



SUPPLEMENTAL FINANCIAL INFORMATION

Q3FY24

APRIL 23, 2024

Safe Harbor Statement and Use of Non-GAAP Financial Information

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical fact. Forward-looking statements include, among other things, statements about the Company's plans, programs, strategies, prospects, and opportunities; financial outlook for future periods, including the fiscal fourth quarter 2024; expectations regarding our ability to service debt and continue to generate free cash flow; expectations regarding our ability to make timely quarterly payments under the settlement agreement with the U.S. Department of Commerce's Bureau of Industry and Security; expectations regarding logistical, macroeconomic, or other factors affecting the Company; expectations regarding market demand for the Company's products and our ability to optimize our level of production and meet market and industry expectations and the effects of these future trends on Company's performance; anticipated shifts in technology and storage industry trends, and anticipated demand and performance of new storage product introductions, including HAMR-based products; and expectations regarding the Company's business strategy and performance, as well as dividend issuance plans for the fiscal quarter ending June 28, 2024 and beyond. Forward-looking statements generally can be identified by words such as "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "projects," "should," "may," "will," "will continue," "can," "could" or the negative of these words, variations of these words and comparable terminology, in each case, intended to refer to future events or circumstances. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Forward-looking statements are subject to various uncertainties and risks that could cause our actual results to differ materially from historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's latest periodic report on Form 10-Q or Form 10-K filed with the U.S. Securities and Exchange Commission. Undue reliance should not be placed on the forward-looking statements in this press release, which are based on information available to us on, and which speak only as of, the date hereof. The Company undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date they were made, unless required by applicable law.

To supplement the consolidated financial statements presented in accordance with U.S. generally accepted accounting principles (GAAP), the Company uses non-GAAP measures of gross profit, gross margin, operating expenses, income from operations, operating margin, net income, diluted EPS, free cash flow, EBITDA, adjusted EBITDA and the last twelve months (LTM) adjusted EBITDA, which are adjusted from results based on GAAP to exclude certain benefits, expenses, gains and losses. A full discussion of these adjustments can be found in the earnings press release for the Company's most recent fiscal quarter. These non-GAAP financial measures are provided to enhance the user's overall understanding of the Company's current financial performance and its prospects for the future. Specifically, the Company believes non-GAAP results provide useful information to both management and investors as these non-GAAP results exclude certain benefits, expenses, gains and losses that it believes are not indicative of its core operating results and because it is similar to the approach used in connection with the financial models and estimates published by financial analysts who follow the Company.

These non-GAAP financial measures are used by management to assess the Company's performance, allocate resources and plan for future periods. These non-GAAP financial measures should only be considered as supplemental to results prepared in accordance with GAAP, and not considered as a substitute or replacement for, or superior to, GAAP results. These non-GAAP measures may differ from the non-GAAP measures reported by other companies.

Executive Summary

FQ3'24 results reflect improving cloud demand, price execution and strong cost discipline

- Revenue up 6% sequentially due primarily to continued improvement in nearline cloud market demand and price increases
- Operating income (non-GAAP) improved 44% sequentially to \$183M, operating margin (non-GAAP) expanded sequentially by 290 basis points¹
- EPS (non-GAAP) increased to \$0.33¹, above mid-point of our guidance range, reflecting both improving demand trends and our focus on profitability
- Adjusted EBITDA improved sequentially by 29% to \$278M¹
- Generated positive free cash flow of \$128M¹

Q3FY24

Revenue	\$1.66B
Gross Margin (non-GAAP) ¹	26.1%
Operating Margin (non-GAAP) ¹	11.1%
Diluted Earnings Per Share (non-GAAP) ¹	\$0.33
Cash Flow From Operations	\$188M

