (LX) S.à r.l., a société à responsabilité limitée governed by the laws of Grand Duchy of Luxembourg and a wholly owned subsidiary of SGH (the "Brazil Seller"), Lexar Europe B.V., a company organized under the laws of The Netherlands (the "Brazil Purchaser"), Shenzhen Longsys Electronics Co., Ltd., a company limited by shares governed by the laws of the People's Republic of China ("Longsys"), solely with respect to certain provisions therein, Shanghai Intelligent Memory Semiconductor Co., Ltd., a limited liability company governed by the laws of the People's Republic of China and, solely with respect to certain provisions therein, SGH.

Pursuant to the Brazil Purchase Agreement, Brazil Seller sold to Brazil Purchaser, and Brazil Purchaser purchased from Brazil Seller, 81 % of Brazil Seller's right, title and interest in and to the outstanding quotas of SMART Brazil, with Brazil Seller retaining a 19 % interest in SMART Brazil (the "Retained Interest") (the "Brazil Divestiture").

At the closing of the Brazil Divestiture, Brazil Purchaser paid to Brazil Seller (based on a total enterprise value of $ 205 million for SMART Brazil) an upfront cash purchase price, subject to certain customary adjustments as set forth in the Brazil Purchase Agreement. In addition, pursuant to the Brazil Purchase Agreement, Brazil Seller has a right to receive, and Brazil Purchaser is obligated to pay, (i) a deferred payment due eighteen months following the closing and (ii) subject to and at the time of exercise of the Put/Call Option (as defined below), an additional deferred cash adjustment equal to 19 % of the amount of SMART Brazil's net cash as of the closing (as calculated pursuant to the Brazil Purchase Agreement).

Put/Call Option**:** Pursuant to the Brazil Purchase Agreement, at the closing, SMART Brazil, Brazil Seller, Brazil Purchaser and Longsys entered into a Quotaholders Agreement, which provides Brazil Seller with a put option to sell the Retained Interest in SMART Brazil to Brazil Purchaser (the "Put Option") during three exercise windows following SMART Brazil's fiscal years ending December 31, 2026, December 31, 2027 or December 31, 2028 (the "Exercise Windows"), with such Exercise Windows beginning on June 15, 2027 and ending on July 15, 2027, beginning on June 15, 2028 and ending on July 15, 2028 and beginning on June 15, 2029 and ending on July 15, 2029, respectively. A call option has also been granted to Brazil Purchaser to require Brazil Seller to sell the Retained Interest to Brazil Purchaser during the Exercise Windows (together with the Put Option, the "Put/Call Option"). The price for the Put/Call Option is based on a 100 % enterprise value of 7.5 x net income for SMART Brazil for the preceding fiscal year at the time of exercise.

Consideration**:** The following is a summary of total consideration in exchange for the sale of an 81 % interest in SMART Brazil:

Cash received at closing (1)	$	164,487
Post-closing adjustment for net cash and net working capital (2)		451
Deferred payment (3)		25,433
Deferred cash adjustment (4)		3,721
Total consideration	$	194,092

(1) Includes $ 26.8 million of cash received at closing for an estimated amount of net cash and an estimated net working capital amount (in excess of a minimum target amount) as of the closing.

(2) Represents the post-closing adjustment for net cash and net working capital, which was received in the third quarter of 2024 upon completion of the review of the final net cash and final working capital amounts.

(3) Represents the fair value of the deferred payment, comprised of a notional amount of $ 28.4 million, discounted at 7.5 % and due May 2025. The deferred payment was included in other current assets in the accompanying consolidated balance sheet as of May 31, 2024 and in other noncurrent assets as of August 25, 2023.

(4) Represents the fair value of the deferred cash adjustment, comprised of a notional amount of $ 4.8 million, discounted at 7.5 %, equal to 19 % of the amount of SMART Brazil's net cash as of the closing (as calculated pursuant to the Brazil Purchase Agreement). The deferred cash adjustment, which is accounted for as a derivative financial instrument, is due at the time of exercise of the Put/Call Option and was included in other noncurrent assets in the accompanying consolidated balance sheet.

Presentation of SMART Brazil Operations

As of August 25, 2023, we concluded that the net assets of SMART Brazil met the criteria for classification as held for sale. In addition, the divestiture of SMART Brazil is expected to have a major effect on our operations and financial results. As a result, we have presented the results of operations, cash flows and financial position of SMART Brazil as discontinued operations in the accompanying consolidated financial statements and notes for all periods presented.

A disposal group classified as held for sale is measured at the lower of its carrying amount or fair value less costs to sell. Accordingly, we evaluated the carrying value of the net assets of SMART Brazil (including $ 206.3 million recognized within shareholders' equity related to the cumulative translation adjustment from SMART Brazil), estimated costs to sell and expected proceeds and concluded the net assets were impaired as of August 25, 2023. As a result, we recognized an impairment charge of $ 153.0 million in the fourth quarter of 2023 to write down the carrying value of the net assets of SMART Brazil. In addition, we concluded that the outside basis of SMART Brazil inclusive of any withholding taxes should be recognized upon the classification as held for sale as of August 25, 2023. Accordingly, we recognized withholding taxes on the expected capital gain and deferred tax liabilities of $ 28.6 million in 2023.

Assets and liabilities of SMART Brazil as of the November 29, 2023 disposal date and as of August 25, 2023 were as follows:

As of	November 29, 2023	August 25, 2023
Cash and cash equivalents	$ 40,927	$ 44,501
Accounts receivable, net	16,482	17,055
Inventories	26,103	25,877
Other current assets	17,800	17,732
Total current assets	101,312	105,165
Property and equipment, net	66,870	58,321
Operating lease right-of-use assets	6,912	5,213
Goodwill	19,856	20,668
Other noncurrent assets	27,490	34,243
Total assets	222,440	223,610
Impairment of SMART Brazil assets	(153,036)	(153,036)
Total assets, net of impairment	$ 69,404	$ 70,574
Accounts payable and accrued expenses	$ 20,576	$ 25,867
Current debt	3,872	4,006
Other current liabilities	1,023	1,030
Total current liabilities	25,471	30,903
Long-term debt	11,938	13,689
Noncurrent operating lease liabilities	5,686	4,614
Noncurrent deferred tax liabilities	28,564	28,564
Other noncurrent liabilities	93	$ —
Total liabilities	$ 71,752	$ 77,770
Net assets of discontinued operations	$ (2,348)	$ (7,196)
Reported as:		
Current assets of discontinued operations		$ 70,574
Current liabilities of discontinued operations		77,770
Net assets of discontinued operations		$ (7,196)

The following table presents the results of operations for SMART Brazil:

	Three Months Ended		Nine Months Ended	
	May 26, 2023		May 31, 2024	May 26, 2023
Net sales	$ 38,912		$ 55,159	$ 153,390
Cost of sales	40,749		50,560	149,542
Gross profit	(1,837)		4,599	3,848
Operating expenses:				
Research and development	1,897		157	3,274
Selling, general and administrative	2,682		5,421	8,693
Other operating (income) expense	—		64	643
Total operating expenses	4,579		5,642	12,610
Operating income (loss)	(6,416)		(1,043)	(8,762)
Non-operating (income) expense:				
Loss from divestiture of 81% interest in SMART Brazil	—		10,888	—
Interest (income) expense, net	(1,255)		(1,262)	(3,136)
Other non-operating (income) expense	160		138	884
Total non-operating (income) expense	(1,095)		9,764	(2,252)
Income (loss) before taxes	(5,321)		(10,807)	(6,510)
Income tax provision (benefit)	(514)		(2,659)	(16,811)
Net income (loss) from discontinued operations	$ (4,807)		$ (8,148)	$ 10,301

Loss from Divestiture of SMART Brazil

The following table presents the calculation of the loss from the divestiture of an 81 % interest in SMART Brazil:

Proceeds, less costs to sell and other expenses:	
Consideration	$ 194,092
Costs to sell and other expenses	(4,150)
	189,942
Basis in 81% interest in SMART Brazil:	
Net assets of SMART Brazil	145,194
Cumulative translation adjustment [(1)]	212,397
	357,591
Gain on revalue of 19% Retained Interest in SMART Brazil[(2)]	3,725
Pre-tax loss on divestiture of 81% interest in SMART Brazil	163,924
Income tax provision	26,580
Loss on divestiture of 81% interest in SMART Brazil	$ 190,504

(1) The sale of an 81 % interest in SMART Brazil resulted in the de-consolidation of SMART Brazil and, accordingly, the release of the related cumulative translation adjustment. Included in the basis calculation above is the balance of cumulative translation adjustment for SMART Brazil as of the closing. The release of the cumulative translation adjustment is included in net income (loss) from discontinued operations in the accompanying consolidated statement of operations.

(2) In connection with the transaction, we revalued our 19 % Retained Interest in SMART Brazil based on the implied value for 100 % of SMART Brazil, adjusted for lack of control premium. As of May 31, 2024, the carrying value of our remaining 19 % interest in SMART Brazil was $ 37.8 million and was included in other noncurrent assets in the accompanying consolidated balance sheet as a non-marketable equity investment.

***Recognition Periods*:** The loss from the divestiture of an 81 % interest in SMART Brazil was recognized as follows:

	Three Months Ended		
	December 1, 2023	August 25, 2023	Total
Pre-tax loss on divestiture of 81% interest in SMART Brazil	$ 10,888	$ 153,036	$ 163,924
Income tax provision (benefit)	(1,984)	28,564	26,580
Loss on divestiture of 81% interest in SMART Brazil	$ 8,904	$ 181,600	$ 190,504

Recently Issued Accounting Standards

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures.* The amendments in this ASU are intended to increase transparency through improvements to annual disclosures primarily related to income tax rate reconciliation and income taxes paid. The amendments in this ASU are effective for us in 2026 for annual reporting, with early adoption permitted. The ASU may be applied on a prospective basis, although retrospective application is permitted. We are evaluating the timing and effects of this ASU on our income tax disclosures.

In November 2023, the FASB issued ASU 2023-07 – *Segment Reporting (Topic 280): Improvements to Segment Reporting Disclosures* , which will require an entity to provide more detailed information about its reportable segment expenses that are included within management's measurement of profit and loss and will require certain annual disclosures to be provided on an interim basis. The amendments in this ASU are effective for us in 2025 for annual reporting and in 2026 for interim reporting, with early adoption permitted beginning in 2024, and is required to be applied using the full retrospective method of transition. We are evaluating the timing and effects of adoption of this ASU on our segment disclosures.

Business Acquisition

Stratus Technologies

On August 29, 2022 (the "Stratus Acquisition Date"), we completed the acquisition of Storm Private Holdings I Ltd., a Cayman Islands exempted company ("Stratus Holding Company" and together with its subsidiaries, "Stratus Technologies"), pursuant to the terms of that certain Share Purchase Agreement (the "Stratus Purchase Agreement"), dated as of June 28, 2022, by and among SGH, Stratus Holding Company and Storm Private Investments LP, a Cayman Islands exempted limited partnership (the "Stratus Seller"). Pursuant to the Stratus Purchase Agreement, among other matters, the Stratus Seller sold to SGH, and SGH purchased from the Stratus Seller, all of the Stratus Seller's right, title and interest in and to the outstanding equity securities of Stratus Holding Company.

***Purchase Price*:** At the closing of the transaction, we paid the Stratus Seller a cash purchase price of $ 225.0 million, subject to certain adjustments. In addition, the Stratus Seller had the right to receive, and we were obligated to pay, contingent consideration of up to $ 50.0 million (the "Stratus Earnout") based on the gross profit performance of Stratus Technologies during the first full 12 fiscal months following the closing of the acquisition. In the second quarter of 2024, we paid in full $ 50.0 million related to the Stratus Earnout.

Cash and Investments

As of May 31, 2024 and August 25, 2023, all of our debt securities, the fair values of which approximated their carrying values, were classified as held to maturity. Cash, cash equivalents and short-term investments were as follows:

	As of May 31, 2024		As of August 25, 2023	
	Cash and Cash Equivalents	Short-term Investments	Cash and Cash Equivalents	Short-term Investments
Cash	$ 437,492	$ —	$ 321,937	$ —
Level 1:				
Money market funds	16,299	—	43,626	—
U.S. Treasury securities	—	13,746	—	25,251
	$ 453,791	$ 13,746	$ 365,563	$ 25,251

Non-marketable Equity Investments

As of May 31, 2024 and August 25, 2023, other noncurrent assets included $ 43.0 million and $ 4.2 million, respectively, of non-marketable equity investments, which are accounted for under the measurement alternative at cost less impairment, if any. In the event an observable price change occurs in an orderly transaction for an identical or a similar investment, the carrying value of investments would be remeasured to fair value as of the date that the observable transaction occurred, with any resulting gains or losses recorded in earnings.

Accounts Receivable

In the third quarter of 2023, we entered into a trade accounts receivable sale program with a third-party financial institution to sell certain of our trade accounts receivable on a non-recourse basis pursuant to a factoring arrangement. This program allows us to sell certain of our trade accounts receivables up to $ 60.0 million. As of May 31, 2024, there have been no trade accounts receivable sold under this program.

Inventories

As of		May 31, 2024		August 25, 2023
Raw materials	$	86,080	$	90,085
Work in process		26,032		24,485
Finished goods		65,187		60,407
	$	177,299	$	174,977

As of May 31, 2024 and August 25, 2023, 21 % and 8 %, respectively, of total inventories were owned and held under our logistics services program.

Property and Equipment

As of		May 31, 2024		August 25, 2023
Equipment	$	91,466	$	86,429
Buildings and building improvements		68,318		69,325
Furniture, fixtures and software		44,692		44,121
Land		16,126		16,126
		220,602		216,001
Accumulated depreciation		(112,956)		(97,267)
	$	107,646	$	118,734

Depreciation expense for property and equipment was $ 5.6 million and $ 20.3 million in the third quarter and first nine months of 2024, respectively, and $ 6.8 million and $ 19.2 million in the third quarter and first nine months of 2023, respectively.

