

FINANCIAL RESULTS

FISCAL FIRST QUARTER 2027

OCTOBER 29, 2026 | QUARTER ENDED 10.02.26

SANDISK™

Disclaimers

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of U.S. federal securities laws, including statements regarding expectations for: Sandisk Corporation's (the "Company's") business outlook and operational and financial performance for the fiscal second quarter of 2027 and beyond; the benefits of the Company's product and technology leadership, customer partnerships, and financial management strategy; trends and demand in the NAND, flash memory and AI-related storage markets; the Company's New Business Model arrangements; the Company's technology roadmap and product introductions; capital expenditures and capital allocation; and the timing of the stock split. 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 financial results for the Company's fiscal first quarter ended October 2, 2026 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 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, and the effects of global health crises; 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; 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 product ramps, manufacturing or other supply chain disruptions; our reliance on strategic relationships with key partners, including Kioxia Corporation; risks related to our long-term agreements, or New Business Models ("NBMs"); fluctuation of our operating results, including due to changes in demand, industry cycle and timing of customer deployments, and our ability to accurately forecast demand; the attraction, retention and development of skilled management and technical talent;

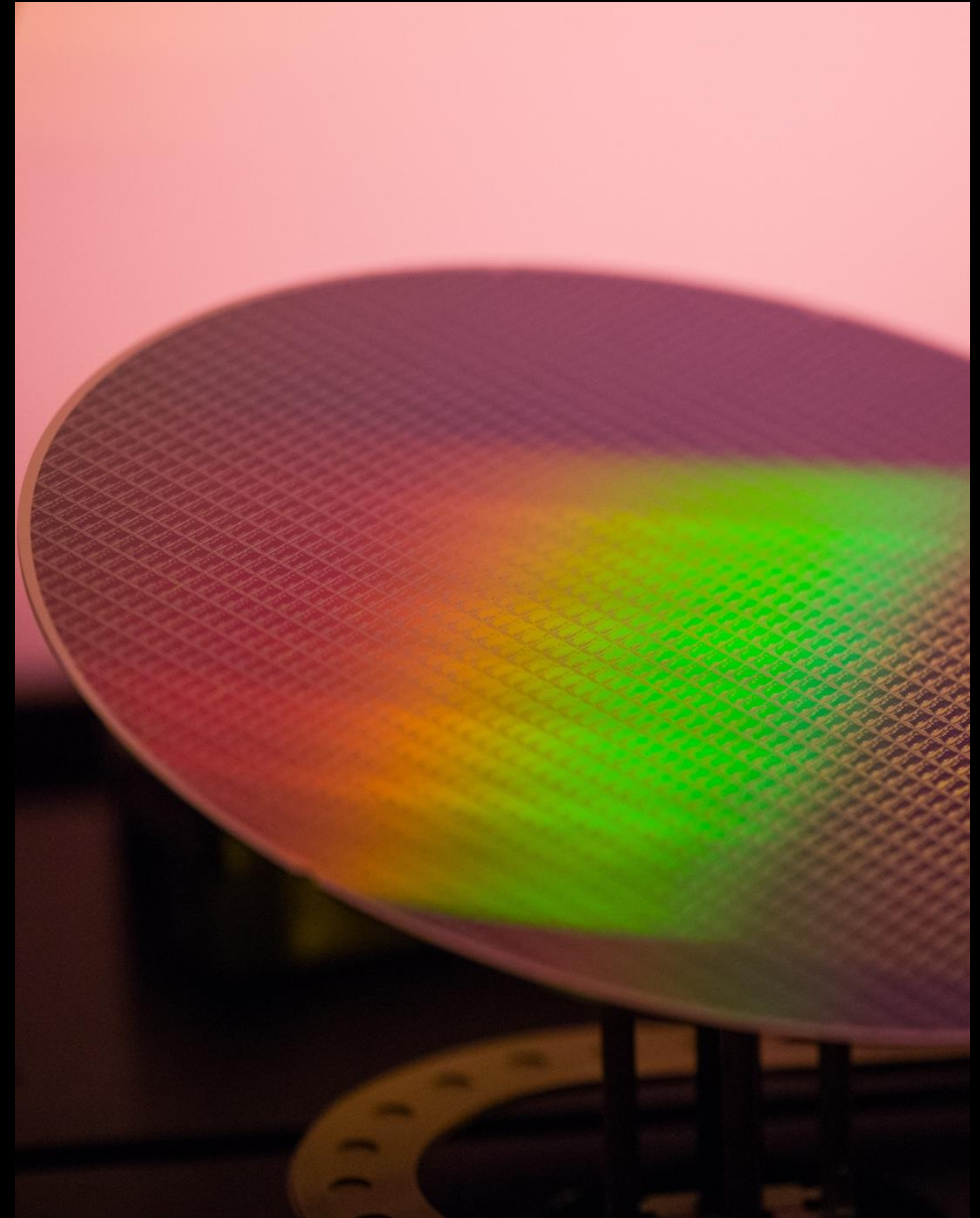
risks associated with the use of artificial intelligence in our business operations; risks related to the Company's financial guarantees and other financial obligations; risks related to the Company's share repurchase program; changes to the Company's relationships with key customers or consolidation 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; and other risks and uncertainties listed in the Company's filings with the Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K, as such filings may be amended, supplemented or superseded from time to time by other reports the Company files with the SEC, 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 and the most directly comparable GAAP financial measures are included in the appendix and in our Earnings Release for the fiscal first quarter of 2027, which is available on 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.

