UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2023

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from:_____ to _____

Commission File Number 001-31560

SEAGATE TECHNOLOGY HOLDINGS PUBLIC LIMITED COMPANY

(Exact name of registrant as specified in its charter)

Ireland	**98-1597419**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

38/39 Fitzwilliam Square
Dublin 2, Ireland
(Address of principal executive offices)
D02 NX53
(Zip Code)

Telephone: (353) (1) 234-3136
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary Shares, par value $0.00001 per share	**STX**	**The NASDAQ Global Select Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 24, 2023, 207,082,374 of the registrant's ordinary shares, par value $0.00001 per share, were issued and outstanding.

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PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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See Notes to Condensed Consolidated Financial Statements.

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

	March 31, 2023	July 1, 2022
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 766	$ 615
Accounts receivable, net	994	1,532
Inventories	1,200	1,565
Other current assets	637	321
Total current assets	3,597	4,033
Property, equipment and leasehold improvements, net	1,753	2,239
Goodwill	1,237	1,237
Other intangible assets, net	1	9
Deferred income taxes	1,127	1,132
Other assets, net	252	294
Total Assets	$ 7,967	$ 8,944
LIABILITIES AND (DEFICIT) EQUITY		
Current liabilities:		
Accounts payable	$ 1,697	$ 2,058
Accrued employee compensation	84	252
Accrued warranty	73	65
Current portion of long-term debt	1,118	584
Accrued expenses	667	596
Total current liabilities	3,639	3,555
Long-term accrued warranty	88	83
Other non-current liabilities	404	135
Long-term debt, less current portion	4,840	5,062
Total Liabilities	8,971	8,835
Commitments and contingencies (See Notes 10, 12 and 13)		
Shareholders' (Deficit) Equity:		
Ordinary shares and additional paid-in capital	7,342	7,190
Accumulated other comprehensive income	84	36
Accumulated deficit	(8,430)	(7,117)
Total Shareholders' (Deficit) Equity	(1,004)	109
Total Liabilities and Shareholders' (Deficit) Equity	$ 7,967	$ 8,944

See Notes to Condensed Consolidated Financial Statements.

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

	For the Three Months Ended		For the Nine Months Ended	
	March 31, 2023	April 1, 2022	March 31, 2023	April 1, 2022
Revenue	$ 1,860	$ 2,802	$ 5,782	$ 9,033
Cost of revenue	1,541	1,996	4,735	6,323
Product development	191	233	625	694
Marketing and administrative	123	141	377	410
Amortization of intangibles	—	3	3	9
BIS settlement penalty	300	—	300	—
Restructuring and other, net	20	—	110	2
Total operating expenses	2,175	2,373	6,150	7,438
(Loss) income from operations	(315)	429	(368)	1,595
Interest income	2	—	4	1
Interest expense	(81)	(63)	(229)	(184)
Net gain recognized from early redemption of debt	3	—	207	—
Other, net	(9)	(15)	(25)	(14)
Other expense, net	(85)	(78)	(43)	(197)
(Loss) income before income taxes	(400)	351	(411)	1,398
Provision for income taxes	33	5	26	25
Net (loss) income	$ (433)	$ 346	$ (437)	$ 1,373
Net (loss) income per share:				
Basic	$ (2.09)	$ 1.59	$ (2.11)	$ 6.18
Diluted	$ (2.09)	$ 1.56	$ (2.11)	$ 6.08
Number of shares used in per share calculations:				
Basic	207	218	207	222
Diluted	207	222	207	226

See Notes to Condensed Consolidated Financial Statements.

SEAGATE TECHNOLOGY HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(In millions)
(Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	March 31, 2023	April 1, 2022	March 31, 2023	April 1, 2022
Net (loss) income	$ (433)	$ 346	$ (437)	$ 1,373
Other comprehensive income (loss), net of tax:				
Change in net unrealized (losses) gains on cash flow hedges:				
Net unrealized (losses) gains arising during the period	(6)	56	45	58
(Gains) losses reclassified into earnings	(9)	6	2	18
Net change	(15)	62	47	76
Change in unrealized components of post-retirement plans:				
Net unrealized gains arising during the period	—	—	—	1
Losses reclassified into earnings	—	—	1	1
Net change	—	—	1	2
Total other comprehensive (loss) income, net of tax	(15)	62	48	78
Comprehensive (loss) income	$ (448)	$ 408	$ (389)	$ 1,451

See Notes to Condensed Consolidated Financial Statements.

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

	For the Nine Months Ended	
	March 31, 2023	April 1, 2022
OPERATING ACTIVITIES		
Net (loss) income	$ (437)	$ 1,373
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	409	324
Share-based compensation	93	106
Deferred income taxes	4	2
Net gain on redemption and repurchase of debt	(207)	—
Other non-cash operating activities, net	15	46
Changes in operating assets and liabilities:		
Accounts receivable, net	538	(186)
Inventories	365	(275)
Accounts payable	(327)	209
Accrued employee compensation	(168)	(88)
Accrued expenses, income taxes and warranty	69	19
Other assets and liabilities	370	(53)
Net cash provided by operating activities	724	1,477
INVESTING ACTIVITIES		
Acquisition of property, equipment and leasehold improvements	(266)	(309)
Proceeds from the sale of assets	15	—
Purchases of investments	(1)	(18)
Proceeds from sale of investments	—	34
Net cash used in investing activities	(252)	(293)
FINANCING ACTIVITIES		
Redemption and repurchase of debt	(71)	(701)
Dividends to shareholders	(437)	(458)
Repurchases of ordinary shares	(408)	(1,313)
Taxes paid related to net share settlement of equity awards	(41)	(45)
Proceeds from issuance of long-term debt	600	1,200
Proceeds from issuance of ordinary shares under employee stock plans	59	68
Other financing activities, net	(23)	(6)
Net cash used in financing activities	(321)	(1,255)
Increase (decrease) in cash, cash equivalents and restricted cash	151	(71)
Cash, cash equivalents and restricted cash at the beginning of the period	617	1,211
Cash, cash equivalents and restricted cash at the end of the period	$ 768	$ 1,140

See Notes to Condensed Consolidated Financial Statements.

SEAGATE TECHNOLOGY HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' (DEFICIT) EQUITY
For the Three Months Ended March 31, 2023 and April 1, 2022
(In millions)
(Unaudited)

	Number of Ordinary Shares	Par Value of Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance at December 30, 2022	206	$ —	$ 7,281	$ 99	$ (7,850)	$ (470)
Net loss					(433)	(433)
Other comprehensive loss				(15)		(15)
Issuance of ordinary shares under employee share plans	1		30			30
Tax withholding related to vesting of restricted share units	—				(2)	(2)
Dividends to shareholders ($0.70 per ordinary share)					(145)	(145)
Share-based compensation			31			31
Balance at March 31, 2023	207	$ —	$ 7,342	$ 84	$ (8,430)	$ (1,004)

	Number of Ordinary Shares	Par Value of Shares	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total
Balance at December 31, 2021	219	$ —	$ 7,084	$ (25)	$ (6,533)	$ 526
Net income					346	346
Other comprehensive income				62		62
Issuance of ordinary shares under employee share plans	1		31			31
Repurchases of ordinary shares	(4)				(428)	(428)
Dividends to shareholders ($0.70 per ordinary share)					(152)	(152)
Share-based compensation			36			36
Balance at April 1, 2022	216	$ —	$ 7,151	$ 37	$ (6,767)	$ 421

See Notes to Condensed Consolidated Financial Statements.

SEAGATE TECHNOLOGY HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' (DEFICIT) EQUITY
For the Nine Months Ended March 31, 2023 and April 1, 2022
(In millions)
(Unaudited)

	Number of Ordinary Shares	Par Value of Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance at July 1, 2022	210	$ —	$ 7,190	$ 36	$ (7,117)	$ 109
Net loss					(437)	(437)
Other comprehensive income				48		48
Issuance of ordinary shares under employee share plans	3		59			59
Repurchases of ordinary shares	(5)				(400)	(400)
Tax withholding related to vesting of restricted share units	(1)				(41)	(41)
Dividends to shareholders ($2.10 per ordinary share)					(435)	(435)
Share-based compensation			93			93
Balance at March 31, 2023	207	$ —	$ 7,342	$ 84	$ (8,430)	$ (1,004)

	Number of Ordinary Shares	Par Value of Shares	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total
Balance at July 2, 2021	227	$ —	$ 6,977	$ (41)	$ (6,305)	$ 631
Net income					1,373	1,373
Other comprehensive income				78		78
Issuance of ordinary shares under employee share plans	4		68			68
Repurchases of ordinary shares	(14)				(1,333)	(1,333)
Tax withholding related to vesting of restricted share units	(1)				(45)	(45)
Dividends to shareholders ($2.07 per ordinary share)					(457)	(457)
Share-based compensation			106			106
Balance at April 1, 2022	216	$ —	$ 7,151	$ 37	$ (6,767)	$ 421

See Notes to Condensed Consolidated Financial Statements.

SEAGATE TECHNOLOGY HOLDINGS PLC
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation and Summary of Significant Accounting Policies

Organization

Seagate Technology Holdings plc ("STX") and its subsidiaries (collectively, unless the context otherwise indicates, the "Company") is a leading provider of data storage technology and infrastructure solutions. Its principal products are hard disk drives, commonly referred to as disk drives, hard drives or HDDs. In addition to HDDs, the Company produces a broad range of data storage products including solid state drives ("SSDs"), solid state hybrid drives ("SSHDs"), storage subsystems, as well as a scalable edge-to-cloud mass data platform that includes data transfer shuttles and a storage-as-a-service cloud.

HDDs are devices that store digitally encoded data on rapidly rotating disks with magnetic surfaces. HDDs continue to be the primary medium of mass data storage due to their performance attributes, reliability, high capacities, superior quality and cost effectiveness. Complementing existing storage architectures, SSDs use integrated circuit assemblies as memory to store data, and most SSDs use NAND flash memory. In contrast to HDDs and SSDs, SSHDs combine the features of SSDs and HDDs in the same unit, containing a high-capacity HDD and a smaller SSD acting as a cache to improve performance.

The Company's HDD products are designed for mass capacity storage and legacy markets. Mass capacity storage involves well-established use cases—such as hyperscale data centers and public clouds as well as emerging use cases. Legacy markets include markets the Company continues to sell to but that it does not plan to invest in significantly. The Company's HDD and SSD product portfolio includes Serial Advanced Technology Attachment, Serial Attached SCSI and Non-Volatile Memory Express based designs to support a wide variety of mass capacity and legacy applications.

