



# Fiscal Third Quarter 2025 Financial Results

Quarter ended March 28, 2025

Wednesday, May 7, 2025

**ANALISYS**™

# Disclaimers

## Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of federal securities laws, including, but not limited to, statements regarding expectations for: Sandisk Corporation's (the "Company") business outlook and operational and financial performance for the fiscal third quarter of 2025 and beyond; demand and market conditions for our products; growth opportunities and drivers; product developments and innovations; the performance and characteristics of the Company's products; supply and demand dynamics; the Company's capital investment, cost-reduction, and pricing strategies; and the size and sources of our capital expenditures. These forward-looking statements are based on management's current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. The preliminary financial results for the Company's fiscal third quarter ended March 28, 2025 included in this presentation represent the most current information available to management. Actual results when disclosed in the Company's Form 10-Q may differ from these preliminary results as a result of the completion of the company's financial closing procedures; final adjustments; completion of the review by the Company's independent registered accounting firm; and other developments that may arise between now and the filing of the company's Form 10-Q. Other key risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements include: adverse changes in global or regional economic conditions, including the impact of evolving trade policies, tariff regimes and trade wars; volatility in demand for the Company's products; pricing trends and fluctuations in average selling prices inflation; changes in interest rates and a potential economic recession; future responses to and effects of global health crises; the impact of business and market conditions; the impact of competitive products and pricing; the Company's development and introduction of products based on new technologies and management of technology transitions; risks associated with strategic initiatives, including restructurings, acquisitions, divestitures, cost saving measures and joint ventures; risks related to product defects; difficulties or delays in manufacturing or other supply chain disruptions; our reliance on strategic relationships with key partners, including Kioxia Corporation; hiring and retention of key employees; the Company's level of debt and other financial obligations; changes to the Company's relationships with key customers or consolidation among our customer base; compromise, damage or interruption from cybersecurity incidents or other data system security risks; our reliance on intellectual property; fluctuations in currency exchange rates; actions by competitors; risks associated with compliance with changing legal and regulatory requirements; future material impairments in the value of our goodwill and other long-lived assets; our ability to achieve some or all of the expected benefits of the separation from Western Digital Corporation; and other risks and uncertainties listed in the Company's filings with the Securities and Exchange Commission (the "SEC"), including the Registration Statement on Form 10, initially filed with the SEC on November 25, 2024, as further amended thereafter and declared effective on January 31, 2025, and the Company's Quarterly Report on Form 10-Q for the quarter ended December 27, 2024, as initially filed with the SEC on March 7, 2025 and amended on March 17, 2025, to which your attention is directed. You should not place undue reliance on these forward-looking statements, which speak only as of the date hereof, and the Company undertakes no obligation to update or revise these forward-looking statements to reflect new information or events, except as required by law.

## Non-GAAP Measures

This presentation includes references to Non-GAAP financial measures. Reconciliations of the differences between the Non-GAAP measures provided in this presentation to the comparable GAAP financial measures are included in the appendix and in the Investor Relations section of our website. We have not fully reconciled our Non-GAAP financial measures guidance to the most directly comparable GAAP measures because material items that impact these measures are not in our control and/or cannot be reasonably predicted. Accordingly, a full reconciliation of the Non-GAAP financial measures guidance to the corresponding GAAP measures is not available without unreasonable effort.