99EB

**HDD Capacity
Shipped
+4% Q/Q**



8.7TB

**Average Capacity
Per Drive
+6% Q/Q**

1. See 'Reconciliation Tables' section for GAAP reconciliation.

Markets and Technology Highlights



Markets

- **Mass Capacity** demand improved sequentially, led by stronger nearline Cloud more than offsetting seasonally lower VIA demand
- **Nearline** revenue increased sequentially for the second consecutive quarter reflecting higher sales into both US and China cloud customers and stabilized enterprise demand
- **VIA** market inline with expectations; anticipating VIA to reflect more typical seasonal patterns through CY24 with the March quarter representing the low point



Technology

- **24TB CMR / 28TB SMR:** Multiple qualifications completed, including one major enterprise OEM. Volume ramp starting early FY25
- **HAMR 3+TB** per disk: One non-cloud customer qualification complete. Lead CSP customer qualification expected during June quarter pending completion of final tests
- **HAMR 4+TB** per disk: prototypes working; expect to launch later half of calendar 2025
- **HAMR 5+TB** per disk: clear path to at least 50-terabyte drives offering customers TCO and sustainability benefits such as lower power consumption and less required floorspace on a per terabyte basis

Quarterly Financial Trends

	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	QoQ	YoY
Results (non-GAAP)¹							
Revenue (\$M)	1,860	1,602	1,454	1,555	1,655	6%	-11%
Gross Margin %	18.7%	19.5%	19.8%	23.6%	26.1%	2.5 ppt	7.4 ppt
Operating Expenses (\$M)	282	258	248	240	249	4%	-12%
Operating Margin %	3.5%	3.4%	2.8%	8.2%	11.1%	2.9 ppt	7.6 ppt
Net Income (Loss) (\$M)	-58	-37	-46	25	71	184%	*
Diluted EPS ²	-\$0.28	-\$0.18	-\$0.22	\$0.12	\$0.33	175%	*
End of Qtr Actual Share Count (M)	207	207	209	210	210	0%	1%
Diluted Shares O/S for EPS ² (M)	207	207	208	211	212	0%	2%
Cash and Cash Equivalents (\$M)	766	786	795	787	795	1%	4%
Debt (\$M) ³	5,958	5,451	5,666	5,669	5,671	0%	-5%
Cash Flow From Operations (\$M)	228	218	127	169	188	11%	-17%
Capital Expenditures ⁴ (\$M)	54	50	70	70	60	-14%	11%
Free Cash Flow ¹ (\$M)	174	168	57	99	128	29%	-26%
LTM Dividend Paid (\$M)	589	582	580	581	583		
Dividends Per Share Paid	\$0.70	\$0.70	\$0.70	\$0.70	\$0.70		
LTM Shares Repurchased (M)	11.4	5.4	-	-	-		
Days Sales Outstanding	49	35	33	28	18		
Days Inventory Outstanding	71	80	73	80	88		
Days Payables Outstanding	100	112	105	124	124		
Cash Conversion Cycle	19	3	1	-16	-17		

NOTE: Minor changes and calculation variances are due to rounding. Effective Q1FY24, the estimated useful lives of certain manufacturing equipment are changed from a range of 3-7 years to 3-10 years. This effect of this change in estimate is recognized prospectively.

1. See 'Reconciliation Tables' section for GAAP reconciliation.

2. Q3FY23, Q4FY23 and Q1FY24 GAAP and non-GAAP diluted EPS, as well as Q2FY24 GAAP diluted EPS were computed using weighted average basic shares of 207 million, 207 million, 208 million, and 209 million respectively, as a result of net loss reported during the period. For Q3FY24, non-GAAP shares used in diluted EPS calculation excluded approximately 1 million shares that are issuable upon conversion of our 2028 exchangeable senior notes due to the expectation that the dilution from such shares will be offset by the related capped call transaction.

