



SUPPLEMENTAL FINANCIAL INFORMATION

Q3FY23



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 any historical fact. Forward-looking statements include, among other things, statements about the Company's plans, programs, strategies and prospects; financial outlook for future periods, including the fiscal fourth quarter 2023; 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 BIS; assessments regarding our ability to comply with debt covenants; expectations regarding logistical, macroeconomic, or other factors affecting the Company; expectations regarding our ability to execute on our cost saving plans as currently contemplated; changes to the assumptions on which the projected cost saving initiatives are based; expectations regarding market demand for 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 on the Company's business strategy and performance, as well as dividend issuance plans for the fiscal quarter ending June 30, 2023 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.

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, 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. 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



SEAGATE

Q3FY23 results reflect rising economic uncertainties & elongated inventory correction



- Revenue slightly above low-end of guidance at \$1.86B
- Nearline demand impacted by prolonged inventory consumption at Cloud Service Providers
- Margins pressured by underutilization costs and supply/demand imbalance
- Free cash flow of \$174M, up slightly QoQ

Taking aggressive actions to lower cost structure & position Seagate for long-term success



- Actions taken since October'22 expected to yield more than \$150M annualized savings, fully realized exiting Q4FY23
- Announced further cost structure improvements targeting at least \$200M of annualized savings
- Positioning Seagate to navigate well in all demand environments, return to profitable growth and preserve technology leadership

Executing industry leading product roadmap, including HAMR 30+TB qual shipments



- Ongoing adoption of 20+TB platform, now representing two-thirds of nearline EB shipped in Q3FY23
- HAMR 30+TB qualification units shipped to a Cloud partner in April, with volume ramp starting early CY2024

Q3FY23 Financial Highlights

\$1.86B

REVENUE

17.2%

GROSS MARGIN
GAAP

-16.9%

OPERATING MARGIN
GAAP

-\$2.09

DILUTED EPS
GAAP

119EB

HDD CAPACITY
SHIPPED

\$228M

CASH FLOW
FROM OPERATIONS

18.7%

GROSS MARGIN
NON-GAAP¹

3.5%

OPERATING MARGIN
NON-GAAP¹

-\$0.28

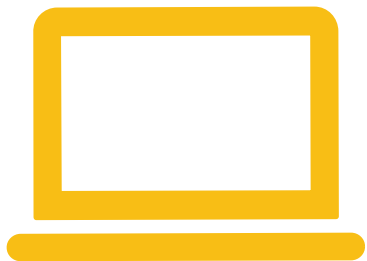
DILUTED EPS
NON-GAAP¹

8.2TB

AVG. CAPACITY
PER DRIVE

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

Q3FY23 Market Highlights



Legacy

- **Legacy** revenue down 12% sequentially
- **Client** and **Consumer** markets reflected typical seasonal demand trends
- **Mission Critical** impacted by more cautious spending environment and weakening server demand



Mass Capacity

- Macroeconomic uncertainties drove more cautious **Cloud** and **Enterprise** spending, prolonging inventory consumption, impacting **Nearline** demand
- **Nearline** shipments of 87EB, up QoQ driven by continued growth in 20+ TB products
- **VIA** continued to be impacted by global economic slowdown, expecting gradual recovery in the 2nd half of CY23



Non-HDD

- **Enterprise Systems** revenue grew QoQ as component supply steadily improved
- Planning to ship **Corvault** with 30+TB HAMR drives for revenue during the June quarter

Mass capacity storage includes nearline, video and image applications (“VIA”) and network-attached storage.

Legacy markets include mission critical, consumer, and client applications.

Non-HDD includes enterprise systems business, SSD, and other.



Quarterly Financial Trends

In Q3FY23:

- **Revenue** slightly lower QoQ, and just above the low end of the guidance range
- **GAAP** results include \$300M BIS settlement penalty; quarterly payments of \$15M to begin Oct. 2023
- **Operating Expense (Non-GAAP)** YoY decline reflects our cost structure improvement actions, lower variable compensation and disciplined cost management