# Fiscal Third Quarter Executive Summary

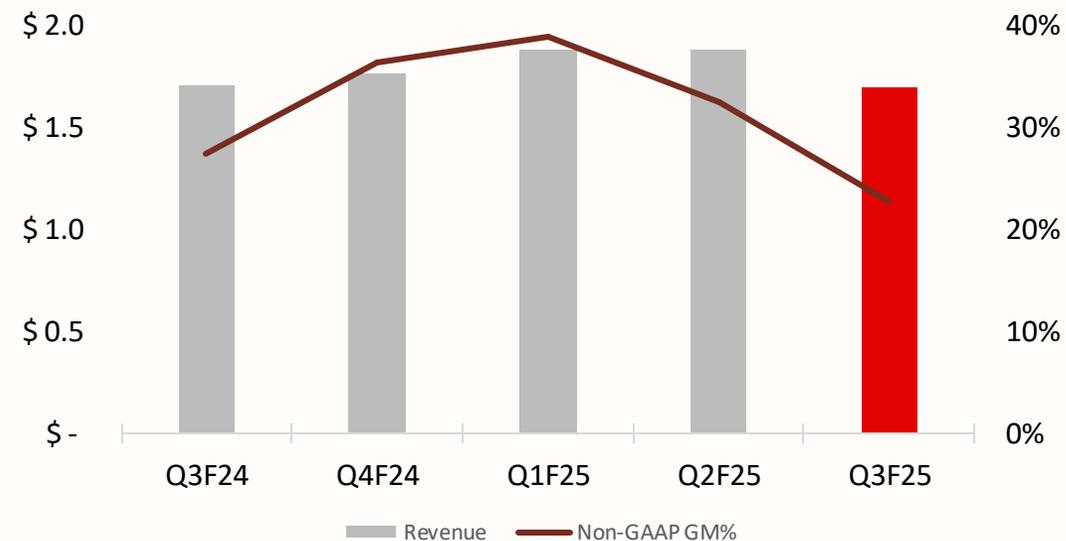
## Key Messages

- Successful first quarter as a standalone company meeting/beating expectations
- Creating value for customers and shareholders through innovation, scale, agility and resilience
- Leading innovation with BiCS 8– driving industry leading speed, latency, and power efficiency
- Forecasting demand to strengthen throughout the year
- Focused on maximizing return on invested capital through supply management, costs, and pricing strategies

## Financial Results<sup>1</sup>

- Revenue of \$1.7B
- Bit shipments: down low-single digits
- ASP/Gigabyte: down high-single digits
- Non-GAAP EPS loss of \$0.30
- Non-GAAP gross margin of 22.7%
- Adjusted free cash flow of \$220M
- Cash and cash equivalents of \$1.5B

In billions



1. See Appendix for GAAP to Non-GAAP Reconciliations.

# Technology and operations

## Client Segment

- PC Demand 2H CY2025 Drivers:
  - Windows 10 End of Life replacement cycle
  - Post-pandemic refresh
  - AI PCs requiring higher memory/storage
- Smartphone refresh cycle including AI-enabled devices
- OEM Engagement: BiCS8 SSD mass production underway; additional qualifications expected in Q4 FY2025
- Automotive Innovation:
  - Nominated as a Ford Supplier of the Year
  - Industry-first Universal Flash Storage (UFS) 4.1 samples for autonomous driving
- Gaming: New SSD wins top industry awards (Editors' Choice, "Best SSD")

# Technology and operations (cont'd)

## Consumer Segment

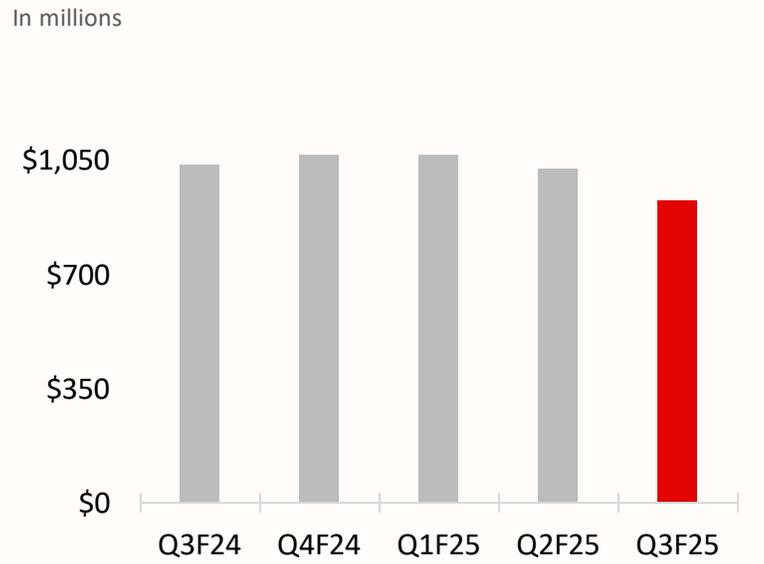
- Launched high-performance portable SSDs & USB drives
- Expanded into pro-grade memory cards for content creators
- Industry recognition: Red Dot Design Award, NAB TV Tech Best of Show

