

Fiscal Third Quarter 2024 Financial Results

Forward Looking Statements

SAFE HARBOR

This presentation contains forward-looking statements within the meaning of federal securities laws, including statements regarding expectations for: the company's business outlook and financial performance for the fiscal fourth quarter of 2024 and beyond; the company's ability to dampen cyclicalities and improve through-cycle profitability; industry and supply conditions and dynamics; the company's approach to capital spending and ability to capitalize on market opportunities; and product developments, momentum and adoption. 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 29, 2024 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: volatility in global economic conditions; operational, financial and legal challenges and difficulties inherent in implementing a separation of the company's HDD and Flash businesses; the final approval of the separation by the company's board of directors; inflation; increase in interest rates and economic recession; future responses to and effects of global health crises; the impact of business and market conditions; the outcome and impact of the company's announced separation transaction, including with respect to customer and supplier relationships, regulatory and contractual restrictions, stock price volatility and the diversion of management's attention from ongoing business operations and opportunities; the impact of competitive products and pricing; the company's development and introduction of products based on new technologies and expansion into new data storage markets; risks associated with cost saving initiatives, restructurings, acquisitions, divestitures, mergers, joint ventures and the company's strategic relationships; difficulties or delays in manufacturing or other supply chain disruptions; 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; compromise, damage or interruption from cybersecurity incidents or other data system security risks; actions by competitors; the company's ability to achieve its GHG emissions reduction and other ESG goals; the impact of international conflicts; risks associated with compliance with changing legal and regulatory requirements and the outcome of legal proceedings; and other risks and uncertainties listed in the company's filings with the Securities and Exchange Commission (the "SEC"), including the company's Annual Report on Form 10-K filed with the SEC on August 22, 2023 and Quarterly Reports on Form 10-Q filed with the SEC on November 7, 2023 and February 12, 2024, 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.

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 measure 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 measure guidance to the corresponding GAAP measures is not available without unreasonable effort.

Fiscal Third Quarter Executive Summary

Financial Results¹

- Revenue of \$ 3.5B
- Non-GAAP EPS of \$ 0.63
- Non-GAAP gross margin of 29.3%
- Operating cash flow of \$ 58M
- Free cash flow of \$ 91M
- Cash and cash equivalents of \$ 1.9B

Corporate

- Our diversified portfolio of industry-leading products across a broad range of end markets, coupled with disciplined capital spending and strategic pricing initiatives is unlocking our true earnings potential and allowing us to continue improving through-cycle profitability and dampening business cycles.

Flash

- Commitment to disciplined capital spending and carefully optimizing bit shipments into our most profitable end-markets drove upside in ASP and gross margin.
- Initiated mass production of QLC-based client SSD.
- Initiated sampling of high-performance PCI Gen5 BiCS6 based eSSD.

Hard Drive

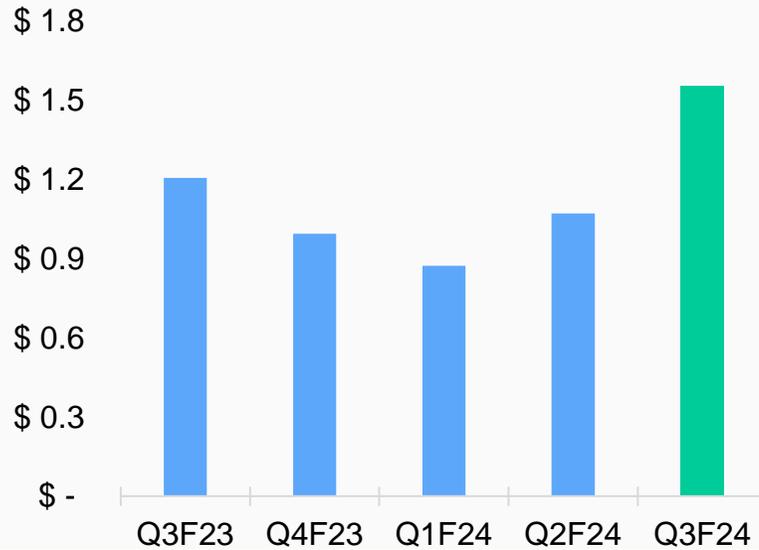
- Nearline revenue reached a six-quarter high, reflecting the successful strategy we put in place to bring the most innovative high-capacity and high-performance drives to market.
- SMR based drives represented approximately 50% of nearline exabyte shipments in the quarter.

