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## SEAGATE TECHNOLOGY REPORTS FISCAL FIRST QUARTER 2024 FINANCIAL RESULTS

### Fiscal Q1 2024 Highlights

- Revenue of \$1.45 billion
- GAAP (loss) per share of \$(0.88); non-GAAP (loss) per share of \$(0.22)
- Cash flow from operations of \$127 million and free cash flow of \$57 million
- Declared cash dividend of \$0.70 per share
- Strong execution on mass capacity product roadmap extending areal density leadership

**FREMONT, CA** – October 26, 2023 - Seagate Technology Holdings plc (NASDAQ: STX) (the “Company” or “Seagate”) today reported financial results for its fiscal first quarter ended September 29, 2023.

“Seagate’s first quarter results were in line with our revised expectations. During a longer-than-typical downcycle we have prioritized financial discipline, positive free cash flow generation and execution on our HAMR product roadmap, which will extend our industry leadership in areal density and improve the total cost of ownership for our customers,” said Dave Mosley, Seagate’s chief executive officer.

“With indications that demand fundamentals in certain markets are starting to improve, including a modest uptick in U.S. cloud, Seagate is well positioned to enhance profitability and capture attractive long-term opportunities for Mass Capacity storage.”

### Quarterly Financial Results

	GAAP		Non-GAAP	
	FQ1 2024	FQ1 2023	FQ1 2024	FQ1 2023
Revenue (\$M)	\$ 1,454	\$ 2,035	\$ 1,454	\$ 2,035
Gross Margin	10.2%	23.7%	19.8%	24.5%
Operating Margin	(8.9)%	5.3%	2.8%	9.0%
Net (Loss) Income (\$M)	\$ (184)	\$ 29	\$ (46)	\$ 101
Diluted (Loss) Earnings Per Share	\$ (0.88)	\$ 0.14	\$ (0.22)	\$ 0.48

During the fiscal first quarter the Company generated \$127 million in cash flow from operations, \$57 million in free cash flow, and returned \$145 million of capital to shareholders through its quarterly dividend. Additionally, the Company issued \$1.5 billion convertible notes due 2028 bearing an interest rate of 3.5% with the proceeds primarily used to retire the outstanding balance on its remaining term loans. As of the end of the quarter, cash and cash equivalents totaled \$795 million, and there were 209 million ordinary shares issued and outstanding.

For a detailed reconciliation of GAAP to non-GAAP results, see accompanying financial tables.

Seagate has issued a Supplemental Financial Information document, which is available on Seagate’s Investor Relations website at [investors.seagate.com](http://investors.seagate.com).

## **Quarterly Cash Dividend**

The Board of Directors of the Company (the “Board”) declared a quarterly cash dividend of \$0.70 per share, which will be payable on January 9, 2024 to shareholders of record as of the close of business on December 21, 2023. The payment of any future quarterly dividends will be at the discretion of the Board and will be dependent upon Seagate’s financial position, results of operations, available cash, cash flow, capital requirements and other factors deemed relevant by the Board.

## **Business Outlook**

The business outlook for the fiscal second quarter 2024 is based on our current assumptions and expectations; actual results may differ materially, as a result of, among other things, the important factors discussed in the Cautionary Note Regarding Forward-Looking Statements section of this release.

The Company is providing the following guidance for its fiscal second quarter 2024:

- Revenue of \$1.55 billion, plus or minus \$150 million
- Non-GAAP (loss) per share of \$(0.10), plus or minus \$0.20

Guidance regarding non-GAAP (loss) per share excludes known pre-tax charges related to estimated share-based compensation expenses of \$0.14 per share.

We have not reconciled our non-GAAP (loss) per share guidance for fiscal second 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 (loss) per share guidance for fiscal second 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.

## **Investor Communications**

Seagate management will hold a public webcast today at 6:00 AM PT / 9:00 AM ET that can be accessed on its Investor Relations website at [investors.seagate.com](https://investors.seagate.com).