## Datacenter Segment

- Increased Cloud bit allocation; expanding hyperscaler market share, representing 12% of our bits this quarter, up from 8% in the same quarter of the prior year
- Gen5 eSSD certification with NVIDIA
- Major hyperscaler cloud capex: \$240B in 2024 (+50% YoY); projected \$330B in 2025 (+40% YoY)

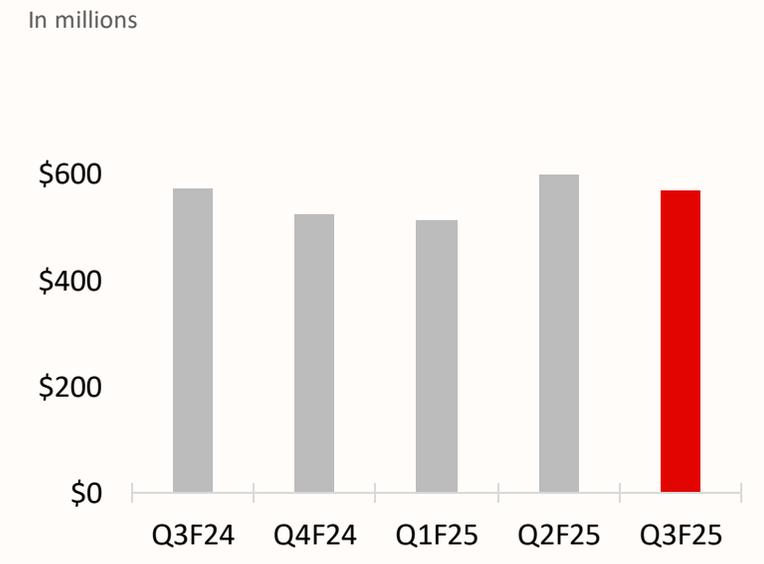
# Revenue Trends by End Market

## Client



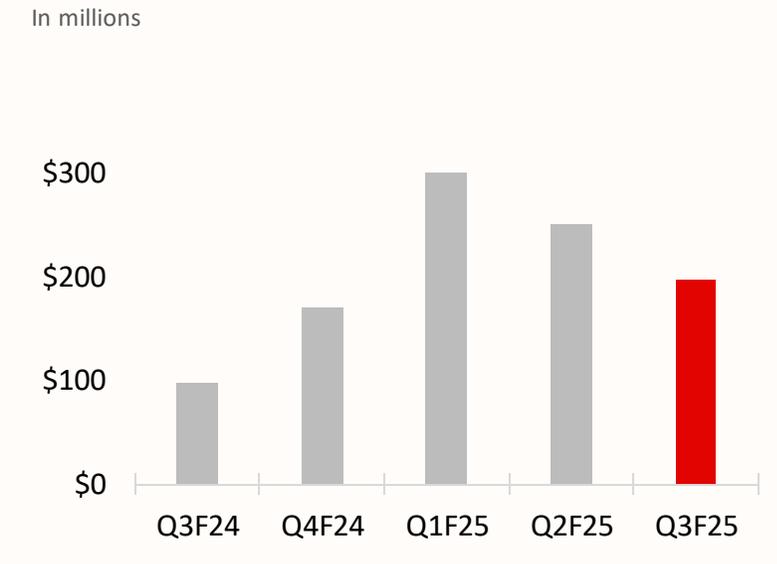
**Revenue**  
**\$927 million**  
 Decreased 10% QoQ

## Consumer



**Revenue**  
**\$571 million**  
 Decreased 5% QoQ

## Cloud



**Revenue**  
**\$197 million**  
 Decreased 21% QoQ

# Non-GAAP Financial Results<sup>(1)</sup>

(\$in millions, except for EPS)

	Q3 2024	Q2 2025	Q3 2025	QoQ	YoY
<b>Revenue</b>	\$1,705	\$1,876	\$1,695	down 10%	down 1%
<b>Gross Margin %</b>	27.4%	32.5%	22.7%	down 9.8 ppt	down 4.7 ppt
<b>Operating Expenses</b>	\$351	\$376	\$383	up 2%	up 9%
<b>Operating Income (Loss)</b>	\$117	\$233	\$2	down 99%	down 98%
<b>Interest and Other Expense, net</b>	\$(12)	\$(26)	\$(22)	down 15%	up 83%
<b>Diluted Earnings (Loss) per Share</b>	\$0.57	\$1.23	\$(0.30)	down 124%	down 153%
<b>Operating Cash Flow</b>	\$(12)	\$95	\$26	down 73%	up 317%
<b>Adjusted Free Cash Flow</b>	\$87	\$91	\$220	up 142%	up 153%