Overview

- We began fiscal 2027 with another strong quarter, creating value for customers and shareholders and delivering results above guidance
- Q1 delivered \$11.0 billion of revenue, 85.1% non-GAAP gross margin, and \$49.51 non-GAAP EPS, with \$5.7 billion of adjusted free cash flow and \$5 billion returned through repurchases
- Our confidence in the long-term trajectory of the business is grounded in three enduring strengths: technology leadership, deep customer partnerships, and disciplined financial management
- Reinforced by a structural, AI-driven increase in NAND demand and NBM customer signals extending beyond fiscal 2030
- The Board of Directors approved an 8-for-1 stock split; additional shares expected to be distributed November 19 with split-adjusted trading to begin November 20

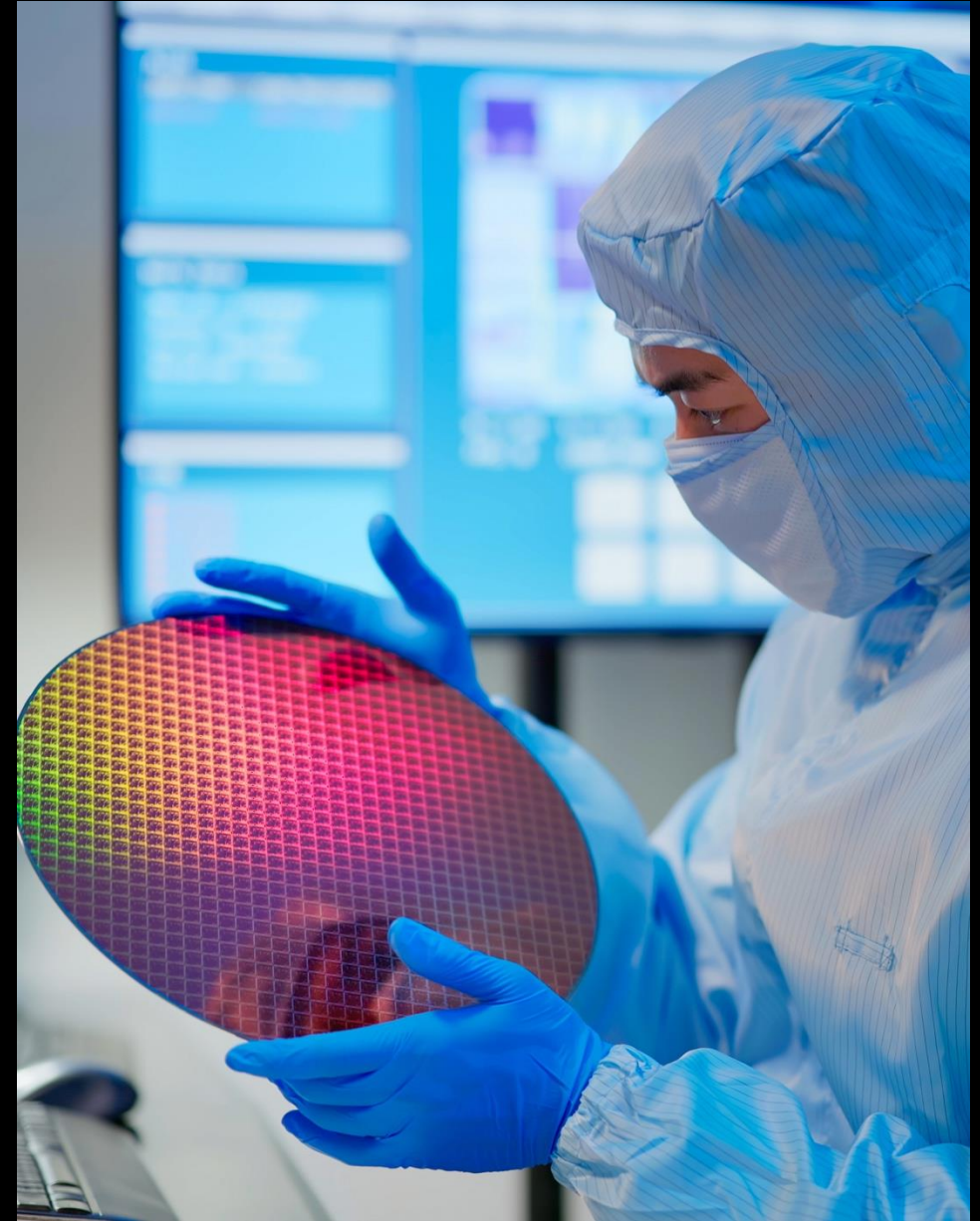


AI Inference: Expanding NAND's Role

- 01 The need for scalable memory and storage is expanding as inference workloads grow, making NAND increasingly integral to AI infrastructure
- 02 Each generated token must reference the context that precedes it, creating a growing KV cache that serves as the model's working memory
- 03 Longer prompts, more complex reasoning, multimodal inputs, and persistent user context materially increase storage requirements
- 04 HBM and DRAM support the highest-performance tier; flash provides the capacity to retain broader context efficiently and avoid costly re-computation