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

Revenue Trends by End Market

Cloud

In billions



Revenue

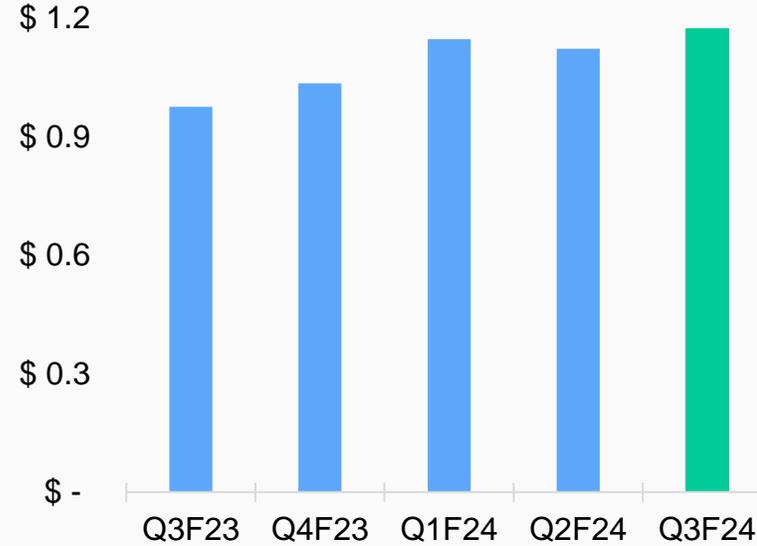
\$ 1.6 billion

Increased 45% QoQ

Increased 29% YoY

Client

In billions



Revenue

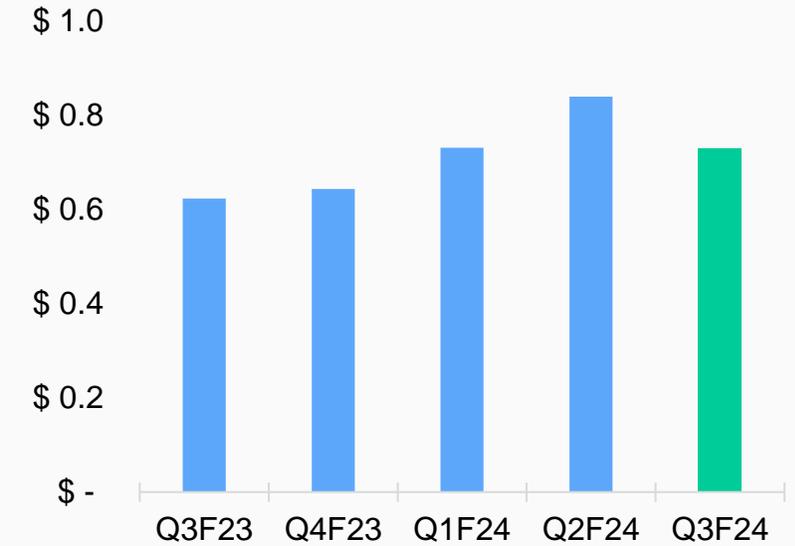
\$ 1.2 billion

Increased 5% QoQ

Increased 20% YoY

Consumer

In billions



Revenue

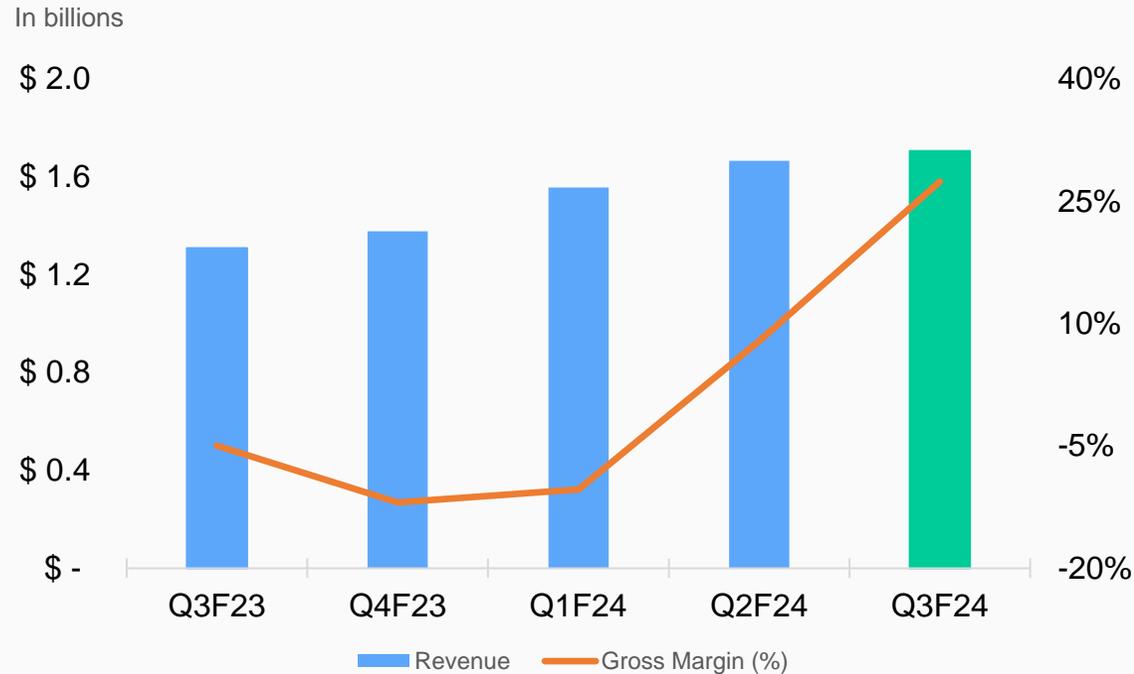
\$ 0.7 billion

Decreased 13% QoQ

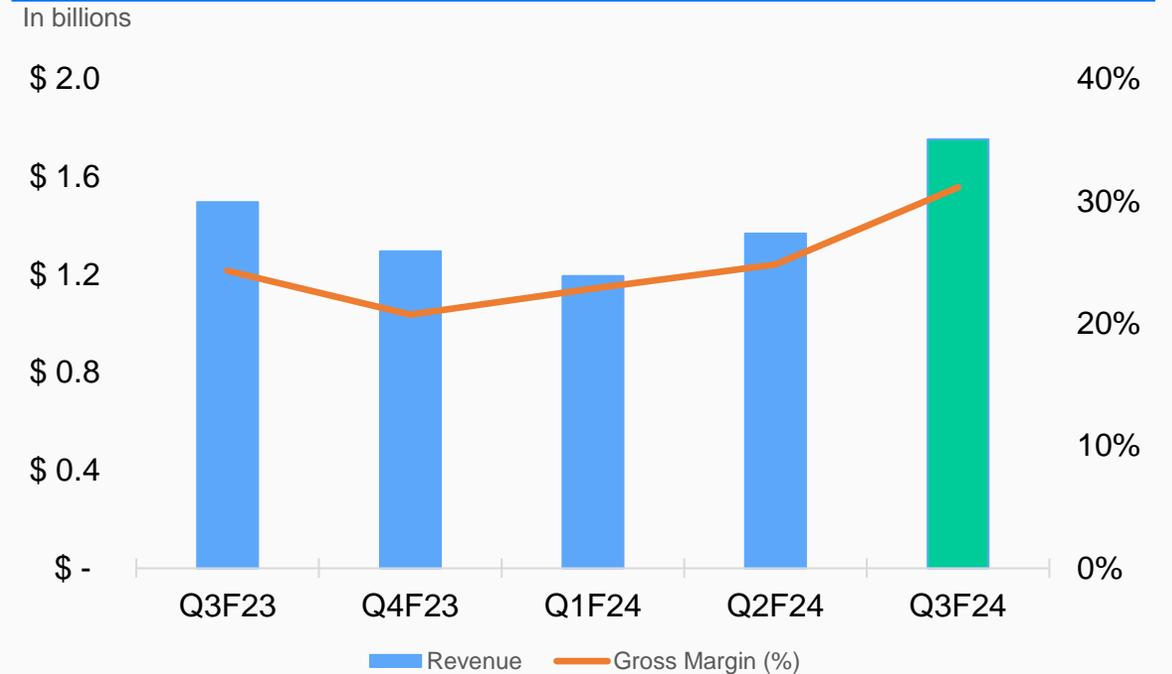
Increased 17% YoY

Flash and Hard Drive Metrics

Flash Revenue and Gross Margin



Hard Drive Revenue and Gross Margin



Flash

- Q3F24 Results**
- Bit shipments: decreased 15% QoQ
 - ASP/Gigabyte:
 - Blended: increased 18% QoQ
 - Like-for-like: increased 18% QoQ

Hard Drive

- Q3F24 Results**
- Exabyte shipments: increased 41% QoQ
 - ASP per drive: \$ 145

Non-GAAP Financial Results

(\$ in millions, except for EPS)

	Q3 2023	Q2 2024	Q3 2024	QoQ	YoY
Revenue	\$ 2,803	\$ 3,032	\$ 3,457	up 14%	up 23%
Gross Margin %	10.6%	15.5%	29.3%	up 13.8 ppt	up 18.7 ppt
Operating Expenses	\$ 602	\$ 561	\$ 632	up 13%	up 5%
Operating Income (Loss)	\$ (304)	\$ (91)	\$ 380	*	*
Interest and Other Expense, net	\$ 62	\$ 113	\$ 92	down 19%	up 48%
EPS – Diluted	\$ (1.36)	\$ (0.75)	\$ 0.63	*	*
Operating Cash Flow	\$ (381)	\$ (92)	\$ 58	*	*
Free Cash Flow	\$ (527)	\$ (176)	\$ 91	*	*

See Appendix for GAAP to Non-GAAP Reconciliations and information about revisions to prior period financial results.

