

SUPPLEMENTAL FINANCIAL INFORMATION

Q4FY22

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 be set forth in our Annual Report on Form 10-K for the year ended July 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

Strong FY22 financial performance

- Grew revenue +9% YoY, fueled by Mass Capacity growth of +24% YoY
- Delivered on non-GAAP financial targets: gross margin of 30.1%, operating margin of 18.4%
- Achieved record non-GAAP EPS of $8.18
- Generated free cash flow of $1.3B, highest level in 4 years

FQ4 results impacted by multiple macro challenges

- Mass capacity sales remained stable QoQ, however inflationary pressures, COVID lockdowns in Asia, and non-HDD component shortages impacted other end markets
- Reducing manufacturing production plans to maintain strong supply discipline and a favorable pricing environment
- Expecting to return to our long-term financial model once macro pressures abate

Secular trends driving mass capacity demand remain intact; Seagate well positioned to benefit

- Executing industry leading HDD roadmap, attained fastest ever ramp with 20+ TB nearline products, expecting cross over with 18TB in September quarter
- Expecting customer shipments of 30+ TB HAMR based products within the next 12-months
- CORVAULT storage system captured the Product of the Year award for Hardware Infrastructure at NAB

See ‘Reconciliation Tables’ section for GAAP reconciliation.
NAB: National Association of Broadcasters

Q4FY22 Financial Highlights

$2.6B REVENUE

28.9% GROSS MARGIN GAAP

13.7% OPERATING MARGIN GAAP

$1.27 DILUTED EPS GAAP

155EB HDD CAPACITY SHIPPED

$180M CASH FLOW FROM OPERATIONS

29.3% GROSS MARGIN NON-GAAP[1]

16.1% OPERATING MARGIN NON-GAAP[1]

$1.59 DILUTED EPS NON-GAAP[1]

7.8TB AVG. CAPACITY PER DRIVE

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

FY22 Financial Highlights

$11.7B
REVENUE

29.7%
GROSS MARGIN GAAP

16.8%
OPERATING MARGIN GAAP

$7.36
DILUTED EPS GAAP

631EB
HDD CAPACITY SHIPPED

$1.7B
CASH FLOW FROM OPERATIONS

30.1%
GROSS MARGIN NON-GAAP[1]

18.4%
OPERATING MARGIN NON-GAAP[1]

$8.18
DILUTED EPS NON-GAAP[1]

$2.4B
CAPITAL RETURNS TO SHAREHOLDERS

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

Q4FY22 Market Highlights



- **Mass capacity:** stable revenue QoQ due in part to strong nearline sales supporting data center demand
- **Nearline:** achieved fastest ever product ramp with 20+ TB supported by strong adoption among US cloud customers
- **VIA** sales improved sequentially off very weak March levels, however, remain impacted by COVID lockdowns; expecting demand to resume once restrictions ease



- **Legacy** markets significantly impacted by inflationary pressures and COVID lockdowns; weighed on consumer spending
- **Client** markets represented only mid-single digit percentage of total revenue exiting Q4FY22
- **Consumer** demand down more than anticipated, reflecting the sharp rise in inflation impacting consumer discretionary spending

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

Quarterly Financial Trends

In Q4FY22 (Non-GAAP):

- **Gross margin** improved modestly despite lower revenue levels
- **HDD Gross margin** continued to be comfortably inside our long-term target range of 30-33%
- **Operating Expenses** in-line with our expectation as business travel and sales & marketing activities resumed