An archived audio webcast of this event will be available on Seagate’s Investor Relations website at [investors.seagate.com](https://investors.seagate.com) shortly following the event conclusion.

## **About Seagate**

Seagate Technology is the leading innovator of mass-capacity data storage solutions. We create breakthrough technology so you can confidently store your data and easily unlock its value. Founded over 45 years ago, Seagate has shipped over four billion terabytes of data capacity and offers a full portfolio of storage devices, systems, and services from edge to cloud. To learn more about how Seagate leads storage innovation, visit [www.seagate.com](https://www.seagate.com) and our blog, or follow us on Twitter, Facebook, LinkedIn, and YouTube.

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### **Cautionary Note Regarding Forward-Looking Statements**

*This press release 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 second 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 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 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 December 29, 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.*

*The inclusion of Seagate's website addresses in this press release are provided for convenience only. The information contained in, or that can be accessed through, Seagate's websites and social media channels are not part of this press release.*

**SEAGATE TECHNOLOGY HOLDINGS PLC**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In millions)

	<u>September 29, 2023</u>	<u>June 30, 2023</u>
	<u>(unaudited)</u>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 795	\$ 786
Accounts receivable, net	521	621
Inventories	1,052	1,140
Other current assets	268	358
Total current assets	2,636	2,905
Property, equipment and leasehold improvements, net	1,652	1,706
Goodwill	1,237	1,237
Deferred income taxes	1,087	1,117
Other assets, net	584	591
Total Assets	<u>\$ 7,196</u>	<u>\$ 7,556</u>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
Current liabilities:		
Accounts payable	\$ 1,511	\$ 1,603
Accrued employee compensation	88	100
Accrued warranty	84	78
Current portion of long-term debt	—	63
Accrued expenses	790	748
Total current liabilities	2,473	2,592
Long-term accrued warranty	92	90
Other non-current liabilities	667	685
Long-term debt, less current portion	5,666	5,388
Total Liabilities	8,898	8,755
Total Shareholders' Deficit	(1,702)	(1,199)
Total Liabilities and Shareholders' Deficit	<u>\$ 7,196</u>	<u>\$ 7,556</u>

**SEAGATE TECHNOLOGY HOLDINGS PLC**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In millions, except per share data)  
(Unaudited)

	For the Three Months Ended	
	September 29, 2023	September 30, 2022
Revenue	\$ 1,454	\$ 2,035
Cost of revenue	1,305	1,553
Product development	171	234
Marketing and administrative	105	129
Amortization of intangibles	—	3
Restructuring and other, net	2	9
Total operating expenses	1,583	1,928
(Loss) income from operations	(129)	107
Interest income	2	1
Interest expense	(84)	(71)
Net gain recognized from termination of interest rate swap	104	—
Net loss recognized from early redemption of debt	(29)	—
Other, net	(11)	(10)
Other expense, net	(18)	(80)
(Loss) income before income taxes	(147)	27
Provision for (benefit from) income taxes	37	(2)
Net (loss) income	\$ (184)	\$ 29
Net (loss) income per share:		
Basic	\$ (0.88)	\$ 0.14
Diluted	\$ (0.88)	\$ 0.14
Number of shares used in per share calculations:		
Basic	208	208
Diluted	208	210
Cash dividends declared per ordinary share	\$ 0.70	\$ 0.70