The Company's systems portfolio includes storage subsystems for enterprises, cloud service providers, scale-out storage servers and original equipment manufacturers ("OEMs"). Engineered for modularity, mobility, capacity and performance, these solutions include the Company's enterprise HDDs and SSDs, enabling customers to integrate powerful, scalable storage within existing environments or create new ecosystems from the ground up in a secure, cost-effective manner.

The Company's Lyve portfolio provides a simple, cost-efficient and secure way to manage massive volumes of data across the distributed enterprise. The Lyve platform includes a shuttle solution that enables enterprises to transfer massive amounts of data from endpoints to the core cloud, a storage-as-a-service cloud offering that provides frictionless mass capacity storage at the metro edge.

Basis of Presentation and Consolidation

The unaudited Condensed Consolidated Financial Statements of the Company and the accompanying notes were prepared in accordance with United States ("U.S.") Generally Accepted Accounting Principles ("GAAP"). The Company's unaudited condensed consolidated financial statements include the accounts of the Company and all its wholly-owned and majority-owned subsidiaries, after elimination of intercompany transactions and balances.

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the Company's condensed consolidated financial statements and accompanying notes. These estimates and assumptions include the impact of the COVID-19 pandemic. Actual results could differ materially from those estimates. The methods, estimates and judgments the Company uses in applying its most critical accounting policies have a significant impact on the results the Company reports in its condensed consolidated financial statements.

The Company's consolidated financial statements for the fiscal year ended July 1, 2022 are included in its Annual Report on Form 10-K, as filed with the U.S. Securities and Exchange Commission ("SEC") on August 5, 2022. The Company believes that the disclosures included in these unaudited condensed consolidated financial statements, when read in conjunction with its consolidated financial statements as of July 1, 2022, and the notes thereto, are adequate to make the information presented not misleading. The results of operations for the three and nine months ended March 31, 2023 are not necessarily indicative of the results to be expected for any subsequent interim period or for the Company's fiscal year ending June 30, 2023.

Fiscal Year

The Company operates and reports financial results on a fiscal year of 52 or 53 weeks ending on the Friday closest to June 30. In fiscal years with 53 weeks, the first quarter consists of 14 weeks and the remaining quarters consist of 13 weeks each. Both the three and nine months ended March 31, 2023 and the three and nine months ended April 1, 2022 consisted of 13 and 39 weeks, respectively. Fiscal years 2023 and 2022 both comprise of 52 weeks and end on June 30, 2023 and July 1, 2022, respectively. The fiscal quarters ended March 31, 2023, December 30, 2022 and April 1, 2022, are also referred to herein as the "March 2023 quarter", the "December 2022 quarter" and the "March 2022 quarter", respectively.

Summary of Significant Accounting Policies

There have been no material changes to the Company's significant accounting policies disclosed in Note 1. Basis of Presentation and Summary of Significant Accounting Policies of "Financial Statements and Supplementary Data" contained in Part II, Item 8. of the Company's Annual Report on Form 10-K for the fiscal year ended July 1, 2022, as filed with the SEC on August 5, 2022.

Recently Adopted Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-04 (ASC Topic 848), *Reference Rate Reform*. This ASU provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. In December 2022, FASB issued ASU 2022-06 (ASC Topic 848) and deferred the sunset date from December 31, 2022 to December 31, 2024. The Company adopted the guidance in the quarter ended September 30, 2022 on a prospective basis and is transitioning from an interest rate based on London Interbank Offered Rate ("LIBOR") to Secured Overnight Financing Rate ("SOFR"). The adoption of this ASU did not have a material impact on the Company's condensed consolidated financial statements.

In November 2021, the FASB issued ASU 2021-10 (ASC Topic 832), *Disclosures by Business Entities about Government Assistance*. This ASU requires annual disclosures that increase the transparency of transactions involving government grants, including (1) the type of transactions, (2) the accounting for those transactions and (3) the effect of those transactions on an entity's financial statements. The Company adopted the guidance in the quarter ended September 30, 2022.

Recently Issued Accounting Pronouncements

In September 2022, the FASB issued ASU 2022-04 (ASC Subtopic 405-50), *Disclosure of Supplier Finance Program Obligations*. This ASU requires disclosure of key terms of the outstanding supplier finance programs and a rollforward of the related obligations. The Company is required to adopt this guidance in the first quarter of fiscal year 2024. Early adoption is permitted. The Company is in the process of assessing the impact of this ASU on its condensed consolidated financial statements.

In June 2022, the FASB issued ASU 2022-03 (ASC Topic 820), *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. This ASU clarifies that a contractual restriction on the sale of equity security is not considered when measuring its fair value and requires new disclosures for equity securities subject to contractual sale restriction. The Company is required to adopt this guidance in the first quarter of fiscal year 2025. The Company does not expect the adoption of this ASU to have a material impact on its condensed consolidated financial statements.

2. Balance Sheet Information

Available-for-sale Debt Securities

The following table summarizes, by major type, the fair value and amortized cost of the Company's available-for-sale debt investments as of March 31, 2023 and July 1, 2022:

(Dollars in millions)	March 31, 2023 Amortized Cost	March 31, 2023 Unrealized Gain/(Loss)	March 31, 2023 Fair Value	July 1, 2022 Amortized Cost	July 1, 2022 Unrealized Gain/(Loss)	July 1, 2022 Fair Value
Available-for-sale debt securities:						
Money market funds	$ 235	$ —	$ 235	$ 60	$ —	$ 60
Time deposits and certificates of deposit	1	—	1	1	—	1
Other debt securities	16	—	16	23	—	23
Total	$ 252	$ —	$ 252	$ 84	$ —	$ 84
Included in Cash and cash equivalents			$ 234			$ 59
Included in Other current assets			2			2
Included in Other assets, net			16			23
Total			$ 252			$ 84

As of March 31, 2023 and July 1, 2022, the Company's Other current assets included $2 million in restricted cash equivalents held as collateral at banks for various performance obligations.

As of March 31, 2023 and July 1, 2022, the Company had no available-for-sale debt securities that had been in a continuous unrealized loss position for a period greater than 12 months. The Company determined no impairment related to credit losses for available-for-sale debt securities as of March 31, 2023.

The fair value and amortized cost of the Company's investments classified as available-for-sale debt securities as of March 31, 2023, by remaining contractual maturity were as follows:

(Dollars in millions)	Amortized Cost	Fair Value
Due in less than 1 year	$ 236	$ 236
Due in 1 to 5 years	15	15
Due in 6 to 10 years	—	—
Thereafter	1	1
Total	$ 252	$ 252

Cash, Cash Equivalents and Restricted Cash

The following table provides a summary of cash, cash equivalents and restricted cash reported within the Company's Condensed Consolidated Balance Sheets that reconciles to the corresponding amount in the Company's Condensed Consolidated Statements of Cash Flows:

(Dollars in millions)	March 31, 2023	July 1, 2022	April 1, 2022	July 2, 2021
Cash and cash equivalents	$ 766	$ 615	$ 1,138	$ 1,209
Restricted cash included in Other current assets	2	2	2	2
Total cash, cash equivalents and restricted cash shown in the Statements of Cash Flows	$ 768	$ 617	$ 1,140	$ 1,211

Accounts receivable, net

In connection with the Company's factoring agreements, from time to time the Company sells trade receivables to a third party for cash proceeds less a discount. During the three and nine months ended March 31, 2023, the Company sold trade receivables without recourse for cash proceeds of $261 million and $672 million, respectively. As of March 31, 2023, the total amount that remained subject to servicing by the Company was $226 million. During the three and nine months ended April 1, 2022, the Company sold trade receivables without recourse for cash proceeds of $75 million, all of which remained subject to servicing by the Company as of April 1, 2022. The discounts on receivables sold were not material for the three and nine months ended March 31, 2023 and April 1, 2022.

Inventories

The following table provides details of the inventory balance sheet item:

(Dollars in millions)	March 31, 2023	July 1, 2022
Raw materials and components	$ 633	$ 601
Work-in-process	302	414
Finished goods	265	550
Total inventories	$ 1,200	$ 1,565

Property, Equipment and Leasehold Improvements, net

The components of property, equipment and leasehold improvements, net, were as follows:

(Dollars in millions)	March 31, 2023	July 1, 2022
Property, equipment and leasehold improvements	$ 10,267	$ 10,659
Accumulated depreciation and amortization	(8,514)	(8,420)
Property, equipment and leasehold improvements, net	$ 1,753	$ 2,239

During the March 2023 quarter, the Company recorded $355 million of held for sale land and buildings (collectively, the "properties") which was included in Other current assets on its Condensed Consolidated Balance Sheet. Of the assets held for sale balance as of March 31, 2023, $243 million and $112 million are located in the Americas and in Asia, respectively. Depreciation related to the properties ceased as of the date these were determined to be held for sale. The sales of the properties are expected to be completed within one year, subject to customary closing conditions. As of July 1, 2022, the assets held for sale balance was not material.

Accrued Expenses

The following table provides details of the accrued expenses balance sheet item:

(Dollars in millions)	March 31, 2023	July 1, 2022
Dividends payable	$ 145	$ 147
Other accrued expenses	522	449
Total	$ 667	$ 596

Accumulated Other Comprehensive Income ("AOCI")

The components of AOCI, net of tax, were as follows:

(Dollars in millions)	Unrealized Gains/(Losses) on Cash Flow Hedges	Unrealized Gains/(Losses) on Post-Retirement Plans	Foreign Currency Translation Adjustments	Total
Balance at July 1, 2022	$ 51	$ (14)	$ (1)	$ 36
Other comprehensive income before reclassifications	45	—	—	45
Amounts reclassified from AOCI	2	1	—	3
Other comprehensive income	47	1	—	48
Balance at March 31, 2023	$ 98	$ (13)	$ (1)	$ 84
Balance at July 2, 2021	$ (18)	$ (22)	$ (1)	$ (41)
Other comprehensive income before reclassifications	58	1	—	59
Amounts reclassified from AOCI	18	1	—	19
Other comprehensive income	76	2	—	78
Balance at April 1, 2022	$ 58	$ (20)	$ (1)	$ 37

3. Debt

The following table provides details of the Company's debt as of March 31, 2023 and July 1, 2022:

(Dollars in millions)	March 31, 2023	July 1, 2022
Unsecured Senior Notes[1]		
$1,000 issued on May 22, 2013 at 4.75% due June 1, 2023 *(the "2023 Notes")*, interest payable semi-annually on June 1 and December 1 of each year.	$ 540	$ 540
$500 issued on February 3, 2017 at 4.875% due March 1, 2024 *(the "2024 Notes")*, interest payable semi-annually on March 1 and September 1 of each year.	500	499
$1,000 issued on May 28, 2014 at 4.75% due January 1, 2025 *(the "2025 Notes")*, interest payable semi-annually on January 1 and July 1 of each year.	479	479
$700 issued on May 14, 2015 at 4.875% due June 1, 2027 *(the "2027 Notes")*, interest payable semi-annually on June 1 and December 1 of each year.	504	504
$500 issued on June 18, 2020 at 4.091% due June 1, 2029 *(the "June 2029 Notes")*, interest payable semi-annually on June 1 and December 1 of each year.	465	466
$500 issued on December 8, 2020 at 3.125% due July 15, 2029 *(the "July 2029 Notes")*, interest payable semi-annually on January 15 and July 15 of each year.	163	500
$500 issued on June 10, 2020 at 4.125% due January 15, 2031 *(the "January 2031 Notes")*, interest payable semi-annually on January 15 and July 15 of each year.	275	500
$500 issued on December 8, 2020 at 3.375% due July 15, 2031 *(the "July 2031 Notes")*, interest payable semi-annually on January 15 and July 15 of each year.	72	500
$750 issued on November 30, 2022 at 9.625% due December 1, 2032 (*the "2032 Notes"*), interest payable semi-annually on June 1 and December 1 of each year.	750	—
$500 issued on December 2, 2014 at 5.75% due December 1, 2034 *(the "2034 Notes")*, interest payable semi-annually on June 1 and December 1 of each year.	489	489
Term Loans		
$600 borrowed on October 14, 2021 at SOFR plus a variable margin ranging from 1.125% to 2.375%, (*the "Term Loan A1")*, repayable in quarterly installments beginning on December 31, 2022, with a final maturity date of September 16, 2025.	585	600
$600 borrowed on October 14, 2021 at SOFR plus a variable margin ranging from 1.25% to 2.5%, (*the "Term Loan A2")*, repayable in quarterly installments beginning on December 31, 2022, with a final maturity date of July 30, 2027.	585	600
$600 borrowed on August 18, 2022 at SOFR plus a variable margin ranging from 1.25% to 2.5%, (*the "Term Loan A3"*), repayable in quarterly installments beginning on December 31, 2022, with a final maturity date of July 30, 2027.	585	—
	5,992	5,677
Less: unamortized debt issuance costs	(34)	(31)
Debt, net of debt issuance costs	5,958	5,646
Less: current portion of long-term debt	(1,118)	(584)
Long-term debt, less current portion	$ 4,840	$ 5,062

[1] All unsecured senior notes are issued by Seagate HDD Cayman ("Seagate HDD"), and the obligations under these notes are fully and unconditionally guaranteed, on a senior unsecured basis, by Seagate Technology Unlimited Company ("STUC") and STX.

Debt Exchange

2032 Notes. On November 30, 2022, Seagate HDD issued, in a private placement, $750 million in aggregate principal amount of 9.625% Senior Notes due on December 1, 2032, in connection with Seagate HDD's exchange offers to certain eligible holders of Seagate HDD's outstanding existing senior notes as set forth below:

(Dollars in millions)

Existing Notes	Principal Amount Outstanding as of July 1, 2022	Principal Amount Exchanged
July 2031 Notes	$ 500	$ 423
July 2029 Notes	500	336
January 2031 Notes	500	205
Total	$ 1,500	$ 964

The exchange was accounted for as a debt extinguishment and the Company recorded a net gain of $204 million, which was included in Net gain recognized from early redemption of debt in the Company's Condensed Consolidated Statements of Operations for the nine months ended March 31, 2023.

At any time prior to December 1, 2027, Seagate HDD may redeem the 2032 Notes at its option, in whole or in part, at any time and from time to time, at a "make-whole" redemption price. The "make-whole" redemption price will be equal to the greater of: (1) (a) the sum of the present values at such redemption date of the redemption price of the 2032 Notes that would apply if the new 2032 Notes were redeemed on December 1, 2027 plus the remaining scheduled payments of interest thereon to and including December 1, 2027 discounted to the redemption date on a semi-annual basis at the Treasury Rate plus 50 basis points less (b) interest accrued to the date of redemption, and (2) 100% of the principal amount of the 2032 Notes to be redeemed plus, in either case, accrued and unpaid interest thereon, if any, to, but excluding, the redemption date. At any time on or after December 1, 2027, Seagate HDD may redeem some or all of the 2032 Notes at the prices specified in the Indenture, plus accrued and unpaid interest to, but excluding, the redemption date. In addition, Seagate HDD may redeem with the net cash proceeds from one or more equity offerings up to 40% of the 2032 Notes before December 1, 2025, at a redemption price of 109.625% plus accrued and unpaid interest to, but excluding, the redemption date.

Debt Repurchases

During the March 2023 quarter, $20 million principal amount of the January 2031 Notes, $5 million principal amount of the June 2029 Notes, and $5 million principal amount of the July 2031 Notes were repurchased for cash at a discount to their principal amounts, plus accrued and unpaid interest. The Company recorded a gain of $3 million on these repurchases during the March 2023 quarter, which was included in Net gain recognized from early redemption of debt in the Company's Condensed Consolidated Statements of Operations.

Credit Agreement

On August 18, 2022, Seagate Technology Holdings plc and Seagate HDD (the "Borrower") entered into an amendment to its Credit Agreement (the "Sixth Amendment"), which provided for a new term loan facility in the aggregate principal amount of $600 million ("Term Loan A3"). Term Loan A3 was borrowed in full at the closing of the Sixth Amendment. The Sixth Amendment to the Credit Agreement also replaced the LIBOR interest rates plus variable margin for the Term Loans A1 and A2 with the SOFR interest rates plus a variable margin that will be determined based on the corporate credit rating of the Borrower or one of its parent entities. The Sixth Amendment also permits the Borrower to increase the revolving loan commitments or obtain new term loans of up to $100 million in aggregate (the "Incremental facility"), subject to the satisfaction of certain terms and conditions.

On November 8, 2022, Seagate Technology Holdings plc and the Borrower entered into an amendment to its Credit Agreement (the "Seventh Amendment"), to increase the maximum permitted total leverage ratio the Company must comply with during the covenant relief period that ends on June 28, 2024 and prohibit the Company from pursuing the use of the Incremental Facility during the covenant relief period. The maximum permitted total leverage ratio is 5.0 to 1.0 from the fiscal quarters ending December 30, 2022 to June 30, 2023. For the fiscal quarter ending September 29, 2023, the maximum permitted total leverage ratio is 4.75 to 1.0 and then steps down to 4.5 to 1.0 from the fiscal quarters ending December 29, 2023 to June 28, 2024. The maximum permitted leverage ratio will return to 4.0 to 1.0 for any fiscal quarter ending after June 28, 2024.

The Credit Agreement provides a term loan facility in an aggregate principal amount of $1.8 billion that is extended in three tranches of $600 million each for Term Loans A1, A2 and A3 (the "Term Loans"), and a $1.75 billion senior unsecured revolving credit facility ("Revolving Credit Facility"). During the March 2023 quarter the Company repaid $45 million principal amount of the Term Loans. As of March 31, 2023, no borrowings (including swingline loans) were outstanding and no commitments were utilized for letters of credit issued under the Revolving Credit Facility. STX and certain of its material subsidiaries, including STUC, fully and unconditionally guarantee both the Revolving Credit Facility and the Term Loans. The Credit Agreement includes three financial covenants: (1) interest coverage ratio, (2) total leverage ratio and (3) a minimum liquidity amount. The Company was in compliance with the covenants as of March 31, 2023.

Future Principal Payments on Long-term Debt

At March 31, 2023, future principal payments on long-term debt were as follows (in millions):

Fiscal Year	Amount
Remainder of 2023	$ 563
2024	586
2025	617
2026	667
2027	649
Thereafter	2,943
Total	$ 6,025

4. Income Taxes

The Company recorded income tax provisions of $33 million and $26 million for the three and nine months ended March 31, 2023, respectively. The discrete items in the income tax provision were not material for the three and nine months ended March 31, 2023.

During the nine months ended March 31, 2023, the Company's unrecognized tax benefits excluding interest and penalties increased by approximately $1 million to $115 million, substantially all of which would impact the effective tax rate, if recognized, subject to certain future valuation allowance reversals. The Company is not expecting material changes to its unrecognized tax benefits in the next twelve months beginning April 1, 2023.

The Company recorded income tax provisions of $5 million and $25 million for the three and nine months ended April 1, 2022, respectively. The income tax provision for the three months ended April 1, 2022 included approximately $6 million of net discrete tax benefit, primarily associated with a change in the applicable tax rate within its non-U.S. operations. The income tax provision for the nine months ended April 1, 2022 included approximately $15 million of net discrete tax benefit, primarily associated with net excess tax benefits related to share-based compensation expense.

The Company's income tax provision recorded for the three and nine months ended March 31, 2023 and the three and nine months ended April 1, 2022 differed from the provision for income taxes that would be derived by applying the Irish statutory rate of 25% to income before income taxes, primarily due to the net effect of tax benefits related to (i) non-Irish earnings generated in jurisdictions that are subject to tax incentive programs and are considered indefinitely reinvested outside of Ireland and (ii) current year generation of research credits.

5. Restructuring and Exit Costs

The Company recorded restructuring and other, net of $20 million and $110 million, for the three and nine months ended March 31, 2023. For the nine months ended April 1, 2022, the Company recorded restructuring and other, net of $2 million. The Company's restructuring plans are comprised primarily of charges related to workforce reduction costs, including severance and other one-time termination benefits, and facilities and other exit costs. All restructuring charges are reported in Restructuring and other, net on the Company's Condensed Consolidated Statements of Operations.

October 2022 Plan - On October 24, 2022, the Company committed to an October 2022 restructuring plan (the "October 2022 Plan") to reduce its cost structure to better align the Company's operational needs to current economic conditions while continuing to support the long-term business strategy. On March 29, 2023, in light of further deteriorating economic conditions, the Company committed to an expansion of the October 2022 Plan to further reduce its global headcount by approximately 480 employees to a total reduction of approximately 3,480 employees. This expanded plan includes aligning its business plan to near-term market conditions, along with other cost saving measures. The October 2022 Plan is expected to be substantially completed by the end of the fiscal year 2023.

