



SUPPLEMENTAL FINANCIAL INFORMATION

Q1FY25

OCTOBER 22, 2024

Safe Harbor Statement and Use of Non-GAAP Financial Information

This document and our other communications regarding our quarterly financial results contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical fact. Forward-looking statements include, among other things, statements about the Company's plans, programs, strategies, prospects, and opportunities; financial outlook for future periods, including the fiscal second quarter 2025; expectations regarding our ability to service debt and continue to generate free cash flow; expectations regarding our ability to make timely quarterly payments under the settlement agreement with the U.S. Department of Commerce's Bureau of Industry and Security; expectations regarding logistical, macroeconomic, or other factors affecting the Company; expectations regarding market demand for the Company's products, our visibility into such demand and our ability to optimize our level of production and meet market and industry expectations and the effects of these future trends on the Company's financial and operational 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 27, 2024 and beyond. Forward-looking statements generally can be identified by words such as "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "projects," "should," "may," "will," "will continue," "can," "could" or the negative of these words, variations of these words and comparable terminology, in each case, intended to refer to future events or circumstances. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Forward-looking statements are subject to various uncertainties and risks that could cause our actual results to differ materially from historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's latest periodic report on Form 10-Q or Form 10-K filed with the U.S. Securities and Exchange Commission. Undue reliance should not be placed on the forward-looking statements in this press release, which are based on information available to us on, and which speak only as of, the date hereof. The Company undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date they were made, unless required by applicable law.

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

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

Executive Summary

Started FY25 with strong financial results demonstrating our ability to drive profitable growth

- Revenue up 15% QoQ and 49% YoY, reflecting strength in nearline cloud and enterprise markets
- Gross margin (non-GAAP) of 33.3%, up 240 bps sequentially, highest in over a decade, driven by the HDD margin expansion
- Operating income (non-GAAP) improved 35% QoQ, resulting in a non-GAAP operating margin of 20.4%, up >300 bps sequentially
- EPS (non-GAAP) of \$1.58, at the high-end of guidance range
- Adjusted EBITDA continued to improve, up 23% sequentially to \$498M
- Declared a quarterly cash dividend of \$0.72 per share, up ~3%, reflecting our confidence in future opportunities

	Q1FY25
Revenue	\$2.17B
Gross Margin (non-GAAP)	33.3%
Operating Margin (non-GAAP)	20.4%
Diluted Earnings Per Share (non-GAAP)	\$1.58
Cash Flow From Operations	\$95M

138EB

**HDD Capacity
Shipped
+20% Q/Q**



10.6TB

**Average Capacity
Per Drive
+15% Q/Q**

Markets and Technology Highlights



Markets

- **Mass Capacity** revenue grew for the 5th consecutive quarter, exabyte shipments represented 93% of total HDD exabytes
- **Nearline Cloud** demand remains robust with customers managing their inventory levels well. In FQ1 revenue growth was driven by U.S. CSPs, though we continue to see positive demand trends globally
- **Nearline Enterprise/OEM** saw the first meaningful demand gain in FQ1, in sync with improvement in traditional server demand as well as higher storage content per unit
- **VIA** revenue remained stable seeing a shift to more cloud-like storage driven by longer data retention and video analytics



Technology

- **Seagate's high-capacity HDD product roadmap** is addressing cloud and enterprise customers cost, scale and power challenges, that are particularly valuable for their critical AI and other data intensive applications
- **24TB CMR / 28TB SMR:** Ramping aggressively in FQ1, representing 2nd highest revenue product, contributing >20% of total nearline revenue
- **Mozaic 3+** customer adoption gaining momentum, qualified a few customers spanning the enterprise nearline, VIA and NAS markets; qualification with lead CSP progressing well; expanded quals to multiple customers (Cloud and Enterprise)
- **Mozaic 4+** executing path to deliver capacity increases through areal density gains, supporting our cost per terabyte reduction objectives; expected to benefit both customer TCO and Seagate's structurally improved margin profile