- 05 TLC serves latency-sensitive KV cache and active datasets; QLC adds density for data lakes, vector databases that power AI search, and retrieval repositories
- 06 Systems utilizing SSD delivered ~3X the token throughput while using ~75% less energy than volatile-memory-only systems
- 07 We expect KV cache to be ~one-third of the AI datacenter flash market by decade-end, with the AI datacenter opportunity approaching the size of today's NAND industry

Technology and Product Leadership

- BiCS 8 is the backbone of our current production portfolio and the industry benchmark for performance and density across TLC and QLC
- BiCS 8 introduced our CMOS directly Bonded to Array (CBA) architecture, establishing the framework for future generations
- BiCS 9 pairs the proven BiCS 8 cell array with next-generation CMOS, significantly increasing interface performance
- BiCS 10 brings a 1Tb TLC die for performance workloads and a 2Tb QLC die with industry-leading density and 2x the read/write bandwidth of BiCS 8
- HBF reached a milestone in FQ1 with tape-out of our first HBF memory die; samples of our first HBF-based products remain on track for next calendar year



Fiscal Q1 2027 Financial Highlights ⁽¹⁾

~\$11.0B

+23% QoQ
+378% YoY

Revenue

\$49.51

Non-GAAP Diluted
Net Income per Share

85.1%

Non-GAAP
Gross Margin

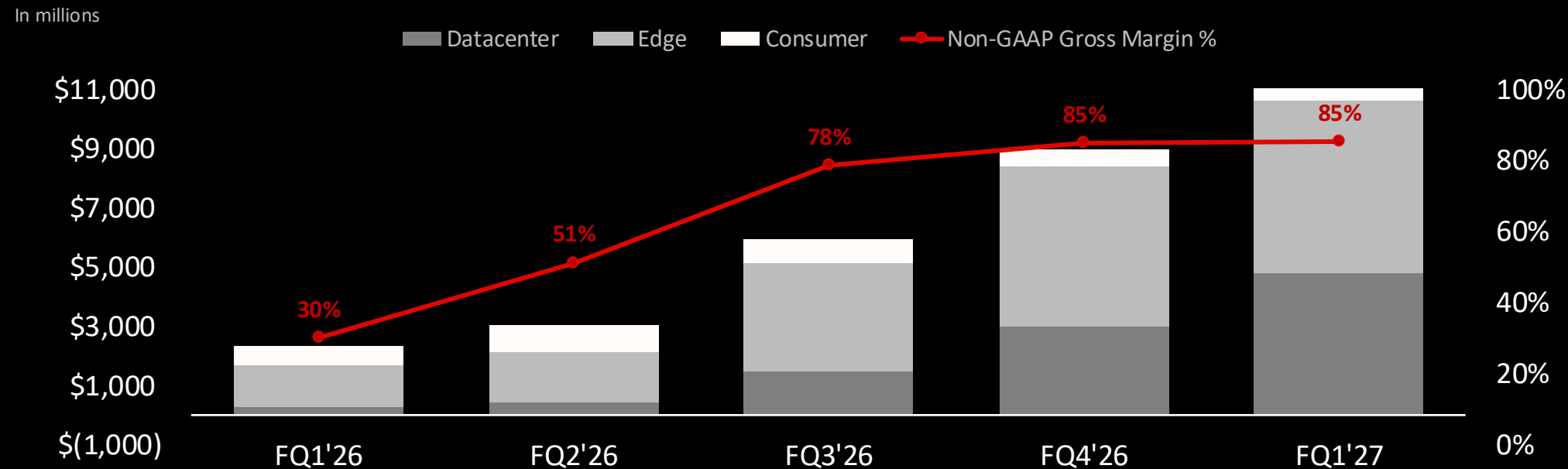
\$5.7B

Adjusted
Free Cash Flow ⁽²⁾

Approximately 60% of the sequential revenue increase came from volume growth and 40% from higher pricing.