* Not a meaningful figure

Cash Flow Walk

In millions



- Total liquidity was \$ 4.1 billion, including cash and cash equivalents of \$ 1.9 billion, revolver capacity of \$ 2.2 billion.

1. Cash Capital Expenditures includes purchases of property, plant and equipment, net, and notes receivable proceeds to Flash Ventures, net.

2. Includes final settlement of 2024 convertible debt of \$592M and mandatory amortization of TLA-2.

3. Consists of taxes paid for issuance of stock under employee stock plans, short term investment, and FX cash impact.

Fiscal Fourth Quarter Guidance⁽¹⁾

	GAAP	Non-GAAP ⁽²⁾
Revenue (\$ B)	\$ 3.60 - \$ 3.80	\$ 3.60 - \$ 3.80
Gross Margin %	31.5% - 33.5%	32.0% - 34.0%
Operating Expenses (\$ M)	\$ 770 - \$ 800	\$ 670 - \$ 690
Interest and Other Expense, net (\$ M)	~ \$ 105	~ \$ 105
Income Tax Expense (\$ M)⁽³⁾	N/A	\$ 30 - \$ 40
EPS - Diluted	N/A	\$ 0.90 - \$ 1.20
Share Count - Diluted (in millions)	~342	~342

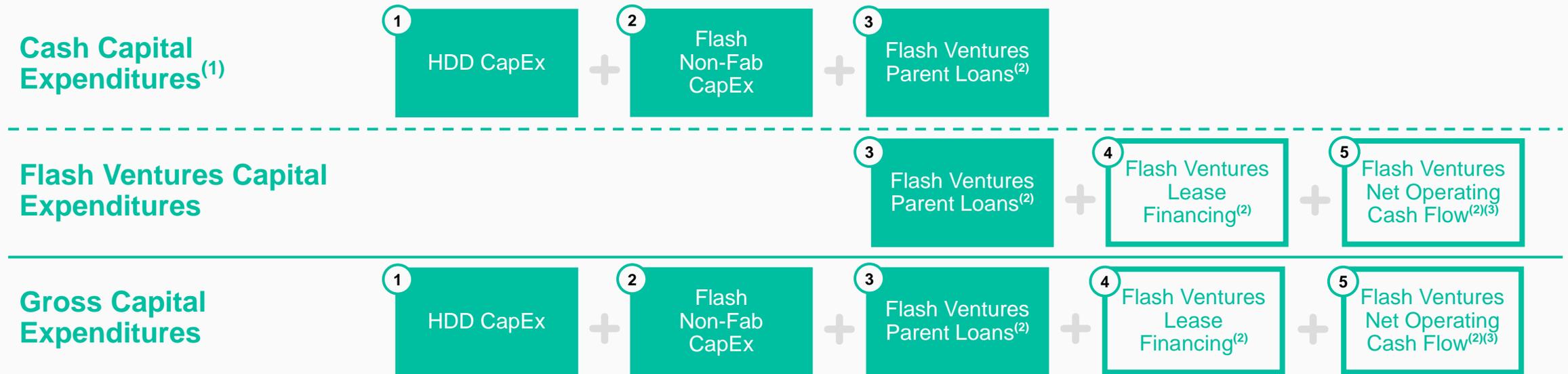
- Guidance as shown is as of April 25, 2024.
- Non-GAAP gross margin guidance excludes amortization of acquired intangible assets and stock-based compensation expense of approximately \$ 10 million to \$ 15 million. The company's Non-GAAP operating expenses guidance excludes stock-based compensation expense, and expenses related to business separation costs, totaling approximately \$ 100 million to \$ 110 million. In the aggregate, Non-GAAP diluted earnings per share guidance excludes these items totaling approximately \$ 110 million to \$ 125 million. The timing and amount of these charges excluded from Non-GAAP gross margin, Non-GAAP operating expenses, and Non-GAAP diluted earnings per share cannot be further allocated or quantified with certainty. The timing and amount of additional charges the company excludes from its Non-GAAP income tax expense and Non-GAAP diluted earnings 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 income tax expense and Non-GAAP diluted earnings per share to the most directly comparable GAAP financial measures (GAAP gross profit, GAAP operating expenses, income tax expense and diluted earnings per share, respectively) are not available without unreasonable effort.
- Non-GAAP income tax expense is determined based on a percentage of Non-GAAP pre-tax income or loss. Our estimated Non-GAAP tax dollars may differ from our GAAP tax dollars (i) due to differences in the tax treatment of items excluded from our Non-GAAP net income or loss; (ii) the fact that our GAAP income tax expense or benefit recorded in any interim period is based on an estimated forecasted GAAP tax rate 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

For more information on Flash Ventures, please visit investor.wdc.com for a recently published Flash Ventures presentation.

Western Digital	Flash Ventures 49.9% Owned by Western Digital 50.1% Owned by Kioxia	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 Western Digital 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 Western Digital 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 Western Digital 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 Western Digital 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