Quarterly Financial Trends

	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	QoQ	YoY
Results (non-GAAP)¹							
Revenue (\$M)	1,454	1,555	1,655	1,887	2,168	15%	49%
Gross Margin %	19.8%	23.6%	26.1%	30.9%	33.3%	2.4 ppt	13.5 ppt
Operating Expenses (\$M)	248	240	249	256	281	10%	13%
Operating Margin %	2.8%	8.2%	11.1%	17.3%	20.4%	3.1 ppt	17.6 ppt
Net Income (Loss) (\$M)	-46	25	71	222	337	52%	*
Diluted EPS	-\$0.22	\$0.12	\$0.33	\$1.05	\$1.58	51%	*
End of Qtr Actual Share Count (M)	209	210	210	210	211	1%	1%
Diluted Shares O/S for EPS ¹ (M)	208	211	212	212	213	0%	2%
Cash and Cash Equivalents (\$M)	795	787	795	1,358	1,239	-9%	56%
Debt ² (\$M)	5,666	5,669	5,671	5,674	5,676	0%	0%
Cash Flow From Operations (\$M)	127	169	188	434	95	-78%	-25%
Capital Expenditures ³ (\$M)	70	70	60	54	68	26%	-3%
Free Cash Flow ¹ (\$M)	57	99	128	380	27	-93%	-53%
LTM Dividend Paid (\$M)	580	581	583	585	587		
Dividends Per Share Paid	\$0.70	\$0.70	\$0.70	\$0.70	\$0.70		
LTM Shares Repurchased (M)	-	-	-	-	-		
Days Sales Outstanding	33	28	18	21	26		
Days Inventory Outstanding	73	80	88	88	87		
Days Payables Outstanding	105	124	124	126	111		
Cash Conversion Cycle	1	-16	-17	-18	2		

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

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

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

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

* Not a meaningful figure

Quarterly Financial Trends Continued

	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	QoQ	YoY
Revenue by Product Line (\$M)							
HDD	1,295	1,384	1,477	1,727	2,004	16%	55%
Mass Capacity	1,017	1,060	1,180	1,437	1,733	21%	70%
<i>Mass Capacity as a % of HDD revenue</i>	79%	77%	80%	83%	87%	3 ppt	8 ppt
Legacy	278	324	297	290	270	-7%	-3%
Systems, SSD & Other	159	171	178	160	164	3%	3%
Capacity Shipped (EB)							
Mass Capacity	79.2	83.2	88.5	103.9	128.0	23%	62%
<i>Nearline</i>	56.0	65.1	71.7	84.3	109.1	29%	95%
Legacy	10.4	12.0	10.6	10.3	9.6	-7%	-8%
Average Capacity per Drive (TB)							
Mass Capacity	10.3	11.9	12.5	12.6	14.3	13%	38%
Legacy	2.4	2.6	2.5	2.5	2.4	-4%	1%

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

Guidance Q2FY25

Q2FY25

Revenue	\$2.30 billion ± \$150 million
Operating Margin ¹ (non-GAAP)	Low twenties % of revenue
Diluted Earnings Per Share ^{1,2} (non-GAAP)	\$1.85 ± \$0.20

At the mid point of the guidance:

- Operating Expense (non-GAAP) expected to be ~\$285 million
- Tax Expense (non-GAAP) expected to be ~\$20 million
- Diluted Shares O/S for EPS (non-GAAP) expected to be ~214 million

1. We have not reconciled our non-GAAP diluted EPS guidance for fiscal second quarter 2025 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 net (gain) loss recognized from early redemption of debt, purchase order cancellation fees, strategic investment losses (gains) or impairment charges, income tax adjustments on these measures, and other charges or benefits that may arise. The amounts of these measures are not currently available but may be material to future results. A reconciliation of the non-GAAP diluted EPS guidance for fiscal second quarter 2025 to the corresponding GAAP measures is not available without unreasonable effort. A reconciliation of our historical non-GAAP financial measures to their nearest GAAP equivalent is contained in this release.

2. Guidance regarding non-GAAP diluted earnings per share excludes known pre-tax charges related to estimated share-based compensation expenses of \$0.22 per share.