	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	QoQ	YoY
GAAP Results							
Revenue (\$M)	2,802	2,628	2,035	1,887	1,860	-1%	-34%
Gross Margin %	28.8%	28.9%	23.7%	13.0%	17.2%	4.2 ppt	-11.6 ppt
Operating Expenses (\$M)	377	399	375	406	634	56%	68%
Operating Margin %	15.3%	13.7%	5.3%	-8.5%	-16.9%	-8.4 ppt	-32.2 ppt
Net (Loss) Income (\$M)	346	276	29	-33	-433	*	*
Diluted EPS ¹	\$1.56	\$1.27	\$0.14	-\$0.16	-\$2.09	*	*
Non-GAAP Results²							
Revenue (\$M)	2,802	2,628	2,035	1,887	1,860	-1%	-34%
Gross Margin %	29.2%	29.3%	24.5%	21.4%	18.7%	-2.7 ppt	-10.5 ppt
Operating Expenses (\$M)	345	349	314	294	282	-4%	-18%
Operating Margin %	16.8%	16.1%	9.0%	5.8%	3.5%	-2.3 ppt	-13.3 ppt
Net (Loss) Income (\$M)	401	345	101	34	-58	*	*
Diluted EPS ¹	\$1.81	\$1.59	\$0.48	\$0.16	-\$0.28	*	*
End of Qtr Actual Share Count (M)	216	210	206	206	207	0%	-4%
Diluted Shares O/S for EPS (M)	222	217	210	207	207	0%	-7%
Revenue by Product Line (\$M)							
HDD	2,565	2,410	1,772	1,663	1,604	-4%	-37%
Systems, SSD & Other	237	218	263	224	256	14%	8%
Revenue by Channel							
OEM	77%	81%	76%	72%	73%	1.0 ppt	-4.0 ppt
Distributors	12%	10%	15%	16%	16%	0.0 ppt	4.0 ppt
Retail	11%	9%	9%	12%	11%	-1.0 ppt	0.0 ppt

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

1. Q2FY23 GAAP diluted EPS was computed using weighted average basic shares of 206 million as a result of net loss reported during the period. Q3FY23 GAAP and non-GAAP diluted EPS were computed using weighted average basic shares of 207 million as a result of net loss reported during the period.

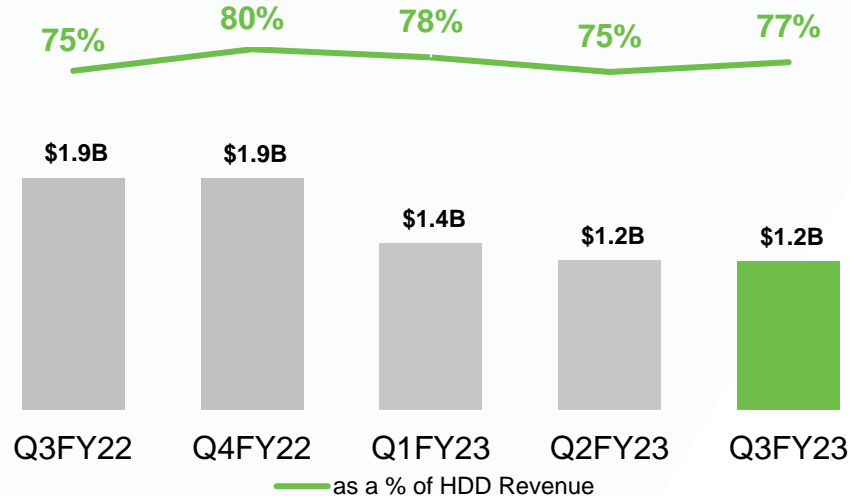
2. See 'Reconciliation Tables' section for GAAP reconciliation.