Intangible Assets and Goodwill

	As of May 31, 2024		As of August 25, 2023	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Intangible assets:				
Technology	$ 142,557	$ (52,849)	$ 141,201	$ (34,569)
Customer relationships	72,500	(42,703)	72,500	(33,990)
Trademarks/trade names	27,937	(16,062)	28,300	(13,257)
	$ 242,994	$ (111,614)	$ 242,001	$ (81,816)
Goodwill by segment:				
Intelligent Platform Solutions	$ 147,238		$ 147,238	
Memory Solutions	14,720		14,720	
	$ 161,958		$ 161,958	

In the first nine months of 2024 and 2023, we capitalized $ 1.4 million and $ 127.3 million, respectively, for intangible assets with weighted-average useful lives of 18.4 years and 6.1 years, respectively. Amortization expense for intangible assets was $ 9.9 million and $ 30.1 million in the third quarter and first nine months of 2024, respectively, and $ 11.8 million and $ 33.6 million in the third quarter and first nine months of 2023, respectively. Amortization expense is expected to be $ 9.9 million for the remainder of 2024, $ 35.6 million for 2025, $ 30.2 million for 2026, $ 29.6 million for 2027, $ 9.9 million for 2028 and $ 16.2 million for 2029 and thereafter.

In connection with our acquisition of Stratus Technologies in the first quarter of 2023, we capitalized $ 3.9 million of in-process research and development related to next generation fault tolerant architecture. Amortization of this technology commenced in the second quarter of 2024.

During the second quarter of 2023, we initiated a plan within our IPS segment pursuant to which we intend to wind down manufacturing and discontinue the sale of legacy products offered through our Penguin Edge business by approximately the end of 2025. As a result, we recorded aggregate charges of $ 19.1 million in 2023 to impair the carrying value of Penguin Edge goodwill. At each reporting date through the end of the wind-down period, we reassess the estimated remaining cash flows of the Penguin Edge business. We currently anticipate that the remaining goodwill of the Penguin Edge reporting unit of $ 16.1 million as of the end of the third quarter of 2024 may become further impaired in future periods.

Accounts Payable and Accrued Expenses

As of	May 31, 2024	August 25, 2023
Accounts payable (1)	$ 191,799	$ 134,980
Salaries, wages and benefits	22,746	27,665
Income and other taxes	12,744	13,370
Other	3,357	6,020
	$ 230,646	$ 182,035

(1) Included accounts payable for property and equipment of $ 1.2 million and $ 5.2 million as of May 31, 2024 and August 25, 2023, respectively.

Debt

As of	May 31, 2024	August 25, 2023
Amended 2027 TLA	$ 420,720	$ 544,943
2029 Notes	147,297	146,886
2026 Notes	99,025	98,609
	667,042	790,438
Less current debt	—	(35,618)
Long-term debt	$ 667,042	$ 754,820

Credit Facility

On February 7, 2022, SGH and SMART Modular Technologies, Inc. (collectively, the "Borrowers") entered into a credit agreement (the "Original Credit Agreement") with a syndicate of banks and Citizens Bank, N.A., as administrative agent (the "Administrative Agent") that provided for (i) a term loan credit facility in an aggregate principal amount of $ 275.0 million (the "2027 TLA") and (ii) a revolving credit facility in an aggregate principal amount of $ 250.0 million (the "2027 Revolver"), in each case, maturing on February 7, 2027 (subject to certain earlier "springing maturity" dates upon certain conditions specified in the Original Credit Agreement). On August 29, 2022, the Borrowers entered into the First Amendment (the "Incremental Amendment"; the Original Credit Agreement as amended by the Incremental Amendment, the "Amended Credit Agreement") with and among the lenders party thereto and the Administrative Agent. The Incremental Amendment amended the Original Credit Agreement and (i) provides for incremental term loans under the Amended Credit Agreement in an aggregate amount of $ 300.0 million (the "Incremental Term Loans" and together with the 2027 TLA, the "Amended 2027 TLA"), which Incremental Term Loans are on the same terms as the term loans incurred under the Original Credit Agreement, (ii) increases the maximum First Lien Leverage Ratio (as defined in the Amended Credit Agreement) financial covenant from 3.00 :1.00 to 3.25 :1.00 and (iii) increases the aggregate amount of unrestricted cash and permitted investments netted from the definitions of Consolidated First Lien Debt and Consolidated Net Debt under the Amended Credit Agreement from $ 100.0 million to $ 125.0 million.

As of May 31, 2024, there was $ 425.0 million of principal amount outstanding under the Amended 2027 TLA, unamortized issuance costs were $ 4.3 million and the effective interest rate was 8.72 %. As of May 31, 2024, there were no amounts outstanding under the 2027 Revolver and unamortized issuance costs were $ 2.5 million.

Amended 2027 TLA

On February 29, 2024 and March 29, 2024, we prepaid $ 30.0 million and $ 75.0 million outstanding, respectively, under the Amended 2027 TLA and, in connection therewith, wrote off $ 0.3 million and $ 0.8 million, respectively, of unamortized issuance costs.

Convertible Senior Notes

Convertible Senior Notes Exchange

In the second quarter of 2023, we exchanged $ 150.0 million principal amount of 2.25 % Convertible Senior Notes due 2026 (the "2026 Notes") for $ 150.0 million in aggregate principal amount of 2.00 % Convertible Senior Notes due 2029 (the "2029 Notes"), together with an aggregate of $ 15.6 million in cash, with such cash payment representing $ 14.1 million of premium paid for the 2026 Notes in excess of par value and $ 1.5 million of accrued and unpaid interest on the 2026 Notes. The exchange was accounted for as an extinguishment of the 2026 Notes and the issuance of the 2029 Notes. In connection therewith, we recognized an extinguishment loss in the second quarter of 2023, included in other non-operating expense, of $ 16.7 million, consisting of $ 14.1 million of premium paid to extinguish the 2026 Notes and $ 2.5 million for the write-off of unamortized issuance costs.

Convertible Senior Notes Interest

Unamortized debt discount and issuance costs are amortized over the terms of our 2026 Notes and 2029 Notes using the effective interest method. As of May 31, 2024 and August 25, 2023, the effective interest rate for our 2026 Notes was 2.83 %. As of May 31, 2024 and August 25, 2023, the effective interest rate for our 2029 Notes was 2.40 %. Aggregate interest expense for our convertible notes consisted of contractual stated interest and amortization of discount and issuance costs and included the following:

	Three Months Ended		Nine Months Ended	
	May 31, 2024	May 26, 2023	May 31, 2024	May 26, 2023
Contractual stated interest	$ 1,313	$ 1,342	$ 4,025	$ 4,099
Amortization of discount and issuance costs	267	230	828	884
	$ 1,580	$ 1,572	$ 4,853	$ 4,983

As of August 26, 2022, the carrying amount of the equity components of the 2026 Notes, which was included in additional paid-in capital, was $ 50.8 million. As of the beginning of 2023, we adopted ASU 2020-06. In connection therewith, we reclassified $ 32.2 million from additional paid-in-capital to long-term debt and $ 18.6 million from additional paid-in-capital to retained earnings.

Maturities of Debt

As of May 31, 2024, maturities of debt were as follows:

Remainder of 2024	$ —
2025	—
2026	100,000
2027	425,015
2028	—
2029 and thereafter	150,000
Less unamortized discount and issuance costs	(7,973)
	$ 667,042

Leases

We have operating leases through which we utilize facilities, offices and equipment in our manufacturing operations, research and development activities and selling, general and administrative functions. Sublease income was not significant in any period presented. The components of operating lease expense were as follows:

	Three Months Ended		Nine Months Ended	
	May 31, 2024	May 26, 2023	May 31, 2024	May 26, 2023
Fixed lease cost	$ 3,192	$ 3,762	$ 9,878	$ 13,097
Variable lease cost	479	323	1,327	1,006
Short-term lease cost	415	625	1,617	1,682
	$ 4,086	$ 4,710	$ 12,822	$ 15,785

Cash flows used for operating activities in the first nine months of 2024 and 2023 included payments for operating leases of $ 6.7 million and $ 6.1 million, respectively. Acquisitions of right-of-use assets were $ 1.6 million in the first nine months of 2024 and $ 10.6 million in the first nine months of 2023.

As of May 31, 2024 and August 25, 2023, the weighted-average remaining lease term for our operating leases was 10.3 years and 10.5 years, respectively and the weighted-average discount rate was 6.0 %. Certain of our operating leases include one or more options to extend the lease term for periods from two to five years . In determining the present value of our operating lease liabilities, we have assumed we will not extend any lease terms.

As of May 31, 2024, minimum payments of lease liabilities were as follows:

Remainder of 2024	$	3,288
2025		11,418
2026		10,105
2027		7,948
2028		7,920
2029 and thereafter		54,419
		95,098
Less imputed interest		(24,879)
Present value of total lease liabilities	$	70,219

Commitments and Contingencies

Product Warranty and Indemnities

We generally provide a limited warranty that our products are in compliance with applicable specifications existing at the time of delivery. Under our standard terms and conditions of sale, liability for certain failures of product during a stated warranty period is usually limited to repair or replacement of defective items or return of amounts paid for such items. Our warranty obligations are not material.

We are party to a number of agreements in which we have agreed to defend, indemnify and hold harmless our customers and suppliers from damages and costs, which may arise from product defects as well as from any alleged infringement by our products of third-party patents, trademarks or other proprietary rights. We believe our internal development processes and other policies and practices limit our exposure related to such indemnities. Maximum potential future payments cannot be estimated because many of these agreements do not have a maximum stated liability. However, to date, we have not had to reimburse any of our customers or suppliers for any significant losses related to these indemnities. We have not recorded any liability for such indemnities.

Contingencies

From time to time, we may be involved in legal matters that arise in the normal course of business. Litigation in general, and intellectual property, employment and shareholder litigation in particular, can be expensive and disruptive to normal business operations. Moreover, the results of complex legal proceedings are difficult to predict. We regularly review contingencies to determine whether the likelihood of loss has changed and to assess whether a reasonable estimate of the loss or range of loss can be made.

Equity

SGH Shareholders' Equity

Share Repurchase Authorization

On April 4, 2022, our Board of Directors approved a $ 75.0 million share repurchase authorization (the "Initial Authorization"), under which we may repurchase our outstanding ordinary shares from time to time through open market purchases, privately-negotiated transactions or otherwise. The Initial Authorization has no expiration date but may be suspended or terminated by the Board of Directors at any time. On January 8, 2024, the Audit Committee of the Board of Directors approved an additional $ 75.0 million share repurchase authorization (the "Additional Authorization," and together with the Initial Authorization, the "Current Authorization"). The Additional Authorization has no expiration date but may be suspended or terminated by the Board of Directors at any time. In the first nine months of 2024 and 2023, we repurchased 931 thousand and 533 thousand ordinary shares for $ 13.9 million and $ 8.4 million, respectively, under the Initial Authorization. As of May 31, 2024, an aggregate of $ 77.7 million remained available for the repurchase of our ordinary shares under the Current Authorization.

Other Share Repurchases

Ordinary shares withheld as payment of withholding taxes and exercise prices in connection with the vesting or exercise of equity awards are treated as ordinary share repurchases. In the first nine months of 2024 and 2023, we repurchased 239 thousand and 217 thousand ordinary shares as payment of withholding taxes for $ 4.1 million and $ 3.1 million, respectively.

In connection with the convertible senior notes exchange in the second quarter of 2023, we repurchased 326 thousand ordinary shares for $ 5.4 million. See "Debt – Convertible Senior Notes – Convertible Senior Notes Exchange."

Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) by component for the first nine months of 2024 were as follows:

	Cumulative Translation Adjustment	Gains (Losses) on Investments	Total
As of August 25, 2023	$ (205,969)	$ 5	$ (205,964)
Other comprehensive income (loss) before reclassifications	(6,352)	12	(6,340)
Reclassifications out of accumulated other comprehensive income	212,321	—	212,321
Other comprehensive income (loss)	205,969	12	205,981
As of May 31, 2024	$ —	$ 17	$ 17

In connection with our divestiture of an 81 % interest in SMART Brazil, we reclassified $ 212.4 million of cumulative translation adjustment related to SMART Brazil from other accumulated comprehensive income to results of operations in the first quarter of 2024. See "Divestiture of SMART Brazil."

Fair Value Measurements

	As of May 31, 2024		As of August 25, 2023	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Assets:				
Derivative financial instrument	$ 3,859	$ 3,859	$ —	$ —
Liabilities:				
Amended 2027 TLA	$ 425,015	$ 420,720	$ 551,648	$ 544,943
2029 Notes	175,973	147,297	195,426	146,886
2026 Notes	119,067	99,025	131,864	98,609

The deferred cash adjustment resulting from the divestiture of an 81 % interest in SMART Brazil is accounted for as a derivative financial instrument and is revalued at the end of each reporting period. The fair value as of May 31, 2024, as measured on a recurring basis, was based on Level 2 measurements, including market-based observable inputs of interest rates and credit-risk spreads.

The fair value of the Amended 2027 TLA, as measured on a non-recurring basis, was estimated based on Level 2 measurements, including discounted cash flows and interest rates based on similar debt issued by parties with credit ratings similar to ours. The fair values of the 2029 Notes and the 2026 Notes, as measured on a non-recurring basis, was determined based on Level 2 measurements, including the trading prices of the 2029 Notes and the 2026 Notes .

Equity Plans

As of May 31, 2024, 7.9 million of our ordinary shares were available for future awards under our equity plans.

The disclosures related to our restricted awards, share options and employee share purchase plan include both our continuing and discontinued operations.

Restricted Share Awards and Restricted Share Units Awards (“Restricted Awards”)

Aggregate Restricted Award activity was as follows:

	Three Months Ended		Nine Months Ended	
	May 31, 2024	May 26, 2023	May 31, 2024	May 26, 2023
Awards granted	1,213	1,270	1,837	2,492
Weighted-average grant date fair value per share	$ 19.93	$ 15.98	$ 22.47	$ 17.49
Aggregate vesting date fair value of shares vested	$ 6,629	$ 6,418	$ 25,584	$ 22,032

As of May 31, 2024, total unrecognized compensation costs for unvested Restricted Awards was $ 82.1 million, which was expected to be recognized over a weighted-average period of 2.4 years.

Share Options

As of May 31, 2024, total aggregate unrecognized compensation costs for unvested options was $ 0.3 million, which was expected to be recognized over a weighted-average period of 0.3 years.

Employee Share Purchase Plan (“ESPP”)

Under our ESPP, employees purchased 584 thousand ordinary shares for $ 6.8 million in the first nine months of 2024 and 602 thousand ordinary shares for $ 6.6 million in the first nine months of 2023.

