

# Q2FY26

# Financial Results

# Disclaimers

## Forward-Looking Statements

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 third quarter of 2026 and beyond, and demand and market conditions for our products and growth opportunities. 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. Key risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements include: adverse global or regional conditions, including new or additional tariffs or trade restrictions; the company's dependence on a limited number of qualified suppliers; volatility in demand for the company's products; the impact of business and market conditions, including inflation, increases in interest rates and an economic recession; the outcome and impact of the company's completed separation of its HDD and Flash businesses; 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; any decisions to reduce or discontinue paying cash dividends or repurchasing shares of the company's common stock; the company's ability to achieve its greenhouse gas emissions reduction and other sustainability 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 14, 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.

## Discontinued Operations

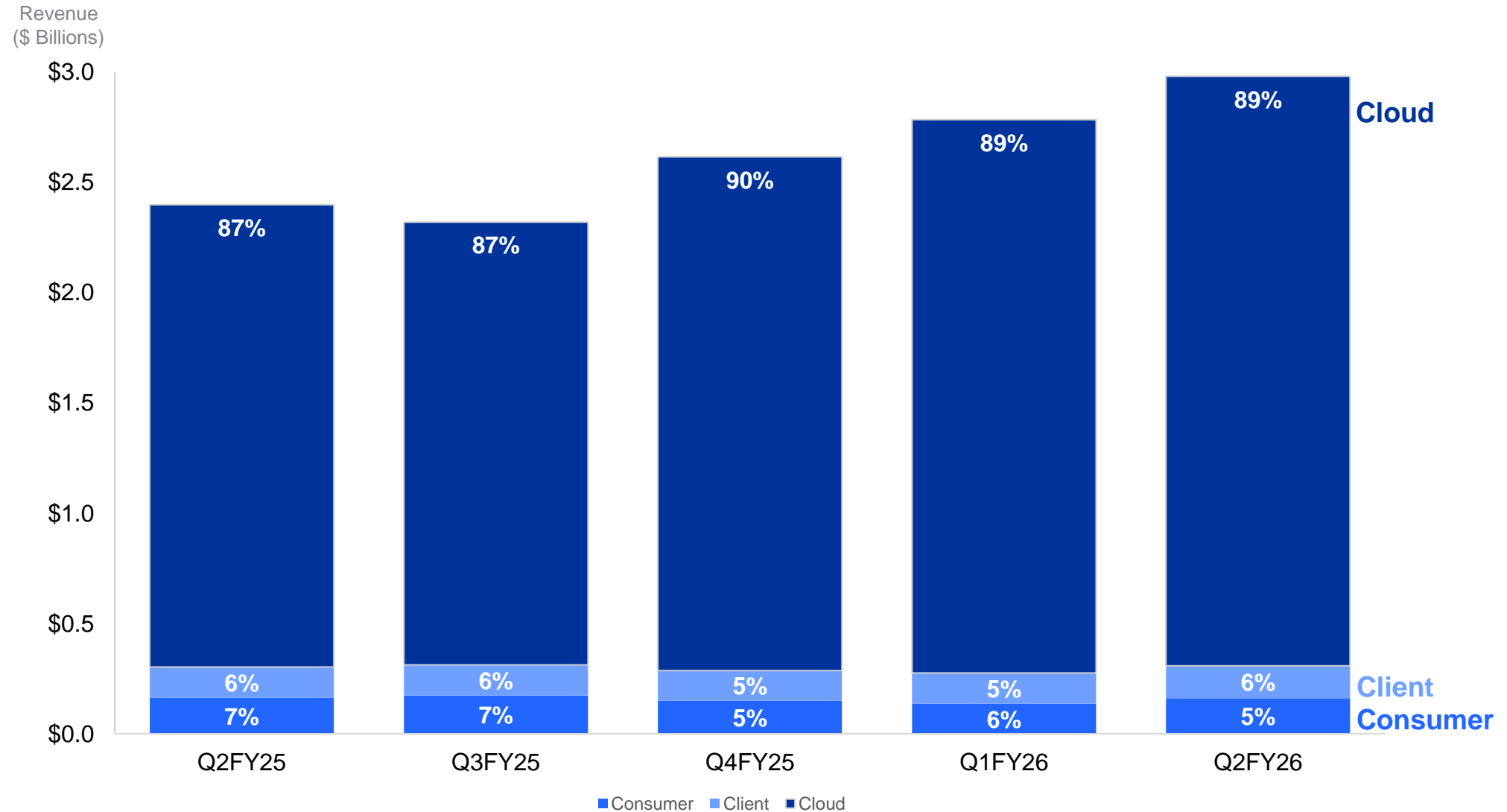
The financial and operating results of Sandisk Corporation ("Sandisk") subsequent to February 21, 2025 (the "Separation Date") are no longer consolidated into Western Digital Corporation's ("WD") financial and operating results, and the historical results and financial position of Sandisk for all periods prior to the Separation Date have been reflected as discontinued operations in the accompanying financial information.