The following table summarizes the Company's restructuring activities under its active restructuring plans:

	October 2022 Plan		Other Plans		
(Dollars in millions)	Workforce Reduction Costs	Facilities and Other Exit Costs	Workforce Reduction Costs	Facilities and Other Exit Costs	Total
Accrual balances at July 1, 2022	$ —	$ —	$ —	$ 5	$ 5
Restructuring charges	104	7	10	—	121
Cash payments	(76)	(1)	(10)	(1)	(88)
Accrual balances at March 31, 2023	$ 28	$ 6	$ —	$ 4	$ 38
Total costs incurred inception to date as of March 31, 2023	$ 104	$ 7	$ 73	$ 24	$ 208
Total expected charges to be incurred as of March 31, 2023	$ —	$ —	$ —	$ —	$ —

Of the accrued restructuring balance of $38 million at March 31, 2023, $35 million was included in Accrued expenses and $3 million was included in Other non-current liabilities in the Company's Condensed Consolidated Balance Sheet. The accrued restructuring balance of $5 million at July 1, 2022 was included in Accrued expenses in the Company's Condensed Consolidated Balance Sheet.

During the three and nine months ended March 31, 2023, the Company sold certain assets and recognized a gain of $11 million. The gain was included in Restructuring and other, net in the Company's Condensed Consolidated Statements of Operations.

On April 20, 2023, the Company committed to an April 2023 restructuring plan (the "April 2023 Plan") to further reduce its cost structure in response to changes in macroeconomic and business conditions. The April 2023 Plan is intended to align the Company's operational needs with the near-term demand environment while continuing to support the long-term business strategy.

The April 2023 Plan is expected to be substantially completed by the end of the fiscal year 2023, with estimated total pre-tax charges of approximately $150 million. These charges are expected to be primarily cash-based and consist of employee severance and other one-time termination benefits.

6. Derivative Financial Instruments

The Company is exposed to foreign currency exchange rate, interest rate, and to a lesser extent, equity market risks relating to its ongoing business operations. From time to time, the Company enters into cash flow hedges in the form of foreign currency forward exchange contracts in order to manage the foreign currency exchange rate risk on forecasted expenses and investments denominated in foreign currencies.

The Company enters into certain interest rate swap agreements to convert the variable interest rate on its Term Loans to fixed interest rates. The objective of the interest rate swap agreements is to eliminate the variability of interest payment cash flows associated with the variable interest rate under the Term Loans. The Company designates the interest rate swaps as cash flow hedges. On September 26, 2022, the Company terminated its then existing interest rate swap agreements relating to Term Loans A1 and A2 and received cash proceeds of $110 million from the counterparty. The cash proceeds are reported within Net cash provided by operating activities in the Company's Condensed Consolidated Statement of Cash Flows. The Company discontinued the related hedge accounting prospectively and as a result the realized gain of $110 million was accounted and reported in AOCI and is amortized to Interest expense in the Condensed Consolidated Statement of Operations over the remaining period of the Term Loans A1 and A2. During the three and nine months ended March 31, 2023, $7 million and $15 million of the gains were amortized to interest expense in the Company's Condensed Consolidated Statements of Operations.

On September 26, 2022, the Company entered into new interest swap agreements with a notional amount of $1.6 billion, to convert the variable interest rate on certain principal amounts of the Term Loans drawn under its Credit Agreement. As of March 31, 2023, the aggregate notional amount of the Company's interest-rate swap contracts was $1.6 billion, of which $600 million will mature through September 2025 and $1.0 billion will mature through July 2027.

The Company's accounting policies for these instruments are based on whether the instruments are classified as designated or non-designated hedging instruments. The Company records all derivatives on its Condensed Consolidated Balance Sheets at fair value. The changes in the fair value of highly effective designated cash flow hedges are recorded in AOCI until the hedged item is recognized in earnings. Derivatives that are not designated as hedging instruments or are not assessed to be highly effective are adjusted to fair value through earnings. There was no net unrealized gain or loss on cash flow hedges as of March 31, 2023 and the amount of net unrealized gain on cash flow hedges was $51 million as of July 1, 2022. As of March 31, 2023, the amount of existing net gains related to cash flow hedges recorded in AOCI included a net gain of $49 million that is expected to be reclassified to earnings within twelve months.

The Company de-designates its cash flow hedges when the forecasted hedged transactions affect earnings or it is probable the forecasted hedged transactions will not occur in the initially identified time period. At such time, the associated gains and losses deferred in AOCI on the Company's Condensed Consolidated Balance Sheets are reclassified into earnings and any subsequent changes in the fair value of such derivative instruments are immediately reflected in earnings. The Company recognized a net loss of $1 million and a net gain of $10 million in Cost of revenue and Interest expense, respectively, related to the de-designation on discontinued cash flow hedges during the three months ended March 31, 2023. The Company recognized a net loss of $20 million and a net gain of $18 million in Cost of revenue and Interest expense, respectively, related to the de-designation on discontinued cash flow hedges during the nine months ended March 31, 2023. The Company recognized a net loss of $2 million and $4 million in Cost of revenue and Interest expense, respectively, related to the loss of hedge designation on discontinued cash flow hedges during the three months ended April 1, 2022. The Company recognized a net loss of $10 million and $8 million in Cost of revenue and Interest expense, respectively, related to the loss of hedge designation on discontinued cash flow hedges during the nine months ended April 1, 2022.

Other derivatives not designated as hedging instruments consist of foreign currency forward exchange contracts that the Company uses to hedge the foreign currency exposure on forecasted expenditures denominated in currencies other than the U.S. dollar. The Company also enters into foreign currency forward contracts with contractual maturities of less than one month, which are designed to mitigate the effect of changes in foreign exchange rates on monetary assets and liabilities. The Company recognizes gains and losses on these contracts, as well as the related costs in Other, net on its Condensed Consolidated Statements of Operations.

The following tables show the total notional value of the Company's outstanding foreign currency forward exchange contracts as of March 31, 2023 and July 1, 2022. All of the foreign currency forward exchange contracts mature within 12 months.

	As of March 31, 2023	
(Dollars in millions)	Contracts Designated as Hedges	Contracts Not Designated as Hedges
Singapore Dollar	$ 210	$ 44
Thai Baht	123	25
Chinese Renminbi	68	16
British Pound Sterling	63	11
Total	$ 464	$ 96

	As of July 1, 2022	
(Dollars in millions)	Contracts Designated as Hedges	Contracts Not Designated as Hedges
Singapore Dollar	$ 178	$ 52
Thai Baht	133	35
Chinese Renminbi	92	24
British Pound Sterling	64	15
Total	$ 467	$ 126

The Company is subject to equity market risks due to changes in the fair value of the notional investments selected by its employees as part of its non-qualified deferred compensation plan: the Seagate Deferred Compensation Plan (the "SDCP"). In fiscal year 2014, the Company entered into a Total Return Swap ("TRS") in order to manage the equity market risks associated with the SDCP's liabilities. The Company pays a floating rate, based on SOFR plus an interest rate spread, on the notional amount of the TRS. The TRS is designed to substantially offset changes in the SDCP's liabilities due to changes in the value of the investment options made by employees. As of March 31, 2023, the notional investments underlying the TRS amounted to $105 million and the contract term is through January 2024, settled on a monthly basis, limiting counterparty performance risk. The Company did not designate the TRS as a hedge. Rather, the Company records all changes in the fair value of the TRS to earnings to offset the market value changes of the SDCP's liabilities.

The following tables show the Company's derivative instruments measured at gross fair value as reflected in the Condensed Consolidated Balance Sheets as of March 31, 2023 and July 1, 2022:

	As of March 31, 2023			
	Derivative Assets		Derivative Liabilities	
(Dollars in millions)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	$ 6	Accrued expenses	$ —
Interest rate swap	Other current assets	4	Accrued expenses	(10)
Derivatives not designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	2	Accrued expenses	—
Total return swap	Other current assets	3	Accrued expenses	—
Total derivatives		$ 15		$ (10)

	As of July 1, 2022			
	Derivative Assets		Derivative Liabilities	
(Dollars in millions)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	$ —	Accrued expenses	$ (14)
Interest rate swap	Other current assets	65	Accrued expenses	—
Derivatives not designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	—	Accrued expenses	(5)
Total return swap	Other current assets	—	Accrued expenses	(4)
Total derivatives		$ 65		$ (23)

The following tables show the effect of the Company's derivative instruments on the Condensed Consolidated Statements of Comprehensive Income and the Condensed Consolidated Statements of Operations for the three and nine months ended March 31, 2023:

(Dollars in millions)		Amount of Gain/(Loss) Recognized in Income on Derivatives	
Derivatives Not Designated as Hedging Instruments	Location of Gain/(Loss) Recognized in Income on Derivatives	For the Three Months	For the Nine Months
Foreign currency forward exchange contracts	Other, net	$ —	$ (6)
Total return swap	Operating expenses	8	—

(Dollars in millions)	Amount of Gain/(Loss) Recognized in OCI on Derivatives (Effective Portion)		Location of Gain/(Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain/(Loss) Reclassified from Accumulated OCI into Income (Effective Portion)		Location of Gain/(Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain/(Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
Derivatives Designated as Hedging Instruments	For the Three Months	For the Nine Months		For the Three Months	For the Nine Months		For the Three Months	For the Nine Months
Foreign currency forward exchange contracts	$ 5	$ 4	Cost of revenue	$ (1)	$ (20)	Other, net	$ (2)	$ (3)
Interest rate swap	(11)	41	Interest expense	10	18	Interest expense	—	—

The following tables show the effect of the Company's derivative instruments on the Condensed Consolidated Statements of Comprehensive Income and the Condensed Consolidated Statements of Operations for the three and nine months ended April 1, 2022:

(Dollars in millions)		Amount of Gain/(Loss) Recognized in Income on Derivatives	
Derivatives Not Designated as Hedging Instruments	Location of Gain/(Loss) Recognized in Income on Derivatives	For the Three Months	For the Nine Months
Foreign currency forward exchange contracts	Other, net	$ 1	$ (1)
Total return swap	Operating expenses	(7)	(1)

(Dollars in millions)	Amount of Gain/(Loss) Recognized in OCI on Derivatives (Effective Portion)		Location of Gain/(Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain/(Loss) Reclassified from Accumulated OCI into Income (Effective Portion)		Location of Gain/(Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain/(Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)	
Derivatives Designated as Hedging Instruments	For the Three Months	For the Nine Months		For the Three Months	For the Nine Months		For the Three Months	For the Nine Months
Foreign currency forward exchange contracts	$ (1)	$ (6)	Cost of revenue	$ (2)	$ (10)	Other, net	$ —	$ 1
Interest rate swap	57	64	Interest expense	(4)	(8)	Interest expense	—	—

7. Fair Value

Measurement of Fair Value

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact, and it considers assumptions that market participants would use when pricing the asset or liability.

