

SUPPLEMENTAL FINANCIAL INFORMATION

Q3FY22

SEAGATE

Safe Harbor Statement

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 historical fact. 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 Annual Report on Form 10-K for the year ended July 2, 2021 filed with the U.S. Securities and Exchange Commission (“SEC") on August 6, 2021. Additional information will also be set forth in our Quarterly Report on Form 10-Q for the quarter ended April 1, 2022. Undue reliance should not be placed on any forward-looking statements in this document, 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.

Use of Non-GAAP Financial Information

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 and Credit Agreement defined EBITDA, which are adjusted from results based on GAAP to exclude certain benefits, expenses, gains and losses. 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 results are some of the measurements management uses to assess the Company's performance, allocate resources and plan for future periods. Reported non-GAAP results 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 in its industry.

Executive Summary

Q3FY22 results consistent with our revised outlook



- Revenue: $2.8B, +3% YoY; nearline revenue +24% YoY, 5th consecutive quarterly record
- Non-GAAP Operating Income: +12% YoY, significantly faster than revenue growth
- Non-GAAP diluted EPS: $1.81, +22% YoY

Proactively taking actions to mitigate external challenges



- Leveraging strong supplier relationships to navigate supply risks and support demand
- Implementing pricing strategies to help offset inflationary costs and protect profitability
- Strategically managing production and executing product and technology roadmap

Focused on enhancing value for all key stakeholders



- Executing industry-leading product roadmap, shipping 20+ TB product platform in high volume, supporting strong cloud data center adoption
- Launched Lyve Cloud Singapore, qualified nearly 30 Lyve Cloud ecosystem service providers
- Driving profitability and cash flow generation to fund shareholder return program; returned $571M through dividends & share repurchases in Q3FY22

See ‘Reconciliation Tables’ section for GAAP reconciliation.

Q3FY22 Financial Highlights

$2.8B
REVENUE

28.8%
GROSS MARGIN GAAP

15.3%
OPERATING MARGIN GAAP

$1.56
DILUTED EPS GAAP

154EB
HDD CAPACITY SHIPPED

$1.5B
YTD CASH FLOW FROM OPERATIONS

29.2%
GROSS MARGIN NON-GAAP[1]

16.8%
OPERATING MARGIN NON-GAAP[1]

$1.81
DILUTED EPS NON-GAAP[1]

6.7TB
AVG. CAPACITY PER DRIVE

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

Q3FY22 Market Highlights



- Solid **mass capacity** revenue supported by record nearline demand from Cloud customers
- **Nearline** growth reflects ongoing adoption of our 18TB and initial volume shipments of 20+ TB products
- **VIA** demand impacted by COVID lockdown measures in near-term, while long-term trajectory intact



- **Legacy** revenue declined sequentially at similar pace across each end-market
- Year-over-year **PCs** declined at a faster pace as OEMs continue to balance component inventory

Mass capacity storage includes nearline, video and image applications (“VIA”) and network-attached storage. **Legacy markets** include mission critical, consumer, and client applications, which includes: desktop, notebook, digital video recorders, and gaming consoles.

Quarterly Financial Trends

In Q3FY22 (Non-GAAP):

- **Revenue** up 3% YoY
- **HDD Gross margin** remained in our long-term target range of 30-33%
- **Operating Expenses** in-line with our expectation
- **EPS** up 22% YoY

