

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

|   | <u>July 3,<br/>2020</u> | <u>June 28,<br/>2019</u> |
|---|-------------------------|--------------------------|
|   | (unaudited)             |                          |
| <b>ASSETS</b>                                       |                         |                          |
| Current assets:                                     |                         |                          |
| Cash and cash equivalents                           | \$ 1,722                | \$ 2,220                 |
| Accounts receivable, net                            | 1,115                   | 989                      |
| Inventories   | 1,142                   | 970                      |
| Other current assets                                | 135                     | 184                      |
| Total current assets                                | <u>4,114</u>            | <u>4,363</u>             |
| Property, equipment and leasehold improvements, net | 2,129                   | 1,869                    |
| Goodwill  | 1,237                   | 1,237                    |
| Other intangible assets, net                        | 58                      | 111                      |
| Deferred income taxes                               | 1,120                   | 1,114                    |
| Other assets, net                                   | 272                     | 191                      |
| Total Assets  | <u>\$ 8,930</u>         | <u>\$ 8,885</u>          |
| <b>LIABILITIES AND EQUITY</b>                       |                         |                          |
| Current liabilities:                                |                         |                          |
| Accounts payable                                    | \$ 1,808                | \$ 1,420                 |
| Accrued employee compensation                       | 224                     | 169                      |
| Accrued warranty                                    | 69                      | 91                       |
| Current portion of long-term debt                   | 19                      | —                        |
| Accrued expenses                                    | 602                     | 552                      |
| Total current liabilities                           | <u>2,722</u>            | <u>2,232</u>             |
| Long-term accrued warranty                          | 82                      | 104                      |
| Long-term accrued income taxes                      | 2                       | 4                        |
| Other non-current liabilities                       | 181                     | 130                      |
| Long-term debt, less current portion                | <u>4,156</u>            | <u>4,253</u>             |
| Total Liabilities                                   | 7,143                   | 6,723                    |
| Total Equity  | 1,787                   | 2,162                    |
| Total Liabilities and Equity                        | <u>\$ 8,930</u>         | <u>\$ 8,885</u>          |

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

|  | For the Three Months Ended |                  | For the Fiscal Years Ended |                  |
|--|----------------------------|------------------|----------------------------|------------------|
|  | July 3,<br>2020            | June 28,<br>2019 | July 3,<br>2020            | June 28,<br>2019 |
|  | (unaudited)                |                  | (unaudited)                |                  |
| Revenue  | \$ 2,517                   | \$ 2,371         | \$ 10,509                  | \$ 10,390        |
| Cost of revenue                                  | 1,850                      | 1,747            | 7,667                      | 7,458            |
| Product development                              | 222                        | 241              | 973                        | 991              |
| Marketing and administrative                     | 112                        | 108              | 473                        | 453              |
| Amortization of intangibles                      | 3                          | 6                | 14                         | 23               |
| Restructuring and other, net                     | 63                         | (63)             | 82                         | (22)             |
| Total operating expenses                         | <u>2,250</u>               | <u>2,039</u>     | <u>9,209</u>               | <u>8,903</u>     |
| Income from operations                           | 267                        | 332              | 1,300                      | 1,487            |
| Interest income                                  | 1                          | 17               | 20                         | 84               |
| Interest expense                                 | (49)                       | (55)             | (201)                      | (224)            |
| Other, net                                       | (59)                       | (3)              | (87)                       | 25               |
| Other expense, net                               | <u>(107)</u>               | <u>(41)</u>      | <u>(268)</u>               | <u>(115)</u>     |
| Income before income taxes                       | 160                        | 291              | 1,032                      | 1,372            |
| (Benefit) provision for income taxes             | (6)                        | (692)            | 28                         | (640)            |
| Net income                                       | <u>\$ 166</u>              | <u>\$ 983</u>    | <u>\$ 1,004</u>            | <u>\$ 2,012</u>  |
| Net income per share:                            |                            |                  |                            |                  |
| Basic  | \$ 0.65                    | \$ 3.57          | \$ 3.83                    | \$ 7.13          |
| Diluted  | 0.64                       | 3.54             | 3.79                       | 7.06             |
| Number of shares used in per share calculations: |                            |                  |                            |                  |
| Basic  | 257                        | 275              | 262                        | 282              |
| Diluted  | 260                        | 278              | 265                        | 285              |
| Cash dividends declared per ordinary share       | \$ 0.65                    | \$ 0.63          | \$ 2.58                    | \$ 2.52          |