Share-Based Compensation Expense

Share-based compensation expense for our continuing operations was as follows:

	Three Months Ended		Nine Months Ended	
	May 31, 2024	May 26, 2023	May 31, 2024	May 26, 2023
Share-based compensation expense by caption:				
Cost of sales	$ 1,760	$ 1,595	$ 5,301	$ 4,545
Research and development	1,968	1,557	5,382	4,498
Selling, general and administrative	7,464	6,490	22,371	20,611
	$ 11,192	$ 9,642	$ 33,054	$ 29,654

Income tax benefits for share-based awards were $ 1.9 million and $ 5.4 million in the third quarter and first nine months of 2024, respectively, and $ 1.6 million and $ 5.0 million in the third quarter and first nine months of 2023, respectively.

Revenue and Customer Contract Balances

Net Sales and Gross Billings

We provide certain logistics services on an agent basis, whereby we procure materials and services on behalf of our customers and then resell such materials and services to our customers. Our materials logistics business includes procurement, logistics, inventory management, temporary warehousing, kitting and/or packaging services. While we take title to inventory under such arrangements, control of such inventory does not transfer to us as we do not, at any point, have the ability to direct the use, and thereby obtain the benefits of, the inventory.

Gross amounts invoiced to customers in connection with these agent services include amounts related to the services performed by us in addition to the cost of the materials and services procured. However, only the amount related to the agent component is recognized as revenue in our results of operations. We generally recognize revenue for these procurement, logistics and inventory management services upon the completion of such services, which generally occurs at the time of shipment of product to the customer. The cost of materials and services invoiced to our customers under these arrangements, but not recognized as revenue or cost of sales in our results of operations, were as follows:

	Three Months Ended		Nine Months Ended	
	May 31, 2024	May 26, 2023	May 31, 2024	May 26, 2023
Cost of materials and services invoiced in connection with logistics services	$ 160,161	$ 143,128	$ 359,800	$ 664,863

Customer Contract Balances

As of	May 31, 2024	August 25, 2023
Contract assets (1)	$ 1,432	$ —
Contract liabilities: (2)		
Deferred revenue	$ 111,472	$ 69,326
Customer advances	8,018	5,565
	$ 119,490	$ 74,891

(1) Contract assets are included in other current and noncurrent assets.

(2) Contract liabilities are included in other current and noncurrent liabilities based on the timing of when our customer is expected to take control of the asset or receive the benefit of the service.

Contract assets represent amounts recognized as revenue for which we do not have the unconditional right to consideration.

Deferred revenue represents amounts received from customers in advance of satisfying performance obligations. As of May 31, 2024, we expect to recognize revenue of $ 88.7 million of the $ 111.5 million balance in the next 12 months and the remaining amount thereafter. In the first nine months of 2024, we recognized revenue of $ 47.1 million from satisfying performance obligations related to amounts included in deferred revenue as of August 25, 2023. Deferred revenue includes $ 10.2 million and $ 10.9 million as of May 31, 2024 and August 25, 2023, respectively, related to contracts that contain termination rights.

Customer advances represent amounts received from customers for advance payments to secure product. In the first nine months of 2024, we recognized revenue of $ 1.3 million from satisfying performance obligations related to amounts included in customer advances as of August 25, 2023.

As of May 31, 2024 and August 25, 2023, other current liabilities included $ 12.7 million and $ 12.5 million, respectively, for estimates of consideration payable to customers, including estimates for pricing adjustments and returns.

Other Operating (Income) Expense

In 2024 and 2023, we initiated plans that included workforce reductions and the elimination of certain projects across our businesses. In connection therewith, we recorded restructure charges of $ 6.7 million and $ 5.4 million in the first nine months of 2024 and 2023, respectively, primarily for employee severance costs and other benefits. We anticipate that these activities will continue into future quarters and anticipate recording additional restructure charges. As of May 31, 2024, $ 0.9 million remained unpaid, which is expected to be paid by the end of calendar 2024.

Other Non-operating (Income) Expense

	Three Months Ended		Nine Months Ended	
	May 31, 2024	May 26, 2023	May 31, 2024	May 26, 2023
Loss (gain) on extinguishment or prepayment of debt	$ 792	$ —	$ 1,117	$ 15,924
Loss (gain) from changes in foreign currency exchange rates	606	410	242	55
Loss (gain) on disposition of assets	(626)	43	(540)	(2,982)
Other	(331)	(99)	(706)	(698)
	$ 441	$ 354	$ 113	$ 12,299

Income Taxes

	Three Months Ended		Nine Months Ended	
	May 31, 2024	May 26, 2023	May 31, 2024	May 26, 2023
Income (loss) before taxes	$ 4,903	$ (12,054)	$ (13,584)	$ (29,153)
Income tax provision (benefit)	(1,323)	7,216	4,409	26,687
Effective tax rate	(27.0)%	(59.9)%	(32.5)%	(91.5)%

Income taxes includes a provision (benefit) for federal, state and foreign taxes based on the annual estimated effective tax rate applicable to us and our subsidiaries, adjusted for certain discrete items, which are fully recognized in the period they occur. We have historically determined our interim income tax provision (benefit) by applying the annual estimated effective income tax rate expected to be applicable for the full fiscal year to the income (loss) before taxes for jurisdictions which are subject to income tax. In determining the full year estimate, we do not include the impact of unusual and/or infrequent items, which may cause significant variations in the customary relationship between income tax provision (benefit) and income (loss) before taxes. Accordingly, the interim effective tax rate may not be reflective of the annual estimated effective tax rate. Additionally, our income tax provision (benefit) is subject to volatility and could be impacted by changes in our geographic earnings, non-deductible share-based compensation and certain tax credits.

Our effective tax rate was (27.0)% and (32.5)% in the third quarter and first nine months of 2024, respectively, and differed from the U.S. statutory rate primarily due to losses generated in a jurisdiction where no tax benefit can be recognized and to withholding taxes and state income taxes, partially offset by the effect of a $ 4.5 million benefit recognized in the third quarter of 2024 upon completion of a research and development tax credit study for prior years. Our effective tax rate was (59.9)% and (91.5)% in the third quarter and first nine months of 2023, respectively, and differed from the U.S. statutory rate primarily due to losses generated in a jurisdiction where no tax benefit can be recognized.

Determining the consolidated income tax provision (benefit), income tax liabilities and deferred tax assets and liabilities involves judgment. We calculate and provide for income taxes in each of the tax jurisdictions in which we operate, which involves estimating current tax exposures as well as making judgments regarding the recoverability of deferred tax assets in each jurisdiction. The estimates used could differ from actual results, which may have a significant impact on operating results in future periods.

Earnings Per Share

	Three Months Ended		Nine Months Ended	
	May 31, 2024	May 26, 2023	May 31, 2024	May 26, 2023
Net income (loss) from continuing operations	$ 5,616	$ (19,648)	$ (19,777)	$ (56,983)
Net income (loss) from discontinued operations	—	(4,807)	(8,148)	10,301
Net income (loss) attributable to SGH – Basic and Diluted	$ 5,616	$ (24,455)	$ (27,925)	$ (46,682)
Weighted-average shares outstanding – Basic	52,570	49,380	52,219	49,152
Dilutive effect of equity plans and convertible notes	1,713	—	—	—
Weighted-average shares outstanding – Diluted	54,283	49,380	52,219	49,152
Basic earnings (loss) per share:				
Continuing operations	$ 0.11	$ (0.40)	$ (0.38)	$ (1.16)
Discontinued operations	—	(0.10)	(0.15)	0.21
	$ 0.11	$ (0.50)	$ (0.53)	$ (0.95)
Diluted earnings (loss) per share:				
Continuing operations	$ 0.10	$ (0.40)	$ (0.38)	$ (1.16)
Discontinued operations	—	(0.10)	(0.15)	0.21
	$ 0.10	$ (0.50)	$ (0.53)	$ (0.95)

Below are unweighted potentially dilutive shares that were not included in the computation of diluted earnings per share because to do so would have been antidilutive:

	Three Months Ended		Nine Months Ended	
	May 31, 2024	May 26, 2023	May 31, 2024	May 26, 2023
Equity plans	848	8,482	6,077	8,482
Stratus Technologies contingently issuable shares	—	2,566	—	2,566
	848	11,048	6,077	11,048

Segment and Other Information

Segment information presented below is consistent with how our chief operating decision maker evaluates operating results to make decisions about allocating resources and assessing performance. We have the following three business units, which are our reportable segments:

- ***Memory Solutions*****:** Our Memory Solutions group, under our SMART Modular brand, provides high performance and reliable memory solutions through the design, development and advanced packaging of leading-edge to extended lifecycle products. These specialty products are tailored to meet customer-specific requirements across networking and communications, enterprise storage and computing, including server applications and other vertical markets. These products are marketed to original equipment manufacturers and to commercial and government customers. The Memory Solutions group also offers SMART Supply Chain Services, which provides customized, integrated supply chain services to enable our customers to better manage supply chain planning and execution, reduce costs and increase productivity.
- ***Intelligent Platform Solutions*****:** Our IPS group, under our Penguin Solutions and Stratus Technologies brands, offers specialized platform solutions and services for high-performance computing, artificial intelligence, machine learning, advanced modeling and the internet of things that span the continuum of edge, core and cloud. Our solutions are designed specifically for customers across multiple markets, including hyperscale, financial services, energy, government, education, healthcare and others.
- ***LED Solutions*****:** Our LED Solutions group, under our CreeLED brand, offers a broad portfolio of application-optimized LEDs focused on improving lumen density, intensity, efficacy, optical control and/or reliability. Backed by

expert design assistance and superior sales support, our LED products enable our customers to develop and market LED-based products for general lighting, video screens and specialty lighting applications.

Segments are determined based on sources of revenue, types of customers and operating performance. There are no differences between the accounting policies for our segment reporting and our consolidated results of operations. Operating expenses directly associated with the activities of a specific segment are charged to that segment. Certain other indirect operating income and expenses are generally allocated to segments based on their respective percentage of net sales. We do not identify (other than goodwill) or report internally our assets nor allocate certain expenses and amortization, interest, other non-operating (income) expense or taxes to segments.

	Three Months Ended		Nine Months Ended	
	May 31, 2024	May 26, 2023	May 31, 2024	May 26, 2023
Net sales:				
Memory Solutions	$ 91,629	$ 109,458	$ 260,594	$ 338,083
Intelligent Platform Solutions	144,968	170,854	405,197	604,276
LED Solutions	63,983	64,106	193,857	182,233
Total net sales	$ 300,580	$ 344,418	$ 859,648	$ 1,124,592
Segment operating income:				
Memory Solutions	$ 4,471	$ 19,368	$ 17,682	$ 58,773
Intelligent Platform Solutions	28,921	24,169	69,113	93,799
LED Solutions	(67)	(1,210)	(277)	(3,073)
Total segment operating income	33,325	42,327	86,518	149,499
Unallocated:				
Share-based compensation expense	(11,192)	(9,642)	(32,801)	(29,654)
Amortization of acquisition-related intangibles	(9,766)	(11,609)	(29,525)	(33,282)
Flow through of inventory step up	—	—	—	(2,599)
Cost of sales-related restructure	(387)	(211)	(1,271)	(5,763)
Diligence, acquisition and integration expense	(4)	(8,637)	(6,678)	(18,193)
Impairment of goodwill	—	—	—	(17,558)
Change in fair value of contingent consideration	—	(14,800)	—	(24,900)
Restructure charge	(465)	186	(6,739)	(5,366)
Other	—	—	—	(1,800)
Total unallocated	(21,814)	(44,713)	(77,014)	(139,115)
Consolidated operating income (loss)	$ 11,511	$ (2,386)	$ 9,504	$ 10,384

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the consolidated financial statements and accompanying notes included elsewhere in this Quarterly Report and in our Annual Report on Form 10-K for the fiscal year ended August 25, 2023. This discussion contains forward-looking statements that involve risks, uncertainties and other factors. Our actual results could differ materially from those contained in these forward-looking statements due to a number of risks, uncertainties and other factors, including those discussed below and elsewhere in this Quarterly Report and in our Annual Report on Form 10-K for the fiscal year ended August 25, 2023. See also “Cautionary Note Regarding Forward-Looking Statements.”

Our fiscal year is the 52- or 53-week period ending on the last Friday in August. Fiscal years 2024 and 2023 contain 53 weeks and 52 weeks, respectively. All period references are to our fiscal periods unless otherwise indicated. All tabular amounts are in thousands. Financial information for our subsidiaries in Brazil was included in our consolidated financial statements on a one-month lag because their fiscal years ended on July 31 of each year. In connection with the completion of the divestiture of an 81% interest in SMART Brazil, we ceased consolidating the operations of SMART Brazil in our financial statements as of the November 29, 2023 disposal date. As a result, financial information for the first quarter of 2024 includes the four-month period for our SMART Brazil operations from August 1, 2023 to November 29, 2023.

Overview

For an overview of our business, see “PART I – Item 1. Business” of our Annual Report on Form 10-K for the fiscal year ended August 25, 2023.

Divestiture of SMART Brazil

On November 29, 2023, we completed our previously announced divestiture of SMART Modular Technologies Brasil – Indústria e Comercio de Componentes Ltda. (“SMART Brazil”) to Lexar Europe B.V., an affiliate of Shenzhen Longsys Electronics Co. Ltd.

SMART Brazil operates as a stand-alone business which assembles and tests modules for electronics manufacturers that sell devices to Brazilian consumers. In line with our strategic priorities, the majority divestiture of our standards-based, commodity module business in Brazil will enable us to focus on our strategy of delivering high-performance, high availability solutions to our enterprise customers. This transaction also strengthens our financial position, enabling us to increase our strategic investments into domestic research and development and U.S.-based production of advanced technologies.

***Presentation of SMART Brazil as Discontinued Operations*:** On June 13, 2023, we entered into an agreement to divest of an 81% interest in SMART Brazil. We concluded that, as of August 25, 2023, (i) the net assets of SMART Brazil met the criteria for classification as held for sale and (ii) the proposed sale represented a strategic shift that was expected to have a major effect on our operations and financial results. The balance sheets, results of operations and cash flows of SMART Brazil have been presented as discontinued operations for all periods presented. SMART Brazil was previously included within our Memory Solutions segment.

See “Item 1. Financial Statements – Notes to Consolidated Financial Statements – Divestiture of SMART Brazil.”