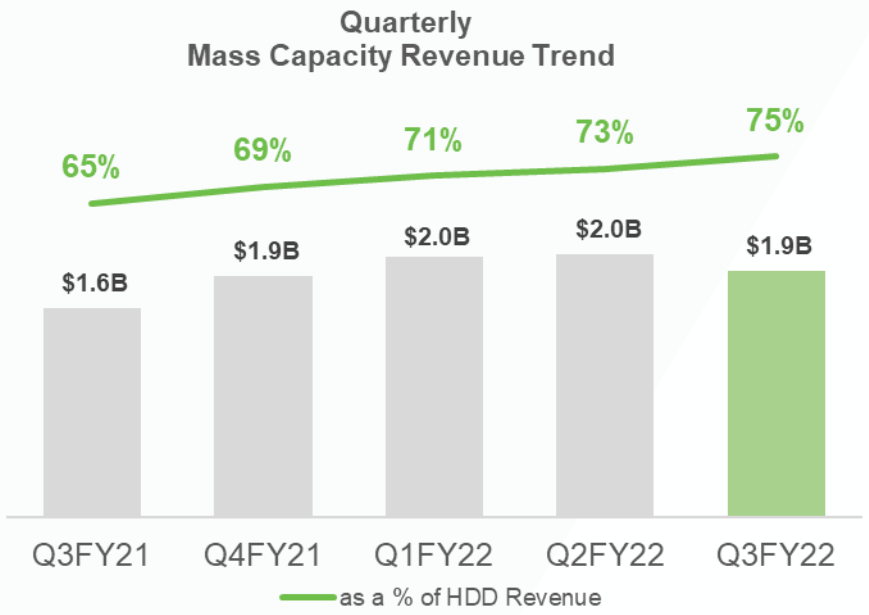
	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	QoQ	YoY
GAAP Results							
Revenue ($M)	2,731	3,013	3,115	3,116	**2,802**	-10%	3%
Gross Margin %	27.1%	29.4%	30.7%	30.4%	**28.8%**	-1.6 ppt	1.7 ppt
Operating Expenses ($M)	354	378	370	368	**377**	2%	6%
Operating Margin %	14.1%	16.8%	18.8%	18.6%	**15.3%**	-3.3 ppt	1.2 ppt
Net Income ($M)	329	482	526	501	**346**	-31%	5%
Diluted EPS	$1.39	$2.07	$2.28	$2.23	**1.56**	-30%	12%
Non-GAAP Results[1]							
Revenue ($M)	2,731	3,013	3,115	3,116	**2,802**	-10%	3%
Gross Margin %	27.4%	29.6%	31.0%	30.7%	**29.2%**	-1.5 ppt	1.8 ppt
Operating Expenses ($M)	329	346	339	337	**345**	2%	5%
Operating Margin %	15.4%	18.1%	20.1%	19.9%	**16.8%**	-3.1 ppt	1.4 ppt
Net Income ($M)	350	466	544	543	**401**	-26%	15%
Diluted EPS	$1.48	$2.00	$2.35	$2.41	**$1.81**	-25%	22%
End of Qtr Actual Share Count (M)	230	227	225	219	**216**	-1%	-6%
Diluted Shares O/S for EPS (M)	237	233	231	225	**222**	-1%	-6%
Revenue by Product Line ($M)							
HDD	2,493	2,737	2,864	2,822	**2,565**	-9%	3%
Systems, SSD & Other	238	276	251	294	**237**	-19%	0%
Revenue by Channel							
OEM	71%	70%	74%	70%	**77%**	7 ppt	6 ppt
Distributors	17%	18%	16%	18%	**12%**	-6 ppt	-5 ppt
Retail	12%	12%	10%	12%	**11%**	-1 ppt	-1 ppt

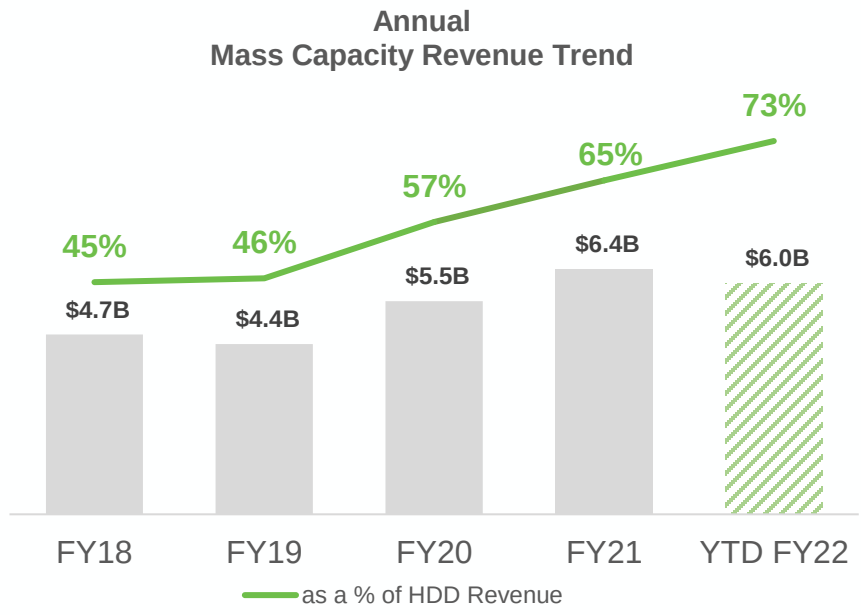
NOTE: Minor changes and calculation variances are due to rounding.
1. See 'Reconciliation Tables' section for GAAP reconciliation.