1. See Appendix for GAAP to Non-GAAP Reconciliations.

# Gross and Cash Capital Expenditure Trends and Plan

In millions

	9 Months Ended March 28, 2025
Revenue, net	\$5,454
<b>Sandisk share of JV Gross CapEx</b>	<b>\$(343)</b>
<i>Funding mechanisms:</i>	
External funding	\$363
Sandisk wafer purchases (tool depreciation)	\$345
CapEx funding	\$708
<b>Sandisk share of JV Cash CapEx (front-end)</b>	<b>\$365</b>
<b>Purchases of PP&amp;E (backend)</b>	<b>\$(159)</b>
<b>Total Sandisk Cash CapEx</b>	<b>\$206</b>
<i>% of revenue, net</i>	3.8%
<b>Total Sandisk Gross CapEx</b>	<b>\$502</b>
<i>% of revenue, net</i>	9.2%

- JV Gross CapEx fluctuates based primarily on node transitions and aligning supply with demand
- JV Gross CapEx is funded through a mix of external (e.g., subsidies, leasing, vendor terms) and internal sources (e.g., tool depreciation in COGS)
- Sandisk's share of JV Cash CapEx and PP&E purchases comprise total Cash CapEx, net
- The majority of the fiscal 2025 capex is to support BiCS8 technology investments

# Fiscal Fourth Quarter Guidance<sup>(1)</sup>

	GAAP	Non-GAAP <sup>(2)</sup>
Revenue (\$B)	\$1.75 - \$1.85	\$1.75 - \$1.85
Gross Margin	25.3% - 26.7%	25.5% - 27.0%
Operating Expenses (\$M)	\$440 - \$460	\$395 - \$405
Interest and Other Expense, net (\$M)	\$43 - \$48	\$45 - \$50
Tax Expense (\$M) <sup>(3)</sup>	N/A	\$22 - \$25
Diluted Earnings (Loss) per Share	N/A	\$(0.10) - \$0.15
Diluted Shares Outstanding (in millions)	~ 146	~ 146

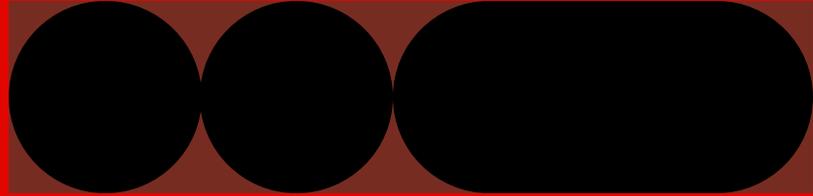
1. Guidance as shown is as of May 7, 2025.

2. Non-GAAP gross margin guidance excludes stock-based compensation expense and expense for short term incentives granted in connection with the separation, totaling approximately \$4 million to \$6 million. The Company's Non-GAAP operating expenses guidance excludes stock-based compensation expense and expense for short term incentives granted in connection with the separation, totaling approximately \$45 million to \$60 million. The Company's Non-GAAP interest and other expenses, net guidance excludes the accretion of the present value discount on consideration receivable from the sale of an interest in a subsidiary, totaling approximately \$2 million. In the aggregate, Non-GAAP diluted earnings (loss) per share guidance excludes these items totaling \$47 million to \$64 million. The timing and amount of these charges excluded from Non-GAAP gross margin, Non-GAAP operating expenses, Non-GAAP interest and other expenses, net, and Non-GAAP diluted earnings (loss) per share cannot be further allocated or quantified with certainty. Additionally, the timing and amount of additional charges the Company excludes from its Non-GAAP diluted earnings (loss) per share are dependent on the timing and determination of certain actions and cannot be reasonably predicted. Accordingly, full reconciliations of Non-GAAP gross margin, Non-GAAP operating expenses, Non-GAAP interest and other expenses, net, and Non-GAAP diluted earnings (loss) per share to the most directly comparable GAAP financial measures (gross margin, operating expenses, and diluted earnings (loss) per share, respectively) are not available without unreasonable effort.