Acquisition of Stratus Technologies

On August 29, 2022, we completed the acquisition of Storm Private Holdings I Ltd., a Cayman Islands exempted company (together with its subsidiaries, “Stratus Technologies”). At the closing, SGH paid a cash purchase price of $225 million, subject to certain adjustments. In addition, the seller had the right to receive, and SGH was obligated to pay, contingent consideration of up to $50 million (the “Stratus Earnout”) based on the gross profit performance of the Stratus Technologies business during the first full 12 fiscal months of Stratus Technologies following the closing of the acquisition. Throughout 2023, we adjusted the fair value of the Stratus Earnout by an aggregate of $29.0 million and, as of August 25, 2023, current liabilities included $50.0 million for the amount payable in connection with the Stratus Earnout. In the second quarter of 2024, we paid in full $50.0 million related to the Stratus Earnout.

See “Item 1. Financial Statements – Notes to Consolidated Financial Statements – Business Acquisition – Stratus Technologies.”

Factors Affecting Our Operating Performance

Macro-Economic Demand Factors. Our business segments each have their own unique set of demand factors. Demand in our Memory Solutions group is driven by end-market demand from OEMs for customer-specific solutions in vertical markets such as industrial, government, networking, high-performance compute and enterprise storage, as well as emerging demand for higher density and greater bandwidth solutions for AI deployments. Our IPS business is driven by demand for high compute solutions across AI and machine learning initiatives, as well as traditional workload optimization and efficiency applications. Finally, demand for our LED products is derived from targeted end-market applications, such as general high-power and mid-power lighting and specialty lighting, including video and horticulture applications. We believe our diversified business segments may provide a natural hedge against downturns in any particular industry although broader macro-economic trends, such as the COVID-19 pandemic, can adversely affect all three segments concurrently.

Shifts in the Mix of Our Revenue. Shifts in the mix of revenue from our operating segments, which can vary significantly from period to period, can impact our business and operating results, including gross and operating margins. For example, our IPS group has shown solid growth, but is subject to variability in its sales and margin profile from period to period, as recognition of revenue is tied to customer decisions as to the completion of delivery and system go-live events and margin is driven by the extent to which higher margin software and managed services comprise IPS sales. Our resource commitments and planning for each segment are relatively fixed in the short term, and as such, variability in expected revenue mix will have direct implications for our operating income and margins.

Our Ability to Identify, Complete and Successfully Integrate Acquisitions. A substantial portion of our growth over the last several years has been driven by acquisitions, and we intend to continue to use corporate development as an engine for growth. Within our existing segments, we plan to pursue acquisitions to expand features and functionality, expand into adjacent businesses and grow our customer base and geographic footprint. From time to time, we may seek to expand our addressable market by entering new business segments where, as we did with our LED business and Stratus Technologies business, we identify a business opportunity at scale with a path to being accretive to our overall operations in the near term. If we are unable to identify and complete attractive acquisitions, we may not be successful in growing our revenue and/or expanding our margins. Any acquisitions we do complete may require us to incur debt or raise capital through equity financings or may subject us to unforeseen liabilities or operational challenges that in turn impede our ability to realize the expected returns on our investment.

Disruptions in Our Supply Chain May Adversely Affect Our Businesses. We depend on third-party suppliers for key components of our products, such as commodity DRAM components from offshore foundries that we use in our specialty memory products and third-party wafers that we use in our memory and LED businesses. We have adopted this “Fab-Light” business model to reduce our capital expenditures and operating expenses, while affording greater flexibility in adapting to shifts in demand and other market trends. Our Fab-Light business model has contributed significantly to margin expansion in our overall business. However, our reliance on third-party manufacturers exposes us to risk of supply chain disruption and lost business. For example, the recent global semiconductor shortage has adversely affected our operating results. In addition, the recent high demand for, and limited supply of, AI components globally, can affect our sourcing of these components and affect timing of deployments. If such disruptions worsen or are prolonged, or if there is meaningful disruption in our supply arrangement with any of our third-party suppliers, our operating results and financial condition could be adversely affected.

Results of Operations

	Three Months Ended				Nine Months Ended			
	May 31, 2024		May 26, 2023		May 31, 2024		May 26, 2023	
Net sales:								
Memory Solutions	$ 91,629	30.5 %	$ 109,458	31.8 %	$ 260,594	30.3 %	$ 338,083	30.1 %
Intelligent Platform Solutions	144,968	48.2 %	170,854	49.6 %	405,197	47.1 %	$ 604,276	53.7 %
LED Solutions	63,983	21.3 %	64,106	18.6 %	193,857	22.6 %	$ 182,233	16.2 %
Total net sales	300,580	100.0 %	344,418	100.0 %	859,648	100.0 %	$ 1,124,592	100.0 %
Cost of sales	211,674	70.4 %	243,938	70.8 %	605,958	70.5 %	$ 801,006	71.2 %
Gross profit	88,906	29.6 %	100,480	29.2 %	253,690	29.5 %	$ 323,586	28.8 %
Operating expenses:								
Research and development	19,681	6.5 %	20,338	5.9 %	61,596	7.2 %	69,682	6.2 %
Selling, general and administrative	57,249	19.0 %	67,914	19.7 %	175,851	20.5 %	195,696	17.4 %
Impairment of goodwill	—	— %	—	— %	—	— %	17,558	1.6 %
Change in fair value of contingent consideration	—	— %	14,800	4.3 %	—	— %	24,900	2.2 %
Other operating (income) expense	465	0.2 %	(186)	(0.1)%	6,739	0.8 %	5,366	0.5 %
Total operating expenses	77,395	25.7 %	102,866	29.9 %	244,186	28.4 %	313,202	27.9 %
Operating income (loss)	11,511	3.8 %	(2,386)	(0.7)%	9,504	1.1 %	10,384	0.9 %
Non-operating (income) expense:								
Interest expense, net	6,167	2.1 %	9,314	2.7 %	22,975	2.7 %	27,238	2.4 %
Other non-operating (income) expense	441	0.1 %	354	0.1 %	113	— %	12,299	1.1 %
Total non-operating (income) expense	6,608	2.2 %	9,668	2.8 %	23,088	2.7 %	39,537	3.5 %
Income (loss) before taxes	4,903	1.6 %	(12,054)	(3.5)%	(13,584)	(1.6)%	(29,153)	(2.6)%
Income tax provision (benefit)	(1,323)	(0.4)%	7,216	2.1 %	4,409	0.5 %	26,687	2.4 %
Net income (loss) from continuing operations	6,226	2.1 %	(19,270)	(5.6)%	(17,993)	(2.1)%	(55,840)	(5.0)%
Net income (loss) from discontinued operations	—	— %	(4,807)	(1.4)%	(8,148)	(0.9)%	10,301	0.9 %
Net income (loss)	6,226	2.1 %	(24,077)	(7.0)%	(26,141)	(3.0)%	(45,539)	(4.0)%
Net income attributable to noncontrolling interest	610	0.2 %	378	0.1 %	1,784	0.2 %	1,143	0.1 %
Net income (loss) attributable to SGH	$ 5,616	1.9 %	$ (24,455)	(7.1)%	$ (27,925)	(3.2)%	$ (46,682)	(4.1)%

Percentages represent percentage of total net sales. Summations of percentages may not compute precisely due to rounding.

Net Sales, Cost of Sales and Gross Profit

Net sales decreased by $43.8 million, or 12.7%, in the third quarter of 2024 compared to the same period in the prior year, and by $264.9 million, or 23.6%, for the first nine months of 2024 compared to the same period in the prior year. These decreases were primarily due to lower sales in both our IPS and Memory Solutions businesses in the third quarter and the first nine months of 2024 compared to the same periods in the prior year, while LED Solutions sales remained relatively unchanged for the third quarter of 2024 compared to the same period in the prior year but were higher for the first nine months of 2024 compared to the same period in the prior year. IPS net sales decreased by $25.9 million, or 15.2%, and by $199.1 million, or 32.9%, in the third quarter and first nine months of 2024 compared to the same periods in the prior year, respectively, primarily due to lower hardware and federal sales. Memory Solutions net sales decreased by $17.8 million, or 16.3%, and by $77.5 million, or 22.9%, in the third quarter and first nine months of 2024 compared to the same periods in the prior year, respectively, primarily due to lower sales volumes of Flash and DRAM products, partially offset by higher broker sales. LED Solutions net sales increased by $11.6 million, or 6.4%, in the first nine months of 2024 compared to the same periods in the prior year, respectively, primarily due to higher channel demand.

Cost of sales decreased by $32.3 million, or 13.2%, in the third quarter of 2024, compared to the same period in the prior year, and by $195.0 million, or 24.4%, for the first nine months of 2024 compared to the same period in the prior year. IPS and Memory Solutions segments had lower material cost from lower sales and lower other costs from initiatives that resulted in additional savings.

Gross margin increased slightly to 29.6% in the third quarter of 2024 compared to 29.2% in the same period in 2023, and to 29.5% for the first nine months of 2024 compared to 28.8% in the same period in 2023, primarily due to favorable mix from higher service revenue in our IPS business.

Non-GAAP Measure of Segment Operating Income

Below is a table of our operating income, measured on a non-GAAP basis, which SGH management uses to supplement SGH's financial results under GAAP 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; diligence, acquisition and integration expense; restructure charges; changes in the fair value of contingent consideration and other infrequent or unusual items. While amortization of acquisition-related intangible assets is excluded, the revenue from acquired companies is reflected in our non-GAAP measures and these intangible assets contribute to revenue generation. See "Item 1. Financial Statements – Notes to Consolidated Financial Statements – Segment and Other Information."

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. 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.

	Three Months Ended		Nine Months Ended	
	May 31, 2024	May 26, 2023	May 31, 2024	May 26, 2023
GAAP operating income (loss)	$ 11,511	$ (2,386)	$ 9,504	$ 10,384
Share-based compensation expense	11,192	9,642	32,801	29,654
Amortization of acquisition-related intangibles	9,766	11,609	29,525	33,282
Flow-through of inventory step up	—	—	—	2,599
Cost of sales-related restructure	387	211	1,271	5,763
Diligence, acquisition and integration expense	4	8,637	6,678	18,193
Impairment of goodwill	—	—	—	17,558
Change in fair value of contingent consideration	—	14,800	—	24,900
Restructure charge	465	(186)	6,739	5,366
Other	—	—	—	1,800
Non-GAAP operating income	$ 33,325	$ 42,327	$ 86,518	$ 149,499
Non-GAAP operating income (loss) by segment:				
Memory Solutions	$ 4,471	$ 19,368	$ 17,682	$ 58,773
Intelligent Platform Solutions	28,921	24,169	69,113	93,799
LED Solutions	(67)	(1,210)	(277)	(3,073)
Total non-GAAP operating income (loss) by segment	$ 33,325	$ 42,327	$ 86,518	$ 149,499

Memory Solutions operating income decreased by $14.9 million, or 76.9%, in the third quarter of 2024 compared to the same period in the prior year, and by $41.1 million, or 69.9%, in the first nine months of 2024 compared to the same period in the prior year, primarily due to lower sales and gross profit due to lower sales volumes of Flash and DRAM products.

IPS operating income increased by $4.8 million, or 19.7%, in the third quarter of 2024 compared to same period in the prior year, primarily due to a higher volume of Penguin service revenue. IPS operating income decreased by $24.7 million, or 26.3%, in the first nine months of 2024 compared to the same period in the prior year, primarily due to lower sales from our Penguin Solutions business, partially offset by lower operating expenses, mainly driven by personnel-related expenses due to lower headcount, and lower subcontract services.

LED Solutions operating loss improved by $1.1 million in the third quarter of 2024 compared to the same period in the prior year, and improved by $2.8 million in the first nine months of 2024 compared to the same period in the prior year, primarily due to higher revenue from increased demand, better factory leverage and product mix and lower personnel-related expenses due to headcount reductions.

Operating and Non-operating (Income) Expense

Research and Development

Research and development expense decreased by $0.7 million, or 3.2%, in the third quarter of 2024 compared to the same period in the prior year, and by $8.1 million, or 11.6%, for the first nine months of 2024 compared to the same period in the prior year, primarily due to lower personnel-related expenses mainly driven by headcount reductions for both the three-month and nine-month periods, as well as lower subcontract services mainly driven by Penguin Solutions for the nine-month comparative periods.

Selling, General and Administrative

Selling, general and administrative expense decreased by $10.7 million, or 15.7%, in the third quarter of 2024 compared to the same period in the prior year, and by $19.8 million, or 10.1%, for the first nine months of 2024 compared to the same period in the prior year, primarily due to lower diligence, acquisition and integration expense, lower personnel-related expenses, mainly driven by headcount reductions and lower amortization expense of intangible assets.

Selling, general and administrative expense in the first nine months of 2024 and 2023 included costs of $6.7 million and $18.2 million, respectively, associated with the diligence, acquisition and integration of executed and potential business combinations. We anticipate that these activities will continue into future quarters.

Impairment of Goodwill

During the second quarter of 2023, we initiated a plan pursuant to which we intend to wind down manufacturing and discontinue the sale of certain legacy products offered through our Penguin Edge business by approximately the end of 2025. We recorded impairment charges of $17.6 million and $1.5 million in the second and fourth quarters of 2023, respectively, to impair the carrying value of Penguin Edge goodwill. We currently anticipate that the remaining goodwill of the Penguin Edge reporting unit of $16.1 million as of the end of the third quarter of 2024 may become further impaired in future periods.

Change in Fair Value of Contingent Consideration

Our acquisition of Stratus Technologies in the first quarter of 2023 included contingent consideration. We estimated the fair value of the contingent consideration as of the date of acquisition and subsequently recognized changes in the fair value in results of operations. In the third quarter and first nine months of 2023, we recorded charges of $14.8 million and $24.9 million, respectively, to adjust the fair value of the contingent consideration. As of August 25, 2023, current liabilities included $50.0 million for the amount payable for the Stratus Earnout, which we paid in full in the second quarter of 2024. See “Item 1. Financial Statements – Notes to Consolidated Financial Statements – Business Acquisition – Stratus Technologies.”

Other Operating (Income) Expense

Other operating expense in the first nine months of 2024 and 2023 included restructure charges of $6.7 million and $5.4 million, respectively, primarily for employee severance costs and other benefits resulting from workforce reductions, the elimination of certain projects across our businesses and other costs associated with the wind down of our Penguin Edge business. We anticipate that these activities will continue into future quarters and anticipate recording additional restructure charges.