HDD Product Trends

Record Average Capacity Per Drive

	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	QoQ	YoY
Capacity Shipped (EB)	**139.6**	**152.3**	**159.1**	**163.2**	**154.2**	-6%	10%
Mass Capacity	110.6	123.3	132.3	137.1	**132.7**	-3%	20%
Nearline	*95.5*	*101.4*	*106.4*	*111.0*	***117.5***	*6%*	*23%*
Legacy	29.0	29.1	26.8	26.1	**21.5**	-18%	-26%
Average Capacity per Drive (TB)	**5.1**	**5.4**	**5.7**	**6.1**	**6.7**	10%	32%
Mass Capacity	9.6	9.4	9.6	10.0	**10.9**	9%	13%
Legacy	1.8	1.9	1.9	2.0	**2.0**	-1%	10%





All data, including trend information, is historical.

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

Cash, Cash Flow, and Operational Trends

In Q3FY22:

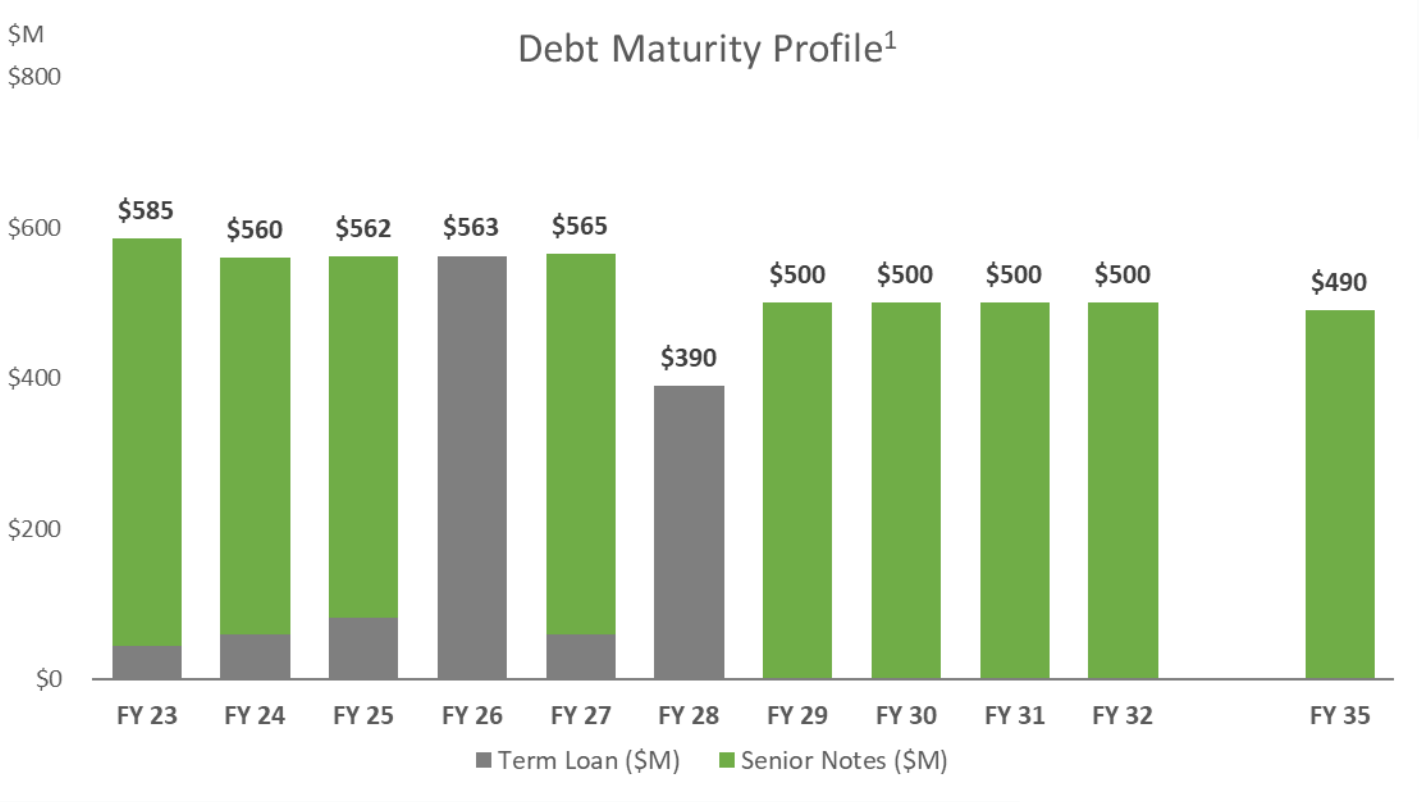
- Free Cash Flow of $363M, up 32% YoY
- Returned $571M through dividends & share repurchases
- Retired 4.2M ordinary shares
- Repaid $220M debt, total debt declined to $5.6B