Fair Value Hierarchy

A fair value hierarchy is based on whether the market participant assumptions used in determining fair value are obtained from independent sources (observable inputs) or reflect the Company's own assumptions of market participant valuation (unobservable inputs). A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of inputs that may be used to measure fair value are:

Level 1 — Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 — Quoted prices for identical assets and liabilities in markets that are inactive; quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly; or

Level 3 — Prices or valuations that require inputs that are both unobservable and significant to the fair value measurement.

The Company considers an active market to be one in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis and views an inactive market as one in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers. Where appropriate, the Company's or the counterparty's non-performance risk is considered in determining the fair values of liabilities and assets, respectively.

Items Measured at Fair Value on a Recurring Basis

The following tables present the Company's assets and liabilities, by financial instrument type and balance sheet line item, that are measured at fair value on a recurring basis, excluding accrued interest components, as of:

	March 31, 2023				July 1, 2022			
	Fair Value Measurements at Reporting Date Using				Fair Value Measurements at Reporting Date Using			
(Dollars in millions)	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance
Assets:								
Money market funds	$ 234	$ —	$ —	$ 234	$ 59	$ —	$ —	$ 59
Total cash equivalents	234	—	—	234	59	—	—	59
Restricted cash and investments:								
Money market funds	1	—	—	1	1	—	—	1
Time deposits and certificates of deposit	—	1	—	1	—	1	—	1
Other debt securities	—	—	16	16	—	—	23	23
Derivative assets	—	15	—	15	—	65	—	65
Total assets	$ 235	$ 16	$ 16	$ 267	$ 60	$ 66	$ 23	$ 149
Liabilities:								
Derivative liabilities	$ —	$ 10	$ —	$ 10	$ —	$ 23	$ —	$ 23
Total liabilities	$ —	$ 10	$ —	$ 10	$ —	$ 23	$ —	$ 23

	March 31, 2023				July 1, 2022			
	Fair Value Measurements at Reporting Date Using				Fair Value Measurements at Reporting Date Using			
(Dollars in millions)	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance
Assets:								
Cash and cash equivalents	$ 234	$ —	$ —	$ 234	$ 59	$ —	$ —	$ 59
Other current assets	1	16	—	17	1	66	—	67
Other assets, net	—	—	16	16	—	—	23	23
Total assets	$ 235	$ 16	$ 16	$ 267	$ 60	$ 66	$ 23	$ 149
Liabilities:								
Accrued expenses	$ —	$ 10	$ —	$ 10	$ —	$ 23	$ —	$ 23
Total liabilities	$ —	$ 10	$ —	$ 10	$ —	$ 23	$ —	$ 23

The Company classifies items in Level 1 if the financial assets consist of securities for which quoted prices are available in an active market.

The Company classifies items in Level 2 if the financial asset or liability is valued using observable inputs. The Company uses observable inputs including quoted prices in active markets for similar assets or liabilities. Level 2 assets include: agency bonds, corporate bonds, commercial paper, municipal bonds, U.S. Treasuries, time deposits and certificates of deposit. These debt investments are priced using observable inputs and valuation models which vary by asset class. The Company uses a pricing service to assist in determining the fair value of all of its cash equivalents. For the cash equivalents in the Company's portfolio, multiple pricing sources are generally available. The pricing service uses inputs from multiple industry-standard data providers or other third-party sources and various methodologies, such as weighting and models, to determine the appropriate price at the measurement date. The Company corroborates the prices obtained from the pricing service against other independent sources and, as of March 31, 2023, has not found it necessary to make any adjustments to the prices obtained. The Company's derivative financial instruments are also classified within Level 2. The Company's derivative financial instruments consist of foreign currency forward exchange contracts, interest rate swaps and the TRS. The Company recognizes derivative financial instruments in its condensed consolidated financial statements at fair value. The Company determines the fair value of these instruments by considering the estimated amount it would pay or receive to terminate these agreements at the reporting date.

Items Measured at Fair Value on a Non-Recurring Basis

From time to time, the Company enters into certain strategic investments for the promotion of business and strategic objectives, which are accounted for either under the equity method or the measurement alternative. Investments under the measurement alternative are recorded at cost, less impairment and adjusted for qualifying observable price changes on a prospective basis. If measured at fair value in the Condensed Consolidated Balance Sheets, these investments would generally be classified in Level 3 of the fair value hierarchy.

For the investments that are accounted for under the equity method, the Company recorded a net loss of $1 million and $4 million for the three and nine months ended March 31, 2023, respectively. The Company recorded a net gain of $2 million and $5 million for the three and nine months ended April 1, 2022, respectively. The adjusted carrying value of the investments accounted for under the equity method amounted to $56 million and $61 million as of March 31, 2023 and July 1, 2022, respectively.

For the investments that are accounted for under the measurement alternative, the Company recorded a net gain of $3 million for the nine months ended March 31, 2023, related to upward adjustments due to observable price changes. The Company recorded a net gain of $4 million for the nine months ended April 1, 2022. As of March 31, 2023 and July 1, 2022, the carrying value of the Company's strategic investments under the measurement alternative was $99 million and $88 million, respectively.

Other Fair Value Disclosures

The Company's debt is carried at amortized cost. The estimated fair value of the Company's debt is derived using the closing price of the same debt instruments as of the date of valuation, which takes into account the yield curve, interest rates and other observable inputs. Accordingly, these fair value measurements are categorized as Level 2. The following table presents the fair value and amortized cost of the Company's debt in order of maturity:

	March 31, 2023		July 1, 2022	
(Dollars in millions)	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
4.750% Senior Notes due June 2023	$ 540	$ 539	$ 540	$ 538
4.875% Senior Notes due March 2024	500	495	499	494
4.750% Senior Notes due January 2025	479	470	479	471
4.875% Senior Notes due June 2027	504	487	504	483
4.091% Senior Notes due June 2029	465	443	466	427
3.125% Senior Notes due July 2029	163	130	500	396
4.125% Senior Notes due January 2031	275	235	500	410
3.375% Senior Notes due July 2031	72	56	500	393
9.625% Senior Notes due December 2032	750	852	—	—
5.750% Senior Notes due December 2034	489	449	489	433
SOFR Based Term Loan A1 due September 2025 [1]	585	574	600	588
SOFR Based Term Loan A2 due July 2027 [1]	585	562	600	586
SOFR Based Term Loan A3 due July 2027	585	568	—	—
	$ 5,992	$ 5,860	$ 5,677	$ 5,219
Less: unamortized debt issuance costs	(34)	—	(31)	—
Debt, net of debt issuance costs	$ 5,958	$ 5,860	$ 5,646	$ 5,219
Less: current portion of debt, net of debt issuance costs	(1,118)	(1,110)	(584)	(582)
Long-term debt, less current portion, net of debt issuance costs	$ 4,840	$ 4,750	$ 5,062	$ 4,637

[1] On August 18, 2022, the Company amended the Credit Agreement and replaced the LIBOR interest rates plus variable margin of Term Loans A1 and A2 with the SOFR interest rates plus a variable margin. Refer to "*Note 3. Debt*" for more details.

8. Shareholders' Deficit

Share Capital

The Company's authorized share capital is $13,500 and consists of 1,250,000,000 ordinary shares, par value $0.00001, of which 207,053,113 shares were outstanding as of March 31, 2023, and 100,000,000 preferred shares, par value $0.00001, of which none were issued or outstanding as of March 31, 2023.

Ordinary shares - Holders of ordinary shares are entitled to receive dividends when and as declared by the Company's board of directors (the "Board of Directors"). Upon any liquidation, dissolution, or winding up of the Company, after required payments are made to holders of preferred shares, any remaining assets of the Company will be distributed ratably to holders of the preferred and ordinary shares. Holders of shares are entitled to one vote per share on all matters upon which the ordinary shares are entitled to vote, including the election of directors.

Preferred shares - The Company may issue preferred shares in one or more series, up to the authorized amount, without shareholder approval. The Board of Directors is authorized to establish from time to time the number of shares to be included in each series, and to fix the rights, preferences and privileges of the shares of each wholly unissued series and any of its qualifications, limitations or restrictions. The Board of Directors can also increase or decrease the number of shares of a series, but not below the number of shares of that series then outstanding, without any further vote or action by the shareholders.

The Board of Directors may authorize the issuance of preferred shares with voting or conversion rights that could harm the voting power or other rights of the holders of the ordinary shares. The issuance of preferred shares, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of the Company and might harm the market price of its ordinary shares and the voting and other rights of the holders of ordinary shares.

Repurchases of Equity Securities

All repurchases are effected as redemptions in accordance with the Company's Constitution.

As of March 31, 2023, $1.9 billion remained available for repurchase under the existing repurchase authorization limit approved by the Board of Directors. The following table sets forth information with respect to repurchases of the Company's ordinary shares during the nine months ended March 31, 2023:

(In millions)	Number of Shares Repurchased	Dollar Value of Shares Repurchased
Repurchases of ordinary shares [1]	5	$ 400
Tax withholding related to vesting of equity awards	1	41
Total	6	$ 441

[1] These amounts differ from the repurchases of ordinary shares amounts in the condensed consolidated statements of cash flows due to timing differences between repurchases and cash settlement thereof.

9. Revenue

The following table provides information about disaggregated revenue by sales channel and geographical region for the Company's single reportable segment:

	For the Three Months Ended		For the Nine Months Ended	
(Dollars in millions)	March 31, 2023	April 1, 2022	March 31, 2023	April 1, 2022
Revenues by Channel				
OEMs	$ 1,358	$ 2,149	$ 4,268	$ 6,615
Distributors	294	349	890	1,418
Retailers	208	304	624	1,000
Total	$ 1,860	$ 2,802	$ 5,782	$ 9,033
Revenues by Geography [1]				
Asia Pacific	$ 774	$ 1,292	$ 2,335	$ 4,308
Americas	799	1,171	2,588	3,436
EMEA	287	339	859	1,289
Total	$ 1,860	$ 2,802	$ 5,782	$ 9,033

[1] Revenue is attributed to geography based on bill from locations.

10. Guarantees

Indemnification Obligations

The Company from time to time enters into agreements with customers, suppliers, partners and others in the ordinary course of business that provide indemnification for certain matters including, but not limited to, intellectual property infringement claims, environmental claims and breach of agreement claims. The nature of the Company's indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay. Historically, the Company has not made any significant indemnification payments under such agreements and no amount has been accrued in the Company's condensed consolidated financial statements with respect to these indemnification obligations.