Interest Expense, Net

Net interest expense decreased by $3.1 million in the third quarter of 2024 compared to the same period in the prior year, primarily due to higher interest income resulting from higher cash and investment balances and lower interest expense due to the prepayments of the Amended 2027 TLA. Net interest expense decreased by $4.3 million in the first nine months of 2024 compared to the same period in the prior year, primarily due to higher interest income resulting from higher cash and investment balances, partially offset by higher interest expense from the Amended 2027 TLA.

Other Non-operating (Income) Expense

Other non-operating (income) expense in the first nine months of 2023 consisted primarily of a $15.9 million loss on the extinguishment of debt, partially offset by $3.0 million gain on disposition of assets. See “Item 1. Financial Statements –

Notes to Consolidated Financial Statements – Other Non-operating (Income) Expense” and “Item 1. Financial Statements – Notes to Consolidated Financial Statements – Debt – Convertible Senior Notes – Convertible Senior Notes Exchange.”

Income Tax Provision (Benefit)

Income tax provision in the third quarter and first nine months of 2024 decreased by $8.5 million and $22.3 million, respectively, as compared to the same periods in the prior year, primarily due to a decrease in profit before tax in jurisdictions subject to income tax, partially offset by the effect of a $4.5 million benefit recognized upon completion of a research and development tax credit study for prior years.

Our effective tax rate was (27.0)% and (32.5)% in the third quarter and first nine months of 2024, respectively, and differed from the U.S. statutory rate primarily due to losses generated in a jurisdiction where no tax benefit can be recognized and to withholding taxes and state income taxes, partially offset by the effect of a $4.5 million benefit recognized in the third quarter of 2024 upon completion of a research and development tax credit study for prior years. Our effective tax rate was (59.9)% and (91.5)% in the third quarter and first nine months of 2023, respectively, and differed from the U.S. statutory rate primarily due to losses generated in a jurisdiction where no tax benefit can be recognized.

See “Item 1. Financial Statements – Notes to Consolidated Financial Statements – Income Taxes.”

Net Income (Loss) From Discontinued Operations

As discussed above, we have presented the results of SMART Brazil as discontinued operations in our consolidated statements of operations for all periods presented. As of August 25, 2023, SMART Brazil was classified as held for sale. Accordingly, in 2023 we evaluated the carrying value of the net assets of SMART Brazil (including $206.3 million recognized within shareholders’ equity related to the cumulative translation adjustment from SMART Brazil), estimated costs to sell and expected proceeds and concluded the net assets were impaired. As a result, we recognized an impairment charge of $153.0 million in 2023 to write down the carrying value of the net assets of SMART Brazil. In addition, we concluded that the outside basis of SMART Brazil inclusive of any withholding taxes should be recognized upon the classification as held for sale as of August 25, 2023. Accordingly, we recognized withholding taxes on the expected capital gain and deferred tax liabilities of $28.6 million in 2023. In the first quarter of 2024, we completed the divestiture, and in connection therewith, recognized an additional loss of $8.9 million.

See “Item 1. Financial Statements – Notes to Consolidated Financial Statements – Divestiture of SMART Brazil.”

Liquidity and Capital Resources

As of May 31, 2024, we had cash, cash equivalents and short-term investments of $467.5 million, of which $384.1 million was held by subsidiaries outside of the United States. Our principal uses of cash and capital resources have been acquisitions, debt service requirements, capital expenditures, research and development expenditures and working capital requirements. We expect that future capital expenditures will focus on expanding our research and development activities, manufacturing equipment upgrades, acquisitions and IT infrastructure and software upgrades. Cash and cash equivalents generally consist of funds held in demand deposit accounts, money market funds and time deposits. We do not acquire investments for trading or speculative purposes.

We may from time to time seek additional equity or debt financing. Any future equity financing may be dilutive to our existing investors, and any future debt financing may include debt service requirements and financial and other restrictive covenants that may constrain our operations and growth strategies. In the event that we seek additional financing, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in continued product innovation, we may not be able to compete successfully, which would harm our business, operations and financial condition.

We expect that our existing cash and cash equivalents, short-term investments, borrowings available under our credit facilities and cash generated by operating activities will be sufficient to fund our operations for at least the next twelve months.

***Divestiture of SMART Brazil*:** On November 29, 2023, we completed the previously announced divestiture of SMART Brazil. In connection with the divestiture, we sold an 81% interest and retained a 19% interest in SMART Brazil. At the closing of the transaction, we received $143.0 million in cash from the sale (which includes gross proceeds of $164.5 million less withholding taxes of $21.5 million). In addition, we have the right to receive a deferred payment of $28.4 million eighteen months following the closing. See “Item 1. Financial Statements – Notes to Consolidated Financial Statements – Divestiture of SMART Brazil.”

***Stratus Technologies Earnout*:** On August 29, 2022, we completed the acquisition of Stratus Technologies. At the closing of the transaction (including in connection with the completion of the review of the working capital assets acquired and liabilities assumed), we paid the Stratus Seller a cash purchase price of $242.2 million. In addition, the Stratus Seller had the right to receive contingent consideration of up to $50.0 million, based on the gross profit performance of Stratus Technologies during the first full 12 fiscal months following the closing. In the second quarter of 2024, we paid in full $50.0 million related to the Stratus Earnout.

Cash Flows

	Nine Months Ended	
	May 31, 2024	May 26, 2023
Net cash provided by operating activities from continuing operations	$ 117,677	$ 26,121
Net cash used for investing activities from continuing operations	(3,526)	(244,077)
Net cash provided by (used for) financing activities from continuing operations	(159,615)	218,093
Net increase in cash and cash equivalents from discontinued operations	90,447	35,343
Effect of changes in currency exchange rates	(1,256)	2,730
Net increase in cash and cash equivalents	$ 43,727	$ 38,210

***Operating Activities*:** Cash flows from operating activities reflects net income, adjusted for certain non-cash items, including depreciation and amortization expense, share-based compensation, adjustments for changes in the fair value of contingent consideration, gains and losses from investing or financing activities, and from the effects of changes in operating assets and liabilities.

Net cash provided by operating activities from continuing operations in the first nine months of 2024 resulted primarily from a net loss of $18.0 million, adjusted for non-cash items of $80.7 million. Operating cash flows were favorably affected by a $55.0 million net change in our operating assets and liabilities, primarily from the effects of an increase of $84.6 million in accounts payable and accrued expenses and other liabilities, partially offset by the payment of $29.0 million of contingent consideration related to our 2023 acquisition of Stratus Technologies. The increase in accounts payable and accrued expenses and other liabilities was primarily due to timing of payments, as well as higher deferred revenue resulting from amounts received from customers in advance of satisfying performance obligations.

Net cash provided by operating activities from continuing operations in the first nine months of 2023 resulted primarily from a net loss of $55.8 million, adjusted for non-cash items of $148.8 million. Operating cash flows were adversely affected by a $66.9 million net change in our operating assets and liabilities, primarily from the effects of a decrease of $226.4 million in accounts payable and accrued expenses and other liabilities and the payment of $73.7 million of contingent consideration related to our 2021 acquisition of the LED business, partially offset by the effect of decreases of $159.5 million in accounts receivable and $66.7 million in inventories. The decreases in accounts payable and accrued expenses and other liabilities and in accounts receivable and inventories were primarily due to timing of payments and receipts.

***Investing Activities*:** Net cash used for investing activities from continuing operations in the first nine months of 2024 consisted primarily of $13.6 million for capital expenditures and deposits on equipment, offset by net maturities of investment securities of $11.4 million.

Net cash used for investing activities from continuing operations in the first nine months of 2023 consisted primarily of $213.1 million for the acquisition of Stratus Technologies and $31.7 million for capital expenditures and deposits on equipment.

***Financing Activities*:** Net cash used for financing activities from continuing operations in the first nine months of 2024 consisted primarily of $126.6 million in repayments of debt, $21.0 million for payment of contingent consideration related to our 2023 acquisition of Stratus Technologies and $18.0 million of payments to acquire our ordinary shares (including $13.9 million under our share repurchase program), partially offset by $8.1 million in proceeds from the issuance of ordinary shares from our equity plans.

Net cash provided by financing activities from continuing operations in the first nine months of 2023 consisted primarily of $295.3 million in net proceeds from the issuance of a term loan and $8.4 million in proceeds from the issuance of ordinary shares, partially offset by $28.1 million for payment of contingent consideration related to our 2021 acquisition of the LED business, $16.9 million of payments to acquire our ordinary shares (including $13.8 million under our share repurchase program and convertible note exchange), $14.1 million for payment of premium in connection with our convertible note exchange, $14.4 million in principal repayment of the LED Purchase Price Note and $4.3 million net cash paid for settlement and purchase of privately-negotiated capped call transactions (“Capped Calls”).

Critical Accounting Estimates

The preparation of these financial statements and related disclosures in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. Estimates and judgments are based on historical experience, forecasted events and various other assumptions that we believe to be reasonable under the circumstances. We evaluate our estimates and judgments on an ongoing basis; however, actual results could differ from those estimates. Our management believes our critical accounting estimates require management’s most difficult, subjective or complex judgments and are critical in the portrayal of our financial condition and results of operations. Our discussion of critical accounting estimates is intended to supplement our summary of significant accounting policies so that readers will have greater insight into the uncertainties involved in applying our critical accounting policies and estimates.

For a summary of our critical accounting estimates, see “PART II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates” of our Annual Report on Form 10-K for the fiscal year ended August 25, 2023. There have been no material changes to our critical accounting estimates from those described in our Annual Report on Form 10-K for the fiscal year ended August 25, 2023.

For a summary of our significant accounting policies, see “PART I. Financial Information – Item 1. Financial Statements – Notes to Consolidated Financial Statements – Significant Accounting Policies” of this Quarterly Report and “PART II – Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Significant Accounting Policies” of our Annual Report on Form 10-K for the fiscal year ended August 25, 2023. There have been no material changes to our significant accounting policies from those described in our Annual Report on Form 10-K for the fiscal year ended August 25, 2023.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

Foreign Exchange Risk

We are subject to inherent risks attributed to operating in a global economy. Our international sales and our operations in foreign countries subject us to risks associated with fluctuating currency values and exchange rates. Because a significant portion of our sales are denominated in U.S. dollars, increases in the value of the U.S. dollar could increase the price of our products so that they become relatively more expensive to customers in a particular country, possibly leading to a reduction in sales and profitability in that country. In addition, we have certain costs that are denominated in foreign currencies and decreases in the value of the U.S. dollar could result in increases in such costs, which could have a material adverse effect on our results of operations.

As a result of our international operations, we generate a portion of our net sales and incur a portion of our expenses in currencies other than the U.S. dollar, such as the Japanese Yen, Malaysian Ringgit and Chinese Renminbi. We present our consolidated financial statements in U.S. dollars and remeasure certain assets and liabilities of our foreign operations into U.S. dollars at applicable exchange rates. Consequently, increases or decreases in the value of the U.S. dollar may affect the value of these items with respect to our non-U.S. dollar businesses in our consolidated financial statements, even if their value has not changed in their local currency. Our customer pricing and material cost of sales are generally based on U.S. dollars. Accordingly, the impact of currency fluctuations to our consolidated statements of operations is primarily to our other costs of sales (i.e., non-material components) and our operating expenses as those items are typically denominated in local currency. Our consolidated statements of operations are also impacted by foreign currency gains and losses arising from transactions denominated in a currency other than the U.S. dollar. These translations could significantly affect the comparability of our results between financial periods or result in significant changes to the carrying value of our assets, liabilities and equity. As a result, changes in foreign currency exchange rates impact our reported results.

Based on our monetary assets and liabilities denominated in foreign currencies as of May 31, 2024 and August 25, 2023, we estimate that a 10% adverse change in exchange rates versus the U.S. dollar would result in losses recorded in non-operating expense of $2.9 million and $1.6 million, respectively, to revalue these assets and liabilities.

Interest Rate Risk

We are subject to interest rate risk in connection with our variable-rate debt. As of May 31, 2024, we had $425.0 million outstanding under the Amended 2027 TLA. In addition, our Amended Credit Agreement provides for borrowings of up to $250.0 million under the 2027 Revolver. Assuming that we would satisfy the financial covenants required to borrow and that the amounts available under the 2027 Revolver were fully drawn, a 1.0% increase in interest rates would result in an increase in annual interest expense, and a decrease in our cash flows, of $6.8 million per year.

We had cash, cash equivalents and short-term investments of $467.5 million as of May 31, 2024. We maintain our cash and cash equivalents in deposit accounts, money market funds with various financial institutions and in short-duration fixed income securities. Due to the short-term nature of these instruments, we believe that we do not have any material exposure to changes in the fair value of these investments as a result of changes in interest rates. Increases or decreases in interest rates would be expected to augment or reduce future interest income by an insignificant amount.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based upon that evaluation, our management, including our principal executive officer and principal financial officer, concluded that our disclosure controls and procedures were effective as of May 31, 2024 to provide reasonable assurance that the information required to be disclosed by us in the reports that we file or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

During the third quarter of fiscal 2024, there were no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. Other Information

Item 1. Legal Proceedings

For a discussion of legal proceedings, see “PART I. Financial Information – Item 1. Financial Statements – Notes to Consolidated Financial Statements – Commitments and Contingencies” and “Item 1A. Risk Factors.”

Item 1A. Risk Factors

There have been no material changes to the risks described in “PART I – Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended August 25, 2023. You should carefully consider the risks and uncertainties and the other information in our Annual Report and in this Quarterly Report, including “PART I. Financial Information – Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements and related notes. Our business, financial condition or results of operations could be materially and adversely affected if any of these risks occurs and, as a result, the market price of our ordinary shares could decline and you could lose all or part of your investment.