* Not a meaningful figure

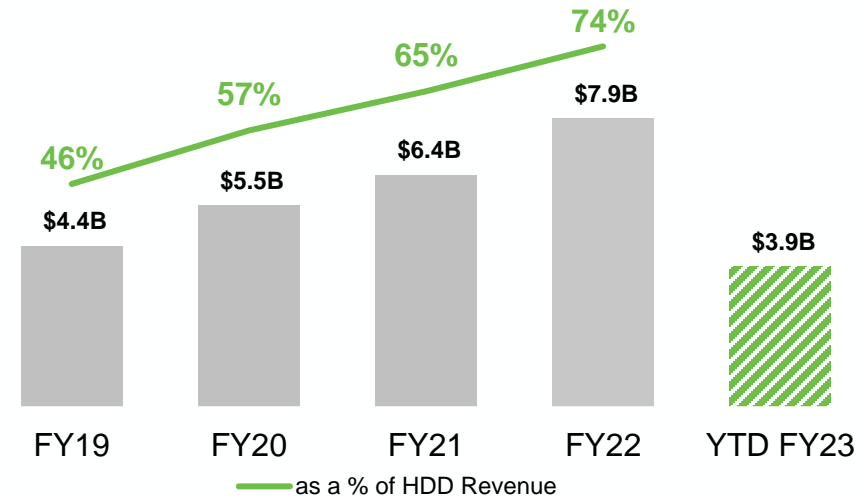
HDD Product Trends

	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	QoQ	YoY
Capacity Shipped (EB)	154.2	154.6	118.2	112.5	118.7	5%	-23%
Mass Capacity	132.7	138.5	104.0	96.7	104.1	8%	-22%
Nearline	117.5	119.0	85.1	79.7	86.8	9%	-26%
Legacy	21.5	16.1	14.3	15.8	14.6	-8%	-32%
Average Capacity per Drive (TB)	6.7	7.8	7.5	7.3	8.2	12%	22%
Mass Capacity	10.9	11.5	11.8	11.9	13.0	10%	19%
Legacy	2.0	2.0	2.1	2.2	2.2	2%	13%

Quarterly
Mass Capacity Revenue Trend



Annual
Mass Capacity Revenue Trend



NOTE: Minor changes and calculation variances are due to rounding

Cash, Cash Flow, and Operational Trends

In Q3FY23:

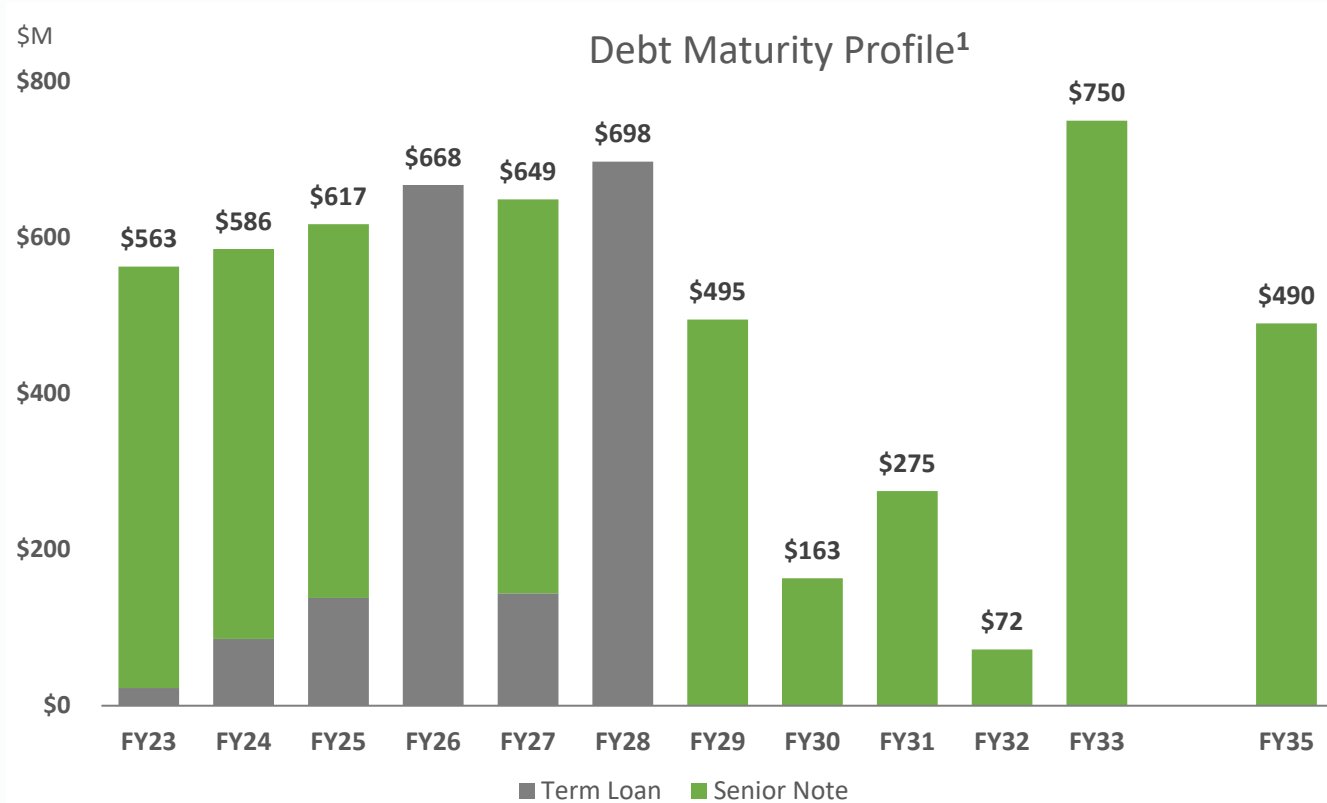
- Reduced Debt by \$71M, down 1% QoQ
- Capex of \$54M, down 32% QoQ
- Cash Conversion Cycle improved to 19 days