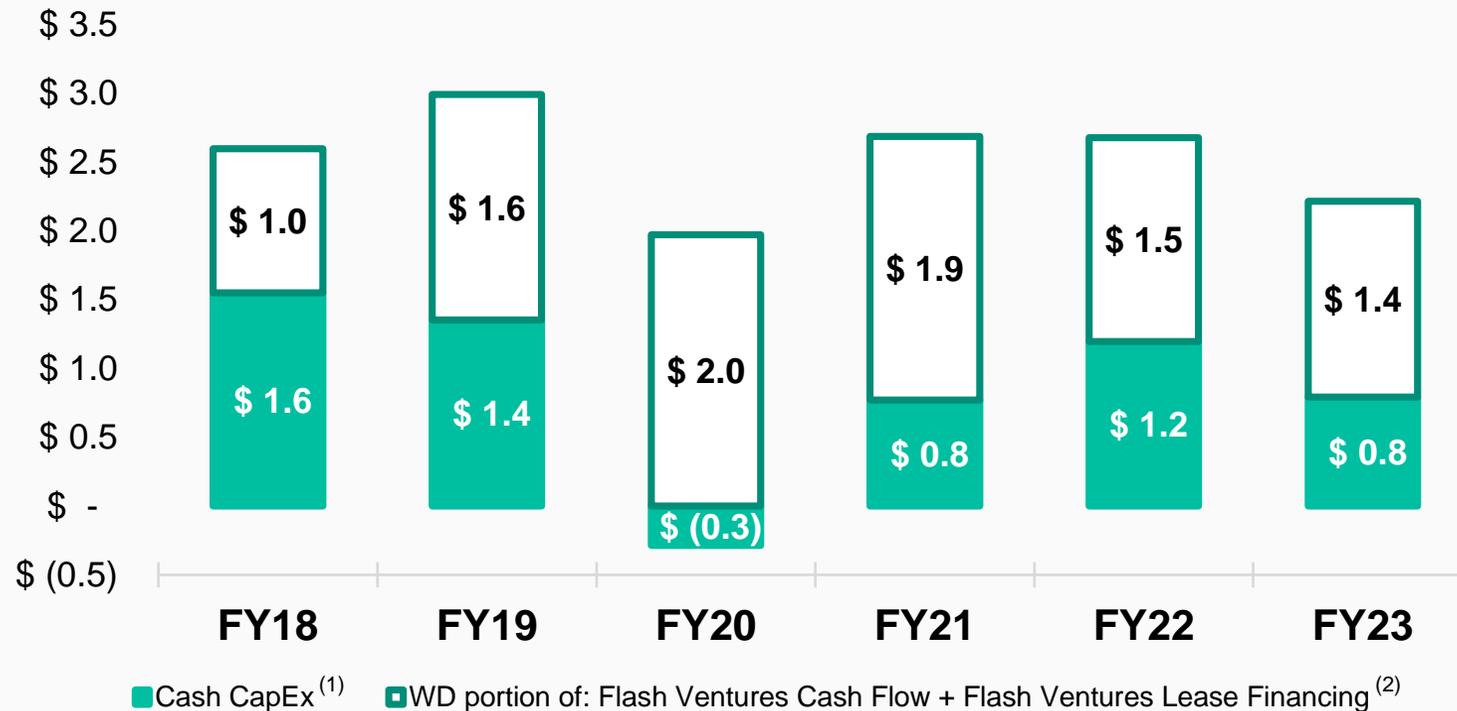
Capital Expenditure Framework



1. Cash Capital Expenditures includes purchases of property, plant and equipment, net, and notes receivable proceeds to Flash Ventures, net.
2. Flash Ventures Parent Loans, Flash Ventures Lease Financing, and Flash Ventures Net Operating Cash Flow are comprised only of Western Digital's portions.
3. Flash Ventures Net Operating Cash Flow is primarily generated from equipment depreciation payments.

Gross Capital Expenditure Trends

In billions



1. Cash Capital Expenditures includes purchases of property, plant and equipment, net, and notes receivable proceeds to Flash Ventures, net.
2. Flash Ventures Net Operating Cash Flow and Flash Ventures Lease Financing are comprised only of Western Digital's portions.

Appendix



Quarterly Fact Sheet

In millions, except Average Selling Price (ASP), percentages, and working capital related metrics	Q3F23	Q4F23	Q1F24	Q2F24	Q3F24
Revenue by End Market⁽¹⁾					
Cloud	\$ 1,205	\$ 994	\$ 872	\$ 1,071	\$ 1,553
Client	975	1,035	1,147	1,122	1,174
Consumer	623	643	731	839	730
Total Revenue	\$ 2,803	\$ 2,672	\$ 2,750	\$ 3,032	\$ 3,457
Segment Results					
Flash Revenue	\$ 1,307	\$ 1,377	\$ 1,556	\$ 1,665	\$ 1,705
HDD Revenue	1,496	1,295	1,194	1,367	1,752
Total Revenue	\$ 2,803	\$ 2,672	\$ 2,750	\$ 3,032	\$ 3,457
Flash Gross Margin	(5.0%)	(11.9%)	(10.3%)	7.9%	27.4%
HDD Gross Margin	24.3%	20.7%	22.9%	24.8%	31.1%
Total Gross Margin for Segments ⁽²⁾	10.6%	3.9%	4.1%	15.5%	29.3%
Exabyte Metrics					
QoQ Change in Flash Exabytes Sold ⁽³⁾	(14%)	15%	26%	(2%)	(15%)
QoQ Change in HDD Exabytes Sold ⁽³⁾	15%	(18%)	(5%)	14%	41%
QoQ Change in Total Exabytes Sold ⁽³⁾	9%	(13%)	2%	10%	27%
Flash Metrics					
QoQ Change in ASP/Gigabytes ⁽³⁾	(10%)	(6%)	(10%)	10%	18%
HDD Metrics					
Cloud Units	6.3	5.8	5.3	5.9	7.3
Client Units	3.6	3.3	2.6	2.7	2.5
Consumer Units	2.7	2.7	2.5	2.2	1.9
Total HDD Units⁽⁴⁾	12.6	11.8	10.4	10.8	11.7
HDD ASP ⁽⁵⁾	\$ 109	\$ 99	\$ 112	\$ 122	\$ 145
Cash and Cash Equivalents	\$ 2,220	\$ 2,023	\$ 2,032	\$ 2,481	\$ 1,894
Cash Flows					
Cash Flows provided by (used in) Operating Activities	\$ (381)	\$ (68)	\$ (626)	\$ (92)	\$ 58
Purchases of Property, Plant and Equipment, net	(110)	(119)	69	(150)	(95)
Activity Related to Flash Ventures, net	(36)	(32)	13	66	128
Free Cash Flow⁽⁶⁾	\$ (527)	\$ (219)	\$ (544)	\$ (176)	\$ 91
Working Capital Related					
Days Sales Outstanding	52	54	48	46	47
Days Inventory Outstanding	144	130	120	115	119
Days Payables Outstanding	(57)	(56)	(54)	(63)	(63)
Cash Conversion Cycle	139	128	114	98	103

Quarterly Fact Sheet (continued)

FOOTNOTES

FORMULAS

Days Sales Outstanding (DSO) = Accounts Receivable / (Revenue / # of days in quarter)

Days Inventory Outstanding (DIO) = Inventories / (Cost of Revenue / # of days in quarter)

Days Payables Outstanding (DPO) = Accounts Payable (including Accounts Payable to Related Parties) / (Cost of Revenue / # of days in quarter)

Cash Conversion Cycle = DSO + DIO – DPO

FOOTNOTES

1. Cloud is primarily comprised of products sold for public or private cloud environments and enterprise customers. Client is primarily comprised of products sold directly to OEMs or via distribution. Consumer is primarily comprised of retail and other end-user products.
2. Total gross margin for segments is a Non-GAAP financial measure, which is also referred to herein as Non-GAAP gross margin. See Appendix for GAAP to Non-GAAP Reconciliations and Supplemental Operating Segment Results for further details.
3. Excludes licensing, royalties, and non-memory products.
4. HDD Unit volume excludes data storage systems and components.
5. HDD ASP is calculated by dividing HDD revenue by HDD units. Data storage systems are excluded from this calculation, as data storage systems ASP is measured on a per system basis rather than a per drive basis.
6. Free cash flow is defined as cash flows provided by and used in operating activities less purchases of property, plant and equipment, net, and activity related to Flash Ventures, net. The company considers free cash flow generated in any period to be a useful indicator 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.