This Quarterly Report also contains forward-looking statements that involve risks and uncertainties. See “Cautionary Note Regarding Forward-Looking Statements” for additional information. Our actual results could differ materially and adversely from those anticipated in these forward-looking statements as a result of certain factors, including the risks facing our Company described in our Annual Report on Form 10-K for the fiscal year ended August 25, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

On April 5, 2022, we announced that our Board of Directors approved a $75.0 million share repurchase authorization (the “Initial Authorization”), under which we may repurchase our outstanding ordinary shares from time to time through open market purchases, privately-negotiated transactions or otherwise. The Initial Authorization has no expiration date but may be suspended or terminated by our Board of Directors at any time. On January 8, 2024, the Audit Committee of the Board of Directors approved an additional $75 million share repurchase authorization (the “Additional Authorization,” and together with the Initial Authorization, the “Current Authorization”). The Additional Authorization has no expiration date but may be suspended or terminated by the Board of Directors at any time. No shares were repurchased during the third quarter of 2024 under the Current Authorization. As of May 31, 2024, the remaining aggregate dollar value of shares that may be repurchased under the Current Authorization was $77.7 million.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On April 26, 2024 , Jack Pacheco , our Executive Vice President and Chief Operating Officer , adopted a Rule 10b5-1 trading arrangement (the “Pacheco 10b5-1 Plan”) that is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act. The Pacheco 10b5-1 Plan provides for the sale of up to 140,000 ordinary shares acquired upon the exercise of share options, commencing on July 26, 2024 and continuing until all shares are sold or until March 31, 2025, whichever occurs first.

During the fiscal quarter ended May 31, 2024, no other officers or directors of SGH adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement” (in each case, as defined in Item 408 of Regulation S-K).

Item 6. Exhibits

INDEX TO EXHIBITS

Exhibit No.	Description	Filed Herewith	Incorporated by Reference Form	File No.	Exhibit	Filing Date
3.1	Second Amended and Restated Memorandum and Articles of Association of SMART Global Holdings, Inc.		10-Q	001-38102	3.1	04/07/2020
4.1	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Exchange Act of 1934		10-K	001-38102	4.1	10/25/2021
10.1*	Transition and Separation Agreement by and between SMART Global Holdings, Inc. and David Laurello, dated April 6, 2024	X				
10.2*	Offer Letter by and between SMART Global Holdings, Inc. and Nathan Olmstead, dated June 18, 2024	X				
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
32.1**	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
32.2**	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document	X				
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	X				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X				
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)	X				

* Constitutes a management contract or compensatory plan or arrangement.

** The certifications attached as Exhibit 32.1 and Exhibit 32.2 that accompany this Quarterly Report on Form 10-Q are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	SMART Global Holdings, Inc.	
Date: July 9, 2024	By:	/s/ Mark Adams
		Mark Adams
		President and Chief Executive Officer
		(Principal Executive Officer)
Date: July 9, 2024	By:	/s/ Nate Olmstead
		Nate Olmstead
		Senior Vice President and Chief Financial Officer
		(Principal Financial and Accounting Officer)

EXHIBIT 10.1

Transition and Separation Agreement

This Transition and Separation Agreement (the "**Agreement**") is entered into by and between David Laurello (the "**Employee**") and SMART Global Holdings, Inc. (the "**Company**"), effective as of the date the Employee signs this Agreement (the "**Effective Date**"). Reference is made to that certain amended and restated employment offer letter between the Employee and the Company dated June 27, 2023 (the "**Offer Letter**"). In consideration of the mutual covenants and agreements of the parties set forth in this Agreement, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree to the terms set forth in this Agreement. In order to accept this Agreement, the Employee must sign and return a copy of this Agreement to Anne Kuykendall at [*****] no later than April 12, 2024, and if a signed copy of this Agreement is not returned by such date, this Agreement shall be null and void in its entirety.

1. Transition and Separation.

(a) Effective on April 8, 2024 (the "**Transition Date**"), the Employee's role as President of Intelligent Platform Solutions and status as an officer of the Company and each of its affiliates will end. The Employee's employment with the Company shall continue as of the Transition Date and end on the earliest of (i) June 30, 2024 (the "**Planned Separation Date**"), (ii) the date the Employee takes any action that constitutes Cause (as defined in the Offer Letter), or (iii) the date the Employee voluntarily terminates employment with the Company for any reason (the earliest such date, the "**Separation Date**").

(b) During the period (the "**Employment Period**") beginning on the Transition Date and ending on the Separation Date, the Employee will remain employed by the Company as an Advisor reporting to the Chief Executive Officer of the Company (the "**CEO**") and provide transition services (the "**Transition Services**") on an as-requested and as-needed based in the Employee's areas of expertise and work experience and responsibility.

(c) During the Employment Period, the Employee will continue to be paid base salary at the rate in effect on the Effective Date and continue to be eligible for the employee benefit plans made available to executives of the Company on the terms and conditions set forth in such employee benefit plans. All payments made to the Employee during the Employment Period will be subject to any required withholding taxes and authorized deductions.

(d) The Stratus Retention Bonus (as defined in the Offer Letter), which the Employee earned on April 1, 2024, will be paid to the Employee no later than the Company's second regular payroll date following April 1, 2024.

(e) During the Employment Period, the Employee will remain eligible to earn the SGH Retention Bonus (as defined in the Offer Letter). Accordingly, if the Employee remains employed in good standing with the Company through May 31, 2024, the Company will pay the Employee a cash bonus in the amount of $1,133,000, less applicable withholding taxes, no later than the Company's second regular payroll date following May 31, 2024.

(f) During the Employment Period, the RSU Award (as defined in Section 3) shall continue to vest in accordance with its terms. On the Separation Date, the then-unvested portion of the

RSU Award, after applying any vesting acceleration to which the Employee is entitled under Section 3, shall be forfeited.

(g) The Employee agrees that, during the Employment Period and thereafter, the Employee will not, except for the purposes of performing the Transition Services, seek to obtain any confidential or proprietary information or materials of the Company.

2. Accrued Amounts. As soon as administratively practicable on or after the Separation Date, the Company will pay the Employee (i) all accrued but unpaid base salary and (ii) any other accrued and vested employee benefits that are required to be paid to the Employee under the Company's employee benefit plans and in accordance with the Company's policies, excluding for the avoidance of doubt, any severance plans, policies or programs (collectively, the "**Accrued Amounts**"). The Employee is entitled to the Accrued Amounts regardless of whether the Employee executes this Agreement.

3. Severance. In accordance with Section 11 of the Offer Letter, and in consideration for the Employee's acceptance of and agreement to the covenants set forth in this Agreement, if the Separation Date occurs on the Planned Separation Date, the Employee shall be provided the following (the "**Severance Benefits**"): (i) an aggregate amount equal to $1,133,000 (representing 12 months of the Employee's base salary as of the date hereof plus the Employee's target annual bonus for fiscal 2024); (ii) an amount equal to $46,520 (representing an estimate of 24 months of COBRA premiums based on the health coverage in effect for Employee as of the Effective Date) (items (i) and (ii) collectively, the "**Cash Severance Benefits**"); and (iii) for the Company restricted share unit award that was granted to the Employee on August 29, 2022 (the "**RSU Award**"), 25,900 of the unvested restricted share units underlying the RSU Award shall fully vest effective as of the date the Supplemental Release (as defined below) becomes effective and irrevocable, and the remaining unvested portion of the RSU Award shall be forfeited on the Separation Date. The Cash Severance Benefits shall be paid to the Employee within 15 days following the date the Supplemental Release becomes effective and irrevocable. The payment of all Severance Benefits are subject to the Employee's compliance with this Agreement.

4. Other Matters Related to Termination.

(a) The Employee agrees that he has received all amounts for all work performed for the Company and its affiliated entities (collectively, the "**Company Entities**") through the date the Employee signs this Agreement that is due and payable on or prior to the date the Employee signs this Agreement. The Employee acknowledges and agrees that the payments and benefits set forth in Section 1, the Severance Benefits and the Accrued Amounts are in complete satisfaction of any and all compensation or benefits due to the Employee from any of the Company Entities for services provided to any of the Company Entities through the Separation Date, including under the Offer Letter, and that no further compensation or benefits are owed or will be paid to the Employee in respect of the Employee's employment with the Company and separation therefrom.

(b) Except for any right the Employee may have to healthcare coverage through the last day of the month in which the Separation Date occurs, as well as his right to continue his participation and that of his eligible dependents in the Company's medical, dental, and vision plans under COBRA, the Employee's participation in all employee benefit plans of the Company will end as of the Separation Date, in accordance with the terms of those plans. The Employee acknowledges that he will not earn paid time off or other similar benefits after the Separation Date. The Employee will receive information about his COBRA continuation rights under separate cover.

(c) Within 30 days following the Separation Date, the Employee must submit his final expense reimbursement statement reflecting all business expenses the Employee incurred through the Separation Date, if any, for which the Employee seeks reimbursement, and, in accordance with Company policy, reasonable substantiation and documentation for the same. The Company will reimburse the Employee for the Employee's authorized and documented expenses within 30 days of receiving such statement pursuant to its regular business practices.

(d) The Employee agrees to return to the Company, on or before the Separation Date, (i) any documents and other materials (whether in hardcopy, on electronic media or otherwise) related to the business of the Company Entities (in each case to the extent that such documents and other materials contain confidential information of the Company Entities) and (ii) any keys, access cards, credit cards, computer hardware and software, telephones and telephone-related equipment and any other similar property of any of the Company Entities in the Employee's possession or control, provided that the Employee may keep the printer that was provided to him by the Company for use at the Employee's home office. The Employee agrees that he will not, following the Separation Date, attempt to access or use any computer or computer network or system of any of the Company Entities. The Employee agrees to provide to the Company, on or before the Separation Date, passwords necessary or desirable to obtain access to, or that would assist in obtaining access to, all information which the Employee has password-protected on any computer equipment, network or system of any of the Company Entities.

(e) The Employee will be deemed to have resigned from any and all positions and offices that the Employee holds with the Company Entities as of the Transition Date (provided that the Employee shall remain an employee of the Company until the Separation Date), without any further action required therefor (collectively, the "**Resignations**"). The Company, on its own behalf and on behalf of each of the Company Entities, hereby accepts the Resignations as of the Transition Date, and the Employee agrees to sign and return such documents confirming the Resignations as the Company Entities may reasonably require.

(f) All payments made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company and all other lawful deductions authorized by the Employee.

5. Certain Covenants and Agreements. The covenants and agreements (the "**Restrictive Covenants**") set forth in the Employment, Confidential Information and Invention Assignment Agreement between the Employee and the Company (the "**Confidentiality Agreement**"), will remain in effect during and following the Employment Period in accordance with their terms. The Employee hereby reaffirms and agrees to comply with the Confidentiality Agreement, and the Arbitration and Class Action Waiver Agreement between the Employee and the Company. Additionally, the Employee agrees that he shall not make any written or oral statements about any of the Released Parties (as defined below) that are negative or disparaging, implied or expressed, or that are intended to damage the Company's business reputation or goodwill. Notwithstanding the foregoing, nothing in this Agreement or otherwise shall preclude the Employee from (a) communicating or testifying truthfully to the extent required by law to any federal, state, provincial or local governmental agency or in response to a subpoena to testify issued by a court of competent jurisdiction, or otherwise pursuant to legal process, (b) responding publicly to

incorrect, disparaging or derogatory public statements by the Company to the extent reasonably necessary to correct or refute such public statements or (c) disclosing acts in good faith thought to be unlawful. The Employee agrees to cooperate with the Company in the defense of any legal matter involving any matter that arose during the Employee's employment with any Company Entity, and with all government authorities on matters pertaining to any investigation, litigation or administrative proceedings pertaining to any Company Entity; provided that the Company will reimburse the Employee for any reasonable travel and out of pocket expenses the Employee incurs in providing such cooperation.

6. Release. As a condition to receiving the Severance Benefits, the Employee hereby agrees to the following provisions.

(a) In consideration for the benefits outlined in the Agreement, to which the Employee is not otherwise entitled, the Employee, on the Employee's own behalf and on behalf of the Employee's heirs, family members, executors, agents, and assigns, hereby releases the Company as follows (the "**Release**"): the Employee generally and completely releases the Company Entities and their directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, parent and subsidiary entities, insurers, affiliates, and assigns (together with the Company Entities, the "**Released Parties**") from any and all claims, demands, damages, loss, cost or expense, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "**Claims**"), which the Employee now has or may hereafter have against the Released Parties, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof, including, without limiting the generality of the foregoing, any Claims arising out of, based upon, or relating to the Employee's hire, employment, separation from employment, or remuneration by the Released Parties, or any of them, including Claims arising under federal, state, or local laws relating to employment, Claims of any kind that may be brought in any court or administrative agency, any Claims arising under Title VII of the Civil Rights Act of 1964, as amended by the Civil Rights Act of 1991; the Equal Pay Act; the Civil Rights Act of 1866; the Family and Medical Leave Act of 1993; the Americans with Disabilities Act of 1990; the False Claims Act; the Employee Retirement Income Security Act; the Worker Adjustment and Retraining Notification Act, the Fair Labor Standards Act, the Sarbanes-Oxley Act of 2002; the Massachusetts Fair Employment Practices Law; the Massachusetts Civil Rights Act; the Massachusetts Equal Rights Act; the Massachusetts Minimum Fair Wage Act; the Massachusetts Plant Closing Law; the Massachusetts Wage Act; the Massachusetts Equal Pay Act; the Massachusetts Parental Leave Act; the Massachusetts Sexual Harassment Statute; each as amended; and any and all other federal, state and local laws, statutes, executive orders, regulations municipal ordinances, common law, and any other jurisdiction worldwide; Claims for breach of contract; Claims arising in tort, including, without limitation, Claims of wrongful dismissal or discharge, discrimination, harassment, retaliation, fraud, misrepresentation, defamation, libel, infliction of emotional distress, violation of public policy, and/or breach of the implied covenant of good faith and fair dealing; and Claims for damages or other remedies of any sort, including, without limitation, compensatory damages, punitive damages, injunctive relief and attorney's fees. This Release does not apply to (x) any claims which cannot be released as a matter of law, (y) any rights under this Agreement, or (z) any claims that Employee may have as a result of the indemnifications that employee may be entitled to as a current or former officer or director of any of the Company Entities as a matter of common law or under the Company's indemnification and directors and officers insurance coverage.

(b) In granting the general release herein, the Employee acknowledges that the Employee has read and understands California Civil Code section 1542, which states:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

The Employee expressly waives and relinquishes all rights and benefits under that section and any law of any jurisdiction of similar effect.

(c) The Employee hereby agrees to re-execute the Release, waive and release any rights that the Employee has under the Age Discrimination in Employment Act (the "**ADEA**"), and confirm the representations set forth in this Section 6 within five business days after the Separation Date, but no earlier than the Separation Date, by signing the signature line for the "supplemental release" on the signature page hereto (the "**Supplemental Release**") and delivering it to the Company.