**SEAGATE TECHNOLOGY HOLDINGS PLC**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In millions)  
(Unaudited)

	For the Three Months Ended	
	September 29, 2023	September 30, 2022
<b>OPERATING ACTIVITIES</b>		
Net (loss) income	\$ (184)	\$ 29
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	76	135
Share-based compensation	25	29
Deferred income taxes	28	(5)
Net loss on redemption and repurchase of debt	7	—
Other non-cash operating activities, net	(50)	13
Changes in operating assets and liabilities:		
Accounts receivable, net	100	434
Inventories	88	(41)
Accounts payable	(70)	(300)
Accrued employee compensation	(12)	(146)
Accrued expenses, income taxes and warranty	54	4
Other assets and liabilities	65	93
Net cash provided by operating activities	127	245
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, equipment and leasehold improvements	(70)	(133)
Proceeds from the sale of assets	—	1
Purchases of investments	—	(1)
Net cash used in investing activities	(70)	(133)
<b>FINANCING ACTIVITIES</b>		
Redemption and repurchase of debt	(1,288)	—
Dividends to shareholders	(145)	(147)
Repurchases of ordinary shares	—	(408)
Taxes paid related to net share settlement of equity awards	(25)	(39)
Proceeds from issuance of long-term debt	1,500	600
Proceeds from issuance of ordinary shares under employee stock plans	35	29
Other financing activities, net	(126)	(1)
Net cash (used in) provided by financing activities	(49)	34
Effect of foreign currency exchange rate changes on cash, cash equivalents and restricted cash	1	—
Increase in cash, cash equivalents and restricted cash	9	146
Cash, cash equivalents and restricted cash at the beginning of the period	788	617
Cash, cash equivalents and restricted cash at the end of the period	\$ 797	\$ 763

## **Use of non-GAAP financial information**

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 last twelve months 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.

**SEAGATE TECHNOLOGY HOLDINGS PLC**  
**RECONCILIATIONS OF GAAP TO NON-GAAP MEASURES**  
(In millions, except per share amounts, gross margin and operating margin)  
(Unaudited)

	For the Three Months Ended	
	September 29, 2023	September 30, 2022
<b>GAAP Gross Profit</b>	\$ 149	\$ 482
Accelerated depreciation, impairment and other charges related to cost saving efforts	13	—
Amortization of acquired intangible assets	—	1
Pandemic-related lockdown charges	—	7
Purchase order cancellation fees	118	—
Share-based compensation	7	8
Other charges	1	—
<b>Non-GAAP Gross Profit</b>	<u>\$ 288</u>	<u>\$ 498</u>
<b>GAAP Gross Margin</b>	10.2%	23.7%
<b>Non-GAAP Gross Margin</b>	19.8%	24.5%
<b>GAAP Operating Expenses</b>	\$ 278	\$ 375
Accelerated depreciation, impairment and other charges related to cost saving efforts	—	(22)
Amortization of acquired intangible assets	—	(3)
Restructuring and other, net	(2)	(9)
Share-based compensation	(18)	(21)
Other charges	(10)	(6)
<b>Non-GAAP Operating Expenses</b>	<u>\$ 248</u>	<u>\$ 314</u>
<b>GAAP (Loss) Income From Operations</b>	\$ (129)	\$ 107
Accelerated depreciation, impairment and other charges related to cost saving efforts	13	22
Amortization of acquired intangible assets	—	4
Pandemic-related lockdown charges	—	7
Purchase order cancellation fees	118	—
Restructuring and other, net	2	9
Share-based compensation	25	29
Other charges	11	6
<b>Non-GAAP Income From Operations</b>	<u>\$ 40</u>	<u>\$ 184</u>
<b>GAAP Operating Margin</b>	(8.9)%	5.3%
<b>Non-GAAP Operating Margin</b>	2.8%	9.0%



**SEAGATE TECHNOLOGY HOLDINGS PLC**  
**RECONCILIATIONS OF GAAP TO NON-GAAP MEASURES**  
(In millions, except per share amounts, gross margin and operating margin)  
(Unaudited)

