



Western Digital Provides Update on Production Status of Its Joint Venture Flash Memory Manufacturing Facilities and Fiscal Third Quarter 2022 Outlook

March 2, 2022

SAN JOSE, Calif.--(BUSINESS WIRE)--Mar. 2, 2022-- Western Digital Corp. (Nasdaq: WDC) today provided an update on the production status of its joint venture flash memory manufacturing facilities and outlook for fiscal third quarter 2022.

Production at both its Yokkaichi and Kitakami joint venture flash fabrication facilities returned to normal operations in late February 2022. Western Digital's flash availability will be reduced by approximately 7 exabytes, which will occur predominantly in its third and fourth fiscal quarters, as the facilities ramp back to full production output.

Western Digital also updated its fiscal third quarter 2022 outlook.

| | Three Months Ending April 1, 2022 | |
|--|--------------------------------------|-------------------------|
| | GAAP ⁽¹⁾ | Non-GAAP ⁽¹⁾ |
| Revenue (\$B) | \$4.20 - \$4.40 | \$4.20 - \$4.40 |
| Gross margin | 24.0% - 26.0% | 30.0% - 32.0% |
| Diluted earnings per share | N/A | \$1.30 - \$1.60 |
| Diluted shares outstanding (in millions) | ~316 | ~316 |

(1) Non-GAAP gross margin outlook excludes stock-based compensation expense and charges associated with contamination of certain material used in manufacturing processes that affected production operations at joint venture flash fabrication facilities in Yokkaichi and Kitakami, Japan, and other adjustments, totaling approximately \$250 million to \$270 million. The company's non-GAAP diluted earnings per share also excludes amortization of acquired intangible assets; stock-based compensation expense; employee termination, asset impairment and other charges; and non-cash economic interest expense associated with its convertible notes, totaling approximately \$120 million to \$130 million. In the aggregate, non-GAAP diluted earnings per share outlook excludes items totaling \$370 million to \$400 million as well as related tax impacts or adjustments. The timing and amount of these charges or adjustments excluded from non-GAAP gross margin and non-GAAP diluted earnings 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 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 and non-GAAP diluted earnings per share to the most directly comparable GAAP financial measures (gross margin and diluted earnings per share, respectively) are not available without unreasonable effort.

About Western Digital

Western Digital creates environments for data to thrive. As a leader in data infrastructure, the company is driving the innovation needed to help customers capture, preserve, access and transform an ever-increasing diversity of data. Everywhere data lives, from advanced data centers to mobile sensors to personal devices, our industry-leading solutions deliver the possibilities of data. Our data-centric solutions are comprised of the Western Digital®, G-Technology™, SanDisk®, and WD® brands.

Forward-Looking Statements

This press release 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 third quarter of 2022 and for the company's production operations and product availability. 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. Other risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements include: future responses to and effects of the COVID-19 pandemic; volatility in global economic conditions; impact of business and market conditions; impact of competitive products and pricing; our 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 our strategic relationships; difficulties or delays in manufacturing or other supply chain disruptions; hiring and retention of key employees; our substantial level of debt and other financial obligations; changes to our relationships with key customers; disruptions in operations from cyberattacks or other system security risks; actions by competitors; 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 Form 10-K filed with the

SEC on August 27, 2021, 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.

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