# Q2FY26 Highlights

REVENUE	NON-GAAP GROSS MARGIN	NON-GAAP OPERATING MARGIN
<b>\$3.0B</b>	<b>46.1%</b>	<b>33.8%</b>
NON-GAAP EPS	CASH FLOW FROM OPERATIONS	FREE CASH FLOW
<b>\$2.13</b>	<b>\$745M</b>	<b>\$653M</b>

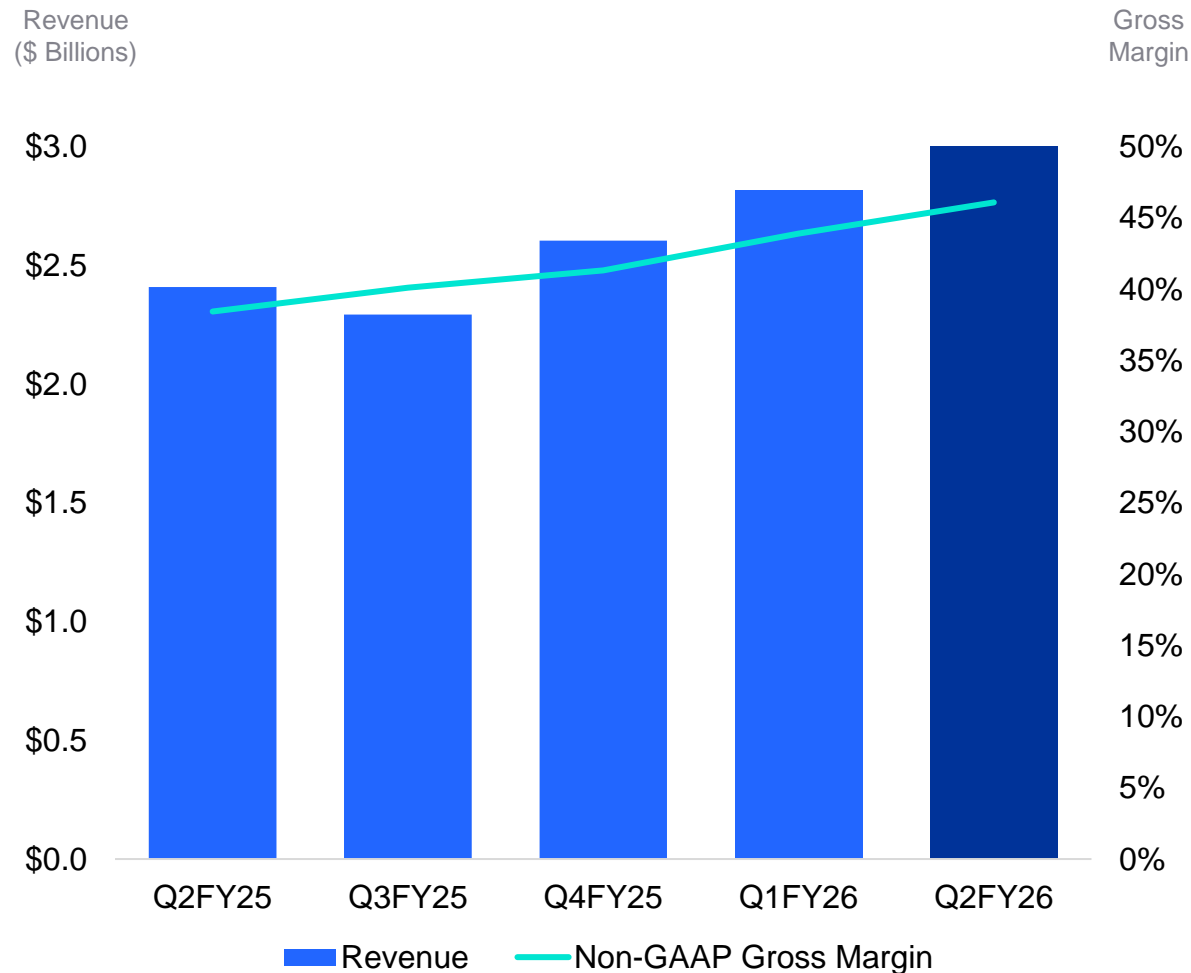
- Revenue & non-GAAP EPS above high end of guidance
- Shipped over 3.5 million units of latest generation ePMR
- Expanded non-GAAP gross margin by 770 bps Y/Y
- Increased share repurchases to \$615M
- Announcing quarterly dividend of \$0.125 per share