Product Warranty

The Company estimates probable product warranty costs at the time revenue is recognized. The Company generally warrants its products for a period of 1 to 5 years. The Company uses estimated repair or replacement costs and uses statistical modeling to estimate product warranty return rates in order to determine its warranty obligation. Changes in the Company's product warranty liability during the nine months ended March 31, 2023 and April 1, 2022 were as follows:

	For the Nine Months Ended	
(Dollars in millions)	**March 31, 2023**	**April 1, 2022**
Balance, beginning of period	$ 148	$ 136
Warranties issued	42	62
Repairs and replacements	(71)	(65)
Changes in liability for pre-existing warranties, including expirations	42	15
Balance, end of period	$ 161	$ 148

11. (Loss) Earnings Per Share

Basic (loss) earnings per share is computed by dividing income available to shareholders by the weighted-average number of shares outstanding during the period. Diluted earnings per share is computed by dividing income available to shareholders by the weighted-average number of shares outstanding during the period and the number of additional shares that would have been outstanding if the potentially dilutive securities had been issued. Potentially dilutive securities include outstanding options, unvested restricted share units and performance-based share units and shares to be purchased under the Employee Stock Purchase Plan. The dilutive effect of potentially dilutive securities is reflected in diluted earnings per share by application of the treasury stock method. Under the treasury stock method, an increase in fair market value of the Company's share price can result in a greater dilutive effect from potentially dilutive securities. The following table sets forth the computation of basic and diluted net (loss) income per share attributable to the shareholders of the Company:

	For the Three Months Ended		For the Nine Months Ended	
(In millions, except per share data)	**March 31, 2023**	**April 1, 2022**	**March 31, 2023**	**April 1, 2022**
Numerator:				
Net (loss) income	$ (433)	$ 346	$ (437)	$ 1,373
Number of shares used in per share calculations:				
Total shares for purposes of calculating basic net (loss) income per share	207	218	207	222
Weighted-average effect of dilutive securities:				
Employee equity award plans	—	4	—	4
Total shares for purposes of calculating diluted net (loss) income per share	207	222	207	226
Net (loss) income per share:				
Basic	$ (2.09)	$ 1.59	$ (2.11)	$ 6.18
Diluted	$ (2.09)	$ 1.56	$ (2.11)	$ 6.08

For the three and nine months ended March 31, 2023, the Company recorded a net loss, and as such, all potentially dilutive securities related to the employee equity award plans have been excluded for those periods as including them would be anti-dilutive. The weighted average anti-dilutive shares that were excluded from the computation of diluted net (loss) income per share were 7 million for both the three and nine months ended March 31, 2023, and were not material for the three and nine months ended April 1, 2022.

12. Legal, Environmental and Other Contingencies

The Company assesses the probability of an unfavorable outcome of all its material litigation, claims or assessments to determine whether a liability had been incurred and whether it is probable that one or more future events will occur confirming the fact of the loss. In the event that an unfavorable outcome is determined to be probable and the amount of the loss can be reasonably estimated, the Company establishes an accrual for the litigation, claim or assessment. In addition, in the event an unfavorable outcome is determined to be less than probable, but reasonably possible, the Company will disclose an estimate of the possible loss or range of such loss; however, when a reasonable estimate cannot be made, the Company will provide disclosure to that effect. Litigation is inherently uncertain and may result in adverse rulings or decisions. Additionally, the Company may enter into settlements or be subject to judgments that may, individually, or in the aggregate, have a material adverse effect on its results of operations. Accordingly, actual results could differ materially.

Litigation

Lambeth Magnetic Structures LLC, v. Seagate Technology (US) Holdings, Inc., et al. On April 29, 2016, Lambeth Magnetic Structures LLC filed a complaint against Seagate Technology (US) Holdings, Inc. and Seagate Technology LLC in the U.S. District Court for the Western District of Pennsylvania, alleging infringement of U.S. Patent No. 7,128,988, "Magnetic Material Structures, Devices and Methods," seeking damages as well as additional relief. The district court entered judgement in favor of Seagate on April 19, 2022. The parties filed post-trial motions with the district court in May 2022. On November 22, 2022, the court denied all pending post-trial motions. Lambeth Magnetic Structures LLC filed a notice of appeal to the Federal Circuit on December 20, 2022. A hearing date has not been set. The Company believes the asserted claims are without merit and intends to vigorously defend this case.

Seagate Technology LLC, et al. v. Headway Technologies, Inc., et al. On February 18, 2020, Seagate Technology LLC, Seagate Technology (Thailand) Ltd., Seagate Singapore International Headquarters Pte. Ltd. and Seagate Technology International (collectively, the "Seagate Entities") filed a complaint in the U.S. District Court for the Northern District of California against defendant suppliers of HDD suspension assemblies. Defendants include NHK Spring Co. Ltd., TDK Corporation, Hutchinson Technology Inc. and several of their subsidiaries and affiliates. The complaint includes federal and state antitrust law claims, as well as a breach of contract claim. The complaint alleges that defendants and their co-conspirators knowingly conspired for more than twelve years not to compete in the supply of suspension assemblies; that defendants misused confidential information that the Seagate Entities had provided pursuant to nondisclosure agreements, in breach of their contractual obligations; and that the Seagate Entities paid artificially high prices on purchases of suspension assemblies. The Seagate Entities seek to recover the overcharges they paid for suspension assemblies, as well as additional relief permitted by law. On March 22, 2022, the Seagate Entities dismissed with prejudice all claims being asserted against Defendants TDK Corporation, Hutchinson Technology Inc. and their subsidiaries and affiliates (collectively "TDK") relating to the antitrust law claims, the breach of contract claim and other matters described in the complaint. On April 8, 2022, the court entered an Amended Stipulation and Order of Dismissal with Prejudice to dismiss all claims against TDK. On August 2, 2022, NHK Spring Co. Ltd. filed a motion for Partial Summary Judgment Regarding Foreign Commerce and on October 14, 2022, Seagate Entities' filed their corresponding opposition. A trial date has not been set.

Environmental Matters

The Company's operations are subject to U.S. and foreign laws and regulations relating to the protection of the environment, including those governing discharges of pollutants into the air and water, the management and disposal of hazardous substances and wastes and the cleanup of contaminated sites. Some of the Company's operations require environmental permits and controls to prevent and reduce air and water pollution, and these permits are subject to modification, renewal and revocation by issuing authorities.

The Company has established environmental management systems and continually updates its environmental policies and standard operating procedures for its operations worldwide. The Company believes that its operations are in material compliance with applicable environmental laws, regulations and permits. The Company budgets for operating and capital costs on an ongoing basis to comply with environmental laws. If additional or more stringent requirements are imposed on the Company in the future, it could incur additional operating costs and capital expenditures.

Some environmental laws, such as the Comprehensive Environmental Response Compensation and Liability Act of 1980 (as amended, the "Superfund" law) and its state equivalents, can impose liability for the cost of cleanup of contaminated sites upon any of the current or former site owners or operators or upon parties who sent waste to these sites, regardless of whether the owner or operator owned the site at the time of the release of hazardous substances or the lawfulness of the original disposal activity. The Company has been identified as a responsible or potentially responsible party at several sites. At each of these sites, the Company has an assigned portion of the financial liability based on the type and amount of hazardous substances disposed of by each party at the site and the number of financially viable parties. The Company has fulfilled its responsibilities at some of these sites and remains involved in only a few at this time.

While the Company's ultimate costs in connection with these sites is difficult to predict with complete accuracy, based on its current estimates of cleanup costs and its expected allocation of these costs, the Company does not expect costs in connection with these sites to be material.

The Company may be subject to various state, federal and international laws and regulations governing the environment, including those restricting the presence of certain substances in electronic products. For example, the European Union ("EU") enacted the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (2011/65/EU), which prohibits the use of certain substances, including lead, in certain products, including disk drives and server storage products, put on the market after July 1, 2006. Similar legislation has been or may be enacted in other jurisdictions, including in the U.S., Canada, Mexico, Taiwan, China, Japan and others. The EU REACH Directive (Registration, Evaluation, Authorization and Restriction of Chemicals, EC 1907/2006) also restricts substances of very high concern in products. If the Company or its suppliers fails to comply with the substance restrictions, recycle requirements or other environmental requirements as they are enacted worldwide, it could have a materially adverse effect on the Company's business.

BIS Settlement

On April 18, 2023, the Company's subsidiaries Seagate Technology LLC and Seagate Singapore International Headquarters Pte. Ltd (collectively, "Seagate"), entered into a settlement agreement (the "Settlement Agreement") with the U.S. Department of Commerce's Bureau of Industry and Security ("BIS") that resolves BIS' allegations regarding Seagate's sales of hard disk drives to Huawei between August 17, 2020 and September 29, 2021. Under the terms of the Settlement Agreement, Seagate has agreed to pay $300 million to the BIS in quarterly installments of $15 million over the course of five years beginning October 31, 2023. Seagate has also agreed to complete three audits of its compliance with the license requirements of Section 734.9 of the U.S. Export Administration Regulations ("EAR"), including one audit by an unaffiliated third-party consultant chosen by Seagate with expertise in U.S. export control laws and two internal audits. The Settlement Agreement also includes a denial order that is suspended and will be waived five years after the date of the order issued under the Settlement Agreement, provided that Seagate has made full and timely payments under the Settlement Agreement and timely completed the audit requirements. While Seagate is in compliance with and upon successful compliance in full with the terms of the Settlement Agreement, BIS has agreed it will not initiate any further administrative proceedings against Seagate in connection with any violation of the EAR arising out of the transactions detailed in the Settlement Agreement.

While Seagate believed that it complied with all relevant export control laws at the time it made the hard disk drive sales at issue, Seagate determined that engaging with BIS and settling this matter was in the best interest of the Company, its customers and its shareholders. In determining to engage with BIS and resolve this matter through a settlement agreement, the Company considered a number of factors, including the risks and cost of protracted litigation involving the U.S. government, as well as the size of the potential penalty and the Company's desire to focus on current business challenges and long-term business strategy. The Settlement Agreement includes a finding that the Company incorrectly interpreted the regulation at issue to require evaluation of only the last stage of Seagate's hard disk drive manufacturing process rather than the entire process. As part of this settlement, Seagate has agreed not to contest BIS' determination that the sales in question did not comply with the U.S. EAR.

The Company accrued a charge of $300 million for the March 2023 quarter, which is reflected under BIS settlement penalty on its Condensed Consolidated Statements of Operations. As of March 31, 2023, $30 million and $270 million were included in Accrued expense and Other non-current liabilities, respectively, on its Condensed Consolidated Balance Sheet.