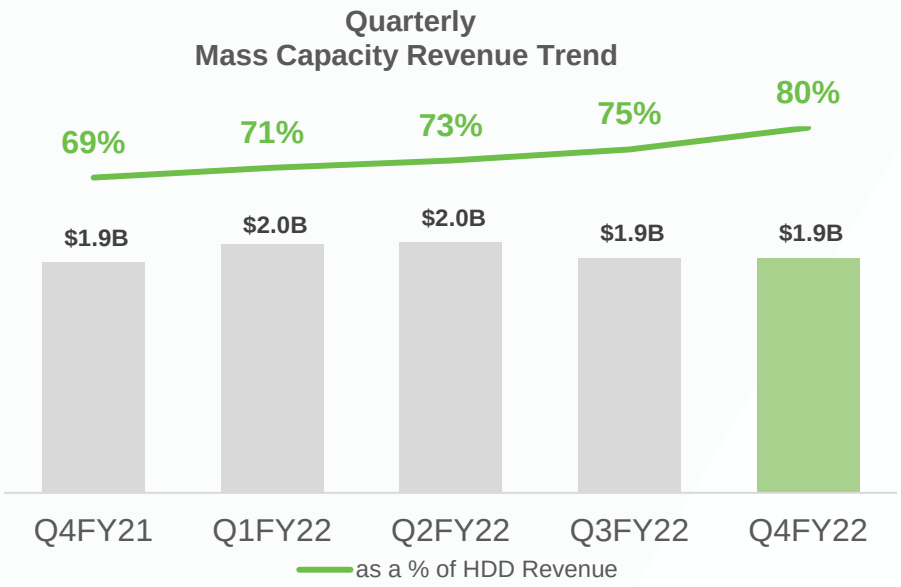
	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	QoQ	YoY
GAAP Results							
Revenue ($M)	3,013	3,115	3,116	2,802	**2,628**	-6%	-13%
Gross Margin %	29.4%	30.7%	30.4%	28.8%	**28.9%**	0.1 ppt	-0.5 ppt
Operating Expenses ($M)	378	370	368	377	**399**	6%	6%
Operating Margin %	16.8%	18.8%	18.6%	15.3%	**13.7%**	-1.6 ppt	-3.1 ppt
Net Income ($M)	482	526	501	346	**276**	-20%	-43%
Diluted EPS	$2.07	$2.28	$2.23	$1.56	**1.27**	-19%	-39%
Non-GAAP Results[1]							
Revenue ($M)	3,013	3,115	3,116	2,802	**2,628**	-6%	-13%
Gross Margin %	29.6%	31.0%	30.7%	29.2%	**29.3%**	0.1 ppt	-0.3 ppt
Operating Expenses ($M)	346	339	337	345	**349**	1%	1%
Operating Margin %	18.1%	20.1%	19.9%	16.8%	**16.1%**	-0.7 ppt	-2.0 ppt
Net Income ($M)	466	544	543	401	**345**	-14%	-26%
Diluted EPS	$2.00	$2.35	$2.41	$1.81	**$1.59**	-12%	-21%
End of Qtr Actual Share Count (M)	227	225	219	216	**210**	-3%	-7%
Diluted Shares O/S for EPS (M)	233	231	225	222	**217**	-2%	-7%
Revenue by Product Line ($M)							
HDD	2,737	2,864	2,822	2,565	**2,410**	-6%	-12%
Systems, SSD & Other	276	251	294	237	**218**	-8%	-21%
Revenue by Channel							
OEM	70%	74%	70%	77%	**81%**	4 ppt	11 ppt
Distributors	18%	16%	18%	12%	**10%**	-2 ppt	-8 ppt
Retail	12%	10%	12%	11%	**9%**	-2 ppt	-3 ppt

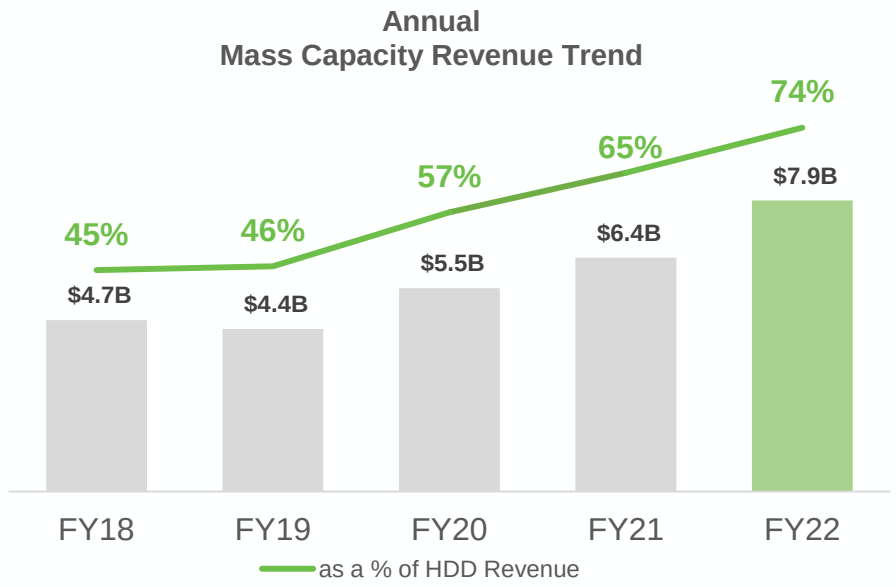
NOTE: Minor changes and calculation variances are due to rounding.
1. See 'Reconciliation Tables' section for GAAP reconciliation.