7. Cessation of Payments. In the event that the Employee (i) commits a material breach of this Agreement, (ii) files any charge, claim, demand, action or arbitration with regard to the Employee's employment, compensation or termination of employment under any federal, state, local or foreign law, or an arbitration under any industry regulatory entity, except in either case for a claim for breach of this Agreement or failure to honor the obligations set forth herein or (iii) materially violates any of the Restrictive Covenants, the Employee will immediately forfeit any right to the unpaid Severance Benefits, and, to the extent permitted by applicable law, the Employee will be required to repay the net amount of any Severance Benefits previously paid to the Employee (taking into account any taxes withheld) and any portion of the RSU Award that has vested pursuant to Section 3 shall immediately be forfeited for no consideration and to the extent that such award has been previously settled in ordinary shares of the Company, the Employee shall be required to return such shares or their equivalent cash value to the Company. Notwithstanding the foregoing, if an alleged breach of this Agreement or violation of a Restrictive Covenant (a) occurs more than 12 months after the Separation Date and (b) does not relate to any non-disparagement or confidentiality obligations of the Employee, the Employee will not be required to repay Severance Benefits as set forth in this Section 7.

8. Certain Exceptions.

(a) Nothing in this Agreement or otherwise limits the Employee's ability to (i) communicate directly with, cooperate with or provide information, including documents, not otherwise protected from disclosure by any applicable law or privilege, to any federal, state or local government agency or commission (each, a "**Government Agency**"), including without limitation the U.S. Securities and Exchange Commission (the "**SEC**"), the U.S. Commodity Futures Trading Commission, the U.S. Department of Justice, the U.S. Equal Employment Opportunity Commission, or the U.S. National Labor Relations Board, without notifying or seeking permission from the Company, (ii) exercise any rights the Employee may have under Section 7 of the U.S. National Labor Relations Act, or (iii) discuss or disclose information about unlawful acts in the workplace, such as harassment or discrimination based on a protected characteristic or any other conduct that Employee has reason to believe is unlawful. The Company may not retaliate against the Employee for any of these activities, and nothing in this Agreement requires the Employee to waive any monetary award or other payment that the Employee might become entitled to from the SEC or any other Government Agency or self-regulatory organization.

Moreover, nothing in this Agreement or otherwise prohibits the Employee from notifying the Company that the Employee is going to make a report or disclosure to law enforcement.

(b) Further, nothing in this Agreement precludes the Employee from filing a charge of discrimination or unfair labor practice with the U.S. Equal Employment Opportunity Commission or a like charge or complaint with a state or local fair employment or labor Government Agency. However, the Employee may not receive a monetary award or any other form of personal relief from the Company in connection with any such charge or complaint that the Employee has filed or is filed on the Employee's behalf.

(c) Pursuant to the Defend Trade Secrets Act of 2016, the Employee and the Company acknowledge and agree that the Employee will not have criminal or civil liability under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition and without limiting the preceding sentence, if the Employee files a lawsuit for retaliation by the Company for reporting a suspected violation of law, the Employee may disclose the trade secret to the Employee's attorney and may use the trade secret information in the court proceeding, if the Employee (x) files any document containing the trade secret under seal and (y) does not disclose the trade secret, except pursuant to court order.

9. Section 409A. This Agreement and the payments to be made hereunder are intended to comply with, or be exempt from, Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder ("**Section 409A**") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and construed to be in compliance therewith or exempt therefrom. For purposes of Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), the Employee's right to receive any installment payments under this Agreement shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment. The Company and the Employee acknowledge that the termination of the Employee's employment with the Company is intended to constitute an involuntary separation from service for purposes of Section 409A.

10. Miscellaneous. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, both oral and written, between the parties with respect to such subject matter, including without limitation the Offer Letter. The provisions and obligations of this Agreement that are intended to survive upon termination of this Agreement shall survive. This Agreement and the rights and obligations hereunder shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts without regard to its principles of conflict of laws. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. No amendment, modification, termination or waiver of any provisions of this Agreement and no consent to any departure by any party therefrom shall in any event be effective unless the same shall be in writing and signed by the parties hereto, and then such waiver or consent shall be effective only in the given instance and for the specific purpose for which given.

11. Assignment. Neither this Agreement nor any right or interest hereunder shall be assignable by the Employee, his beneficiaries or legal representatives without the Company's prior written consent. The Company may assign this Agreement to any successor or assign (whether directly or indirectly, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company. This Agreement shall inure to the benefit of the Company and its permitted successors and assigns.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the dates set forth below.

SMART GLOBAL HOLDINGS, INC.

By: /s/ Mark Adams
Name: Mark Adams
Title: Chief Executive Officer

Date: 06 April 2024

THE EMPLOYEE HEREBY ACKNOWLEDGES THAT THE EMPLOYEE HAS READ THIS AGREEMENT, THAT THE EMPLOYEE FULLY KNOWS, UNDERSTANDS AND APPRECIATES ITS CONTENTS, AND THAT THE EMPLOYEE HEREBY ENTERS INTO THIS AGREEMENT VOLUNTARILY AND OF THE EMPLOYEE'S OWN FREE WILL.

ACCEPTED AND AGREED:

/s/ David Laurello
David Laurello

Date: 06 April 2024

SUPPLEMENTAL RELEASE

The Release and representations contained in Section 6 of the Agreement are ratified and confirmed with respect to any Claims, acts or omissions through and as of the date the Employee signs this Supplemental Release.

Additionally, by signing this Supplemental Release, the Employee acknowledges that the Employee is knowingly and voluntarily waiving and releasing all Released Parties from any Claims the Employee has under the ADEA, and the applicable rules and regulations promulgated thereunder, and that the consideration given for the waiver and release is in addition to anything of value to which the Employee was already entitled. The Employee further acknowledges that the Employee has been advised by this writing, as required by the ADEA, that: (i) the Employee’s waiver and release under this Supplemental Release do not apply to any rights or claims that arise after the date the Employee signs this Supplemental Release; (ii) the Employee has the right to consult with an attorney prior to signing this Supplemental Release; (iii) the Employee has been given at least 21 days to consider this Supplemental Release, and in the event of any changes to this Supplemental Release, whether or not material, the Employee waives the restarting of the 21 day period; (iv) the Employee has seven days after the Employee signs this Supplemental Release to revoke it, *provided* that any revocation of this Supplemental Release shall revoke only the Employee’s release of claims that were not otherwise released upon the Employee’s initial execution of the Agreement; and (v) this Supplemental Release will not be effective until the date on which the revocation period has expired, which will be the eighth day after the Employee signs this Supplemental Release, assuming the Employee has returned it to the Company by such date. In order to revoke this Supplemental Release, the Employee must provide written notice that he is revoking it within the seven-day timeframe described above to Anne Kuykendall at [*****].

ACCEPTED AND AGREED:

/s/ David Laurello
David Laurello

Date: 01 July 2024

June 18, 2024

Nathan Olmstead

Dear Nathan,

By this offer letter (this "**Offer Letter**"), SMART Global Holdings, Inc. ("**SGH**" and, together with its subsidiaries and affiliates, the "**Company**") is delighted to offer you the exempt position of Senior Vice President and Chief Financial Officer, reporting to me as the Chief Executive Officer, and based at our Milpitas, California location.

1. Term. Your start date will be as mutually agreed by the parties hereto but in any event, no later than June 26, 2024 (the date you commence employment with the Company, your "**Start Date**"). Your employment hereunder will commence on the Start Date and continue until terminated pursuant to Section 7 below (the "**Term**"). You will have duties and responsibilities consistent with your position. During the Term, you will devote your full business time and attention to the performance of your duties for the Company, and you will not engage in any other business, profession or occupation for compensation or otherwise without the prior written consent of the Chief Legal Officer or Chief Executive Officer of the Company; provided that you may participate in civic or charitable activities as long as such activities do not interfere with the performance of your responsibilities hereunder.

2. Base Salary. During the Term, you will receive an annualized base salary of $500,000 per year (the "**Base Salary**"), payable in accordance with the normal payroll policies of the Company and subject to the usual withholdings and deductions. You agree to serve, without additional compensation, if requested by the Company, as an officer and/or director of any other member of the Company Group (as defined in **Exhibit A**).

3. Sign-On Bonus. On your first normal Company payroll date following the Start Date, you will receive a sign-on bonus of $180,000 (the "**Sign-On Bonus**"), provided that you must immediately repay the Sign-On Bonus to the Company if, prior to the first anniversary of the Start Date, either (i) your employment is terminated for Cause (as defined in **Exhibit A**) or (ii) you resign from employment without Good Reason (as defined in **Exhibit A**).

4. Performance Bonus. Subject to the achievement of the applicable performance goals and methodologies determined by the Board of Directors of SGH (the "**Board**") in its sole discretion, you will be entitled to participate in the Company's annual bonus program pursuant to which you will be eligible to earn an annual bonus (the "**Annual Bonus**") with a target amount equal to 80% of the Base Salary. The actual bonus payable is contingent upon achievement of pre-defined goals for the Company and is subject to Board and management approval. The Annual Bonus, if any, earned for a fiscal year will be paid no later than two and one-half (2½) months following the end of the fiscal year to which the Annual Bonus relates. Your Annual Bonus is expected to be determined on an annual basis. The Company and/or the Board will have the right, but not the obligation, at its sole discretion, to amend, modify or terminate any bonus program, including changes to (i) the performance period of the Annual Bonus, (ii) the performance goals and methodologies of calculating bonus achievement, and/or (iii) the Company's fiscal year. Your individual payout is adjusted by your manager's rating of your individual

performance. Bonuses are not considered as earned until bonus payment and are only earned if you are employed continually through the date of bonus payment. You must be employed and working (not on any form of leave) for no less than 50% of the working days in any performance period to be eligible for a bonus with respect to such performance period.

5. Equity Awards. As an inducement to your agreeing to the employment contained herein, on or as soon as reasonably practical after your Start Date, you will be eligible to receive the equity awards described in **Exhibit B** subject to the terms of the applicable SGH award agreements and the SGH 2021 Inducement Plan (as amended from time to time, the "**Stock Plan**"). Starting in the fiscal year after your Start Date, you will also be eligible to participate in SGH's equity compensation refresh program in a manner generally consistent with other similarly-situated executives, as determined by the Board, or the Compensation Committee of the Board, from time to time.

6. Benefits. During the Term, you will be eligible to participate in employee benefit plans and programs that are available to similarly-situated senior executive officers of SGH from time to time; provided that the Company may terminate or modify any benefit plan or program at any time in its discretion. Any requested details about the Company's employee benefit plans and programs, including but not limited to the Company's 401(k) plan, will be provided to you as soon as reasonably practicable after the Start Date.

7. Termination of Employment. Your employment may be terminated by you or the Company for any reason (including, without limitation, with or without Cause), at any time. Neither you nor your estate, as applicable, will accrue any additional compensation (including, without limitation, any Base Salary or Annual Bonus) or other benefits following any termination of your employment other than as set forth in this Offer Letter.

(a) If your employment is terminated due to your death or Disability (as defined in **Exhibit A**), then you will only be entitled to receive (i) your Base Salary through the date of termination (the "**Accrued Salary**"), which will be paid within 15 days following the date of termination or such earlier date as may be required by law, (ii) any other accrued and vested employee benefits that are required to be paid to you under the Company's employee benefit plans and in accordance with the Company's policies, excluding for the avoidance of doubt, any severance plans, policies or programs (the "**Accrued Benefits**"), and (iii) any earned (without regard to the requirement of continued employment through the payment date) but unpaid annual bonus for any fiscal year preceding the fiscal year in which the date of termination occurs (the "**Accrued Bonus**" and, collectively with the Accrued Salary and the Accrued Benefits, the "**Accrued Amounts**"), which will be paid at the same time as bonuses are paid to other senior executive officers, generally.

(b) If your employment is terminated by the Company without Cause (and other than due to your death or Disability) or if you resign from your employment for Good Reason, in each case outside a Change in Control Protection Period (as defined in **Exhibit A**), then you will be entitled to the Accrued Amounts and, subject to Section 9 below, the following additional payments and benefits: (i) an aggregate amount equal to 100% of your then-current Base Salary (the "**Cash Severance**"), payable in accordance with the schedule set forth in Section 9, below; (ii) to the extent any Annual Bonus could be earned in the fiscal year in which the termination occurs under the terms of the Company's annual bonus program, but such Annual Bonus has not yet been earned, a prorated bonus (based on the Board's determination of Company performance through the date of termination), prorated based on the number of days you were employed by the Company during such fiscal year, payable at the same time as bonuses for such fiscal year are paid to the Company's other executives (the "**Pro-Rated Bonus**"); and (iii) to the extent that you and/or members of your family are covered under Company-provided health plans, payment or reimbursement of health benefit continuation coverage under COBRA or otherwise ("**Health Care Continuation**") from the termination date through the earlier of (x) 12 months following the termination date or (y) the date you become eligible for health benefits with another employer, which will be paid no later than the due date of payments for such coverage.

(c) If, during the Change in Control Protection Period, (i) your employment is terminated by the Company without Cause (and other than due to your death or Disability) or (ii) you resign from employment for Good Reason, then, in lieu of any payments or benefits pursuant to Section 7(b) above, you will be entitled to the Accrued Amounts and, subject to Section 9 below, the following additional payments and benefits: (i) an aggregate amount equal to 150% of your then-current Base Salary plus an amount equal to 150% of the Annual Bonus paid or payable for the most recently completed fiscal year (together, the "**Change in Control Cash Severance**"), payable in accordance with the schedule set forth in Section 9 below; (ii) a Pro-Rated Bonus; (iii) Health Care Continuation from the termination date through the earlier of (x) 18 months following the termination date or (y) the date you become eligible for health benefits with another employer, which will be paid no later than the due date of payments for such coverage; and (iv) except to the extent otherwise specifically provided in the award agreement governing any particular equity award, 100% vesting of all outstanding equity awards (including, without limitation, any equity awards subject to performance conditions, after giving application to Section 8 below).

(d) If your employment is terminated or you resign for any reason other than as described in clauses (a) through (c) above, you will not be entitled to any payments or benefits, other than the Accrued Salary and the Accrued Benefits.