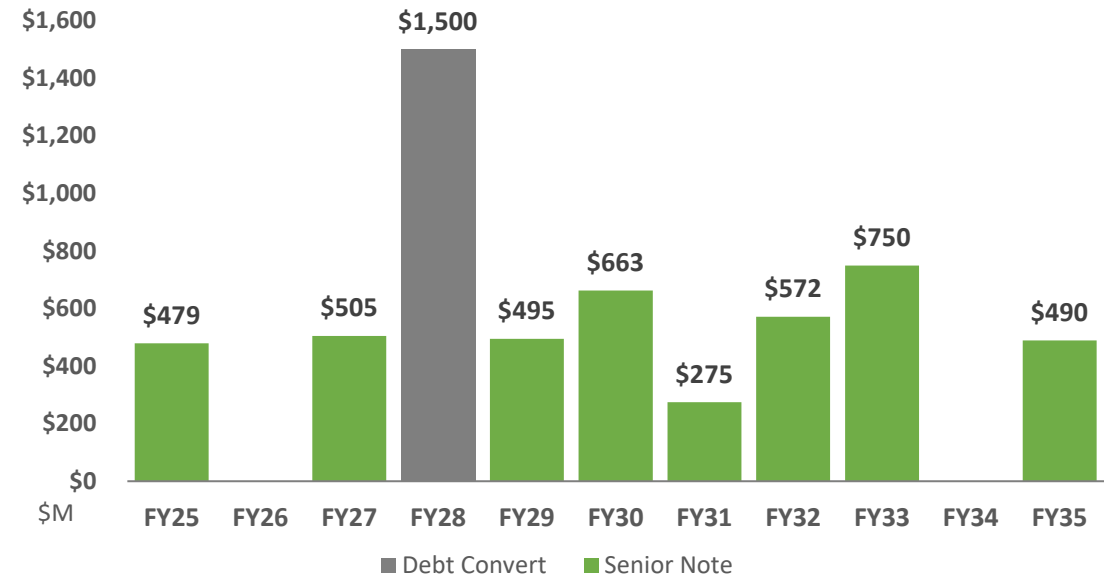
Debt Capital Structure

- \$2.7B Liquidity¹, \$1.2B cash, \$1.5B revolving credit facility
- \$5.7B Debt², weighted average interest rate of 5.6%, weighted average maturity of ~5 years
- More than 90% of our long-term debt obligations are due in FY27 and beyond
- Link to [Illustrative Table of Potential Dilutive Impact of Exchangeable Senior Notes due 2028](#)