HDD Product Trends

Record Average Capacity Per Drive

	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	QoQ	YoY
Capacity Shipped (EB)	**152.3**	**159.1**	**163.2**	**154.2**	**154.6**	0%	1%
Mass Capacity	123.3	132.3	137.1	132.7	**138.5**	4%	12%
Nearline	*101.4*	*106.4*	*111.0*	*117.5*	***119.0***	*1%*	*17%*
Legacy	29.1	26.8	26.1	21.5	**16.1**	-25%	-45%
Average Capacity per Drive (TB)	**5.4**	**5.7**	**6.1**	**6.7**	**7.8**	15%	43%
Mass Capacity	9.4	9.6	10.0	10.9	**11.5**	5%	23%
Legacy	1.9	1.9	2.0	2.0	**2.0**	2%	5%





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

Cash, Cash Flow, and Operational Trends

In Q4FY22:

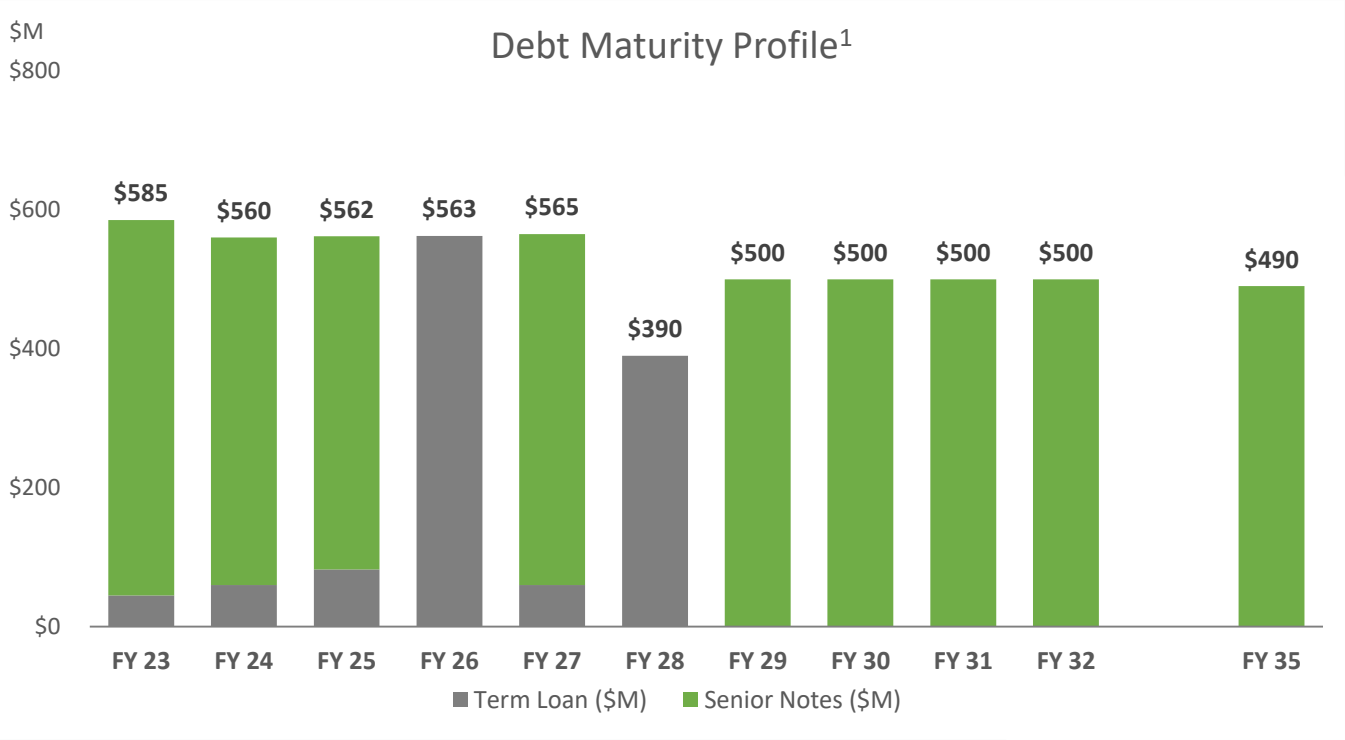
- Returned $638M through dividends & share repurchases
- Retired 6M ordinary shares