3. Principal outstanding less unamortized discount and debt issuance cost.

4. Capital Expenditures is cash paid for the acquisition of property, equipment, and leasehold improvements.

* Not a meaningful figure

Quarterly Financial Trends Continued

	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	QoQ	YoY
Revenue by Product Line (\$M)							
HDD	1,604	1,385	1,295	1,384	1,477	7%	-8%
Mass Capacity	1,233	984	1,017	1,060	1,180	11%	-4%
<i>Mass Capacity as a % of HDD revenue</i>	77%	71%	79%	77%	80%	3.0 ppt	3.0 ppt
Legacy	371	401	278	324	297	-8%	-20%
Systems, SSD & Other	256	218	159	171	178	4%	-30%
Revenue by Channel							
OEM	73%	73%	71%	73%	75%	2 ppt	2 ppt
Distributors	16%	14%	18%	14%	15%	1 ppt	-1 ppt
Retail	11%	13%	11%	13%	10%	-3 ppt	-1 ppt
Capacity Shipped (EB)							
Mass Capacity	104.1	75.2	79.2	83.2	88.5	6%	-15%
<i>Nearline</i>	86.8	54.7	56.0	65.1	71.7	10%	-17%
Legacy	14.6	16.0	10.4	12.0	10.6	-11%	-28%
Average Capacity per Drive (TB)							
Mass Capacity	13.0	9.6	10.3	11.9	12.5	5%	-4%
Legacy	2.2	2.5	2.4	2.6	2.5	-5%	11%

NOTE: Minor changes and calculation variances are due to rounding.

Guidance Q4FY24

Q4FY24

Revenue	\$1.85 billion ± \$150 million
Operating Margin ¹ (non-GAAP)	Low-teens % of revenue
Diluted Earnings Per Share ^{1,2} (non-GAAP)	\$0.70 ± \$0.20

At the mid point of the guidance:

- Operating Expense (non-GAAP) expected to be ~\$260 million
- Tax Expense (non-GAAP) expected to be ~\$25 million
- Diluted Shares O/S for EPS (non-GAAP) expected to be ~212 million

1. We have not reconciled our non-GAAP diluted EPS guidance for fiscal fourth quarter 2024 to the most directly comparable GAAP measure, other than estimated share-based compensation expenses, because material items that may impact these measures are out of our control and/or cannot be reasonably predicted, including, but not limited to, accelerated depreciation, impairment and other charges related to cost saving efforts, net (gain) loss recognized from early redemption of debt, purchase order cancellation fees, strategic investment losses (gains) or impairment charges, income tax adjustments on these measures, and other charges or benefits that may arise. The amounts of these measures are not currently available but may be material to future results. A reconciliation of the non-GAAP diluted EPS guidance for fiscal fourth quarter 2024 to the corresponding GAAP measures is not available without unreasonable effort. A reconciliation of our historical non-GAAP financial measures to their nearest GAAP equivalent is contained in this release.

2. Guidance regarding non-GAAP diluted earnings per share excludes known pre-tax charges related to estimated share-based compensation expenses of \$0.16 per share