Debt Metrics

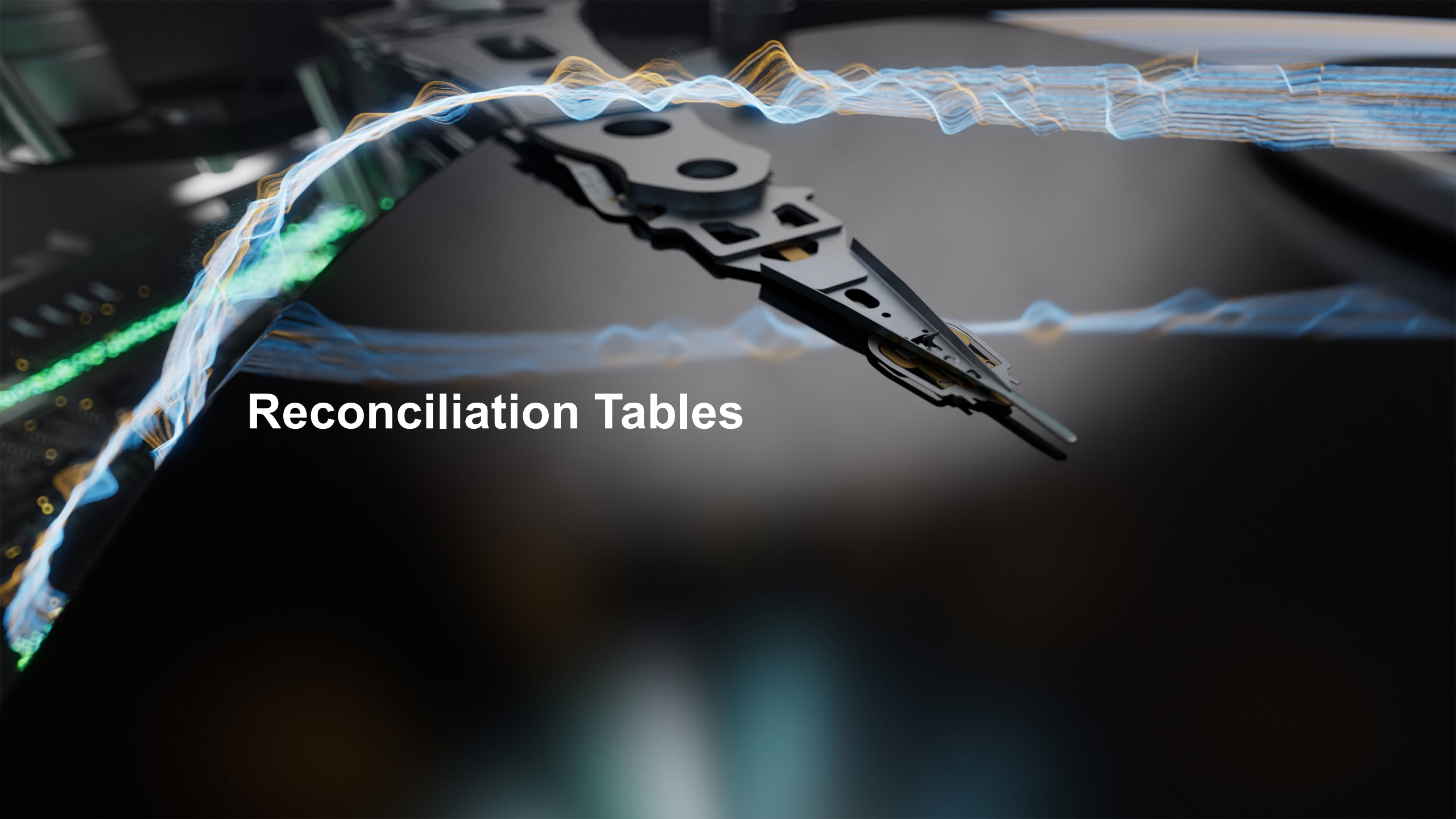
	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Net Debt (\$M) ²	4,934	4,942	4,934	4,371	4,490
LTM Cash Interest Expense (\$M)	313	318	329	303	330
LTM Adjusted EBITDA (\$M) ³	798	758	815	1,041	1,396
Total Leverage Ratio on Net Debt ^{4,5}	6.2x	6.5x	6.1x	4.2x	3.2x
Interest Coverage Ratio ⁶	2.6x	2.4x	2.5x	3.4x	4.2x

Debt Maturity Profile (Principal Outstanding)



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

- Liquidity levels include both Cash and cash equivalents and revolver.
- Debt refers to principal outstanding and net debt refers to principal outstanding less cash and cash equivalents.
- EBITDA is defined as net income (loss) before income tax expense, interest expense, interest income, depreciation and amortization. Adjusted EBITDA excludes certain benefits, expenses, gains, losses and other extraordinary charges such as factory underutilization charges and BIS settlement penalty. LTM adjusted EBITDA is defined as the total of last twelve months adjusted EBITDA. See 'Reconciliation Tables' section for reconciliation of Net Income to adjusted EBITDA.
- On September 27, 2023, Seagate amended its Credit Agreement to modify and/or remove certain financial covenants. From Q1FY25 to Q4FY25, the maximum permitted total net leverage ratio is 6.75 to 1.00, to the extent that the aggregate outstanding amount of revolving loans, swingline loans and the aggregate face amount of letters of credit exceeds 25% of the then outstanding revolving commitments in effect ("Testing condition") as of the last day of the fiscal quarter. The maximum permitted total leverage ratio for each fiscal quarter ending after Q4FY25 is 4.00 to 1.00.
- Also known as "total net leverage ratio", which reflects Net Debt divided by LTM Adjusted EBITDA.
- From Q1FY25 to Q4FY25, the minimum interest coverage ratio is 2.25 to 1.00, to the extent that the Testing Condition as of the last day of the fiscal quarter. The minimum interest coverage ratio is 3.25 to 1.00 for the fiscal quarter ending after Q4FY25.