# Cloud Is Driving Growth

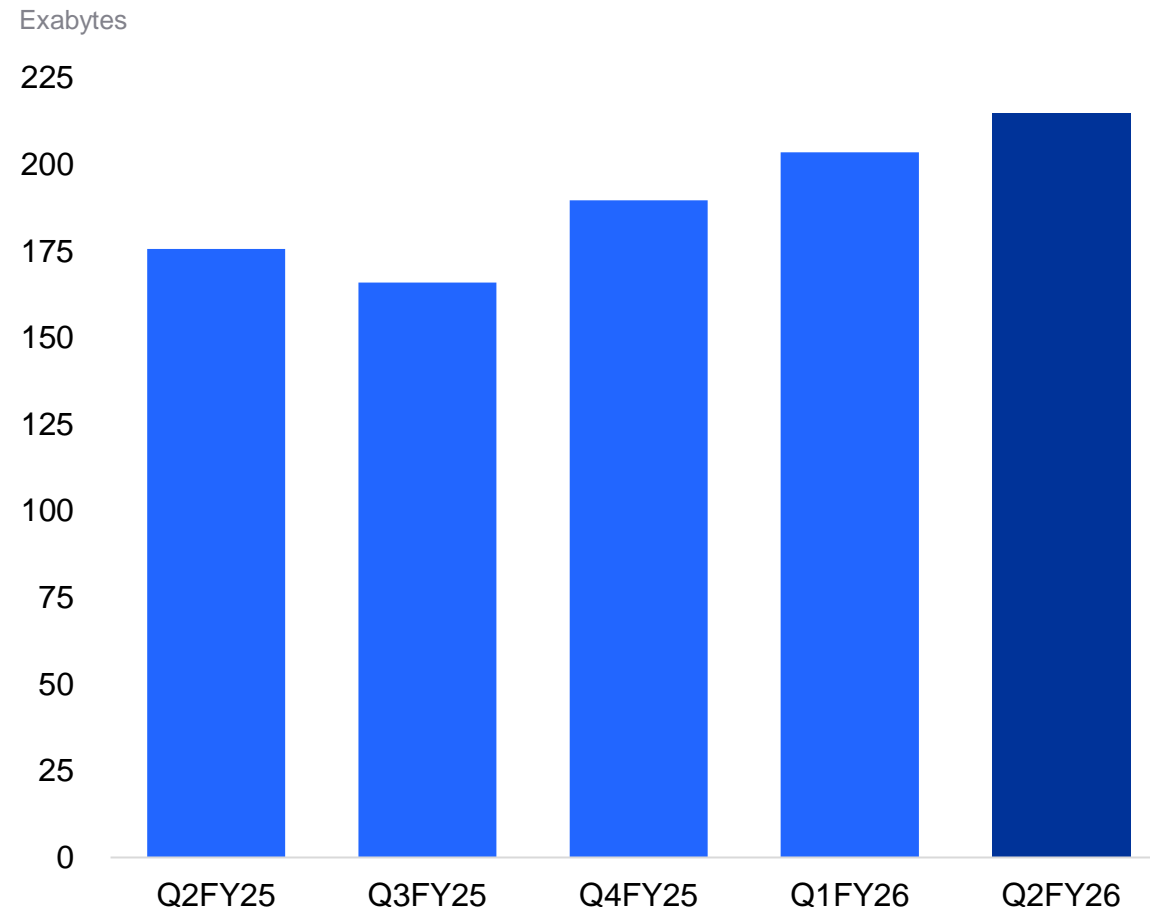


# Business Metrics Q2FY26

## Revenue and Non-GAAP Gross Margin



## Exabytes



# Non-GAAP Financial Results

(\$ Millions, except for EPS)

	Q2FY25	Q1FY26	Q2FY26	QoQ	YoY
<b>Revenue</b>	\$2,409	\$2,818	\$3,017	+7%	+25%
<b>Gross Margin</b>	38.4%	43.9%	46.1%	+220 bps	+770 bps
<b>Operating Expenses</b>	\$335	\$381	\$372	-2%	+11%
<b>Operating Income</b>	\$591	\$856	\$1,019	+19%	+72%
<b>Operating Margin</b>	24.5%	30.4%	33.8%	+340 bps	+930 bps
<b>Diluted EPS</b>	\$1.20	\$1.78	\$2.13	+20%	+78%
<b>Cash Flow from Operations</b>	\$403	\$672	\$745	+11%	+85%
<b>Free Cash Flow</b>	\$335	\$599	\$653	+9%	+95%

See GAAP to Non-GAAP Reconciliations in the Appendix

# Q3FY26 Guidance

	Non-GAAP
Revenue	\$3.2B +/- \$100M
Gross Margin %	47% – 48%
Operating Expenses	\$380M – \$390M
Interest and Other Expense, net	~ \$50M
Tax Rate	~ 16%
EPS – Diluted	\$2.30 +/- \$0.15
Share Count – Diluted	~ 385M

Guidance as shown is as of January 29, 2026

We provide earnings guidance on a non-GAAP basis because certain information necessary to reconcile such guidance to GAAP is difficult to estimate or cannot be allocated or quantified with certainty and is dependent on future events outside of our control. Please refer to the section titled "Non-GAAP Guidance" under "Discussion Regarding the Use of Non-GAAP Financial Measures" in our press release dated January 29, 2026 for additional information regarding the non-GAAP measures, including quantification of known expected adjustment items.

# Quarterly Fact Sheet

(\$ Millions, except exabytes)

	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
<b>Revenue by End Market</b>					
Cloud	\$2,096	\$2,007	\$2,329	\$2,510	\$2,673
Client	140	137	140	146	176
Consumer	173	150	136	162	168
<b>Total Revenue</b>	<b>\$2,409</b>	<b>\$2,294</b>	<b>\$2,605</b>	<b>\$2,818</b>	<b>\$3,017</b>
<b>Exabytes Shipped</b>					
Nearline	154	145	170	183	192
Non-Nearline	22	21	20	21	23
<b>Total Exabytes</b>	<b>176</b>	<b>166</b>	<b>190</b>	<b>204</b>	<b>215</b>



# Appendix

# GAAP to Non-GAAP Reconciliations

(\$ Millions, unaudited)