1. Non-GAAP Diluted Net Income per Share, Non-GAAP Gross Margin and Adjusted Free Cash Flow are Non-GAAP measures. See Appendix for GAAP to Non-GAAP Reconciliations.
2. Excludes the \$465 million impact of NBM prepayments and deposits. See Appendix for full reconciliation to Cash flow from operating activities.

Fiscal Q1 2027 Financial Performance by End-market



Datacenter

Revenue
\$4.8 billion
Increased 61% QoQ
Increased 1,682% YoY

Edge

Revenue
\$5.8 billion
Increased 7% QoQ
Increased 320% YoY

Consumer

Revenue
\$397 million
Decreased 29% QoQ
Decreased 39% YoY

End-markets: Datacenter

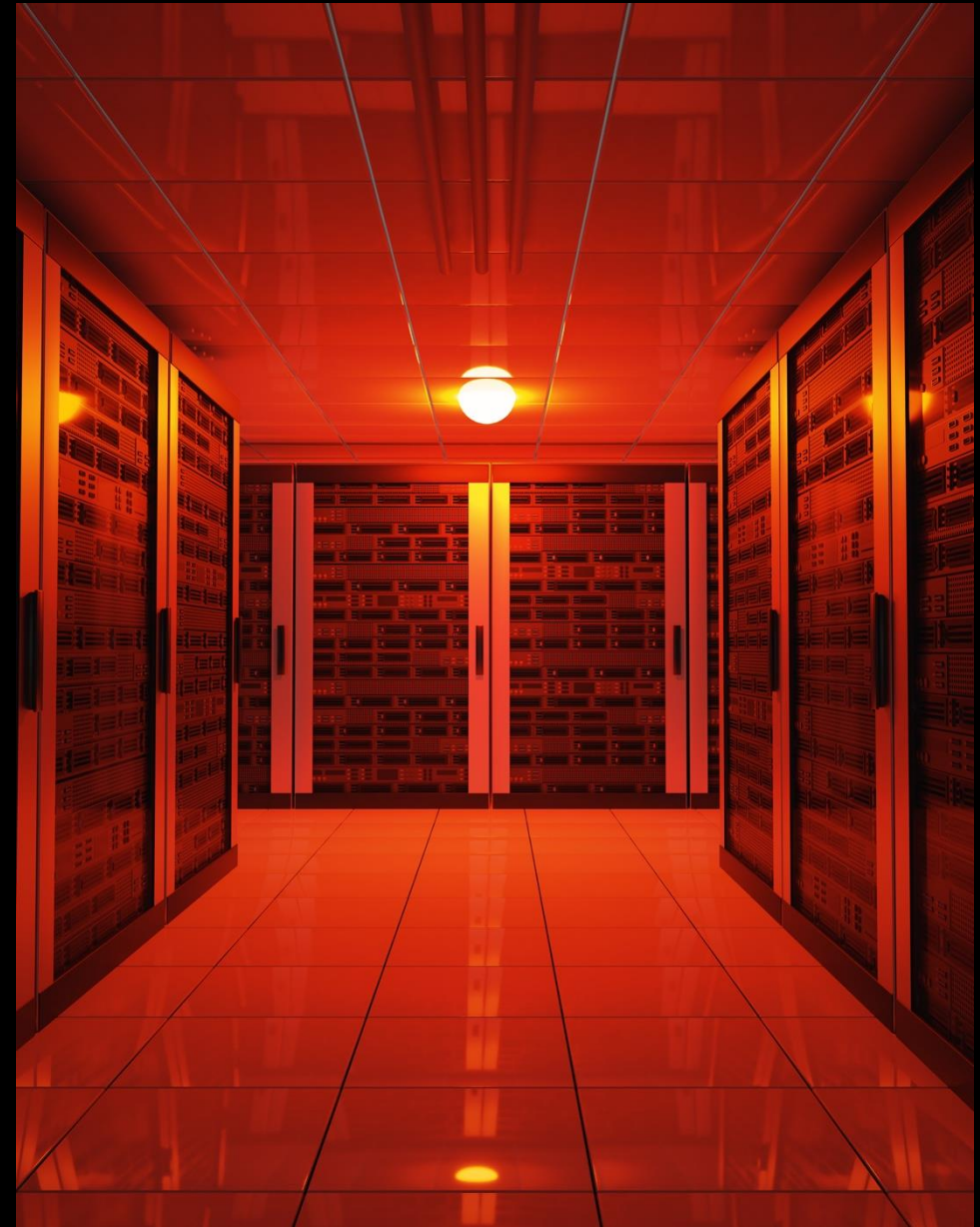
- Our portfolio addresses the full range of AI infrastructure requirements, from performance-intensive enterprise SSDs to high-capacity platforms
- We estimate Datacenter has grown from ~20% of industry bits early in the decade to roughly half of industry bits today
- Q1'FY27 revenue of \$4.8 billion, up 61% sequentially, outpacing estimated market growth for the quarter
- Strong customer partnerships, including three U.S. hyperscalers, underpin our continued expansion
- We allocated more supply in FQ1 to address growing demand from this end market