	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
Cash ¹ (\$M)	1,138	615	761	770	766
Debt (\$M)	5,644	5,646	6,249	6,029	5,958
Cash Flow From Operations (\$M)	460	180	245	251	228
Capital Expenditures ² (\$M)	97	72	133	79	54
Free Cash Flow ³ (\$M)	363	108	112	172	174
YTD Cash Flow From Operations ⁴ (\$M)	1,477	1,657	245	496	724
YTD Shares Repurchased ⁴ (\$M)	1,313	1,799	408	408	408
YTD Dividend Paid ⁴ (\$M)	458	610	147	292	437
Dividends Per Share Paid	\$0.70	\$0.70	\$0.70	\$0.70	\$0.70
Shares Repurchased (M)	4.2	6.0	5.4	-	-
YTD Shares Repurchased (M)	14.2	20.2	5.4	5.4	5.4
Days Sales Outstanding	44	53	49	41	49
Days Inventory Outstanding	67	76	94	66	71
Days Payables Outstanding	89	100	100	60	100
Cash Conversion Cycle	22	29	43	47	19

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



\$2.5B Liquidity²

- \$766M Cash
- \$1.75B Revolving credit facility

\$6.0B Debt³

- Weighted average interest rate of 5.5%
- Weighted average maturity of ~5 years

NOTE: Minor calculation variances are due to rounding.

1. Principal outstanding
2. Liquidity levels include both Cash and cash equivalents and revolver.
3. Principal outstanding less unamortized discount and debt issuance cost

Debt Metrics

	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
Debt (\$M)	5,644	5,646	6,249	6,029	5,958
Cash and cash equivalents (\$M)	1,138	615	761	770	766
Net Debt (\$M)	4,506	5,031	5,488	5,259	5,192
LTM Cash Interest Expense (\$M)	235	244	249	283	281
LTM Adjusted EBITDA (\$M) ¹	2,668	2,549	2,144	1,677	1,321
Total Leverage Ratio ²	2.1x	2.2x	2.9x	3.6x	4.5x
Total Leverage Ratio on Net Debt ³	1.7x	2.0x	2.6x	3.1x	3.9x
Interest Coverage Ratio ⁴	11.4x	10.4x	8.6x	5.9x	4.7x

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 March 31, 2023. We continue to evaluate our debt portfolio and structure to comply with our financial debt covenants.

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.

1. 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. See 'Reconciliation Tables' section for reconciliation of Net Income to adjusted EBITDA.
2. On November 8, 2022, Seagate amended its Credit Agreement to increase the maximum permitted total leverage ratio to 5.0 to 1.0 beginning with the fiscal quarter ending December 30, 2022, with periodic step downs, and returning to a maximum permitted leverage ratio of 4.0 to 1.0 for any fiscal quarter after June 28, 2024.
3. Reflects Net Debt divided by LTM Adjusted EBITDA.
4. Interest Coverage Ratio not to be less than 3.25 as of the end of any fiscal quarter.

Environmental, Social and Governance



ESG Focus: Environmental

We recognize that we must responsibly address the environmental impacts created by our operations. Our programs and policies are designed to protect the remarkable planet we share through sound environmental policies and practices.