	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
<b>GAAP Gross Profit</b>	<b>\$907</b>	<b>\$912</b>	<b>\$1,067</b>	<b>\$1,227</b>	<b>\$1,380</b>
Stock-based compensation expense	9	7	8	9	8
Litigation matter	10	—	—	—	—
Other	—	1	2	1	3
<b>Non-GAAP Gross Profit</b>	<b>\$926</b>	<b>\$920</b>	<b>\$1,077</b>	<b>\$1,237</b>	<b>\$1,391</b>
GAAP Gross Margin <sup>(1)</sup>	37.7 %	39.8 %	41.0 %	43.5 %	45.7 %
Non-GAAP Gross Margin <sup>(1)</sup>	38.4 %	40.1 %	41.3 %	43.9 %	46.1 %
<b>GAAP Operating Expenses</b>	<b>\$347</b>	<b>\$152</b>	<b>\$387</b>	<b>\$435</b>	<b>\$472</b>
Stock-based compensation expense	(21)	(28)	(37)	(44)	(45)
Litigation matter	—	201	—	—	—
Business realignment charges	10	—	(1)	(3)	(52)
Other	(1)	(1)	(4)	(7)	(3)
<b>Non-GAAP Operating Expenses</b>	<b>\$335</b>	<b>\$324</b>	<b>\$345</b>	<b>\$381</b>	<b>\$372</b>
<b>GAAP Operating Income</b>	<b>\$560</b>	<b>\$760</b>	<b>\$680</b>	<b>\$792</b>	<b>\$908</b>
Gross profit adjustments	19	8	10	10	11
Operating expense adjustments	12	(172)	42	54	100
<b>Non-GAAP Operating Income</b>	<b>\$591</b>	<b>\$596</b>	<b>\$732</b>	<b>\$856</b>	<b>\$1,019</b>
GAAP Operating Margin <sup>(1)</sup>	23.2 %	33.1 %	26.1 %	28.1 %	30.1 %
Non-GAAP Operating Margin <sup>(1)</sup>	24.5 %	26.0 %	28.1 %	30.4 %	33.8 %
<b>GAAP Interest and Other Income (Expense), Net</b>	<b>\$(94)</b>	<b>\$(686)</b>	<b>\$(333)</b>	<b>\$545</b>	<b>\$1,054</b>
Loss (gain) on retained interest in Sandisk	—	606	166	(611)	(1,103)
Loss on extinguishment of debt	—	—	100	—	—
Litigation matter	4	(6)	—	—	—
Other	—	2	15	22	4
<b>Non-GAAP Interest and Other Income (Expense), Net</b>	<b>\$(90)</b>	<b>\$(84)</b>	<b>\$(52)</b>	<b>\$(44)</b>	<b>\$(45)</b>

# GAAP to Non-GAAP Reconciliations

(\$ Millions, except per share amounts; unaudited)

	Q2FY25	Q1FY26	Q2FY26
<b>GAAP Net Income from Continuing Operations</b>	<b>\$466</b>	<b>\$1,182</b>	<b>\$1,842</b>
Amount allocated to preferred shareholders	(11)	(28)	(40)
<b>GAAP Diluted Net Income from Continuing Operations Attributable to Common Shareholders</b>	<b>\$455</b>	<b>\$1,154</b>	<b>\$1,802</b>
<b>GAAP Net Income from Continuing Operations</b>	<b>\$466</b>	<b>\$1,182</b>	<b>\$1,842</b>
Gross profit adjustments	19	10	11
Operating expense adjustments	12	54	100
Interest and other expense (income) adjustments	4	(589)	(1,099)
Income tax adjustments	(70)	16	(27)
<b>Non-GAAP Net Income from Continuing Operations</b>	<b>431</b>	<b>673</b>	<b>827</b>
Amount allocated to preferred shareholders	(11)	(18)	(20)
<b>Non-GAAP Diluted Net Income from Continuing Operations Attributable to Common Shareholders</b>	<b>\$420</b>	<b>\$655</b>	<b>\$807</b>
<b>Diluted Weighted Average Shares</b>			
GAAP	357	376	381
Benefit of shares related to capped call transactions <sup>(2)</sup>	(7)	(7)	(3)
<b>Non-GAAP</b>	<b>350</b>	<b>369</b>	<b>378</b>
<b>Diluted Net Income from Continuing Operations per Common Share (EPS)</b>			
GAAP	\$1.27	\$3.07	\$4.73
Non-GAAP	\$1.20	\$1.78	\$2.13
<b>Cash Flows<sup>(3)</sup></b>			
Cash flows provided by operating activities	\$403	\$672	\$745
Purchases of property, plant and equipment, net	(113)	(73)	(92)
Activity related to Flash Ventures, net	45	—	—
<b>Free Cash Flow</b>	<b>\$335</b>	<b>\$599</b>	<b>\$653</b>

1. GAAP and non-GAAP gross margin, as well as GAAP and non-GAAP operating margin, are calculated by dividing GAAP and non-GAAP gross profit, as well as GAAP and non-GAAP operating income, respectively, by Revenue, net.