	For the Three Months Ended	
	September 29, 2023	September 30, 2022
<b>GAAP Net (Loss) Income</b>	\$ (184)	\$ 29
Accelerated depreciation, impairment and other charges related to cost saving efforts	13	22
Amortization of acquired intangible assets	—	4
Net loss recognized from early redemption of debt	29	—
Net gain recognized from termination of interest rate swap	(104)	—
Pandemic-related lockdown charges	—	7
Purchase order cancellation fees	118	—
Restructuring and other, net	2	9
Share-based compensation	25	29
Other charges	11	6
Income tax adjustments	44	(5)
<b>Non-GAAP Net (Loss) Income</b>	<u>\$ (46)</u>	<u>\$ 101</u>
<b>GAAP Diluted Net (Loss) Income Per Share</b>	\$ (0.88)	\$ 0.14
Accelerated depreciation, impairment and other charges related to cost saving efforts	0.06	0.10
Amortization of acquired intangible assets	—	0.02
Net loss recognized from early redemption of debt	0.14	—
Net gain recognized from termination of interest rate swap	(0.50)	—
Pandemic-related lockdown charges	—	0.03
Purchase order cancellation fees	0.57	—
Restructuring and other, net	0.01	0.04
Share-based compensation	0.12	0.14
Other charges	0.05	0.03
Income tax adjustments	0.21	(0.02)
<b>Non-GAAP Diluted Net (Loss) Income Per Share<sup>1</sup></b>	<u>\$ (0.22)</u>	<u>\$ 0.48</u>
<b>Shares used in diluted net (loss) income per share calculation</b>		
GAAP	208	210
Non-GAAP	208	210
<b>GAAP Net Cash Provided by Operating Activities</b>	\$ 127	\$ 245
Acquisition of property, equipment and leasehold improvements	70	133
<b>Free Cash Flow</b>	<u>\$ 57</u>	<u>\$ 112</u>

<sup>1</sup> For the three months ended September 29, 2023, GAAP and non-GAAP diluted net loss per share were computed using weighted average basic shares of 208 million, as a result of the net loss reported during the period.

**SEAGATE TECHNOLOGY HOLDINGS PLC**  
**RECONCILIATIONS OF GAAP TO NON-GAAP MEASURES**  
(In millions)  
(Unaudited)

For the Three Months Ended

	September 29, 2023	June 30, 2023	March 31, 2023	December 30, 2022	Last Twelve Months
<b>GAAP Net loss</b>	\$ (184)	\$ (92)	\$ (433)	\$ (33)	\$ (742)
Depreciation and amortization	76	104	126	148	454
Interest expense	84	84	81	77	326
Interest income	(2)	(6)	(2)	(1)	(11)
Income tax expense (benefit)	37	7	33	(5)	72
<b>Non-GAAP EBITDA</b>	<u>11</u>	<u>97</u>	<u>(195)</u>	<u>186</u>	<u>99</u>
BIS settlement penalty	—	—	300	—	300
Net loss (gain) recognized from early redemption of debt	29	17	(3)	(204)	(161)
Net gain recognized from termination of interest rate swap	(104)	—	—	—	(104)
Purchase order cancellation fees	118	—	—	108	226
Restructuring and other, net	2	(8)	20	81	95
Share-based compensation	25	22	31	33	111
Strategic investment losses or impairment charges	—	9	1	—	10
Underutilization charges, net of depreciation and amortization	51	29	60	45	185
Other charges	11	12	7	7	37
<b>Non-GAAP Adjusted EBITDA</b>	<u>143</u>	<u>178</u>	<u>221</u>	<u>256</u>	<u>798</u>

**The Company's Non-GAAP measures are 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 loss (gain) recognized from early redemption of debt and termination of interest rate swap**

From time to time, the Company incurs gains, losses and fees from the early redemption and repurchase of certain long-term debt instruments and termination of related interest rate swap agreements. The amount of these charges may be inconsistent in size and varies depending on the timing of the early redemption of debt and/or termination of interest rate swap 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 gains, losses and impairment charges**

From time to time, the Company incurs gains, losses 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 loss (gain) recognized from early redemption of debt, net gain recognized from termination of interest rate swap, pandemic-related lockdown charges, purchase order cancellation fees, restructuring and other, net, share-based compensation, strategic investment losses 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.