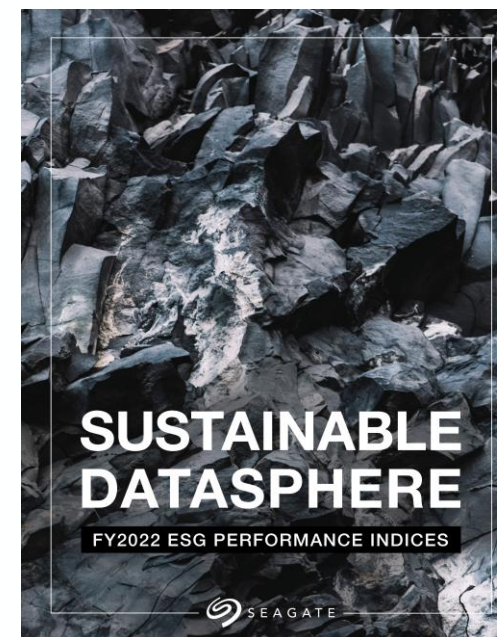
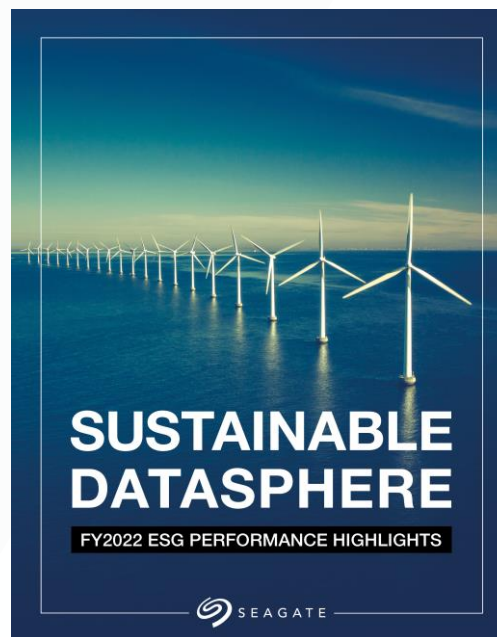
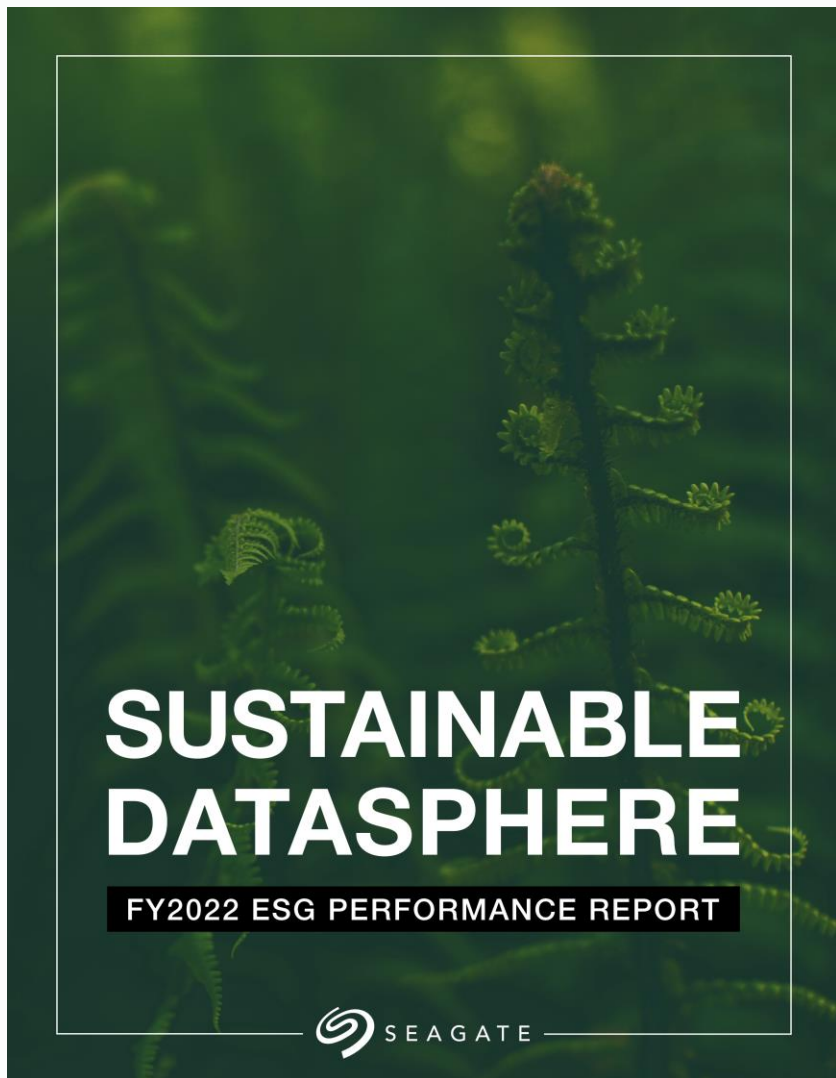
ENVIRONMENT