2. Beginning with the three months ended October 3, 2025, the company is calculating non-GAAP diluted net income from continuing operations per common share based on non-GAAP diluted weighted average shares, which include the benefit of shares related to capped call transactions. Calculations of amounts presented for prior periods have been revised to conform.

3. Cash flows are presented on a consolidated basis and include the results of Sandisk through the Separation Date.

# 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 operating expenses; non-GAAP operating income; non-GAAP interest and other income (expense), net; non-GAAP diluted net income from continuing operations attributable to common shareholders; non-GAAP diluted net income from continuing operations per common share; non-GAAP diluted weighted average shares; and free cash flow (“non-GAAP measures”). In addition, non-GAAP diluted net income from continuing operations per common share is calculated based on non-GAAP diluted weighted average shares, as described in footnote 2 to the GAAP to Non-GAAP reconciliations table. These non-GAAP measures are not 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; charges related to a litigation matter; business realignment charges; loss (gain) on retained interest in Sandisk; loss on extinguishment of debt; 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:

**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.

**Litigation matter.** The company had recognized expenses related to a judgment in a patent litigation matter, which consisted of an award of damages, interest, and estimated plaintiff legal costs. The company also records amortization of patent licenses that the company capitalized related to this litigation matter. 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.

**Business realignment charges.** 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 incur charges in connection with actions to terminate employees, impair assets or otherwise restructure its operations. These charges are inconsistent in amount and frequency, and the company believes they are not indicative of the underlying performance of its business.

**Loss (gain) on retained interest in Sandisk.** The company retained an ownership interest in Sandisk at the time of the separation and has recognized losses (gains) on the mark-to-market adjustment of such interest. The company believes these adjustments do not reflect the company's operating results and are not indicative of the underlying performance of its business.

**Loss on extinguishment of debt.** In connection with the company's liquidation of a portion of its retained interest in Sandisk following the separation, the company recognized a loss in the exchange of that portion of the Sandisk shares to settle a portion of the company's outstanding debt. The company believes this loss does not reflect the company's operating results and is not indicative of the underlying performance of its business.

**Other adjustments.** From time to time, the company records costs, charges, and benefits 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 represent the difference between income taxes based on a forecasted annual GAAP tax rate and a forecasted annual non-GAAP tax rate, which have been adjusted to account for the tax effects of items excluded from non-GAAP pre-tax income as well as the tax effects of non-recurring and period-specific tax items. These adjustments are excluded because the company believes that they are not indicative of the underlying performance of its ongoing business.

As described above, the company also presents the following non-GAAP financial measures:

**Non-GAAP diluted weighted average shares.** Beginning with the three months ended October 3, 2025, the company calculates non-GAAP diluted net income from continuing operations per common share based on non-GAAP diluted weighted average shares and has also adjusted the prior year periods to conform to the new presentation. Management uses non-GAAP diluted weighted average shares to evaluate — in addition to the potential dilution due to the outstanding restricted stock units and the dilution from the 2028 convertible notes that are included in GAAP diluted weighted average shares — the benefit expected to be provided by existing capped call transactions entered into in connection with the 2028 convertible notes to offset the dilutive impact of the convertible notes, up to their capped limit. In periods where the quarterly average stock price per share exceeds the conversion price of the 2028 convertible notes, non-GAAP diluted weighted average shares includes the anti-dilutive impact of the company's capped call transactions, up to the capped call price of \$50.43 per share.

**Free cash flow.** Free cash flow is defined as cash flows provided by operating activities less purchases of property, plant and equipment, net, and the pre-separation 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, returning capital to investors, repaying debt and strengthening the balance sheet.



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