Potential Changes to Income Statement Layout & EPS

Convertible Preferred Stock (as of Q3F24)

Convertible preferred stock liquidation preference¹: \$ 953M with a conversion price of \$ 47.75

EPS equals

Net income (loss) attributable to common shareholders / Diluted shares

Net income (loss) attributable to common shareholders equals

Net income – Preferred dividends – preferred shares participation in net income

Preferred dividend for each quarter equals

$\frac{6.25\%}{4}$ x liquidation preference

- Paid in cash or accrued to liquidation preference

Preferred stock participation in net income

When net income is negative, participation amount is zero

When net income is positive, participation amount equals

$$\frac{\text{If converted shares}}{\text{Diluted shares} + \text{If converted shares}} \times \text{net income}$$

Summary

- Unconverted convertible preferred stock **does not** impact calculation of Diluted shares
- Unconverted convertible preferred stock **does** reduce EPS when net income is positive

Income Statement Example (\$ in millions except EPS)

Net income (loss)

Less: cumulative dividends allocated to preferred shareholders

Less: preferred stock participation in net income

Net income (loss) attributable to common shareholders

Income (loss) per common share (diluted)

Weighted average shares outstanding (diluted)

Stock price <= \$ 52.20

Net income (loss)	\$ (100)	\$ 100
Less: cumulative dividends allocated to preferred shareholders	15	15
Less: preferred stock participation in net income	-	6
Net income (loss) attributable to common shareholders	\$ (115)	\$ 79
Income (loss) per common share (diluted)	\$ (0.35)	\$ 0.24
Weighted average shares outstanding (diluted)	326	332

New line item in income statement when net income is positive

Glossary

Preferred dividend: Cumulative dividends allocated to preferred shareholders

Diluted shares: Weighted diluted average shares outstanding

If converted shares: Liquidation preference / Conversion price (\$ 953M / \$ 47.75 = 20.0M common shares as of Q3F24)

1. Dividends and If-converted shares calculated based on liquidation preference as of the beginning of the quarter as disclosed in periodic 10-Q/10-K filings

Potential Changes to Income Statement Layout & EPS (cont.)

Convertible Senior Notes + Capped Calls

- Principal balance: \$ 1,600M with a conversion price of \$ 52.20
- Conversion premium in excess of principal can be settled in cash or shares
- Capped calls provide dilution hedge up to Stock price of \$ 70.26

Economics upon conversion to common shares and closing out capped calls position

- When Stock price is less than \$ 52.20, share dilution is zero
- When Stock price falls between \$ 52.20 and \$ 70.26, capped calls provide full hedge
- When Stock price is greater than \$ 70.26, potential dilution would be **shares required to settle premium value** in excess of hedge limit, calculated as:

$$\frac{(\text{Stock price} - \$ 70.26) \times \text{If converted shares}}{(\text{Stock price})}$$

Financial reporting (diluted shares for EPS)

- When Stock price is less than \$ 52.20, share dilution for EPS is zero
- When Stock price is greater than \$ 52.20, share dilution for EPS equals
$$\frac{(\text{Stock price} - \$ 52.20) \times \text{If converted shares}}{(\text{Stock price})}$$
- GAAP disregards economic benefit of capped calls for EPS calculations (approx. 8M common shares at \$ 70.26)

Glossary:

- **If converted shares**
= Principal balance of notes / conversion price
= \$ 1,600M / \$ 52.20 = 30.65M common shares
- **Premium value in excess of hedge limit**
= Stock price in excess of hedge limit x If converted shares
= (Stock price - \$ 70.26) x 30.65M common shares
- **Shares required to settle premium value**
= Premium value in excess of hedge limit / Stock price
= ((Stock price - \$ 70.26) x 30.65M) / Stock price
- **Stock price**
= The average price per common share for the period

Earnings Scenarios at various net income and Stock price (\$ in millions except EPS)

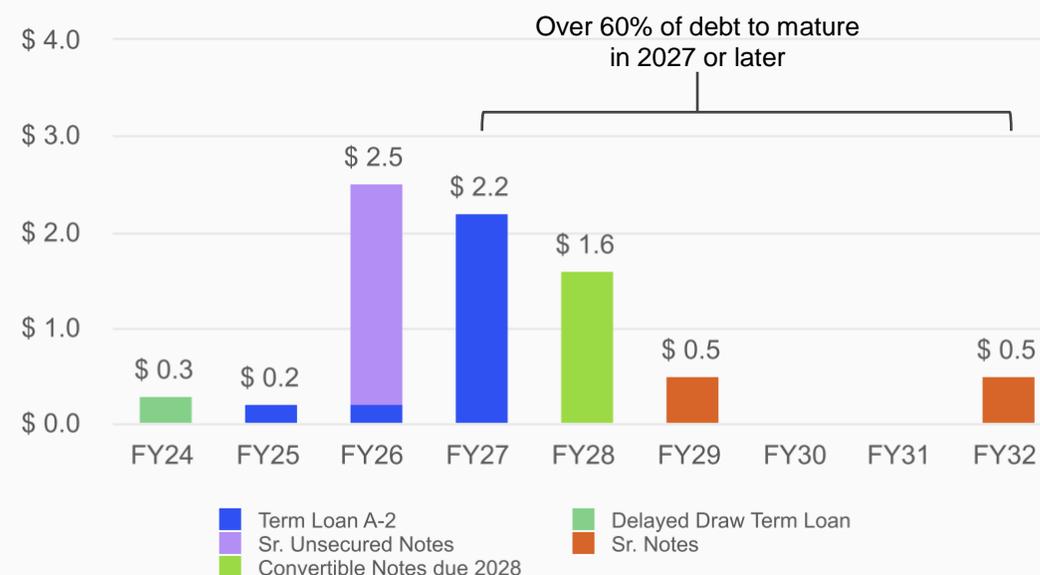
	Stock price <= \$ 52.20		Stock price > \$ 52.20 @ \$ 60		Stock price > \$ 70.26 @ \$ 80	
Net income (loss)	\$ (100)	\$ 100	\$ (100)	\$ 100	\$ (100)	\$ 100
Less: cumulative dividends allocated to preferred shareholders	15	15	15	15	15	15
Less: preferred stock participation in net income	-	6	-	6	-	6
Net income (loss) attributable to common shareholders	\$ (115)	\$ 79	\$ (115)	\$ 79	\$ (115)	\$ 79
Income (loss) per common share (diluted)	\$ (0.35)	\$ 0.24	\$ (0.35)	\$ 0.24	\$ (0.35)	\$ 0.23
Weighted average shares outstanding (diluted)	326	332	326	336	326	343