Sources: Sandisk Internal Market Model



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End-markets: Edge

- Edge is a large and strategically important market, spanning smartphones, PCs, automotive, tablets, and an expanding range of physical AI applications
- Automotive is becoming an increasingly important growth vector in our Edge business and a meaningful long-term growth opportunity
- Deepening engagements with leading customers reinforce our confidence that Automotive can become one of our largest markets within Edge over time
- Q1'FY27 revenue of \$5.8 billion, up 7% sequentially
- Revenue reflected resilience in premium and mainstream markets, partially offset by contraction at the lower end
- Within Edge, we saw strong growth in FQ1 with automotive and IoT customers



End-markets: Consumer

- Our Consumer business remains a differentiated strategic asset
- Combines direct brand engagement with hundreds of millions of end users and broad shelf presence across the world's leading channel partners
- Provides a durable foundation for our business
- Q1'FY27 revenue of \$397 million, down 29% sequentially as the market adjusts to higher pricing
- Its direct connection to the market informs product development and provides early insight into shifts in end-user demand



New Business Models (“NBMs”)

8

Customers signed across
Datacenter and Edge

\$93.9B

Minimum contracted NBM
revenue at floor pricing

\$88.9B

RPO at quarter-end

\$16.5B

Financial guarantees: cash
deposits and instruments

~1/2

of bits committed under NBMs in FY2027

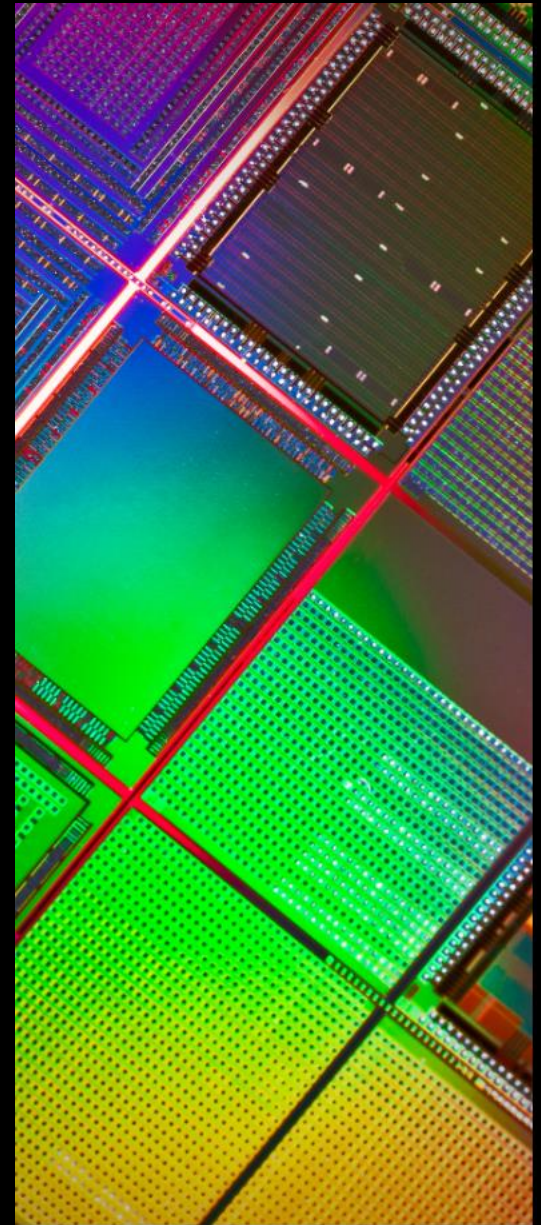
~2/3

of bits committed under NBMs in FY2028

4+ yrs

weighted average duration, up to 5 years

- Closed two new NBMs in Q1; both previously announced on our Q4 earnings call as the deals closed before then
- In active conversations with existing NBM customers evaluating extensions and with new customers evaluating new NBMs
- NBMs continue to evolve customer relationships into long-term partnerships grounded in innovation, collaboration, and shared commitment
- Customer signals extend beyond fiscal year 2030 through our NBM partnerships; recent engagements with leading AI companies indicate further demand upside
- We will remain patient and disciplined in selecting the right long-term partners