SOCIAL



GOVERNANCE



Seagate is proud to share our ESG progress
FY2022 ESG Performance Report Coming April 24th

RECONCILIATION TABLES



Reconciliation of GAAP Gross Profit to Non-GAAP Gross Profit (\$M)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
GAAP Gross Profit	806	759	482	246	319
Accelerated depreciation, impairment and other charges related to cost saving efforts	1	-	-	39	18
Amortization of acquired intangible assets	1	1	1	1	1
Pandemic-related lockdown charges	-	-	7	-	-
Purchase order cancellation fees	-	-	-	108	-
Share-based compensation	9	11	8	8	8
Other charges	-	-	-	1	1
Non-GAAP Gross Profit	817	771	498	403	347
GAAP Gross Margin %	28.8%	28.9%	23.7%	13.0%	17.2%
Non-GAAP Gross Margin %	29.2%	29.3%	24.5%	21.4%	18.7%
Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses (\$M)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
GAAP Operating Expenses	377	399	375	406	634
Accelerated depreciation, impairment and other charges related to cost saving efforts	-	(13)	(22)	-	(3)
Amortization of acquired intangible assets	(3)	(2)	(3)	-	-
BIS settlement penalty	-	-	-	-	(300)
Restructuring and other, net	-	(1)	(9)	(81)	(20)
Share-based compensation	(27)	(28)	(21)	(25)	(23)
Other charges	(2)	(6)	(6)	(6)	(6)
Non-GAAP Operating Expenses	345	349	314	294	282
Reconciliation of GAAP Income (Loss) From Operations to Non-GAAP Income From Operations (\$M)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
GAAP Income (Loss) From Operations	429	360	107	(160)	(315)
Accelerated depreciation, impairment and other charges related to cost saving efforts	1	13	22	39	21
Amortization of acquired intangible assets	4	3	4	1	1
BIS settlement penalty	-	-	-	-	300
Pandemic-related lockdown charges	-	-	7	-	-
Purchase order cancellation fees	-	-	-	108	-
Restructuring and other, net	-	1	9	81	20
Share-based compensation	36	39	29	33	31
Other charges	2	6	6	7	7
Non-GAAP Income From Operations	472	422	184	109	65
GAAP Operating Margin %	15.3%	13.7%	5.3%	(8.5)%	(16.9)%
Non-GAAP Operating Margin %	16.8%	16.1%	9.0%	5.8%	3.5%

Reconciliation of GAAP Net Income (Loss) to Non-GAAP Net Income (\$M)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
GAAP Net Income (Loss)	346	276	29	(33)	(433)
Accelerated depreciation, impairment and other charges related to cost saving efforts	1	13	22	39	21
Amortization of acquired intangible assets	4	3	4	1	1
BIS settlement penalty	-	-	-	-	300
Net (gain) recognized from early redemption of debt and debt modification costs	-	-	-	(204)	(3)
Pandemic-related lockdown charges	-	-	7	-	-
Purchase order cancellation fees	-	-	-	108	-
Restructuring and other, net	-	1	9	81	20
Share-based compensation	36	39	29	33	31
Strategic investment losses or impairment charges	13	6	-	-	1
Other charges	2	6	6	7	7
Income tax adjustments	(1)	1	(5)	2	(3)
Non-GAAP Net Income (Loss)	401	345	101	34	(58)