	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22
Cash[1] ($M)	1,212	1,209	991	1,535	1,138
Debt ($M)	5,142	5,139	5,136	5,861	5,644
Cash Flow From Operations ($M)	378	478	496	521	460
Capital Expenditures[2] ($M)	104	124	117	95	97
Free Cash Flow[3] ($M)	274	354	379	426	363
YTD Cash Flow From Operations[4] ($M)	1,148	1,626	496	1,017	1,477
YTD Shares Repurchased[4] ($M)	1,819	2,047	425	896	1,313
YTD Dividend Paid[4] ($M)	495	649	153	304	458
Dividends Per Share Paid	$0.67	$0.67	$0.67	$0.67	$0.70
Shares Repurchased (M)	11.3	2.6	4.9	5.1	4.2
YTD Shares Repurchased (M)	31.0	33.6	4.9	10.0	14.2
Days Sales Outstanding	33	35	38	41	44
Days Inventory Outstanding	59	51	50	54	67
Days Payables Outstanding	85	74	74	76	89
Cash Conversion Cycle	6	13	14	19	22
Worldwide Headcount (000's)	40	40	40	40	40

NOTE: Minor calculation variances are due to rounding.

1. Cash includes Cash and cash equivalents.
2. Capital Expenditures is cash paid for the acquisition of property, equipment, and leasehold improvements.
3. Free cash flow is a non-GAAP measure. See 'Reconciliation Tables' section for GAAP reconciliation.
4. Based on Fiscal Year.

Capital Structure



$2.9B Liquidity[2]

- $1.14B Cash
- $1.75B Revolving credit facility

$5.6B Debt

- Low weighted average interest rate 4.1%
- Pro forma weighted average maturity of ~6 years

LTM Adjusted EBITDA $2.7B

- Highest level in last 7 years

NOTE: Minor calculation variances are due to rounding.
LTM: Last-12-months
1. Principal Outstanding
2. Liquidity levels include both Cash and cash equivalents and revolver.

Debt Metrics

	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22
Debt ($M)	5,142	5,139	5,136	5,861	**5,644**
Cash and cash equivalents ($M)	1,212	1,209	991	1,535	**1,138**
Net Debt ($M)	3,930	3,930	4,145	4,326	**4,506**
LTM Cash Interest Expense ($M)	194	184	214	206	**235**
LTM Credit Agreement Defined EBITDA ($M)[1]	1,828	2,020	2,360	2,604	**2,668**
Total Leverage Ratio[2]	2.8x	2.5x	2.2x	2.3x	**2.1x**
Total Leverage Ratio on Net Debt[3]	2.1x	1.9x	1.8x	1.7x	**1.7x**
Interest Coverage Ratio[4]	9.4x	11.0x	11.0x	12.6x	**11.4x**

The Credit Agreement includes three financial covenants: (1) interest coverage ratio, (2) total leverage ratio, and (3) a minimum liquidity amount. Seagate was in compliance with the covenants as of April 1, 2022 and, based on its outlook and the information currently available to Seagate, expects to be in compliance for the next 12 months.

NOTE: Minor calculation variances are due to rounding.

1. See 'Reconciliation Tables' section for reconciliation of Net Income to Credit Agreement defined EBITDA.
2. Total Leverage Ratio not to exceed 4.0 as of the end of any fiscal quarter. For the capitalized terms included but not defined here, please see the Credit Agreement filed with the SEC.
3. Reflects Net Debt divided by LTM Credit Agreement Defined EBITDA.
4. Interest Coverage Ratio not to be less than 3.25 as of the end of any fiscal quarter.