3. Non-GAAP tax expense is determined based on a Non-GAAP pre-tax income or loss. Our estimated Non-GAAP tax expense may differ from our GAAP tax expense (i) due to differences in the tax treatment of items excluded from our Non-GAAP net income or loss; (ii) due to the fact that our GAAP income tax expense or benefit recorded in any interim period is based on an estimated forecasted GAAP tax expense for the full year, excluding loss jurisdictions; and (iii) because our GAAP taxes recorded in any interim period are dependent on the timing and determination of certain GAAP operating expenses.

# Joint Venture Operational Framework

	<b>Flash Ventures</b> 49.9% Owned by Sandisk 50.1% Owned by Kioxia	
<b>Co-develops flash</b> (including process technology and memory design) with Kioxia and contributes IP for Flash Ventures' use	<b>Owns and leases equipment</b> for flash wafer production and R&D line	<b>Co-develops flash</b> (including process technology and memory design) with Sandisk and contributes IP for Flash Ventures' use
<b>Performs integral manufacturing and R&amp;D</b> functions at Flash Ventures' manufacturing sites	<b>Purchases wafers from Kioxia</b> at cost under foundry agreements	<b>Performs integral manufacturing and R&amp;D</b> functions at Flash Ventures' manufacturing sites
<b>Purchases Flash Ventures' wafers</b> at cost plus a small markup	<b>Sells wafers to Sandisk and Kioxia</b> at cost plus a small markup	<b>Purchases Flash Ventures' wafers</b> at cost plus a small markup
<b>Pays Flash Ventures' expenses</b> (including equipment depreciation and lease expense)	<b>Charges expenses to Sandisk and Kioxia</b> (including equipment depreciation and lease expense)	<b>Pays Flash Ventures' expenses</b> (including equipment depreciation and lease expense)
<b>Funds Flash Ventures' equipment purchases</b> (via loans, equity and lease guarantees) in excess of Flash Ventures' operating cash flow	<b>Borrows from Sandisk and Kioxia</b> for a portion of their equipment purchases	<b>Funds Flash Ventures' equipment purchases</b> (via loans, equity, and lease guarantees) in excess of Flash Ventures' operating cash flow
	<b>Repays loans for equipment purchases</b> using excess operating cash flow	<b>Owns and operates</b> cleanrooms
		<b>Provides wafer manufacturing</b> services to Flash Ventures at cost



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# Appendix



# Non-GAAP Reconciliations

# GAAP to Non-GAAP Reconciliations

In millions; unaudited	Q3'24	Q2'25	Q3'25
<b>GAAP Gross Profit</b>	<b>\$463</b>	<b>\$606</b>	<b>\$382</b>
Stock-based compensation expense	5	3	3
<b>Non-GAAP Gross Profit</b>	<b>\$468</b>	<b>\$609</b>	<b>\$385</b>
<b>GAAP Operating Expenses</b>	<b>\$398</b>	<b>\$411</b>	<b>\$2,263</b>
Goodwill impairment	—	—	(1,830)
Stock-based compensation expense	(33)	(45)	(41)
Business separation costs	(12)	(21)	(9)
Employee termination and other	(2)	(3)	—
Gain on business divestiture	—	34	—
<b>Non-GAAP Operating Expenses</b>	<b>\$351</b>	<b>\$376</b>	<b>\$383</b>

# GAAP to Non-GAAP Reconciliations (cont'd)

In millions; unaudited	Q3'24	Q2'25	Q3'25
<b>GAAP Operating Income (Loss)</b>	<b>\$65</b>	<b>\$195</b>	<b>\$(1,881)</b>
Gross profit adjustments	5	3	3
Operating expense adjustments	47	35	1,880
<b>Non-GAAP Operating Income</b>	<b>\$117</b>	<b>\$233</b>	<b>\$2</b>
<b>GAAP Interest and Other Expense, Net</b>	<b>\$(11)</b>	<b>\$(22)</b>	<b>\$(20)</b>
Interest and other expense, net adjustments	(1)	(4)	(2)
<b>Non-GAAP Interest and Other Expense, Net</b>	<b>\$(12)</b>	<b>\$(26)</b>	<b>\$(22)</b>
<b>GAAP Income Tax Expense</b>	<b>\$27</b>	<b>\$69</b>	<b>\$32</b>
Income tax adjustments	(4)	(40)	(9)
<b>Non-GAAP Income Tax Expense</b>	<b>\$23</b>	<b>\$29</b>	<b>\$23</b>