The background is a dark, high-tech scene featuring a hard drive platter with a read/write head. Overlaid on this are glowing, ethereal lines of light in blue, yellow, and green, which appear to be representing data or energy flowing across the surface. The text 'Reconciliation Tables' is centered in the lower half of the image.

Reconciliation Tables

<u>Reconciliation of GAAP Gross Profit to Non-GAAP Gross Profit (\$M)</u>	<u>Q1FY24</u>	<u>Q2FY24</u>	<u>Q3FY24</u>	<u>Q4FY24</u>	<u>Q1FY25</u>
GAAP Gross Profit	\$ 149	\$ 362	\$ 425	\$ 600	\$ 714
Accelerated depreciation, impairment and other charges related to cost saving efforts	13	—	—	—	—
Purchase order cancellation fees	118	(4)	(1)	(26)	(1)
Share-based compensation	7	8	8	9	10
Other charges	1	1	—	—	—
Non-GAAP Gross Profit	\$ 288	\$ 367	\$ 432	\$ 583	\$ 723
GAAP Gross Margin %	10.2%	23.3%	25.7%	31.8%	32.9%
Non-GAAP Gross Margin %	19.8%	23.6%	26.1%	30.9%	33.3%

<u>Reconciliation of GAAP Operating Expenses to Non-GAAP Operating Expenses (\$M)</u>	<u>Q1FY24</u>	<u>Q2FY24</u>	<u>Q3FY24</u>	<u>Q4FY24</u>	<u>Q1FY25</u>
GAAP Operating Expenses	\$ 278	\$ 238	\$ 282	\$ 286	\$ 311
Restructuring and other, net	(2)	31	(2)	3	(1)
Share-based compensation	(18)	(22)	(26)	(29)	(28)
Other charges	(10)	(7)	(5)	(4)	(1)
Non-GAAP Operating Expenses	\$ 248	\$ 240	\$ 249	\$ 256	\$ 281

<u>Reconciliation of GAAP Income (Loss) From Operations to Non-GAAP Income From Operations (\$M)</u>	<u>Q1FY24</u>	<u>Q2FY24</u>	<u>Q3FY24</u>	<u>Q4FY24</u>	<u>Q1FY25</u>
GAAP Income (Loss) From Operations	\$ (129)	\$ 124	\$ 143	\$ 314	\$ 403
Accelerated depreciation, impairment and other charges related to cost saving efforts	13	—	—	—	—
Purchase order cancellation fees	118	(4)	(1)	(26)	(1)
Restructuring and other, net	2	(31)	2	(3)	1
Share-based compensation	25	30	34	38	38
Other charges	11	8	5	4	1
Non-GAAP Income From Operations	\$ 40	\$ 127	\$ 183	\$ 327	\$ 442
GAAP Operating Margin %	(8.9)%	8.0 %	8.6 %	16.6 %	18.6 %
Non-GAAP Operating Margin %	2.8 %	8.2 %	11.1 %	17.3 %	20.4 %

<u>Reconciliation of GAAP Net (Loss) Income to Non-GAAP Net (Loss) Income (\$M)</u>	<u>Q1FY24</u>	<u>Q2FY24</u>	<u>Q3FY24</u>	<u>Q4FY24</u>	<u>Q1FY25</u>
GAAP Net (Loss) Income	\$ (184)	\$ (19)	\$ 25	\$ 513	\$ 305
Accelerated depreciation, impairment and other charges related to cost saving efforts	13	—	—	—	—
Net gain from business divestiture	—	—	—	(313)	—
Net gain from termination of interest rate swap	(104)	—	—	—	—
Net loss from early redemption of debt	29	—	—	—	—
Purchase order cancellation fees	118	(4)	(1)	(26)	(1)
Restructuring and other, net	2	(31)	2	(3)	1
Share-based compensation	25	30	34	38	38
Strategic investment losses or impairment charges	—	43	—	8	1
Other charges	11	8	5	4	1
Income tax adjustments	44	(2)	6	1	(8)
Non-GAAP Net (Loss) Income	\$ (46)	\$ 25	\$ 71	\$ 222	\$ 337