Reconciliation of GAAP Diluted Net Income (Loss) Per Share to Non-GAAP Diluted Net Income (Loss) Per Share (\$M)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
GAAP Diluted Net Income (Loss) Per Share	\$1.56	\$1.27	\$0.14	\$(0.16)	\$(2.09)
Accelerated depreciation, impairment and other charges related to cost saving efforts	-	0.06	0.10	0.19	0.10
Amortization of acquired intangible assets	0.02	0.01	0.02	-	-
BIS settlement penalty	-	-	-	-	1.45
Net (gain) recognized from early redemption of debt and debt modification costs	-	-	-	(0.99)	(0.01)
Pandemic-related lockdown charges	-	-	0.03	-	-
Purchase order cancellation fees	-	-	-	0.52	-
Restructuring and other, net	-	-	0.04	0.39	0.10
Share-based compensation	0.16	0.18	0.14	0.16	0.15
Strategic investment losses or impairment charges	0.06	0.03	-	-	-
Other charges	0.01	0.04	0.03	0.04	0.03
Income tax adjustments	-	-	(0.02)	0.01	(0.01)
Non-GAAP Diluted Net Income (Loss) Per Share	\$1.81	\$1.59	\$0.48	\$0.16	\$(0.28)

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

GAAP	222	217	210	206	207
Non-GAAP	222	217	210	207	207

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow (\$M)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
Net Cash Provided by Operating Activities	460	180	245	251	228
Acquisition of property, equipment and leasehold improvements	(97)	(72)	(133)	(79)	(54)
Free Cash Flow	363	108	112	172	174

Reconciliation of GAAP Net Income (Loss) to Non-GAAP Adjusted EBITDA (\$M)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
GAAP Net Income (Loss)	346	276	29	(33)	(433)
Depreciation and amortization	112	127	135	148	126
Interest expense	63	65	71	77	81
Interest income	-	(1)	(1)	(1)	(2)
Income tax expense (benefit)	5	5	(2)	(5)	33
Non-GAAP EBITDA	526	472	232	186	(195)
BIS settlement penalty	-	-	-	-	300
Impairment and other charges related to cost saving efforts	-	1	-	-	-
Net (gain) recognized from early redemption of debt and debt modification costs	-	-	-	(204)	(3)
Pandemic-related lockdown charges	-	-	6	-	-
Purchase order cancellation fees	-	-	-	108	-
Restructuring and other, net	-	1	9	81	20
Share-based compensation	36	39	29	33	31
Strategic investment losses or impairment charges	13	6	-	-	1
Underutilization charges, net of depreciation and amortization	-	-	37	45	60
Other charges	2	6	6	7	7
Non-GAAP Adjusted EBITDA	577	525	319	256	221

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.

BIS settlement penalty

The Company accrued a settlement penalty of \$300 million for the fiscal third quarter of 2023 related to the alleged violations of the U.S. Export Administration Regulations between August 17, 2020 and September 29, 2021 by the U.S. Department of Commerce's Bureau of Industry and Security ("BIS"), which were subsequently resolved by a settlement agreement on April 18, 2023. This settlement penalty is excluded from the non-GAAP measures to facilitate a more meaningful evaluation of the Company's current operating performance and comparison to its past periods' operating performance.

Net (gain) recognized from early redemption of debt and debt modification costs

From time to time, the Company incurs gains, losses and fees from the early redemption and repurchase of certain long-term debt instruments. The gains and losses represent the difference between the reacquisition price and the par value of the debt extinguished less the write-off of any unamortized debt issuance costs and discount. Fees include certain costs associated with a debt extinguishment or modification. The amount of these charges may be inconsistent in size and varies depending on the timing of the early redemption 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.

Pandemic-related lockdown charges

Pandemic-related lockdown charges are factory under-utilization costs incurred due to the pandemic-related lockdown measures at our factory in Wuxi, China. 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.

Purchase order cancellation fees

Purchase order cancellation fees are the costs incurred to cancel certain purchase commitments made with the Company's suppliers for component and equipment purchases that will not be received due to change in forecasted demand. 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.

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, as well as 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.

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.

Strategic investment losses or impairment charges

From time to time, the Company incurs losses, gains or impairment charges 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.

Other charges

The other charges primarily include 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.

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.

EBITDA, adjusted EBITDA and last twelve months (LTM) adjusted EBITDA

EBITDA is defined as net income (loss) before income tax expense, interest expense, interest income, depreciation and amortization. Adjusted EBITDA excludes certain expenses, gains and losses that the Company believes are not indicative of its core operating results. These adjustments primarily include impairment and other charges related to cost saving efforts, net gain recognized from early redemption of debt and debt modification costs, pandemic-related lockdown charges, purchase order cancellation fees, restructuring and other, net, share-based compensation, strategic investment losses (gains) or impairment charges, 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. These non-GAAP financial measures are used by management to evaluate the Company's debt portfolio and structure to comply with its financial debt covenants.