Other Matters

From time to time, arising in the normal course of business, the Company is involved in a number of other judicial, regulatory or administrative proceedings and investigations incidental to its business, and the Company expects to be involved in such proceedings and investigations arising in the normal course of its business in the future. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters will not have a material adverse effect on its financial position or results of operations.

13. Commitments

Unconditional Long-Term Purchase Obligations. As of March 31, 2023, the Company had unconditional long-term purchase obligations of approximately $3.2 billion, primarily related to purchases of inventory components. The Company expects the commitment to total $849 million, $641 million, $649 million, $684 million and $356 million for fiscal years 2024, 2025, 2026, 2027 and thereafter, respectively.

During the nine months ended March 31, 2023, the Company recorded order cancellation fees of $108 million to terminate certain purchase commitments related to purchase of inventory components and equipment, which was reflected under Cost of revenue on its Condensed Consolidated Statements of Operations. As of March 31, 2023, $68 million remained unpaid and is expected to be paid within one year.

14. Subsequent Events

Dividend Declared

On April 20, 2023, the Company's Board of Directors declared a quarterly cash dividend of $0.70 per share, which will be payable on July 5, 2023 to shareholders of record as of the close of business on June 21, 2023.

Restructuring Plan

On April 20, 2023, the Company committed to the April 2023 plan to further reduce its cost structure in response to changes in macroeconomic and business conditions. See "*Note 5. Restructuring and Exit Costs*" for more information.

Subsequent Regulatory Settlement

On April 18, 2023, the Company entered into the Settlement Agreement with BIS that resolves BIS' allegations regarding its sales of hard disk drives to Huawei between August 17, 2020 and September 29, 2021. See "*Note 12. Legal, Environmental and Other Contingencies*" for more information.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion of the financial condition, changes in financial condition and results of operations for our fiscal quarters ended March 31, 2023, December 30, 2022 and April 1, 2022, referred to herein as the "March 2023 quarter," the "December 2022 quarter," and the "March 2022 quarter," respectively. We operate and report financial results on a fiscal year of 52 or 53 weeks ending on the Friday closest to June 30. The March 2023 quarter, the December 2022 quarter and the March 2022 quarter were each 13 weeks.

You should read this discussion in conjunction with financial information and related notes included elsewhere in this report. Unless the context indicates otherwise, as used herein, the terms "we," "us," "Seagate," the "Company" and "our" refer collectively to Seagate Technology Holdings plc, an Irish public limited company, and its subsidiaries. References to "$" or "dollars" are to United States dollars.

This Quarterly Report on Form 10-Q 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 historical fact. These statements may include, among other things, statements about our plans, strategies and prospects; beliefs and assumptions of our management; anticipated market demand for our products; shifts in technology; estimates of industry growth; anticipated economic conditions worldwide; statements regarding our settlement with BIS; expectations regarding our ability to effectively manage our cash liquidity position and debt obligations, and comply with the covenants in our credit facilities; projections regarding our cost savings and restructuring efforts; the sufficiency of our sources of cash to meet cash needs for the next 12 months; and our expectations regarding capital expenditures. Forward-looking statements generally can be identified by words such as "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "projects," "may," "will," "will continue," "can," "could," or negative of these words, variations of these words and comparable terminology. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Forward-looking statements are based on information available to the Company as of the date of this Quarterly Report on Form 10-Q and are subject to known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from historical experience and our present expectations or projections. Therefore, undue reliance should not be placed on forward-looking statements. These risks and uncertainties include, but are not limited to, those set forth in "Part II, Item 1A. Risk Factors" in this Quarterly Report on Form 10-Q. We undertake no obligation to update forward-looking statements.

Our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is provided in addition to the accompanying condensed consolidated financial statements and notes to assist readers in understanding our results of operations, financial condition and cash flows. Our MD&A is organized as follows:

- *Overview of the March 2023 quarter.* Highlights of events in the March 2023 quarter that impacted our financial position.
- *Results of Operations.* Analysis of our financial results comparing the March 2023 quarter to the December 2022 quarter and the March 2022 quarter.
- *Liquidity and Capital Resources.* An analysis of changes in our balance sheet and cash flows, and discussion of our financial condition including potential sources of liquidity.
- *Critical Accounting Policies.* Accounting policies and estimates that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results.

For an overview of our business, see "Part I, Item 1. Financial Statements—Note 1. Basis of Presentation and Summary of Significant Accounting Policies —*Organization.*"

Overview of the March 2023 quarter

During the March 2023 quarter, we shipped 119 exabytes of HDD storage capacity. We generated revenue of approximately $1.9 billion with a gross margin of 17%. Our operating cash flow was $228 million and we paid $145 million in dividends. Additionally, we accrued a settlement penalty of $300 million related to BIS' allegations regarding violations of the U.S. EAR, which were subsequently resolved by a settlement agreement in April 2023.

Recent Development, Economic Conditions and Challenges

During the March 2023 quarter, the data storage industry and our business continued to be impacted by macroeconomic headwinds and customer inventory adjustments, which led to a slowdown in demand for our products, particularly in the mass capacity markets. These reductions in demand have required us to reduce manufacturing production plans and recognize manufacturing underutilization charges. We expect these factors will continue to impact our business and results of operations over the near-term.

During the March 2023 quarter, in light of further deteriorating economic conditions, we committed to an expansion of the October 2022 Plan to further reduce the global headcount by approximately 480 employees to a total reduction of approximately 3,480 employees. This expanded plan includes aligning our business plan to near-term market conditions, along with other cost saving measures. The October 2022 Plan is expected to be substantially completed by the end of the fiscal year 2023. In connection to this expansion of the October 2022 Plan, we incurred additional employee termination costs and accelerated depreciation of certain capital equipment that would not be utilized as part of our operations.

We continue to actively monitor the effects and potential impacts of the macroeconomic conditions, pandemic and other factors on all aspects of our business, supply chain, liquidity and capital resources. We are also actively working on opportunities to further lower our cost structure, drive operational efficiencies through simplifying our product roadmaps and maintain supply chain discipline including adjusting our manufacturing production plans, annual capital expenditure plans and other meaningful cost savings measures in response to these business conditions. Subsequently on April 20, 2023, we committed to undertake the April 2023 restructuring plan to further reduce our cost in response to changes in macroeconomic and business conditions. The April 2023 Plan is expected to be substantially completed by the end of the fiscal year 2023, with estimated total pre-tax charges of approximately $150 million. These charges are expected to be primarily cash-based and consist of employee severance and other one-time termination benefits. For a further discussion of the uncertainties and business risks associated with the COVID-19 pandemic, see “Part II, Item 1A. Risk Factors” of this Quarterly Report on Form 10-Q.

Subsequent Regulatory Settlement

On April 18, 2023, our subsidiaries Seagate Technology LLC and Seagate Singapore International Headquarters Pte. Ltd entered into the Settlement Agreement with the BIS that resolves BIS’ allegations regarding our sales of hard disk drives to Huawei between August 17, 2020 and September 29, 2021. Under the terms of the Settlement Agreement, we agreed to pay $300 million to the BIS in quarterly installments of $15 million over the course of five years beginning October 31, 2023. We have also agreed to complete three audits of its compliance with the license requirements of Section 734.9 of the U.S. EAR, including one audit by an unaffiliated third-party consultant chosen by us with expertise in U.S. export control laws and two internal audits. The Settlement Agreement also includes a denial order that is suspended and will be waived five years after the date of the order issued under the Settlement Agreement, provided that we have made full and timely payments under the Settlement Agreement and timely completed the audit requirements. While we are in compliance with and upon successful compliance in full with the terms of the Settlement Agreement, BIS has agreed it will not initiate any further administrative proceedings against us in connection with any violation of the EAR arising out of the transactions detailed in the Settlement Agreement.

While we believed that we complied with all relevant export control laws at the time we made the hard disk drive sales at issue, we determined that engaging with BIS and settling this matter was in the best interest of Seagate, our customers and our shareholders. In determining to engage with BIS and resolve this matter through a settlement agreement, we considered a number of factors, including the risks and cost of protracted litigation involving the U.S. government, as well as the size of the potential penalty and our desire to focus on current business challenges and long-term business strategy. The Settlement Agreement includes a finding that we incorrectly interpreted the regulation at issue to require evaluation of only the last stage of our hard disk drive manufacturing process rather than the entire process. As part of this settlement, we have agreed not to contest BIS’ determination that the sales in question did not comply with the U.S. EAR. Refer to “Item 1. Financial Statements—*Note 12. Legal, Environmental and Other Contingencies*” for more details.

Results of Operations

We list in the tables below summarized information from our Condensed Consolidated Statements of Operations by dollars and as a percentage of revenue:

(Dollars in millions)	For the Three Months Ended			For the Nine Months Ended	
	March 31, 2023	December 30, 2022	April 1, 2022	March 31, 2023	April 1, 2022
Revenue	$ 1,860	$ 1,887	$ 2,802	$ 5,782	$ 9,033
Cost of revenue	1,541	1,641	1,996	4,735	6,323
Gross profit	319	246	806	1,047	2,710
Product development	191	200	233	625	694
Marketing and administrative	123	125	141	377	410
Amortization of intangibles	—	—	3	3	9
BIS settlement penalty	300	—	—	300	—
Restructuring and other, net	20	81	—	110	2
(Loss) income from operations	(315)	(160)	429	(368)	1,595
Other (expense) income, net	(85)	122	(78)	(43)	(197)
(Loss) income before income taxes	(400)	(38)	351	(411)	1,398
Provision for (Benefit from) income taxes	33	(5)	5	26	25
Net (loss) income	$ (433)	$ (33)	$ 346	$ (437)	$ 1,373

	For the Three Months Ended			For the Nine Months Ended	
	March 31, 2023	December 30, 2022	April 1, 2022	March 31, 2023	April 1, 2022
Revenue	100 %	100 %	100 %	100 %	100 %
Cost of revenue	83	87	71	82	70
Gross margin	17	13	29	18	30
Product development	10	11	8	11	9
Marketing and administrative	7	7	5	7	5
Amortization of intangibles	—	—	—	—	—
BIS settlement penalty	16	—	—	5	—
Restructuring and other, net	1	4	—	1	—
Operating margin	(17)	(8)	16	(6)	16
Other (expense) income, net	(4)	6	(4)	(1)	(2)
(Loss) income before income taxes	(21)	(2)	12	(7)	14
Provision for (Benefit from) income taxes	2	—	—	1	—
Net (loss) income	(23)%	(2)%	12 %	(8)%	14 %

Revenue

The following table summarizes information regarding consolidated revenues by channel, geography and market and HDD exabytes shipped by market and price per terabyte:

	For the Three Months Ended			For the Nine Months Ended	
	March 31, 2023	December 30, 2022	April 1, 2022	March 31, 2023	April 1, 2022
Revenues by Channel (%)					
OEMs	73 %	72 %	77 %	74 %	73 %
Distributors	16 %	16 %	12 %	15 %	16 %
Retailers	11 %	12 %	11 %	11 %	11 %
Revenues by Geography (%) [1]					
Asia Pacific	42 %	40 %	46 %	40 %	48 %
Americas	43 %	45 %	42 %	45 %	38 %
EMEA	15 %	15 %	12 %	15 %	14 %
Revenues by Market (%)					
Mass capacity	66 %	66 %	69 %	67 %	66 %
Legacy	20 %	22 %	23 %	20 %	25 %
Other	14 %	12 %	8 %	13 %	9 %
HDD Exabytes Shipped by Market					
Mass capacity	104	97	133	305	402
Legacy	15	16	21	45	74
Total	119	113	154	350	476
HDD Price per Terabyte	$ 14	$ 15	$ 17	$ 14	$ 17

[1] Revenue is attributed to geography based on bill from locations.