8. Treatment of Performance-Based Equity on Change in Control. Except to the extent otherwise specifically provided in the award agreement governing any particular equity award, upon a Change in Control (as defined in **Exhibit A**), to the extent you hold any equity awards that remain subject to issuance or vesting based on performance (the "**Performance Awards**"), to the extent not already vested, a prorated portion of the Performance Awards (based on the Board's determination of performance measured through the Change in Control), prorated through the date of the Change in Control, will become issued and/or vested upon the Change in Control, and the remainder of the Performance Awards (the "**Remainder Awards**") will issue and/or vest in equal monthly installments over the remainder of the original performance period (unless accelerated

under Section 7 above); provided that if the successor to SGH does not assume or substitute the Remainder Awards with a substantially equivalent award, the full amount of the Remainder Awards will become issued and/or vested upon the Change in Control. Notwithstanding the foregoing, in the event that any of the Performance Awards are subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**") and the issuance of such Performance Awards in accordance with this Section 8 would violate Section 409A of the Code, then the Performance Awards will vest in accordance with this Section 8 but shall be issued in accordance with the schedule set forth in the original award agreement to the extent required to comply with Section 409A of the Code.

9. Termination Payment Matters. Any payments or benefits made pursuant to Section 7 above, other than the Accrued Salary and the Accrued Benefits, will be subject to your execution, delivery and non-revocation of an effective release of all claims against the Company, in a form provided by the Company (the "**Release**"), within the 60-day period following the date that your employment terminates (such 60-day period, the "**Release Period**"). The Cash Severance or Change in Control Cash Severance, as applicable, will be paid in accordance with the Company's regular payroll practices in substantially equal installments over the twelve-month period following the date of termination; provided that the first installment will be paid on the first or second Company payroll date following the date on which the Release has become effective and irrevocable; provided *further*, if the Release Period spans two calendar years, then the first installment of the severance pay will commence on the first or second Company payroll date that occurs in the second calendar year. Any installments that otherwise would have been paid prior to the date on which the first installment is paid will instead be paid on the first installment payment date. Upon the termination of your employment for any reason, you agree to resign, as of the date of your termination and to the extent applicable, from the Board (and any committees thereof) and all other boards of directors (and any committees thereof), officer, and other fiduciary positions of or relating to each member of the Company Group. During the Term and at any time thereafter, you agree to cooperate (i) with the Company in the defense of any legal matter involving any matter that arose during your employment with any member of the Company Group and (ii) with all government authorities on matters pertaining to any investigation, litigation or administrative proceeding pertaining to any member of the Company Group; provided that the Company will reimburse you for any reasonable travel and out of pocket expenses you incur in providing such cooperation. You will promptly notify the Company if you become eligible for health benefits with another employer while still receiving payments or benefits hereunder.

10. Conditions. This offer, and any employment pursuant to this offer, is contingent on you: (i) completing the Company's standard employment application paperwork, (ii) providing the legally required proof of your identity and authorization to work in the United States, (iii) passing a background check, (iv) passing a references check that is performed by the Company, and (v) executing and complying with the Company's standard Employment, Confidential Information and Invention Assignment Agreement and the Company's standard Arbitration and Class Action Waiver Agreement. At all times, you will be subject to, and abide by, all applicable Company policies and requirements, including but not limited to those relating to expense reimbursement, insider trading,

stock ownership guidelines, corrupt practices, technology, publicity, safety, discrimination, and harassment.

11. Representations. By signing and accepting this offer, you represent and warrant to the Company that: (i) as of the Start Date you will not be subject to any pre-existing contractual or other legal obligation with any person, company or business enterprise which would prohibit or restrict your employment with, or your providing services to, the Company as its employee; and (ii) you will not use in the course of your employment with the Company and to the benefit of the Company, any confidential or proprietary information of another person, company or business enterprise to whom you currently provide, or previously provided, services.

12. At Will Employment. You understand that your employment is "at will" at all times, which means that you or the Company may terminate your employment at any time, for any reason or no reason at all. This Offer Letter does not constitute, and may not be construed as, a commitment for employment for any specific duration.

13. Miscellaneous. No provision of this Offer Letter may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in a writing signed by you and another duly authorized signatory of SGH. This Offer Letter is not assignable by you, and it will governed by, and construed in accordance with, the laws of the State of California without reference to principles of conflict of laws. Any legal proceeding involving this Offer Letter must be brought in the State of California. The parties agree and consent to both jurisdiction and venue in the State of California. The Company's obligation to pay or provide any amounts or benefits hereunder is subject to set-off, counterclaim or recoupment of any amounts you owe to any member of the Company Group (except to the extent any such action would violate, or result in the imposition of tax under, Section 409A of the Code). This Offer Letter (together with its exhibits and schedules, as well as other documents and agreements to the extent referenced herein) constitutes the entire agreement between the parties as of the date hereof regarding the terms of your employment and supersedes all previous agreements and understandings with respect to the subject matter hereof, whether written or oral. Any compensation paid to you by any member of the Company Group which is subject to recovery under any Company policy, law, government regulation or stock exchange listing requirement, will be subject to such deductions and clawback as may be required to be made thereby (or by any policy adopted by any member of the Company Group). The Company is entitled to withhold from any payment due to you any amounts required to be withheld by applicable laws or regulations.

14. 409A Matters. This Offer Letter is intended to comply with Section 409A of the Code or one or more exemptions therefrom. Without limiting the foregoing, if on the date of termination of employment you are a "specified employee" (within the meaning of Section 409A of the Code), then to the extent required in order to comply with Section 409A of the Code, amounts that constitute "nonqualified deferred compensation" (as defined in Section 409A of the Code) and are not otherwise exempt from Section 409A of the Code that would otherwise be payable during the six-month period immediately following the termination date will instead be paid (without interest) on the earlier of (i) the first business day after the date that is six months following the termination date or (ii) your death. All references herein to "termination date" or

"termination of employment" mean "separation from service" as an employee within the meaning of Section 409A of the Code. It is intended that each installment of payments hereunder constitutes a separate "payment" for purposes of Section 409A of the Code. To the extent that any provision hereof is ambiguous as to its compliance with Section 409A of the Code, the provision will be interpreted so that all payments hereunder comply with Section 409A of the Code or one or more exemptions therefrom. To the extent any expense reimbursement or in-kind benefit is subject to Section 409A of the Code, (1) the amount of any such expenses eligible for reimbursement, or the provision of any in-kind benefit in one calendar year will not affect the expenses eligible for reimbursement in any other taxable year, (2) in no event will any expenses be reimbursed after the last day of the calendar year following the calendar year in which you incurred such expenses, and (3) in no event will any right to reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit. The Company makes no representation or warranty that, and will have no liability to you or any other person if, any payments or benefits are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy the conditions thereof or an exemption therefrom.

15. <u>280G Matters</u>. If payments or benefits owed to you by the Company are considered "parachute payments" under Section 280G of the Code, then such payments will be limited to the greatest amount which may be paid to you under Section 280G of the Code without causing any loss of deduction to the Company thereunder, but only if, by reason of such reduction, the net after tax benefit to you exceeds the net after tax benefit to you if such reduction were not made (in each case, taking into account all applicable income, employment, and excise taxes). These determinations will be made at the Company's expense by a nationally recognized certified public accounting firm designated by the Company and reasonably acceptable to you (the "**Accounting Firm**"). In the event of any mistaken underpayment or overpayment under this <u>Section 15</u>, as determined by the Accounting Firm, the amount thereof will be paid to you or refunded to the Company, as applicable, but only to the extent any such refund would result in (i) no portion of such payments being subject to the excise tax imposed by Section 4999 of the Code and (ii) a dollar-for-dollar reduction in your taxable income and wages for purposes of all applicable income and employment taxes, with interest at the applicable Federal rate for purposes of Section 7872(f)(2) of the Code. Any reduction in payments required by this <u>Section 15</u> will, to the extent possible, be made in a manner does not violate the provisions of Section 409A of the Code and will occur in the following order: (1) any Cash Severance, (2) any other cash amount, (3) any benefit valued as a "parachute payment," and (4) the acceleration of vesting of any equity-based awards, in each case, with payments to be paid later in time reduced first.

[Remainder of Page Intentionally Left Blank]

This offer of employment expires on June 25, 2024 and supersedes any prior offer, which prior offer is null and void. To confirm your acceptance of this offer, please sign below. I look forward to your positive response, and I am very excited about having you join us.

Sincerely,

/s/ Mark Adams
Mark Adams
President & CEO

Accepted and Agreed:

/s/ Nathan Olmstead
Nathan Olmstead

Date: June 18, 2024

<u>Exhibit A</u>
Definitions

"**Cause**" means the occurrence of one or more of the following, as determined in good faith by the Board: (A) your act of fraud or material dishonesty against any member of the Company Group which the Board reasonably determines had or will have a materially detrimental effect on the reputation or business of any member of the Company Group, (B) your conviction of, or plea of nolo contendere to, (i) a felony (excluding minor traffic offenses) or (ii) any other crime which the Board reasonably determines had or will have a materially detrimental effect on the reputation or business of any member of the Company Group, (C) your intentional or gross misconduct, (D) your willful improper disclosure of confidential information, (E) your action or conduct that causes material harm to any member of the Company Group (including, without limitation, the reputation of any member of the Company Group), or that otherwise brings you or any member of the Company Group into public disrepute, (F) your material violation of any policy of any member of the Company Group (including, without limitation, any policy relating to discrimination, sexual harassment or misconduct), or of this Offer Letter (or any other material agreement between you and any member of the Company Group), after written notice from the Company, and a reasonable opportunity of not less than 30 days to cure (to the extent curable) such violation, (G) your failure to reasonably cooperate with any member of the Company Group in any investigation or formal proceeding, or (H) your continued material violations of your duties, or repeated material failures or material inabilities to perform any reasonably assigned duties (other than due to your Disability), after written notice from the Board and a reasonable opportunity of not less than 30 days to cure (to the extent curable) such violations, failures or inabilities (and during which time you will be given a reasonable opportunity to address any issues with the Board).

"**Change in Control**" has the meaning set forth in the Stock Plan.

"**Change in Control Protection Period**" means the period beginning 2 months prior to and ending 12 months following a Change in Control.

"**Company Group**" means SGH and each of its subsidiaries.

"**Disability**" means your inability, due to physical or mental incapacity, to perform your duties under this Offer Letter with substantially the same level of quality as immediately prior to such incapacity for a period of 90 consecutive days or 120 days during any consecutive six-month period. In conjunction with determining Disability for purposes of this Offer Letter, you hereby (i) consent to any such examinations which are relevant to a determination of whether you are mentally and/or physically disabled and (ii) agree to furnish such medical information as may be reasonably requested.

"**Good Reason**" means the occurrence, without your written consent, of any of the following events: (A) a material reduction in the nature or scope of your responsibilities, duties or authority from those contemplated by the title offered in this Offer Letter, (B) a material reduction in your then-current Base Salary (other than due to a general salary reduction program), (C) you cease to report to the Chief Executive Officer of SGH, or (D) you are required to permanently relocate your primary home residence as a result of the Company's relocation of your primary office location outside a 50-mile radius of the Company's current offices in Milpitas, California; provided that any such event described in clauses (A) through (D) above will not constitute

Good Reason unless (i) you deliver to the Board a notice of termination for Good Reason within 90 days after you first learn of the existence of the circumstances giving rise to Good Reason, (ii) within 30 days following the delivery of such notice of termination for Good Reason, the Company has failed to cure the circumstances giving rise to Good Reason, and (iii) following such failure to cure, you resign your employment within 30 days thereof.

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Exhibit B
Initial Equity Awards

The terms of your initial equity awards will be consistent with those set forth in the summary below. Your initial equity awards will be subject to the terms and conditions set forth in the Stock Plan and an award agreement issued to you in connection with each grant (collectively, the "**Award Documentation**"), which will supersede and replace the summary set forth below.

1. *Time-Based RSU Award*. On the Start Date or as soon as reasonably practicable thereafter, you will be granted restricted share units to acquire a number of ordinary shares of SGH with an aggregate value of $1,300,000, based on the trailing average closing price of an ordinary share of SGH over the 30 trading days ending on and including the trading day preceding the date on which the Compensation Committee of the Board approves the award (the "**RSUs**"). Subject to your continued service through each vesting date, (i) 25% of the RSUs will vest in an open trading window approximately one year after the grant date and (ii) the remainder of the RSUs will vest in equal quarterly installments (equal to 1/16th of the total number of RSUs) in an open trading window approximately every three months thereafter (through the final vesting date on approximately the fourth annual anniversary of the grant date). Open trading windows typically occur in the second half of every January, April, July and October. Any fraction of a share that vests on any vesting date will be rounded down to the next whole number, with any such fraction added to the portion of the shares that vests on the subsequent vesting date. The RSUs will be subject to vesting acceleration upon a qualifying termination of your service following a Change in Control, as set forth in and subject to the terms of the Offer Letter.

2. *Performance-Based RSU Award*. On the Start Date or as soon as reasonably practicable thereafter, you will be granted performance-based restricted share units to acquire a number of ordinary shares of SGH with an aggregate value of $1,300,000 based on the trailing average closing price of an ordinary share of SGH over the 30 trading days ending on and including the trading day preceding the date on which the Compensation Committee of the Board approves the award (the "**PRSUs**"). The PRSUs will vest subject to (i) the achievement of Company total shareholder return goals relative to the Russell 2000 Index over a three-year performance period, in each case as established by the Compensation Committee of the Board, and (ii) continued service through the end of the performance period. The PRSUs will be subject to pro-rata vesting acceleration upon a Change in Control, as set forth in and subject to the terms of the Offer Letter.

EXHIBIT 31.1

RULE 13a-14(a) CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Mark Adams, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SMART Global Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 9, 2024

By: /s/ Mark Adams

Mark Adams

President and Chief Executive Officer

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EXHIBIT 31.2

RULE 13a-14(a) CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Nate Olmstead, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SMART Global Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 9, 2024

By: /s/ Nate Olmstead
Nate Olmstead
Senior Vice President and Chief Financial Officer

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EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. 1350

In connection with the Quarterly Report of SMART Global Holdings, Inc. (the “Company”) on Form 10-Q for the period ended May 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Mark Adams, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 9, 2024

By: /s/ Mark Adams

Mark Adams

President and Chief Executive Officer

SGH™

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. 1350

In connection with the Quarterly Report of SMART Global Holdings, Inc. (the "Company") on Form 10-Q for the period ended May 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Nate Olmstead, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 9, 2024	By:	/s/ Nate Olmstead
		Nate Olmstead
		Senior Vice President and Chief Financial Officer

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