# GAAP to Non-GAAP Reconciliations (cont'd)

In millions, except per share amount; unaudited	Q3'24	Q2'25	Q3'25
<b>GAAP Net Income (Loss)</b>	<b>\$27</b>	<b>\$104</b>	<b>\$(1,933)</b>
Goodwill impairment	—	—	1,830
Stock-based compensation expense	38	48	44
Business separation costs	12	21	9
Employee termination and other	2	3	—
Gain on business divestiture	—	(34)	—
Other	(1)	(4)	(2)
Income tax adjustments	4	40	9
<b>Non-GAAP Net Income (Loss)</b>	<b>\$82</b>	<b>\$178</b>	<b>\$(43)</b>
<b>Diluted Earnings (Loss) per Share</b>			
GAAP	\$0.19	\$0.72	\$(13.33)
Non-GAAP	\$0.57	\$1.23	\$(0.30)
<b>Diluted Weighted Average Shares Outstanding:</b>			
GAAP	145	145	145
Non-GAAP	145	145	145

# GAAP to Non-GAAP Reconciliations (cont'd)

In millions; unaudited	Q3'24	Q2'25	Q3'25
<b>Cash Flows</b>			
Cash flow provided by (used in) operating activities	(12)	95	26
Purchases of property, plant and equipment, net	(29)	(48)	(44)
<b>Free Cash Flow</b>	<b>\$(41)</b>	<b>\$47</b>	<b>\$(18)</b>
Activity related to Flash Ventures, net	128	44	238
<b>Adjusted Free Cash Flow</b>	<b>\$87</b>	<b>\$91</b>	<b>\$220</b>

# GAAP to Non-GAAP Reconciliations (cont'd)

In millions; unaudited	Q3'24	Q2'25	Q3'25
<b>GAAP Net Income (Loss)</b>	<b>\$27</b>	<b>\$104</b>	<b>\$(1,933)</b>
Interest and other expense, net	11	22	20
Income tax expense	27	69	32
Depreciation and amortization	56	36	37
<b>EBITDA</b>	<b>\$121</b>	<b>\$231</b>	<b>\$(1,844)</b>
Goodwill impairment	—	—	1,830
Stock-based compensation expense	38	48	44
Business separation costs	12	21	9
Employee termination and other	2	3	—
Gain on business divestiture	—	(34)	—
Other	(1)	(4)	(2)
<b>Adjusted EBITDA</b>	<b>\$172</b>	<b>\$265</b>	<b>\$37</b>
Flash Ventures equipment depreciation expenses	112	105	101
<b>Adjusted EBITDA (incl. JV tool depreciation)</b>	<b>\$284</b>	<b>\$370</b>	<b>\$138</b>

# GAAP to Non-GAAP Reconciliations (cont'd)

## FOOTNOTES

This presentation contains the following financial measures that are not in accordance with U.S. generally accepted accounting principles (“GAAP”): Non-GAAP gross profit; Non-GAAP gross margin; Non-GAAP operating expenses; Non-GAAP operating income and loss; Non-GAAP interest and other expense, net; Non-GAAP income tax expense; Non-GAAP net income from continuing operations; Non-GAAP diluted income (loss) per common share; EBITDA; Adjusted EBITDA; Adjusted EBITDA (incl. JV tool depreciation); and Adjusted free cash flow (collectively, the “Non-GAAP measures”). These Non-GAAP measures are not in accordance with, or alternatives for, measures prepared in accordance with GAAP and may be different from similarly titled Non-GAAP measures used by other companies. The Company believes the presentation of these Non-GAAP measures, when shown in conjunction with the corresponding GAAP measures, provides useful information to investors for measuring the Company’s earnings performance and comparing it against prior periods. Specifically, the Company believes these Non-GAAP measures provide useful information to both management and investors as they exclude certain expenses, gains and losses that the Company believes are not indicative of its core operating results or because they are consistent with the financial models and estimates published by many analysts who follow the Company and its peers. As discussed further below, these Non-GAAP measures exclude, as applicable, goodwill impairment, stock-based compensation expense, business separation costs, employee termination and other, gain on business divestiture, other adjustments, and income tax adjustments. The Company believes these measures along with the related reconciliations to the GAAP measures provide additional detail and comparability for assessing the Company’s results. These Non-GAAP measures are some of the primary indicators management uses for assessing the Company’s performance and planning and forecasting future periods. These measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for, or superior to, GAAP results. As described above, the Company excludes the following items from its Non-GAAP measures:

Goodwill impairment. After the completion of the separation, in the third quarter of fiscal 2025, the Company identified potential impairment indicators related to the trading price of the Company’s common stock and resulting market capitalization that warranted a quantitative impairment analysis of long-lived assets and goodwill. Management performed a quantitative impairment analysis and determined that the carrying value of the reporting unit exceeded its fair value, resulting in the recognition of a \$1.8 billion impairment charge for the three and nine months ended March 28, 2025. The Company believes this charge does not reflect the Company’s operating results and is not indicative of the underlying performance of the business.

Stock-based compensation expense. Because of the variety of equity awards used by companies, the varying methodologies for determining stock-based compensation expense, the subjective assumptions involved in those determinations and the volatility in valuations that can be driven by market conditions outside the Company’s control, the Company believes excluding stock-based compensation expense enhances the ability of management and investors to understand and assess the underlying performance of the business over time and compare it against the Company’s peers, a majority of whom also exclude stock-based compensation expense from their Non-GAAP results.

Business separation costs. On October 30, 2023, Western Digital Corporation (“WDC”) announced that its board of directors (the “WDC Board of Directors”) authorized management to pursue a plan to separate the Company into an independent public company. The separation received final approval by the WDC Board of Directors and was completed on February 21, 2025. Prior to February 21, 2025, the Company was wholly-owned by WDC. As a result of the plan, the Company incurred separation and transition costs through the completion of the separation of the companies. The separation and transition costs are recorded within Business separation costs in the Condensed Consolidated Statements of Operations. The Company believes these charges do not reflect the Company’s operating results and that they are not indicative of the underlying results of its business.

# GAAP to Non-GAAP Reconciliations (cont'd)

Employee termination and other. From time to time, in order to realign the Company's operations with anticipated market demand, the Company may terminate employees and/or restructure its operations. From time to time, the Company may also incur charges from the impairment of long-lived assets. In addition, the Company may record credits related to gains upon sale of property due to restructuring or reversals of charges recorded in prior periods as well as from taking actions to reduce the amount of capital invested in facilities, including the sale-leaseback of facilities. These charges or credits are inconsistent in amount and frequency, and the Company believes they are not indicative of the underlying performance of its business.

Gain on business divestiture. In connection with the Company's strategic decision to outsource the manufacturing of certain components and assemblies, on September 28, 2024, the Company completed the sale of 80% of its equity interest in one of its manufacturing subsidiaries. The transaction resulted in a discrete gain, which the Company believes it is not indicative of the underlying performance of its ongoing business operations.

Other adjustments. From time to time, the Company incurs charges or gains that the Company believes are not a part of the ongoing operation of its business. The resulting expense or benefit is inconsistent in amount and frequency.

Income tax adjustments. Income tax adjustments include the difference between income taxes based on a forecasted annual Non-GAAP tax rate and a forecasted annual GAAP tax rate as a result of the timing of certain Non-GAAP pre-tax adjustments. The income tax adjustments also include the re-measurement of certain unrecognized tax benefits primarily related to tax positions taken in prior quarters, including interest. These adjustments are excluded because the Company believes that they are not indicative of the underlying performance of its ongoing business.

Additionally, free cash flow is defined as cash flows provided by (used in) operating activities less purchases of property, plant and equipment, net, and adjusted free cash flow is defined as free cash flow plus the activity related to Flash Ventures, net. The Company considers free cash flow and adjusted free cash flow generated in any period to be useful indicators of cash that is available for strategic opportunities, including, among others, investing in the Company's business, making strategic acquisitions, repaying debt and strengthening the balance sheet.