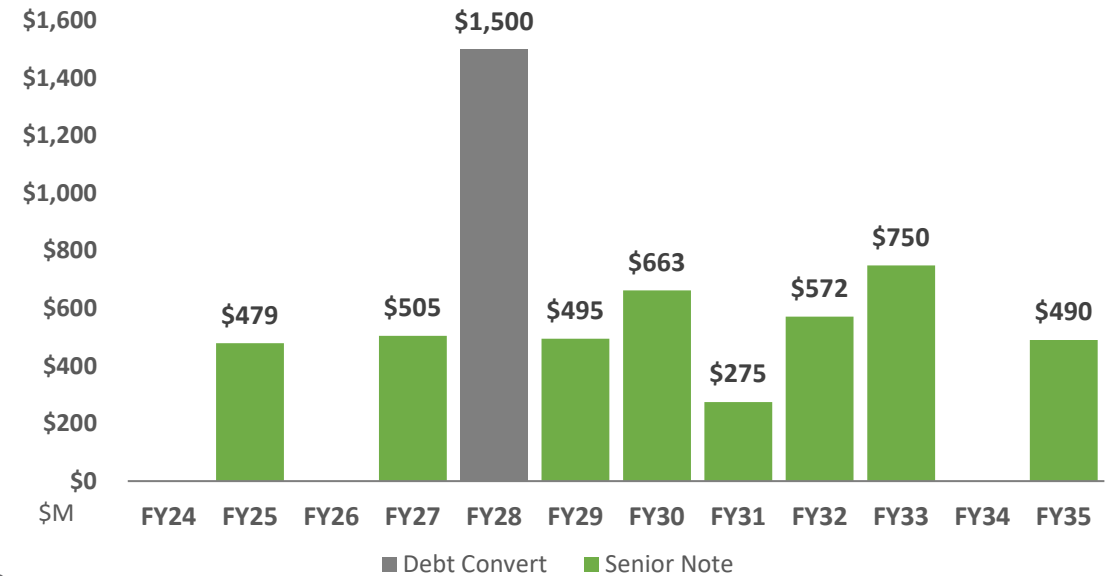
Debt Capital Structure

- \$2.3B Liquidity¹, \$795M cash, \$1.5B revolving credit facility
- \$5.7B Debt², weighted average interest rate of 5.6%, weighted average maturity of ~6 years
- More than 90% of our long-term debt obligations are beyond three years
- Link to [Illustrative Table of Potential Dilutive Impact of Exchangeable Senior Notes due 2028](#)

Debt Metrics

	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Net Debt (\$M) ²	5,259	4,732	4,934	4,942	4,934
LTM Cash Interest Expense (\$M)	281	327	313	318	329
LTM Adjusted EBITDA (\$M) ³	1,321	974	798	758	815
Total Leverage Ratio on Net Debt ^{4,5}	4.0x	4.9x	6.2x	6.5x	6.1x
Interest Coverage Ratio ⁶	4.7x	3.0x	2.6x	2.4x	2.5x

Debt Maturity Profile (Principal Outstanding)



NOTE: Minor calculation variances are due to rounding. For the capitalized terms included but not defined here, please see the Credit Agreement filed with the SEC.

- Liquidity levels include both Cash and cash equivalents and revolver.
- Debt refers to principal outstanding and net debt refers to principal outstanding less cash and cash equivalents.
- EBITDA is defined as net income (loss) before income tax expense, interest expense, interest income, depreciation and amortization. Adjusted EBITDA excludes certain benefits, expenses, gains, losses and other extraordinary charges such as factory underutilization charges and BIS settlement penalty. LTM adjusted EBITDA is defined as the total of last twelve months adjusted EBITDA. See 'Reconciliation Tables' section for reconciliation of Net Income to adjusted EBITDA.
- On September 27, 2023, Seagate amended its Credit Agreement to modify and/or remove certain financial covenants. The maximum permitted total net leverage ratio is 6.75 to 1.00 for Q1FY24. The total net leverage ratio covenant did not apply to Q3FY24. From Q4FY24 to Q4FY25, the maximum permitted total net leverage ratio is 6.75 to 1.00, to the extent that the aggregate outstanding amount of revolving loans, swingline loans and the aggregate face amount of letters of credit exceeds 25% of the then outstanding revolving commitments in effect ("Testing condition") as of the last day of the fiscal quarter. The maximum permitted total leverage ratio for each fiscal quarter ending after Q4FY25 is 4.00 to 1.00.
- Also known as "total net leverage ratio", which reflects Net Debt divided by LTM Adjusted EBITDA.
- The minimum interest coverage ratio is 2.25 to 1.00 for Q1FY24. The minimum interest coverage ratio covenant did not apply to Q3FY24. From Q4FY24 to Q4FY25, the minimum interest coverage ratio is 2.25 to 1.00, to the extent that the Testing Condition as of the last day of the fiscal quarter. The minimum interest coverage ratio is 3.25 to 1.00 for the fiscal quarter ending after Q4FY25.