Environmental, Social and Governance

SEAGATE

Environmental, Social & Corporate Governance Highlights

Released in Commemoration of Earth Day 2022

2021 Global Citizenship Annual Report (GCAR)

Released our **16th GCAR** reflecting our commitment to a sustainable datasphere and protecting the environment

- In compliance with GRI, SASB, and TCFD standards[2]
- Available at www.Seagate.com

Commitment to Carbon Neutrality[1]

1. **100% renewable energy** by 2030, across our entire global operations
2. **Carbon neutrality** by 2040, across Scope 1, 2, and 3

Focus on Circularity

OEM Customer: Recycling Materials
Closed-loop aluminum recycling program that produced 24.7K new 2TB drives from recycled material and recycled 39.4 metric tons of aluminum scrap in FY21

Cloud Customer: Recovering Components for Reuse
Launched a circular component pilot program and in FY21 successfully recovered VCMAs[3] from several thousand end-of-use HDDs and reused them in closed-loop manufacturing of new HDDs



"As a global hardware, software, and services company, Seagate understands our responsibility to lead by example and do good while doing well. Acting on our values of Integrity, Innovation, and Inclusion, we strive to advance sustainable solutions that transparently address critical environmental and social priorities."

Dave Mosley, CEO

1. Seagate will reach these environmental sustainability goals through commitments spanning Scope 1, 2, and 3 greenhouse gas (GHG) emissions as defined by The Greenhouse Gas Protocol and Reporting Standard.
2. GRI: Global Reporting Initiative, SASB: Sustainability Accounting Standards Board, TCFD: Task Force on Climate-Related Financial Disclosures.
3. VCMAs: Voice Coil Magnet Assemblies

RECONCILIATION TABLES



Reconciliation of Gross Profit to Non-GAAP Gross Profit ($M)	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22
Gross Profit	**740**	**885**	**956**	**948**	**806**
Accelerated depreciation, impairment and other charges related to cost saving efforts	-	-	-	-	1
Amortization of acquired intangible assets	1	1	1	1	1
Share-based compensation	8	6	9	9	9
Non-GAAP Gross Profit	**749**	**892**	**966**	**958**	**817**
Gross Margin %	27.1%	29.4%	30.7%	30.4%	28.8%
Non-GAAP Gross Margin %	27.4%	29.6%	31.0%	30.7%	29.2%

Reconciliation of Operating Expenses to Non-GAAP Operating Expenses ($M)	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22
Operating Expenses	**354**	**378**	**370**	**368**	**377**
Amortization of acquired intangible assets	(3)	(3)	(3)	(3)	(3)
Restructuring and other, net	2	(7)	(1)	(1)	-
Share-based compensation	(21)	(19)	(25)	(27)	(27)
Other charges	(3)	(3)	(2)	-	(2)
Non-GAAP Operating Expenses	**329**	**346**	**339**	**337**	**345**

Reconciliation of Income From Operations to Non-GAAP Income From Operations ($M)	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22
Income From Operations	**386**	**507**	**586**	**580**	**429**
Accelerated depreciation, impairment and other charges related to cost saving efforts	-	-	-	-	1
Amortization of acquired intangible assets	4	4	4	4	4
Restructuring and other, net	(2)	7	1	1	-
Share-based compensation	29	25	34	36	36
Other charges	3	3	2	-	2
Non-GAAP Income From Operations	**420**	**546**	**627**	**621**	**472**
Operating Margin %	14.1%	16.8%	18.8%	18.6%	15.3%
Non-GAAP Operating Margin %	15.4%	18.1%	20.1%	19.9%	16.8%

Reconciliation of Net Income to Non-GAAP Net Income ($M)	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22
Net Income	**329**	**482**	**526**	**501**	**346**
Accelerated depreciation, impairment and other charges related to cost saving efforts	-	-	-	-	1
Amortization of acquired intangible assets	4	4	4	4	4
Restructuring and other, net	(2)	7	1	1	-
Losses and costs recognized on the modification or early redemption and repurchase of debt	-	-	-	1	-
Strategic investment losses (gains) or impairment recognized	(13)	(50)	(9)	2	13
Share-based compensation	29	25	34	36	36
Other charges	3	3	2	-	2
Income tax adjustments	-	(5)	(14)	(2)	(1)
Non-GAAP Net Income	**350**	**466**	**544**	**543**	**401**
Shares used in diluted earnings per share calculation (M)	237	233	231	225	222
GAAP Diluted Net Income Per Share	**$1.39**	**$2.07**	**$2.28**	**$2.23**	**$1.56**
Non-GAAP Diluted Net Income Per Share	**$1.48**	**$2.00**	**$2.35**	**$2.41**	**$1.81**