Debt Capital Structure

Current Cap Table

	Rate	All-in Rate ¹	Maturity	As of March 29, 2024 (in millions)
Delayed Draw Term Loan	S+2.125% ²	7.550%	6/28/2024	\$ 300
Sr. Unsecured Notes Due 2026 ³	4.750%	4.750%	2/15/2026	2,300
\$ 2.25B Revolver ⁴	S+1.500% ²	6.930%	1/7/2027	—
Term Loan A-2	S+1.500% ²	6.930%	1/7/2027	2,625
Convertible Debt Due 2028 ⁵	3.000%	3.000%	11/15/2028	1,600
Sr. Notes Due 2029 ⁶	2.850%	2.850%	2/1/2029	500
Sr. Notes Due 2032 ⁶	3.100%	3.100%	2/1/2032	500
Total Debt		5.004%⁷		\$ 7,825

Debt Maturity Profile (in billions)



- All-in applicable rates as of March 29, 2024.
- S = Adjusted Term SOFR. Delayed Draw Term Loan, Term Loan A-2, and Revolver have a SOFR floor of 0 bps and Applicable spread over SOFR plus 0.10% based on credit ratings as of March 29, 2024.
- Notes are callable beginning November 15, 2025.
- Revolver capacity: \$ 2.25 billion, \$ 15 million of which was used to issue a standby letter of credit as of March 29, 2024.
- Initial conversion price of \$ 52.20 per share. Prior to August 15, 2028, Notes are convertible upon the occurrence of certain events and during certain periods. Notes become callable on November 15, 2026, subject to certain terms and conditions.
- Sr. Notes Due 2029 are callable beginning December 1, 2028 and Sr. Notes Due 2032 are callable beginning November 1, 2031.
- Weighted average interest rate is based on principal balances outstanding as of March 29, 2024.

Credit Agreement Defined Leverage Ratio

In millions; unaudited; trailing 12 months	Q3F23	Q4F23	Q1F24	Q2F24	Q3F24
Net Loss	\$ (657)	\$ (1,684)	\$ (2,416)	\$ (2,252)	\$ (1,546)
Income tax expense	369	134	91	49	49
Interest and other expense, net	215	265	286	275	314
Depreciation and amortization	864	828	759	688	615
EBITDA⁽¹⁾	\$ 791	\$ (457)	\$ (1,280)	\$ (1,240)	\$ (568)
Stock-based compensation expense	\$ 323	\$ 318	\$ 309	\$ 295	\$ 298
Contamination related charges	4	—	—	—	.
Business separation costs	—	—	—	36	59
Employee termination, asset impairment and other	159	193	226	174	142
Strategic review	15	42	59	79	64
Recovery from contamination incident	—	—	—	(36)	(37)
Other	1	5	7	8	7
Adjusted EBITDA⁽²⁾⁽³⁾	\$ 1,293	\$ 101	\$ (679)	\$ (684)	\$ (35)
Total Debt⁽⁴⁾	\$ 7,100	\$ 7,100	\$ 7,700	\$ 8,454	\$ 7,825
Debt to Adjusted EBITDA	5.5X	70.3X	-11.3X	-12.4X	-223.6X
Flash Ventures equipment depreciation expenses	\$ 730	\$ 721	\$ 689	\$ 638	
Other Credit Agreement Adjustments ⁽⁵⁾	531	768	861	793	
Credit Agreement Defined Adjusted EBITDA⁽⁶⁾	\$ 2,554	\$ 1,590	\$ 871	\$ 747	\$ 2,728*
Total Debt⁽⁴⁾	\$ 7,100	\$ 7,100	\$ 7,700	\$ 8,454	\$ 7,825
Credit Agreement Defined Leverage Ratio⁽⁷⁾⁽⁸⁾	2.8X	4.5X	8.8X	11.3X	2.9X

- EBITDA is defined as net income before income tax expense, interest and other expense, net, and depreciation and amortization.
- Adjusted EBITDA is defined as EBITDA (as defined above), adjusted to exclude certain expenses, gains and losses that the company believes are not indicative of its core operating results or because these exclusions are consistent with the financial models and estimates published by many analysts who follow the company and its peers. See the GAAP to Non-GAAP reconciliation slides within the Appendix for further details.
- Adjusted EBITDA is not intended to reflect measures used under the company's debt agreements.
- Total Debt is the total principal balance of debt outstanding as of the end of the applicable trailing 12-month period.
- Other Credit Agreement Adjustments includes deductions and addbacks for other income, expenses, and special charges, including underutilization charges and expected future cost savings from cost reduction initiatives in each case as provided under the company's credit agreement applicable to Term Loan A-2 and Revolver.
- Credit Agreement Defined Adjusted EBITDA is used to measure financial covenant compliance under the company's credit agreement applicable to Term Loan A-2 and Revolver and the company's credit agreement applicable to the Delay Draw Term Loan.
- Credit Agreement Defined Leverage Ratio is calculated as Total Debt divided by Credit Agreement Defined Adjusted EBITDA and is the Leverage Ratio as defined in the company's credit agreement for purpose of the financial covenant applicable to Term Loan A-2 and Revolver.
- Leverage ratio requirement was not applicable for the first and second quarters of fiscal 2024.

* For Q3F24, Credit Agreement Defined Adjusted EBITDA is calculated on an annualized basis (and equals Credit Agreement Defined Adjusted EBITDA for Q3F24 multiplied by four). See next slide for the calculation of Credit Agreement Defined Adjusted EBITDA for Q3F24 and as annualized..

Credit Agreement Defined Adjusted EBITDA (Q3F24)

In millions; unaudited	Q3F24
Net Income	\$ 135
Income tax expense	43
Interest and other expense, net	95
Depreciation and amortization	140
EBITDA	\$ 413
Stock-based compensation expense	\$ 77
Contamination related charges	—
Business separation costs	23
Employee termination, asset impairment and other	8
Strategic review	—
Recovery from contamination incident	(1)
Other	(1)
Adjusted EBITDA	\$ 519
Flash Ventures equipment depreciation expenses	\$ 134
Other Credit Agreement Adjustments	29
Credit Agreement Defined Adjusted EBITDA	\$ 682
Credit Agreement Defined Adjusted EBITDA (Annualized)	\$ 2,728

Note: For purposes of measuring financial covenant compliance for Q3F24 under the company's credit agreement applicable to Term Loan A-2 and Revolver and the company's credit agreement applicable to the Delayed Draw Term Loan, Credit Agreement Defined Adjusted EBITDA is calculated on an annualized basis (and equals Credit Agreement Defined Adjusted EBITDA for Q3F24 multiplied by four).