Environmental, Social, Governance

2023 Sustainable Datasphere Report Highlights

Planet

~1.19M Drives

Total drives that had their useful life extended

~33.6K MWh

Of energy conserved

63%

Decreased scope 2 market-based emissions by 63% from our base year CY2017

People

3,700

Global Employee Resource Group (ERG) members spanning 29 local chapters

99%

Of non-manufacturing specialists created development plans

2.5M

Seagate employees completed over 2.5 million learning hours

Governance



Continued our Instant Secure Erase program to enable a circular economy

97.5%

Completion rate for our Code of Conduct training and certification

96%

Completion rate for our Conflicts of Interest certification



Reconciliation Tables

<u>Reconciliation of GAAP Gross Profit to Non-GAAP Gross Profit (\$M)</u>	<u>Q3FY23</u>	<u>Q4FY23</u>	<u>Q1FY24</u>	<u>Q2FY24</u>	<u>Q3FY24</u>
GAAP Gross Profit	\$ 319	\$ 304	\$ 149	\$ 362	\$ 425
Accelerated depreciation, impairment and other charges related to cost saving efforts	18	3	13	—	—
Amortization of acquired intangible assets	1	—	—	—	—
Purchase order cancellation fees	—	—	118	(4)	(1)
Share-based compensation	8	5	7	8	8
Other charges	1	1	1	1	—
Non-GAAP Gross Profit	\$ 347	\$ 313	\$ 288	\$ 367	\$ 432
GAAP Gross Margin %	17.2%	19.0%	10.2%	23.3%	25.7%
Non-GAAP Gross Margin %	18.7%	19.5%	19.8%	23.6%	26.1%

<u>Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses (\$M)</u>	<u>Q3FY23</u>	<u>Q4FY23</u>	<u>Q1FY24</u>	<u>Q2FY24</u>	<u>Q3FY24</u>
GAAP Operating Expenses	\$ 634	\$ 278	\$ 278	\$ 238	\$ 282
Accelerated depreciation, impairment and other charges related to cost saving efforts	(3)	—	—	—	—
BIS settlement penalty	(300)	—	—	—	—
Restructuring and other, net	(20)	8	(2)	31	(2)
Share-based compensation	(23)	(17)	(18)	(22)	(26)
Other charges	(6)	(11)	(10)	(7)	(5)
Non-GAAP Operating Expenses	\$ 282	\$ 258	\$ 248	\$ 240	\$ 249

<u>Reconciliation of GAAP Income (Loss) From Operations to Non-GAAP Income From Operations (\$M)</u>	<u>Q3FY23</u>	<u>Q4FY23</u>	<u>Q1FY24</u>	<u>Q2FY24</u>	<u>Q3FY24</u>
GAAP Income (Loss) From Operations	\$ (315)	\$ 26	\$ (129)	\$ 124	\$ 143
Accelerated depreciation, impairment and other charges related to cost saving efforts	21	3	13	—	—
Amortization of acquired intangible assets	1	—	—	—	—
BIS settlement penalty	300	—	—	—	—
Purchase order cancellation fees	—	—	118	(4)	(1)
Restructuring and other, net	20	(8)	2	(31)	2
Share-based compensation	31	22	25	30	34
Other charges	7	12	11	8	5
Non-GAAP Income From Operations	\$ 65	\$ 55	\$ 40	\$ 127	\$ 183
GAAP Operating Margin %	(16.9)%	1.6 %	(8.9)%	8.0 %	8.6 %
Non-GAAP Operating Margin %	3.5 %	3.4 %	2.8 %	8.2 %	11.1 %