Share Repurchase Progression

Q4 FY26

\$4.5B

deployed in share repurchases

~2.8M

shares repurchased

157M

diluted shares
outstanding

Q1 FY27

\$5.0B

deployed in share repurchases

~3.2M

shares repurchased

154M

diluted shares
outstanding

TWO-QUARTER TOTAL

\$9.5B

returned through repurchases

6.0M

shares repurchased

~4%

of shares
outstanding

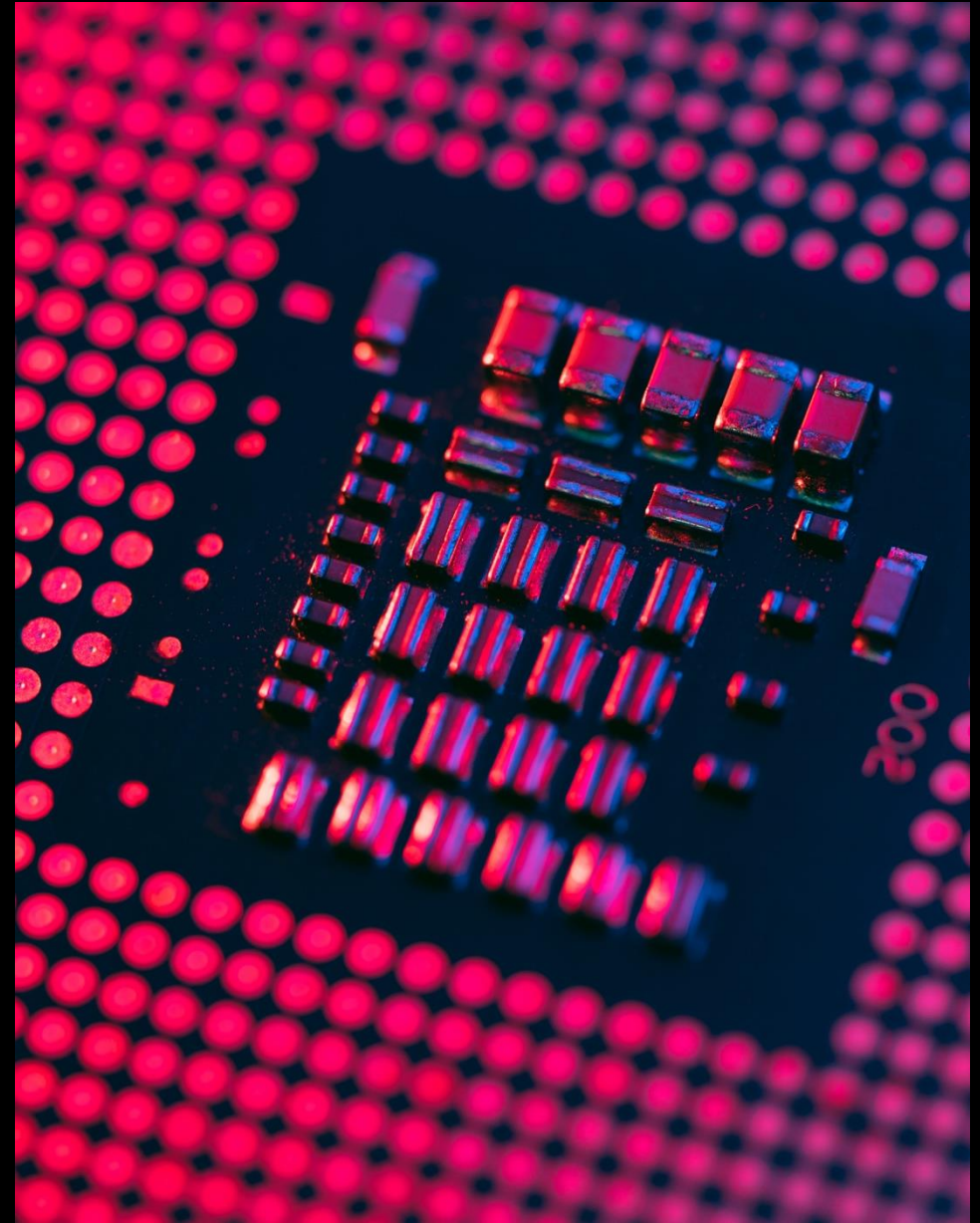
\$10.5B remaining authorization

Disciplined capital allocation priorities: invest in the business and maintain a strong balance sheet, while returning 100% of excess cash to shareholders

Market Outlook

- Our confidence in the long-term health of the market is reinforced by the structural growth of AI infrastructure and the expanding role of NAND across inference workloads
- We expect a strong market in calendar year 2027
- Datacenter is expected to again be the engine of growth, representing over 55% of the market in 2027
- Datacenter bit demand is expected to grow about 40% YoY in calendar year 2027, enabled by higher AI-driven capital spending, after more than doubling in 2026

NBM pipeline exceeds our supply through the end of the decade



Non-GAAP Financial Results⁽¹⁾

(\$ in millions, except for Diluted Net Income per Share)