GAAP to Non-GAAP Reconciliations

In millions; unaudited	Q3F23	Q2F24	Q3F24
GAAP Gross Profit	\$ 286	\$ 492	\$ 1,001
Stock-based compensation expense	12	13	11
Amortization of acquired intangible assets	—	1	1
Recovery from contamination incident	—	(36)	(1)
Non-GAAP Gross Profit	\$ 298	\$ 470	\$ 1,012
GAAP Operating Expenses	\$ 758	\$ 702	\$ 728
Stock-based compensation expense	(62)	(59)	(66)
Amortization of acquired intangible assets	(39)	—	—
Business separation costs	—	(36)	(23)
Employee termination, asset impairment and other	(40)	(24)	(8)
Strategic review	(15)	(20)	—
Other	—	(2)	1
Non-GAAP Operating Expenses	\$ 602	\$ 561	\$ 632
GAAP Operating Income (Loss)	\$ (472)	\$ (210)	\$ 273
Gross profit adjustments	12	(22)	11
Operating expense adjustments	156	141	96
Non-GAAP Operating Income (Loss)	\$ (304)	\$ (91)	\$ 380
GAAP Interest and Other Expense, Net	\$ (56)	\$ (49)	\$ (95)
Other	(6)	(64)	3
Non-GAAP Interest and Other Expense, Net	\$ (62)	\$ (113)	\$ (92)

See Revisions to Previously Reported Financial Information slides for information about revisions to prior period financial results.

GAAP to Non-GAAP Reconciliations (cont'd)

In millions, except per share amounts; unaudited	Q3F23	Q2F24	Q3F24
GAAP Net Income (Loss)	\$ (571)	\$ (287)	\$ 135
Stock-based compensation expense	74	72	77
Business separation costs	—	36	23
Employee termination, asset impairment and other	40	24	8
Strategic review	15	20	—
Amortization of acquired intangible assets	39	1	1
Recovery from contamination incident	—	(36)	(1)
Other	(6)	(62)	2
Income tax adjustments	(17)	3	(8)
Non-GAAP Net Income (Loss)	(426)	(229)	237
Less: amount allocated to preferred shareholders	9	14	27
Non-GAAP Diluted Net Income (Loss) Attributable to Common Shareholders	\$ (435)	\$ (243)	\$ 210
Diluted Income (Loss) Per Common Share			
GAAP	\$ (1.82)	\$ (0.93)	\$ 0.34
Non-GAAP	\$ (1.36)	\$ (0.75)	\$ 0.63
Diluted Weighted Average Shares Outstanding			
GAAP	319	325	335
Non-GAAP	319	325	335

See Revisions to Previously Reported Financial Information slides for information about revisions to prior period financial results.

Supplemental Operating Segment Results

In millions, except percentages; unaudited	Q3F23	Q4F23	Q1F24	Q2F24	Q3F24
Net Revenue					
Flash	\$ 1,307	\$ 1,377	\$ 1,556	\$ 1,665	\$ 1,705
HDD	1,496	1,295	1,194	1,367	1,752
Total Net Revenue	\$ 2,803	\$ 2,672	\$ 2,750	\$ 3,032	\$ 3,457
Gross Profit By Segment					
Flash	\$ (65)	\$ (164)	\$ (161)	\$ 131	\$ 467
HDD	363	268	273	339	545
Total Gross Profit for Segments	\$ 298	\$ 104	\$ 112	\$ 470	\$ 1,012
Unallocated corporate items:					
Stock-based compensation expense	(12)	(11)	(13)	(13)	(11)
Amortization of acquired intangible assets	—	1	—	(1)	(1)
Recovery from contamination incident	—	—	—	36	1
Other	—	(2)	—	—	—
Total unallocated corporate items	(12)	(12)	(13)	22	(11)
Consolidated Gross Profit	\$ 286	\$ 92	\$ 99	\$ 492	\$ 1,001
Gross Margin					
Flash ⁽¹⁾	(5.0%)	(11.9%)	(10.3%)	7.9%	27.4%
HDD ⁽²⁾	24.3%	20.7%	22.9%	24.8%	31.1%
Total gross margin for segments ⁽³⁾	10.6%	3.9%	4.1%	15.5%	29.3%
Consolidated total ⁽⁴⁾	10.2%	3.4%	3.6%	16.2%	29.0%

1. Flash gross margin is calculated by dividing Flash gross profit by Flash revenue.

2. HDD gross margin is calculated by dividing HDD gross profit by HDD revenue.

3. Total gross margin for segments is calculated by dividing total gross profit for segments by total revenue.

4. Consolidated total gross margin is calculated by dividing consolidated gross profit by total revenue.

Note: In the table above, Total gross profit for segments and Total gross margin for segments are Non-GAAP financial measures, which are also referred to herein as Non-GAAP gross profit and Non-GAAP gross margin, respectively.

GAAP to Non-GAAP Reconciliations

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 net income and loss; Non-GAAP diluted income and loss per common share; Adjusted EBITDA; Credit Agreement Defined Adjusted EBITDA; and free cash flow ("Non-GAAP measures"). These Non-GAAP measures are not in accordance with, or an alternative for, measures prepared in accordance with GAAP and may be different from 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, asset impairment and other, expenses related to our strategic review, amortization of acquired intangible assets, recovery from contamination incident, other adjustments, and income tax adjustments, and 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. EBITDA and adjusted EBITDA are not intended to reflect measures used under the company's debt agreements. Credit Agreement Defined Adjusted EBITDA also is used to measure financial covenant compliance as defined under the company's credit agreement applicable to Term Loan A-2 and Revolver and the company's credit agreement applicable to the Delayed Draw Term Loan. 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 its 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 cost. The company incurred expenses associated with the separation of its HDD and Flash business units to create two independent, public companies. The Company believes these charges do not reflect the company's operating results and that they are not indicative of the underlying performance of its business.

Employee termination, asset impairment and other. From time-to-time, in order to realign the company's operations with anticipated market demand or to achieve cost synergies from the integration of acquisitions, the company may terminate employees and/or restructure its operations. From time-to-time, the company may also incur charges from the impairment of intangible assets and other 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. 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.

Strategic review. The company incurred expenses associated with its review of strategic alternatives that resulted in the planned separation of its HDD and Flash business units to create two independent, public companies. The company believes these charges do not reflect the company's operating results and that they are not indicative of the underlying performance of its business.

Amortization of acquired intangible assets. The company incurs expenses from the amortization of acquired intangible assets over their economic lives. Such charges are significantly impacted by the timing and magnitude of the company's acquisitions and any related impairment charges.

Recovery from contamination incident. In February 2022, a contamination of certain materials used in the company's manufacturing process occurred and affected production operations at the flash-based memory manufacturing facilities in Yokkaichi and Kitakami, Japan, which are operated through the company's joint business ventures with Kioxia Corporation (collectively, "Flash Ventures"). The contamination resulted in scrapped inventory and rework costs, decontamination and other costs needed to restore the facilities to normal capacity, and under absorption of overhead costs which are expensed as incurred. During the quarters ended December 29, 2023, and March 29, 2024, the company received recoveries of these losses from other parties. The recoveries are inconsistent in amount and frequency, and the company believes they are not part of the ongoing production operation of its business.

Other adjustments. From time-to-time, the company sells or impairs investments or other assets which are not considered necessary to its business operations, or incurs other 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 adjustments to estimates related to the current status of the rules and regulations governing the transition to the Tax Cuts and Jobs Act and 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 the activity related to Flash Ventures, net. The company considers free cash flow generated in any period to be a useful indicator 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.