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

|  | <b>For the Fiscal Years Ended</b> |                          |
|--|-----------------------------------|--------------------------|
|  | <b>July 3,<br/>2020</b>           | <b>June 28,<br/>2019</b> |
|  | <b>(unaudited)</b>                |                          |
| <b>OPERATING ACTIVITIES</b>  |                                   |                          |
| Net income   | \$ 1,004                          | \$ 2,012                 |
| Adjustments to reconcile net income to net cash provided by operating activities:              |                                   |                          |
| Depreciation and amortization  | 379                               | 541                      |
| Share-based compensation   | 109                               | 99                       |
| Loss on redemption and repurchase of debt  | 58                                | —                        |
| Deferred income taxes  | (6)                               | (690)                    |
| Other non-cash operating activities, net   | 52                                | (97)                     |
| Changes in operating assets and liabilities:   |                                   |                          |
| Accounts receivable, net   | (127)                             | 204                      |
| Inventories  | (166)                             | 80                       |
| Accounts payable   | 394                               | (268)                    |
| Accrued employee compensation  | 55                                | (84)                     |
| Accrued expenses, income taxes and warranty  | (39)                              | (81)                     |
| Other assets and liabilities   | 1                                 | 45                       |
| Net cash provided by operating activities  | <u>1,714</u>                      | <u>1,761</u>             |
| <b>INVESTING ACTIVITIES</b>  |                                   |                          |
| Acquisition of property, equipment and leasehold improvements                                  | (585)                             | (602)                    |
| Proceeds from the sale of assets   | 1                                 | 144                      |
| Proceeds from settlement of foreign currency forward exchange contracts                        | —                                 | 29                       |
| Proceeds from redemption of debt security  | —                                 | 1,283                    |
| Purchases of investments   | (58)                              | (18)                     |
| Proceeds from sale of strategic investments  | 7                                 | 10                       |
| Net cash (used in) provided by investing activities  | <u>(635)</u>                      | <u>846</u>               |
| <b>FINANCING ACTIVITIES</b>  |                                   |                          |
| Redemption and repurchase of debt  | (1,137)                           | (819)                    |
| Dividends to shareholders  | (673)                             | (713)                    |
| Repurchases of ordinary shares   | (850)                             | (963)                    |
| Taxes paid related to net share settlement of equity awards                                    | (40)                              | (31)                     |
| Net proceeds from issuance of long-term debt   | 994                               | 245                      |
| Proceeds from issuance of ordinary shares under employee stock plans                           | 103                               | 69                       |
| Other financing activities, net  | (2)                               | —                        |
| Net cash used in financing activities  | <u>(1,605)</u>                    | <u>(2,212)</u>           |
| Effect of foreign currency exchange rate changes on cash, cash equivalents and restricted cash | (1)                               | (1)                      |
| (Decrease) increase in cash, cash equivalents and restricted cash                              | (527)                             | 394                      |
| Cash, cash equivalents and restricted cash at the beginning of the year                        | 2,251                             | 1,857                    |
| Cash, cash equivalents and restricted cash at the end of the year                              | <u>\$ 1,724</u>                   | <u>\$ 2,251</u>          |

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

The Company uses non-GAAP measures of adjusted revenue, gross margin, gross margin as a percentage of revenue, operating expenses, income from operations, operating margin as a percentage of revenue, 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)

|   | For the Three Months Ended |                  | For the Twelve Months Ended |                  |
|---|----------------------------|------------------|-----------------------------|------------------|
|   | July 3,<br>2020            | June 28,<br>2019 | July 3,<br>2020             | June 28,<br>2019 |
| <b>GAAP Revenue</b>   | \$ 2,517                   | \$ 2,371         | \$ 10,509                   | \$ 10,390        |
| Adjustment to discontinued products   | —                          | —                | —                           | 1                |
| <b>Non-GAAP Revenue</b>   | <u>\$ 2,517</u>            | <u>\$ 2,371</u>  | <u>\$ 10,509</u>            | <u>\$ 10,391</u> |
| <b>GAAP Gross Margin</b>  | 667                        | \$ 624           | \$ 2,842                    | \$ 2,932         |
| Adjustment to discontinued products   | —                          | —                | —                           | 1                |
| Accelerated depreciation, impairment and other charges related to cost saving efforts | 3                          | —                | 3                           | —                |
| Amortization of acquired intangible assets  | 9                          | 12               | 38                          | 52               |
| Share-based compensation  | 7                          | 6                | 27                          | 23               |
| Other charges   | —                          | —                | —                           | (1)              |
| <b>Non-GAAP Gross Margin</b>  | <u>\$ 686</u>              | <u>\$ 642</u>    | <u>\$ 2,910</u>             | <u>\$ 3,007</u>  |
| <b>GAAP Gross Margin</b>  | 26.5 %                     | 26.3 %           | 27.0 %                      | 28.2 %           |
| <b>Non-GAAP Gross Margin</b>  | 27.3 %                     | 27.1 %           | 27.7 %                      | 28.9 %           |
| <b>GAAP Operating Expenses</b>  | \$ 400                     | \$ 292           | \$ 1,542                    | \$ 1,445         |
| Accelerated depreciation, impairment and other charges related to cost saving efforts | —                          | —                | —                           | (2)              |
| Amortization of acquired intangible assets  | (2)                        | (5)              | (11)                        | (19)             |
| Restructuring and other, net  | (63)                       | 63               | (82)                        | 22               |
| Share-based compensation  | (22)                       | (20)             | (82)                        | (76)             |
| Other charges   | —                          | —                | (5)                         | —                |
| <b>Non-GAAP Operating Expenses</b>  | <u>\$ 313</u>              | <u>\$ 330</u>    | <u>\$ 1,362</u>             | <u>\$ 1,370</u>  |
| <b>GAAP Income From Operations</b>  | \$ 267                     | \$ 332           | \$ 1,300                    | \$ 1,487         |
| Adjustment to discontinued products   | —                          | —                | —                           | 1                |
| Accelerated depreciation, impairment and other charges related to cost saving efforts | 3                          | —                | 3                           | 2                |
| Amortization of acquired intangible assets  | 11                         | 17               | 49                          | 71               |
| Restructuring and other, net  | 63                         | (63)             | 82                          | (22)             |
| Share-based compensation  | 29                         | 26               | 109                         | 99               |
| Other charges   | —                          | —                | 5                           | (1)              |
| <b>Non-GAAP Income From Operations</b>  | <u>\$ 373</u>              | <u>\$ 312</u>    | <u>\$ 1,548</u>             | <u>\$ 1,637</u>  |
| <b>GAAP Operating Margin</b>  | 10.6 %                     | 14.0 %           | 12.4 %                      | 14.3 %           |
| <b>Non-GAAP Operating Margin</b>  | 14.8 %                     | 13.2 %           | 14.7 %                      | 15.8 %           |