	Q1'26	Q4'26	Q1'27	QoQ	YoY
Revenue	\$2,308	\$8,965	\$11,031	up 23%	up 378%
Gross Margin %	29.9%	84.6%	85.1%	up 0.5 ppt	up 55.2 ppt
Operating Expenses	\$446	\$484	\$513	up 6%	up 15%
Operating Income	\$245	\$7,104	\$8,871	up 25%	*
Interest and Other Income (Expense), net	\$(42)	\$8	\$29	up 263%	up 169%
Diluted Net Income per Share	\$1.22	\$39.25	\$49.51	up 26%	*
Operating Cash Flow	\$488	\$7,126	\$6,363	down 11%	*
Adjusted Free Cash Flow⁽²⁾	\$448	\$5,035	\$5,696	up 13%	*

*Not a meaningful figure

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

2. Excludes \$1,938 million and \$465 million of NBM prepayments and deposits in FQ4-26 and FQ1-27, respectively. There were no NBM prepayments and deposits in FQ1-26. See Appendix for full reconciliation to Cash flow from operating activities.

Gross and Cash Capital Expenditure Trends and Plan

	Quarter Ended October 2, 2026
Revenue, net	\$11,031
Sandisk share of JV Gross CapEx	\$324
Funding mechanisms:	
External funding	(\$44)
Sandisk wafer purchases (tool depreciation)	(\$132)
CapEx funding	(\$176)
Sandisk share of JV Cash CapEx (front-end)	\$148
Purchases of PP&E (backend and offices)	\$54
Total Sandisk Cash CapEx	\$202
% of revenue, net	1.8%
Total Sandisk Gross CapEx	\$378
% of revenue, net	3.4%

- JV Gross CapEx fluctuates based primarily on node transitions and aligning supply with demand
- JV Gross CapEx is typically 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 2027 CapEx is to support BiCS8 technology investments

Fiscal Second Quarter Guidance

	GAAP	Non-GAAP ⁽¹⁾
Revenue (\$M)	\$12,200 - \$12,600	\$12,200 - \$12,600
Gross Margin	84.4% - 85.4%	84.5% - 85.5%
Operating Expenses (\$M)	\$677 - \$745	\$540 - \$560
Tax Expense (\$M) ⁽²⁾	N/A	14.3%
Diluted Net Income per Share	N/A	\$55.00 - \$57.00
Diluted Shares Outstanding (in millions)	~ 151	~ 151

1. Non-GAAP gross margin guidance excludes stock-based compensation expense, totaling approximately \$9 million to \$12 million. The Company's Non-GAAP operating expenses guidance excludes stock-based compensation expense, totaling approximately \$137 million to \$185 million. Non-GAAP diluted net income per share guidance excludes these items totaling \$146 million to \$197 million. The timing and amount of charges excluded from Non-GAAP gross margin, Non-GAAP operating expenses, and Non-GAAP diluted net income per share cannot be further allocated or quantified with certainty. Additionally, the timing and amount of certain other adjustments included in the Company's Non-GAAP diluted net income per share guidance are dependent on the timing and determination of certain actions or events and cannot be reasonably predicted. Accordingly, full reconciliations of Non-GAAP gross margin, Non-GAAP operating expenses, and Non-GAAP diluted net income per share to the most directly comparable GAAP financial measures (gross margin, operating expenses, and diluted net income per share, respectively) are not available without unreasonable effort.
2. 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.

APPENDIX

Joint Venture Operational Framework

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

GAAP to Non-GAAP Reconciliations

In millions; unaudited	Q1'26	Q2'26	Q3'26	Q4'26	Q1'27
Revenue	2,308	3,025	5,950	8,965	11,031
GAAP Gross Profit	\$687	\$1,541	\$4,662	\$7,582	\$9,378
Stock-based compensation expense	4	5	4	6	6
Non-GAAP Gross Profit	\$691	\$1,546	\$4,666	\$7,588	\$9,384
GAAP Gross Margin ⁽¹⁾	29.8%	50.9%	78.4%	84.6%	85.0%
Non-GAAP Gross Margin ⁽¹⁾	29.9%	51.1%	78.4%	84.6%	85.1%

In millions; unaudited	Q1'26	Q4'26	Q1'27
GAAP operating expenses	\$511	\$545	\$598
Stock-based compensation expense	(49)	(61)	(85)
Business separation costs	(9)	—	—
Employee termination and other	3	—	—
Loss on business divestiture	(10)	—	—
Non-GAAP operating expenses	\$446	\$484	\$513

1. GAAP and Non-GAAP gross margins are calculated by dividing GAAP and Non-GAAP gross profit, respectively, by Revenue, net.