<u>Reconciliation of GAAP Net (Loss) Income to Non-GAAP Net (Loss) Income (\$M)</u>	<u>Q3FY23</u>	<u>Q4FY23</u>	<u>Q1FY24</u>	<u>Q2FY24</u>	<u>Q3FY24</u>
GAAP Net (Loss) Income	\$ (433)	\$ (92)	\$ (184)	\$ (19)	\$ 25
Accelerated depreciation, impairment and other charges related to cost saving efforts	21	3	13	—	—
Amortization of acquired intangible assets	1	—	—	—	—
BIS settlement penalty	300	—	—	—	—
Net gain recognized from termination of interest rate swap	—	—	(104)	—	—
Net (gain) loss recognized from early redemption of debt	(3)	17	29	—	—
Purchase order cancellation fees	—	—	118	(4)	(1)
Restructuring and other, net	20	(8)	2	(31)	2
Share-based compensation	31	22	25	30	34
Strategic investment losses or impairment charges	1	9	—	43	—
Other charges	7	12	11	8	5
Income tax adjustments	(3)	—	44	(2)	6
Non-GAAP Net (Loss) Income	\$ (58)	\$ (37)	\$ (46)	\$ 25	\$ 71

<u>Reconciliation of GAAP Diluted Net (Loss) Income Per Share to Non-GAAP Diluted Net (Loss) Income Per Share (\$M)</u>	<u>Q3FY23</u>	<u>Q4FY23</u>	<u>Q1FY24</u>	<u>Q2FY24</u>	<u>Q3FY24</u>
GAAP Diluted Net (Loss) Income Per Share	\$ (2.09)	\$ (0.44)	\$ (0.88)	\$ (0.09)	\$ 0.12
Accelerated depreciation, impairment and other charges related to cost saving efforts	0.10	0.01	0.06	—	—
BIS settlement penalty	1.45	—	—	—	—
Net gain recognized from termination of interest rate swap	—	—	(0.50)	—	—
Net (gain) loss recognized from early redemption of debt	(0.01)	0.08	0.14	—	—
Purchase order cancellation fees	—	—	0.57	(0.02)	—
Restructuring and other, net	0.10	(0.04)	0.01	(0.15)	—
Share-based compensation	0.15	0.11	0.12	0.14	0.16
Strategic investment losses or impairment charges	—	0.04	—	0.20	—
Other charges	0.03	0.06	0.05	0.04	0.02
Income tax adjustments	(0.01)	—	0.21	—	0.03
Non-GAAP Diluted Net (Loss) Income Per Share	\$ (0.28)	\$ (0.18)	\$ (0.22)	\$ 0.12	\$ 0.33

Shares used in diluted earnings (loss) per share calculation (M)

GAAP	207	207	208	209	213
Non-GAAP	207	207	208	211	212

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow (\$M)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
Net Cash Provided by Operating Activities	\$ 228	\$ 218	\$ 127	\$ 169	\$ 188
Acquisition of property, equipment and leasehold improvements	(54)	(50)	(70)	(70)	(60)
Free Cash Flow	\$ 174	\$ 168	\$ 57	\$ 99	\$ 128

Reconciliation of GAAP Net (Loss) Income to Non-GAAP Adjusted EBITDA (\$M)	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24
GAAP Net (Loss) Income	\$ (433)	\$ (92)	\$ (184)	\$ (19)	\$ 25
Depreciation and amortization	126	104	76	62	63
Interest expense	81	84	84	84	82
Interest income	(2)	(6)	(2)	(3)	(3)
Income tax expense (benefit)	33	7	37	15	33
Non-GAAP EBITDA	(195)	97	11	139	200
BIS settlement penalty	300	—	—	—	—
Net (gain) loss recognized from early redemption of debt	(3)	17	29	—	—
Net gain recognized from termination of interest rate swap	—	—	(104)	—	—
Purchase order cancellation fees	—	—	118	(4)	(1)
Restructuring and other, net	20	(8)	2	(31)	2
Share-based compensation	31	22	25	30	34
Strategic investment losses or impairment charges	1	9	—	43	—
Underutilization charges, net of depreciation and amortization	60	29	51	31	38
Other charges	7	12	11	8	5
Non-GAAP Adjusted EBITDA	\$ 221	\$ 178	\$ 143	\$ 216	\$ 278



SEAGATE

www.seagate.com