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow ($M)	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22
Net Cash Provided by Operating Activities	**378**	**478**	**496**	**521**	**460**
Acquisition of property, equipment and leasehold improvements	(104)	(124)	(117)	(95)	(97)
Free Cash Flow	**274**	**354**	**379**	**426**	**363**

Reconciliation of Net Income to Credit Agreement Defined EBITDA ($M)	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22
Net Income	**329**	**482**	**526**	**501**	**346**
Interest Income	(1)	-	-	(1)	-
Interest Expense	59	59	59	62	63
Income Tax Expense	10	15	7	13	5
Depreciation and Amortization	99	103	104	108	112
EBITDA	**496**	**659**	**696**	**683**	**526**
Losses and costs recognized on the modification or early redemption and repurchase of debt	-	-	-	1	-
Strategic investment losses (gains) or impairment recognized	(13)	(50)	(9)	2	13
Restructuring and other, net	(2)	7	1	1	-
Share-based compensation	29	25	34	36	36
Other charges	3	3	2	-	2
Credit Agreement Defined EBITDA	**513**	**644**	**724**	**723**	**577**

1. “Credit Agreement Defined EBITDA” sometimes referred to as “Adjusted EBITDA”.

Non-GAAP Measures Adjusted for the Following Items:

Accelerated depreciation, impairment and other charges related to cost saving efforts
These expenses are excluded in the non-GAAP measures due to the inconsistency in amount and frequency and are excluded to facilitate a more meaningful evaluation of the Company's current operating performance and comparison to its past periods' operating performance.

Amortization of acquired intangible assets
The Company records expense from amortization of intangible assets that were acquired in connection with its business combinations over their estimated useful lives. Such charges are inconsistent in size and are significantly impacted by the timing and magnitude of the Company's acquisitions. Consequently, these expenses are excluded in the non-GAAP measures to facilitate a more meaningful evaluation of its current operating performance and comparison to its past periods' operating performance.

Share-based compensation
These expenses consist primarily of expenses for employee share-based compensation. Given the variety of equity awards used by companies, the varying methodologies for determining share-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 share-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 share-based compensation expense from their non-GAAP results.

Restructuring and other, net
Restructuring and other, net are costs associated with restructuring plans that are primarily related to costs associated with reduction in the Company's workforce, exiting certain facilities and other related costs. These also exclude charges or gains from sale of properties. These costs or benefits do not reflect the Company's ongoing operating performance and consequently are excluded from the non-GAAP measures to facilitate a more meaningful evaluation of its current operating performance and comparison to its past periods' operating performance.

Other charges
The other charges primarily include write-offs related to an internal reorganization and IT transformation costs. These charges are inconsistent in amount and frequency and are excluded in the non-GAAP measures to facilitate a more meaningful evaluation of its current operating performance and comparison to its past periods' operating performance.

Losses and costs recognized on the modification or early redemption and repurchase of debt
From time to time, the Company incurs losses and fees from the early redemption and repurchase of certain long-term debt instruments. The losses represent the difference between the reacquisition costs and the par value of the debt extinguished. Other fees include any new fees associated with a modification and the write-off of any unamortized debt issuance costs associated with an extinguishment of debt. The amount of these charges may be inconsistent in size and varies depending on the timing of the repurchase of debt and consequently is excluded from the non-GAAP measures to facilitate a more meaningful evaluation of its current operating performance and comparison to its past periods' operating performance.

Strategic investment losses (gains) or impairment recognized
From time to time, the Company incurs losses or gains from strategic investments accounted for under the equity method of accounting or as available-for-sale debt securities or records downward or upward adjustments to the carrying value of strategic investments accounted for under the measurement alternative if an impairment or observable price adjustment is recognized in the current period that are not considered as part of its ongoing operating performance. The resulting expense, gain or impairment loss is inconsistent in amount and frequency and consequently is excluded from the non-GAAP measures to facilitate a more meaningful evaluation of its current operating performance and comparison to its past periods' operating performance.

Income tax adjustments
Provision or benefit for income taxes represents the tax effects of non-GAAP adjustments determined using a hybrid with and without method and effective tax rate for the applicable adjustment and jurisdiction.

Free cash flow
Free cash flow is a non-GAAP measure defined as net cash provided by operating activities less acquisition of property, equipment and leasehold improvements. Free cash flow does not reflect non-cash items, net cash used or provided by financing activities, and net cash used or provided by investing activities, other than acquisition of property, equipment and leasehold improvements. This non-GAAP financial measure is used by management to assess the Company's sources of liquidity, capital structure and operating performance.