	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22
Cash[1] ($M)	1,209	991	1,535	1,138	615
Debt ($M)	5,139	5,136	5,861	5,644	5,646
Cash Flow From Operations ($M)	478	496	521	460	180
Capital Expenditures[2] ($M)	124	117	95	97	72
Free Cash Flow[3] ($M)	354	379	426	363	108
YTD Cash Flow From Operations[4] ($M)	1,626	496	1,017	1,477	1,657
YTD Shares Repurchased[4] ($M)	2,047	425	896	1,313	1,799
YTD Dividend Paid[4] ($M)	649	153	304	458	610
Dividends Per Share Paid	$0.67	$0.67	$0.67	$0.70	$0.70
Shares Repurchased (M)	2.6	4.9	5.1	4.2	6.0
YTD Shares Repurchased (M)	33.6	4.9	10.0	14.2	20.2
Days Sales Outstanding	35	38	41	44	53
Days Inventory Outstanding	51	50	54	67	76
Days Payables Outstanding	74	74	76	89	100
Cash Conversion Cycle	13	14	19	22	29
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



$2.4B Liquidity[2]

- $615M Cash
- $1.75B Revolving credit facility

$5.6B Debt

- Low weighted average interest rate 4.1%
- Weighted average maturity of ~5.5 years

LTM Adjusted EBITDA $2.5B

- Up 26% YoY

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

	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22
Debt ($M)	5,139	5,136	5,861	5,644	**5,646**
Cash and cash equivalents ($M)	1,209	991	1,535	1,138	**615**
Net Debt ($M)	3,930	4,145	4,326	4,506	**5,031**
LTM Cash Interest Expense ($M)	184	214	206	235	**244**
LTM Credit Agreement Defined EBITDA ($M)[1]	2,020	2,360	2,604	2,668	**2,549**
Total Leverage Ratio[2]	2.5x	2.2x	2.3x	2.1x	**2.2x**
Total Leverage Ratio on Net Debt[3]	1.9x	1.8x	1.7x	1.7x	**2.0x**
Interest Coverage Ratio[4]	11.0x	11.0x	12.6x	11.4x	**10.4x**

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 July 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

2021 Global Citizenship Annual Report Highlights



23K MWh
of electricity saved through energy conservation and efficiency initiatives in FY2021 – exceeding our conservation goal of 10,000 MWh for the year

210K MWh
of electricity saved since FY2014, the start of our energy conservation program

21%↓
reduction in Total Scope 1 and 2 market-based emissions intensity from CY2019 to CY2020



17%↓
decrease in hazardous waste generated per EB in FY2021

87%
non-hazardous waste diverted from landfills in FY2021

108
direct and packaging suppliers completed the RBA environmental survey in FY2021



9%↑
increase in water recycling in CY2020

29%↓
decrease in water intensity (megaliter per EB) in CY2020



196K
hours of training completed in FY2021 by our employees

99%
of non-operator employees completed their goal-setting and year-end review processes, and created development plans in FY2021

160
different engagements and partnerships conducted in local communities in FY2021[1]

100%
score from the Human Rights Campaign's Corporate Equality Index in FY2021 – for the third year in a row

$122M
in FY2021 to supplier diversity spend (United States only)

2,300
global members representing 9 Employee Resource Groups and over 25 local chapters in FY2021

0
No cases of child labor[2] and no cases of forced labor[3] were found in our operations in the FY2021 Responsible Business Alliance Validated Audit

89%
of eligible employees registered on the Career Discovery platform in FY2021, supporting internal mobility, employee engagement, and retention which reduces the time required to hire and onboard new employees.

[1] A decrease from previous years as some programs were suspended due to COVID-19.
[2] We have established age 18 as a standard minimum age for employment at all sites, which complies with or exceeds local legal requirements.
[3] Our controls are designed to keep such cases at a low risk.