GAAP to Non-GAAP Reconciliations (cont'd)

In millions; unaudited	Q1'26	Q4'26	Q1'27
GAAP Operating Income	\$176	\$7,037	\$8,780
Gross profit adjustments	4	6	6
Operating expense adjustments	65	61	85
Non-GAAP Operating Income	\$245	\$7,104	\$8,871
GAAP Operating Margin ⁽¹⁾	7.6%	78.5%	79.6%
Non-GAAP Operating Margin ⁽¹⁾	10.6%	79.2%	80.4%
GAAP Interest and Other Income (Expense), Net	\$(52)	\$812	\$539
Gain on equity securities, net	—	(804)	(513)
Other, net	10	—	3
Non-GAAP Interest and Other Income (Expense), Net	\$(42)	\$8	\$29
GAAP Income Tax Expense	\$12	\$946	\$1,218
Income tax adjustments	10	4	58
Non-GAAP Income Tax Expense	\$22	\$950	\$1,276

1. GAAP and Non-GAAP operating margins are calculated by dividing GAAP and Non-GAAP operating income, respectively, by Revenue, net.

GAAP to Non-GAAP Reconciliations (cont'd)

In millions, except per share amount; unaudited	Q1'26	Q4'26	Q1'27
GAAP net income	\$112	\$6,903	\$8,101
Stock-based compensation expense	53	67	91
Business separation costs	9	—	—
Employee termination and other	(3)	—	—
Loss on business divestiture	10	—	—
Gain on equity securities, net	—	(804)	(513)
Other, net	10	—	3
Income tax adjustments	(10)	(4)	(58)
Non-GAAP net income	\$181	\$6,162	\$7,624
Diluted Net Income per Share			
GAAP	\$0.75	\$43.97	\$52.60
Non-GAAP	\$1.22	\$39.25	\$49.51
Diluted Weighted Average Shares Outstanding	149	157	154

GAAP to Non-GAAP Reconciliations (cont'd)

In millions; unaudited	Q1'26	Q4'26	Q1'27
Cash Flows			
Cash flow provided by operating activities	488	7,126	6,363
Purchases of property, plant and equipment, net	(50)	(43)	(54)
Free Cash Flow	\$438	\$7,083	\$6,309
Activity related to Flash Ventures, net	10	(110)	(148)
Impact of NBM prepayments and deposits	—	(1,938)	(465)
Adjusted Free Cash Flow	\$448	\$5,035	\$5,696
Operating Cash Flow Margin ⁽¹⁾	21.1%	79.5%	57.7%
Adjusted Free Cash Flow Margin ⁽¹⁾	19.4%	56.2%	51.6%

1. Operating cash flow margin and Adjusted free cash flow margin are calculated by dividing Cash flow from operating activities and Adjusted free cash flow, respectively, by Revenue, net.

GAAP to Non-GAAP Reconciliations (cont'd)

FOOTNOTES

To supplement the consolidated financial statements presented in accordance with GAAP, the table above sets forth Non-GAAP gross profit; Non-GAAP gross margin; Non-GAAP operating expenses; Non-GAAP operating income; Non-GAAP operating margin; Non-GAAP interest and other income (expense), net; Non-GAAP income tax expense; Non-GAAP net income; Non-GAAP diluted net income per share; Non-GAAP diluted weighted average shares outstanding; Free cash flow; Adjusted free cash flow; Operating cash flow margin; and Adjusted free cash flow margin (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, stock-based compensation expense, business separation costs, employee termination and other, loss on business divestiture, gain on equity securities, net, other adjustments, and income tax adjustments. The Company believes these measures, along with the related reconciliations to the most directly comparable 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:

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 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.

Loss 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. On September 25, 2025, the Company entered into an Amendment No. 1 to the Amended and Restated Equity Purchase Agreement that included a \$10 million provision for working capital support. The Company recognized the adjustment as a Loss on business divestiture during the first fiscal quarter of 2026. The overall transaction resulted in a discrete gain, which the Company believes is not indicative of the underlying performance of its ongoing business operations.

Gain on equity securities, net. Gain on equity securities, net consists of ongoing mark-to-market adjustments on the Company's investments in marketable equity securities, the gains from the sale of equity investments and related impairment charges. These charges do not reflect the Company's operating results, and the Company believes these charges are not indicative of the underlying performance of its business.

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 Flow from operating activities less purchases of property, plant and equipment, net. Adjusted free cash flow is defined as Free cash flow plus the activity related to Flash Ventures, net less the impact of cash prepayments under New Business Model ("NBM") agreements (the "NBM Prepayments") and deposits received and returned under NBM agreements (the "NBM Deposits" and together with the NBM Prepayments, the "NBM Payments"). The Company is adjusting cash flow for the NBM Payments because the Company believes that these cash flows are not indicative of the core underlying cash flows of the Company's business. 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 and strengthening the balance sheet.

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