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

|  | For the Three Months Ended |                  | For the Twelve Months Ended |                  |
|--|----------------------------|------------------|-----------------------------|------------------|
|  | July 3,<br>2020            | June 28,<br>2019 | July 3,<br>2020             | June 28,<br>2019 |
| <b>GAAP Net Income</b>   | \$ 166                     | \$ 983           | \$ 1,004                    | \$ 2,012         |
| Adjustment to discontinued products  | —                          | —                | —                           | 1                |
| Accelerated depreciation, impairment and other charges related to cost saving efforts      | 3                          | —                | 3                           | 2                |
| Amortization of acquired intangible assets   | 11                         | 17               | 49                          | 71               |
| Restructuring and other, net   | 63                         | (63)             | 82                          | (22)             |
| Losses and costs recognized on the modification or early redemption and repurchase of debt | 32                         | —                | 62                          | —                |
| Strategic investment losses or impairment recognized                                       | 19                         | —                | 20                          | 2                |
| Share-based compensation   | 29                         | 26               | 109                         | 99               |
| Other charges  | 1                          | 4                | 5                           | 3                |
| Income tax adjustments   | (13)                       | (702)            | (23)                        | (694)            |
| <b>Non-GAAP Net Income</b>   | <b>\$ 311</b>              | <b>\$ 265</b>    | <b>\$ 1,311</b>             | <b>\$ 1,474</b>  |
| Shares used in diluted net income per share calculation                                    | 260                        | 278              | 265                         | 285              |
| <b>GAAP Diluted Net Income Per Share</b>   | \$ 0.64                    | \$ 3.54          | \$ 3.79                     | \$ 7.06          |
| <b>Non-GAAP Diluted Net Income Per Share</b>   | \$ 1.20                    | \$ 0.95          | \$ 4.95                     | \$ 5.17          |
| <b>GAAP Net Cash Provided by Operating Activities</b>                                      | \$ 388                     | \$ 448           | \$ 1,714                    | \$ 1,761         |
| Acquisition of property, equipment and leasehold improvements                              | 114                        | 151              | 585                         | 602              |
| <b>Free Cash Flow</b>  | <b>\$ 274</b>              | <b>\$ 297</b>    | <b>\$ 1,129</b>             | <b>\$ 1,159</b>  |

## **The Company's Non-GAAP measures are adjusted for the following items:**

### **Adjustment to discontinued products**

These adjustments relate to sales of certain discontinued products or changes in sales provision for discontinued products. These adjustments are inconsistent in amount and frequency and are excluded in the non-GAAP measures as these adjustments are not indicative of the underlying ongoing operating performance.

### **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**

As disclosed in the Company's fiscal fourth quarter 2019 earnings release, share-based compensation expense is excluded from its non-GAAP results. 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.

### **Other charges**

The other charges primarily include impairments or write-offs of other assets and certain discontinued inventory and expense related to disposed business. 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. 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 losses or impairment recognized**

From time to time, the Company incurs losses or gains from strategic investments accounted for under the equity method of accounting or records impairment charges which 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.

### **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.