Read more: Seagate FY21 Global Citizenship Annual Report

RECONCILIATION TABLES



Reconciliation of GAAP Gross Profit to Non-GAAP Gross Profit ($M)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	FY22
GAAP Gross Profit	**885**	**956**	**948**	**806**	**759**	**3,469**
Accelerated depreciation, impairment and other charges related to cost saving efforts	-	-	-	1	-	1
Amortization of acquired intangible assets	1	1	1	1	1	4
Share-based compensation	6	9	9	9	11	38
Non-GAAP Gross Profit	**892**	**966**	**958**	**817**	**771**	**3,512**
Gross Margin %	29.4%	30.7%	30.4%	28.8%	28.9%	29.7%
Non-GAAP Gross Margin %	29.6%	31.0%	30.7%	29.2%	29.3%	30.1%

Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses ($M)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	FY22
GAAP Operating Expenses	**378**	**370**	**368**	**377**	**399**	**1,514**
Accelerated depreciation, impairment and other charges related to cost saving efforts	-	-	-	-	(13)	(13)
Amortization of acquired intangible assets	(3)	(3)	(3)	(3)	(2)	(11)
Restructuring and other, net	(7)	(1)	(1)	-	(1)	(3)
Share-based compensation	(19)	(25)	(27)	(27)	(28)	(107)
Other charges	(3)	(2)	-	(2)	(6)	(10)
Non-GAAP Operating Expenses	**346**	**339**	**337**	**345**	**349**	**1,370**

Reconciliation of GAAP Income From Operations to Non-GAAP Income From Operations ($M)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	FY22
GAAP Income From Operations	**507**	**586**	**580**	**429**	**360**	**1,955**
Accelerated depreciation, impairment and other charges related to cost saving efforts	-	-	-	1	13	14
Amortization of acquired intangible assets	4	4	4	4	3	15
Restructuring and other, net	7	1	1	-	1	3
Share-based compensation	25	34	36	36	39	145
Other charges	3	2	-	2	6	10
Non-GAAP Income From Operations	**546**	**627**	**621**	**472**	**422**	**2,142**
Operating Margin %	16.8%	18.8%	18.6%	15.3%	13.7%	16.8%
Non-GAAP Operating Margin %	18.1%	20.1%	19.9%	16.8%	16.1%	18.4%

Reconciliation of GAAP Net Income to Non-GAAP Net Income ($M)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	FY22
GAAP Net Income	**482**	**526**	**501**	**346**	**276**	**1,649**
Accelerated depreciation, impairment and other charges related to cost saving efforts	-	-	-	1	13	14
Amortization of acquired intangible assets	4	4	4	4	3	15
Restructuring and other, net	7	1	1	-	1	3
Losses and costs recognized on the modification or early redemption and repurchase of debt	-	-	1	-	-	1
Strategic investment losses (gains) or impairment recognized	(50)	(9)	2	13	6	12
Share-based compensation	25	34	36	36	39	145
Other charges	3	2	-	2	6	10
Income tax adjustments	(5)	(14)	(2)	(1)	1	(16)
Non-GAAP Net Income	**466**	**544**	**543**	**401**	**345**	**1,833**
Shares used in diluted earnings per share calculation (M)	233	231	225	222	217	224
GAAP Diluted Net Income Per Share	**$2.07**	**$2.28**	**$2.23**	**$1.56**	**$1.27**	**$7.36**
Non-GAAP Diluted Net Income Per Share	**$2.00**	**$2.35**	**$2.41**	**$1.81**	**$1.59**	**$8.18**

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow ($M)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	FY22
Net Cash Provided by Operating Activities	**478**	**496**	**521**	**460**	**180**	**1,657**
Acquisition of property, equipment and leasehold improvements	(124)	(117)	(95)	(97)	(72)	(381)
Free Cash Flow	**354**	**379**	**426**	**363**	**108**	**1,276**

Reconciliation of Net Income to Credit Agreement Defined EBITDA ($M)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	FY22
Net Income	**482**	**526**	**501**	**346**	**276**	**1,649**
Interest Income	-	-	(1)	-	(1)	(2)
Interest Expense	59	59	62	63	65	249
Income Tax Expense	15	7	13	5	5	30
Depreciation and Amortization	103	104	108	112	127	451
EBITDA	**659**	**696**	**683**	**526**	**472**	**2,377**
Accelerated depreciation, impairment and other charges related to cost saving efforts	-	-	-	-	1	1
Restructuring and other, net	7	1	1	-	1	3
Losses and costs recognized on the modification or early redemption and repurchase of debt	-	-	1	-	-	1
Strategic investment losses (gains) or impairment recognized	(50)	(9)	2	13	6	12
Share-based compensation	25	34	36	36	39	145
Other charges	3	2	-	2	6	10
Credit Agreement Defined EBITDA	**644**	**724**	**723**	**577**	**525**	**2,549**

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, gains or impairment from strategic investments that are measured and accounted at fair value, under the equity method of accounting, as available-for-sale debt securities or adjust for downward or upward adjustments to the carrying value 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.