<u>Reconciliation of GAAP Diluted Net (Loss) Income Per Share to Non-GAAP Diluted Net (Loss) Income Per Share (\$M)</u>	<u>Q1FY24</u>	<u>Q2FY24</u>	<u>Q3FY24</u>	<u>Q4FY24</u>	<u>Q1FY25</u>
GAAP Diluted Net (Loss) Income Per Share	\$ (0.88)	\$ (0.09)	\$ 0.12	\$ 2.39	\$ 1.41
Accelerated depreciation, impairment and other charges related to cost saving efforts	0.06	—	—	—	—
Net gain from business divestiture	—	—	—	(1.46)	—
Net gain from termination of interest rate swap	(0.50)	—	—	—	—
Net loss from early redemption of debt	0.14	—	—	—	—
Purchase order cancellation fees	0.57	(0.02)	—	(0.12)	—
Restructuring and other, net	0.01	(0.15)	—	(0.01)	—
Share-based compensation	0.12	0.14	0.16	0.18	0.18
Strategic investment losses or impairment charges	—	0.20	—	0.04	—
Other charges	0.05	0.04	0.02	0.02	—
Income tax adjustments	0.21	—	0.03	—	(0.04)
Non-GAAP diluted sharecount adjustments ¹	—	—	—	0.01	0.03
Non-GAAP Diluted Net (Loss) Income Per Share^{1,2}	\$ (0.22)	\$ 0.12	\$ 0.33	\$ 1.05	\$ 1.58

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

GAAP	208	209	213	215	216
Non-GAAP diluted sharecount adjustments ¹	-	2	(1)	(3)	(3)
Non-GAAP	208	211	212	212	213

1. For Q3FY24, Q4FY24, and Q1FY25, non-GAAP shares used in diluted EPS calculation excluded approximately 1 million, 3 million and 3 million shares, respectively, that are issuable upon conversion of our 2028 exchangeable senior notes using the if-converted method. This is because these dilutive effects are expected to be offset partially or in full by the capped call transactions entered by the Company in conjunction with the issuance of our 2028 exchangeable senior notes in order to reduce the potential dilution to the Company's ordinary shares upon the conversion.

2. Q1FY24 GAAP and non-GAAP diluted EPS, as well as Q2FY24 GAAP diluted EPS were computed using weighted average basic shares of 208 million and 209 million, respectively, as a result of the net loss reported during the period. Q2FY24 non-GAAP diluted EPS was computed using weighted average diluted shares of 211 million, as a result of non-GAAP net income reported during the period.

<u>Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow (\$M)</u>	<u>Q1FY24</u>	<u>Q2FY24</u>	<u>Q3FY24</u>	<u>Q4 FY24</u>	<u>Q1FY25</u>
Net Cash Provided by Operating Activities	\$ 127	\$ 169	\$ 188	\$ 434	\$ 95
Acquisition of property, equipment and leasehold improvements	(70)	(70)	(60)	(54)	(68)
Free Cash Flow	\$ 57	\$ 99	\$ 128	\$ 380	\$ 27

<u>Reconciliation of GAAP Net (Loss) Income to Non-GAAP Adjusted EBITDA (\$M)</u>	<u>Q1FY24</u>	<u>Q2FY24</u>	<u>Q3FY24</u>	<u>Q4 FY24</u>	<u>Q1FY25</u>
GAAP Net (Loss) Income	\$ (184)	\$ (19)	\$ 25	\$ 513	\$ 305
Depreciation and amortization	76	62	63	63	64
Interest expense	84	84	82	82	85
Interest income	(2)	(3)	(3)	(7)	(7)
Income tax expense	37	15	33	25	11
Non-GAAP EBITDA	11	139	200	676	458
Net gain from business divestiture	—	—	—	(313)	—
Net loss from early redemption of debt	29	—	—	—	—
Net gain from termination of interest rate swap	(104)	—	—	—	—
Purchase order cancellation fees	118	(4)	(1)	(26)	(1)
Restructuring and other, net	2	(31)	2	(3)	1
Share-based compensation	25	30	34	38	38
Strategic investment losses or impairment charges	—	43	—	8	1
Underutilization charges, net of depreciation and amortization	51	31	38	20	—
Other charges	11	8	5	4	1
Non-GAAP Adjusted EBITDA	\$ 143	\$ 216	\$ 278	\$ 404	\$ 498



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