Revisions to Previously Reported Financial Information

As previously reported, in connection with the preparation of its condensed consolidated financial statements as of and for the three and six months ended December 29, 2023, the company identified certain errors related to the company's reporting and recording of its interests in its equity method investments in Flash Ventures. These errors related to unadjusted differences between Flash Ventures' application of Japanese generally accepted accounting principles to certain lease-related transactions compared to the applicable U.S. generally accepted accounting principles. These unadjusted differences resulted in differences in the equity in earnings from these entities recognized by the company in Other income (expense), net and the carrying value of the company's equity method investments in Flash Ventures in the unaudited condensed consolidated financial statements. The company evaluated the errors and determined the related impacts were not material to its financial statements for the prior periods when they occurred. The company has revised previously reported financial information for such immaterial errors, and the results of operations included in this presentation incorporate revisions made to correct these errors for the periods presented. The following tables provide a summary of the revisions to the company's GAAP and non-GAAP results of operations for the periods set forth below. Additional information regarding revisions to the company's financial statements as of and for the three and nine months ended March 31, 2024 will be included in the company's upcoming Quarterly Report on Form 10-Q for the fiscal third quarter ended March 29, 2024.

In millions; unaudited	Q1F22	Q2F22	Q3F22	Q4F22	Q1F23	Q2F23	Q3F23	Q4F23	Q1F24	Q2F24 ⁽¹⁾
GAAP Interest and Other Expense, Net as previously reported	\$ (74)	\$ (81)	\$ (62)	\$ (51)	\$ (74)	\$ (64)	\$ (57)	\$ (80)	\$ (86)	\$ (49)
Revision adjustment	8	8	15	17	9	4	1	(4)	—	—
GAAP Interest and Other Expense, Net as revised	\$ (66)	\$ (73)	\$ (47)	\$ (34)	\$ (65)	\$ (60)	\$ (56)	\$ (84)	\$ (86)	\$ (49)
Other	(1)	13	(2)	(14)	(1)	—	(6)	(6)	—	(64)
Non-GAAP Interest and Other Expense, Net	\$ (67)	\$ (60)	\$ (49)	\$ (48)	\$ (66)	\$ (60)	\$ (62)	\$ (90)	\$ (86)	\$ (113)
GAAP Income Tax Expense (Benefit) as previously reported	\$ 94	\$ 82	\$ 237	\$ 210	\$ 57	\$ 61	\$ 43	\$ (15)	\$ 3	\$ 28
Revision adjustment	1	1	—	—	(11)	9	—	(10)	—	—
GAAP Income Tax Expense (Benefit) as revised	\$ 95	\$ 83	\$ 237	\$ 210	\$ 46	\$ 70	\$ 43	\$ (25)	\$ 3	\$ 28

1. Adjustments shown for Q2F24 were reflected in the results reported in the Company's Quarterly Report on Form 10-Q, but were not reflected in the earnings presentation for such period.

Revisions to Previously Reported Financial Information (Cont'd)

In millions, unaudited	Q1F22	Q2F22	Q3F22	Q4F22	Q1F23	Q2F23	Q3F23	Q4F23	Q1F24	Q2F24 ⁽¹⁾
GAAP Net Income (Loss) as previously reported	\$ 610	\$ 564	\$ 25	\$ 301	\$ 27	\$ (446)	\$ (572)	\$ (715)	\$ (685)	\$ (268)
Revision adjustment	7	7	15	17	20	(5)	1	6	—	(19)
GAAP Net Income (Loss) as revised	\$ 617	\$ 571	\$ 40	\$ 318	\$ 47	\$ (451)	\$ (571)	\$ (709)	\$ (685)	\$ (287)
Stock-based compensation expense	76	87	86	77	86	86	74	72	77	72
Business separation costs	—	—	—	—	—	—	—	—	—	36
Contamination related charges	—	—	203	4	—	—	—	—	—	—
Recoveries from a power outage incident	—	—	(7)	—	—	—	—	—	—	—
Employee termination, asset impairment and other	18	2	4	19	24	76	40	53	57	24
Strategic review	—	—	—	—	—	—	15	27	17	20
Amortization of acquired intangible assets	78	64	39	40	39	39	39	16	—	1
Recovery from contamination incident	—	—	—	—	—	—	—	—	—	(36)
Non-cash economic interest and Other	8	15	(1)	(14)	(1)	1	(6)	(2)	2	(62)
Income tax adjustments	(3)	(8)	172	140	(122)	118	(17)	(82)	(22)	3
Non-GAAP Net Income (Loss)	794	731	536	584	73	(131)	(426)	(625)	(554)	(229)
Less: amount allocated to preferred shareholders	—	—	—	—	—	—	9	15	15	14
Non-GAAP Diluted Net Income (Loss) Attributable to Common Shareholders	\$ 794	\$ 731	\$ 536	\$ 584	\$ 73	\$ (131)	\$ (435)	\$ (640)	\$ (569)	\$ (243)

1. Adjustments shown for Q2F24 were reflected in the results reported in the Company's Quarterly Report on Form 10-Q, but were not reflected in the earnings presentation for such period.

Revisions to Previously Reported Financial Information (Cont'd)

In millions, except per share amounts; unaudited	Q1F22	Q2F22	Q3F22	Q4F22	Q1F23	Q2F23	Q3F23	Q4F23	Q1F24	Q2F24 ⁽¹⁾
Diluted Income (Loss) Per Common Share										
GAAP as previously reported	\$ 1.93	\$ 1.79	\$ 0.08	\$ 0.95	\$ 0.08	\$ (1.40)	\$ (1.82)	\$ (2.27)	\$ (2.17)	\$ (0.87)
Revision adjustment	0.02	0.02	0.05	0.05	0.07	(0.02)	0.00	0.02	0.00	(0.06)
GAAP as revised	\$ 1.95	\$ 1.81	\$ 0.13	\$ 1.00	\$ 0.15	\$ (1.42)	\$ (1.82)	\$ (2.25)	\$ (2.17)	\$ (0.93)
Non-GAAP as previously reported	\$ 2.49	\$ 2.30	\$ 1.65	\$ 1.78	\$ 0.20	\$ (0.42)	\$ (1.37)	\$ (1.98)	\$ (1.76)	\$ (0.69)
Revision adjustment	0.02	0.02	0.05	0.06	0.03	0.01	0.01	(0.01)	0.00	(0.06)
Non-GAAP as revised	\$ 2.51	\$ 2.32	\$ 1.70	\$ 1.84	\$ 0.23	\$ (0.41)	\$ (1.36)	\$ (1.99)	\$ (1.76)	\$ (0.75)
Diluted Weighted Average Shares Outstanding										
GAAP	316	315	316	318	319	318	319	321	323	325
Non-GAAP	316	315	316	318	319	318	319	321	323	325

1. Adjustments shown for Q2F24 were reflected in the results reported in the Company's Quarterly Report on Form 10-Q, but were not reflected in the earnings presentation for such period.



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