

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

	October 2, 2020	July 3, 2020
	(unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,664	\$ 1,722
Accounts receivable, net	866	1,115
Inventories	1,323	1,142
Other current assets	141	135
Total current assets	3,994	4,114
Property, equipment and leasehold improvements, net	2,167	2,129
Goodwill	1,237	1,237
Other intangible assets, net	45	58
Deferred income taxes	1,125	1,120
Other assets, net	294	272
Total Assets	<u>\$ 8,862</u>	<u>\$ 8,930</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,795	\$ 1,808
Accrued employee compensation	157	224
Accrued warranty	64	69
Current portion of long-term debt	25	19
Accrued expenses	603	602
Total current liabilities	2,644	2,722
Long-term accrued warranty	78	82
Other non-current liabilities	181	183
Long-term debt	4,138	4,156
Total Liabilities	7,041	7,143
Total Equity	1,821	1,787
Total Liabilities and Equity	<u>\$ 8,862</u>	<u>\$ 8,930</u>

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

	<b>For the Three Months Ended</b>	
	<b>October 2, 2020</b>	<b>October 4, 2019</b>
Revenue	\$ 2,314	\$ 2,578
Cost of revenue	1,718	1,907
Product development	223	255
Marketing and administrative	118	122
Amortization of intangibles	3	4
Restructuring and other, net	1	17
Total operating expenses	<u>2,063</u>	<u>2,305</u>
Income from operations	251	273
Interest income	1	11
Interest expense	(50)	(55)
Other, net	19	(31)
Other expense, net	<u>(30)</u>	<u>(75)</u>
Income before income taxes	221	198
Benefit for income taxes	(2)	(2)
Net income	<u>\$ 223</u>	<u>\$ 200</u>
Net income per share:		
Basic	\$ 0.87	\$ 0.75
Diluted	0.86	0.74
Number of shares used in per share calculations:		
Basic	257	266
Diluted	259	270
Cash dividends declared per ordinary share	\$ 0.65	\$ 0.63

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

	<b>For the Three Months Ended</b>	
	<b>October 2, 2020</b>	<b>October 4, 2019</b>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 223	\$ 200
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	99	92
Share-based compensation	28	26
Deferred income taxes	(18)	(12)
Other non-cash operating activities, net	(8)	44
Changes in operating assets and liabilities:		
Accounts receivable, net	249	(77)
Inventories	(181)	(65)
Accounts payable	(24)	281
Accrued employee compensation	(67)	(20)
Accrued expenses, income taxes and warranty	(21)	(7)
Other assets and liabilities	17	(6)
Net cash provided by operating activities	<u>297</u>	<u>456</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, equipment and leasehold improvements	(111)	(147)
Proceeds from sale of investments	11	—
Purchases of investments	(4)	(4)
Net cash used in investing activities	<u>(104)</u>	<u>(151)</u>
<b>FINANCING ACTIVITIES</b>		
Redemption and repurchase of debt	(13)	(645)
Dividends to shareholders	(167)	(170)
Repurchases of ordinary shares	(68)	(450)
Taxes paid related to net share settlement of equity awards	(31)	(37)
Net proceeds from issuance of long-term debt	—	498
Proceeds from issuance of ordinary shares under employee share plans	29	39
Other financing activities, net	(1)	—
Net cash used in financing activities	<u>(251)</u>	<u>(765)</u>
Effect of foreign currency exchange rate changes on cash, cash equivalents and restricted cash	—	(5)
Decrease in cash, cash equivalents and restricted cash	(58)	(465)
Cash, cash equivalents and restricted cash at the beginning of the period	1,724	2,251
Cash, cash equivalents and restricted cash at the end of the period	<u>\$ 1,666</u>	<u>\$ 1,786</u>

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

The Company uses non-GAAP measures of adjusted revenue, gross profit, gross margin, operating expenses, income from operations, operating margin, net income, diluted EPS, and free cash flow, 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. Free cash flow does not reflect all of the Company's expenses and non-cash items, and does not reflect the Company's uses of cash in financing and investing activities.

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

	<b>For the Three Months Ended</b>	
	<b>October 2, 2020</b>	<b>October 4, 2019</b>
<b>GAAP Gross Profit</b>	\$ 596	\$ 671
Accelerated depreciation, impairment and other charges related to cost saving efforts	2	—
Amortization of acquired intangible assets	9	10
Share-based compensation	7	7
<b>Non-GAAP Gross Profit</b>	<u>\$ 614</u>	<u>\$ 688</u>
<b>GAAP Gross Margin</b>	25.8 %	26.0 %
<b>Non-GAAP Gross Margin</b>	26.5 %	26.7 %
<b>GAAP Operating Expenses</b>	\$ 345	\$ 398
Amortization of acquired intangible assets	(3)	(3)
Restructuring and other, net	(1)	(17)
Share-based compensation	(21)	(19)
<b>Non-GAAP Operating Expenses</b>	<u>\$ 320</u>	<u>\$ 359</u>
<b>GAAP Income From Operations</b>	\$ 251	\$ 273
Accelerated depreciation, impairment and other charges related to cost saving efforts	2	—
Amortization of acquired intangible assets	12	13
Restructuring and other, net	1	17
Share-based compensation	28	26
<b>Non-GAAP Income From Operations</b>	<u>\$ 294</u>	<u>\$ 329</u>
<b>GAAP Operating Margin</b>	10.8 %	10.6 %
<b>Non-GAAP Operating Margin</b>	12.7 %	12.8 %
<b>GAAP Net Income</b>	\$ 223	\$ 200
Accelerated depreciation, impairment and other charges related to cost saving efforts	2	—
Amortization of acquired intangible assets	12	13
Restructuring and other, net	1	17
Losses and costs recognized on the modification or early redemption and repurchase of debt	2	30
Strategic investment gains recognized	(31)	—
Share-based compensation	28	26
Other charges	14	—
Income tax adjustments	(9)	(8)
<b>Non-GAAP Net Income</b>	<u>\$ 242</u>	<u>\$ 278</u>

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

	<b>For the Three Months Ended</b>	
	<b>October 2, 2020</b>	<b>October 4, 2019</b>
Shares used in diluted net income per share calculation	259	270
<b>GAAP Diluted Net Income Per Share</b>	\$ 0.86	\$ 0.74
<b>Non-GAAP Diluted Net Income Per Share</b>	0.93	1.03
<b>GAAP Net Cash Provided by Operating Activities</b>	\$ 297	\$ 456
Acquisition of property, equipment and leasehold improvements	111	147
<b>Free Cash Flow</b>	<b>\$ 186</b>	<b>\$ 309</b>

## **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.

### **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.

### **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 gains recognized**

From time to time, the Company incurs losses or gains from strategic investments accounted for under the equity method of accounting or records downward or upward adjustments on cost basis investments 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 or gain 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 write-offs related to an internal reorganization. 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. This non-GAAP financial measure is used by management to assess the Company's sources of liquidity, capital structure and operating performance.