Revenue in the March 2023 quarter decreased by $27 million from the December 2022 quarter primarily due to price erosion, partially offset by an increase in mass capacity exabytes shipped and higher demand for our non-HDD products.

Revenue for the three and nine months ended March 31, 2023 decreased by $942 million and $3.3 billion from the three and nine months ended April 1, 2022, respectively, primarily due to a decrease in exabytes shipped as a result of lower market demand in mass capacity and legacy markets that were impacted by macroeconomic conditions and price erosion. Additionally, the decrease in revenue for the nine months ended March 31, 2023 compared to the nine months ended April 1, 2022 was impacted by pandemic-related headwinds.

We maintain various sales incentive programs such as channel and OEM rebates. Sales incentive programs were approximately 16% of gross revenue for the March 2023 quarter, 17% for the December 2022 quarter and 14% for the March 2022 quarter. Adjustments to revenues due to under or over accruals for sales incentive programs related to revenues reported in prior quarterly periods were less than 1% of quarterly gross revenue in all periods presented.

Cost of Revenue and Gross Margin

	For the Three Months Ended			For the Nine Months Ended	
(Dollars in millions)	March 31, 2023	December 30, 2022	April 1, 2022	March 31, 2023	April 1, 2022
Cost of revenue	$ 1,541	$ 1,641	$ 1,996	$ 4,735	$ 6,323
Gross profit	319	246	806	1,047	2,710
Gross margin	17 %	13 %	29 %	18 %	30 %

Gross margin for the March 2023 quarter increased compared to the December 2022 quarter primarily driven by $108 million of order cancellation fees incurred during the December 2022 quarter that did not recur, and lower accelerated depreciation expense for certain capital equipment, partially offset by price erosion.

Gross margin for the March 2023 quarter decreased compared to the March 2022 quarter primarily due to price erosion, less favorable product mix, $75 million of factory underutilization charges associated with lower production levels and accelerated depreciation expense for certain capital equipment.

Gross margin for the nine months ended March 31, 2023 decreased compared to the nine months ended April 1, 2022 primarily driven by $210 million factory underutilization charges associated with lower production levels and pandemic-related lockdown in one of our factories, $108 million of order cancellation fees, price erosion and accelerated depreciation expense for certain capital equipment.

In the March 2023 quarter, total warranty cost was 1.7% of revenue and included an unfavorable change in estimates of prior warranty accruals of 0.9% of revenue primarily due to changes to our estimated future product return rates. Warranty cost related to new shipments was 0.8%, 0.7% and 0.7% of revenue for the March 2023 quarter, December 2022 quarter and March 2022 quarter, respectively.

Operating Expenses

	For the Three Months Ended			For the Nine Months Ended	
(Dollars in millions)	March 31, 2023	December 30, 2022	April 1, 2022	March 31, 2023	April 1, 2022
Product development	$ 191	$ 200	$ 233	$ 625	$ 694
Marketing and administrative	123	125	141	377	410
Amortization of intangibles	—	—	3	3	9
BIS settlement penalty	300	—	—	300	—
Restructuring and other, net	20	81	—	110	2
Operating expenses	$ 634	$ 406	$ 377	$ 1,415	$ 1,115

Product development expense. Product development expenses decreased by $9 million in the March 2023 quarter compared to the December 2022 quarter primarily due to a $7 million decrease in compensation and other employee benefits from the reduction in headcount as a result of our October 2022 restructuring plan and a $2 million decrease in materials expense.

Product development expenses decreased by $42 million in the March 2023 quarter compared to the March 2022 quarter primarily due to a $17 million decrease in variable compensation and related benefit expense, a $16 million decrease in compensation and other employee benefits from the reduction in headcount as a result of our October 2022 restructuring plan and a $6 million decrease in materials expense.

Product development expenses decreased by $69 million for the nine months ended March 31, 2023 compared to the nine months ended April 1, 2022 primarily due to a $57 million decrease in variable compensation and related benefit expense, a $19 million decrease in compensation and other employee benefits from the reduction in headcount as a result of our October 2022 restructuring plan, a $7 million decrease in materials expense and a $4 million decrease in equipment expense, partially offset by a $24 million increase in depreciation expense as a result of acceleration of depreciation for certain capital equipment.

Marketing and administrative expense. Marketing and administrative expenses decreased by $2 million in the March 2023 quarter compared to the December 2022 quarter primarily due to a $5 million decrease in compensation and other employee benefits primarily from the reduction in headcount as a result of our October 2022 restructuring plan and a $3 million decrease in outside services expense, partially offset by a $7 million recovery in December 2022 quarter of an accounts receivable previously written-off in prior year.

Marketing and administrative expenses decreased by $18 million in the March 2023 quarter compared to the March 2022 quarter primarily due to a $10 million decrease in variable compensation and related benefit expense, a $4 million decrease compensation and other employee benefits primarily from the reduction in headcount as a result of our October 2022 restructuring plan and a $3 million decrease in outside services expense.

Marketing and administrative expenses decreased by $33 million for the nine months ended March 31, 2023 compared to the nine months ended April 1, 2022 primarily due to a $34 million decrease in variable compensation and related benefit expense, a $7 million decrease in compensation and other employee benefits primarily from the reduction in headcount as a result of our October 2022 restructuring plan and a $7 million recovery of an accounts receivable previously written-off in the prior year, partially offset by a $5 million increase in travel expenses as a result of the easing of pandemic-related travel restrictions, a $3 million increase in outside services expense and a $2 million increase in advertising costs.

Amortization of intangibles. Amortization of intangibles for the three and nine months ended March 31, 2023 decreased by $3 million and $6 million, respectively, compared to the three and nine months ended April 1, 2022, due to certain intangible assets that reached the end of their useful lives.

BIS settlement penalty. BIS settlement penalty for the three and nine months ended March 31, 2023 was $300 million, related to BIS' allegations of violations of the U.S. EAR, which were subsequently resolved by the Settlement Agreement in April 2023.

Restructuring and other, net. Restructuring and other, net for the three and nine months ended March 31, 2023 was $20 million and $110 million, respectively, which was primarily comprised of workforce reduction costs under our October 2022 Plan.

Other (Expense) Income, Net

	For the Three Months Ended			For the Nine Months Ended	
(Dollars in millions)	March 31, 2023	December 30, 2022	April 1, 2022	March 31, 2023	April 1, 2022
Other (expense) income, net	$ (85)	$ 122	$ (78)	$ (43)	$ (197)

Other (expense) income, net. Other expense, net increased by $207 million for the March 2023 quarter compared to the December 2022 quarter primarily due to a $204 million net gain recognized in December 2022 quarter from early redemption and extinguishment of $964 million of debt from the July 2029 Notes, January 2031 Notes and July 2031 Notes in exchange with issuance of the new December 2032 Notes of $750 million.

Other expense, net increased by $7 million for the March 2023 quarter compared to the March 2022 quarter primarily due to a $19 million increase in interest expense from the issuance of long-term debt partially offset by a net $10 million higher non-recurring gain from our strategic investments in the March 2022 quarter.

Other expense, net decreased by $154 million for the nine months ended March 31, 2023 compared to the nine months ended April 1, 2022 primarily due to a $204 million net gain recognized from early redemption and extinguishment of $964 million of debt from the July 2029 Notes, January 2031 Notes and July 2031 Notes in exchange with issuance of the new December 2032 Notes of $750 million, partially offset by a $45 million increase in interest expense.

Income Taxes

	For the Three Months Ended			For the Nine Months Ended	
(Dollars in millions)	March 31, 2023	December 30, 2022	April 1, 2022	March 31, 2023	April 1, 2022
Provision for (benefit from) income taxes	$ 33	$ (5)	$ 5	$ 26	$ 25

We recorded income tax provisions of $33 million and $26 million for the three and nine months ended March 31, 2023, respectively. The discrete items in the income tax provision were not material for the three and nine months ended March 31, 2023.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was enacted into U.S. law. The legislation includes a new corporate alternative minimum tax (the "CAMT") of 15% on the adjusted financial statement income ("AFSI") of corporations with average AFSI exceeding $1.0 billion over a three-year period. The CAMT is effective for us beginning in fiscal year 2024. We assessed the potential impact of the CAMT and do not expect to have a material impact to our financial statements or results of operations.

During the nine months ended March 31, 2023, our unrecognized tax benefits excluding interest and penalties increased by approximately $1 million to $115 million, substantially all of which would impact the effective tax rate, if recognized, subject to certain future valuation allowance reversals. We do not expect material changes to our unrecognized tax benefits in the next twelve months beginning April 1, 2023.

We recorded income tax provisions of $5 million and $25 million for the three and nine months ended April 1, 2022, respectively. The income tax provision for the three months ended April 1, 2022 included approximately $6 million of net discrete tax benefit, primarily associated with a change in the applicable tax rate within our non-U.S. operations. The income tax provision for the nine months ended April 1, 2022 included approximately $15 million of net discrete tax benefit, primarily associated with net excess tax benefits related to share-based compensation expense.

Our income tax provision recorded for the three and nine months ended March 31, 2023 and April 1, 2022 differed from the provision for income taxes that would be derived by applying the Irish statutory rate of 25% to income before income taxes, primarily due to the net effect of tax benefits related to (i) non-Irish earnings generated in jurisdictions that are subject to tax incentive programs and are considered indefinitely reinvested outside of Ireland and (ii) current year generation of research credits.

Liquidity and Capital Resources

The following sections discuss our principal liquidity requirements, as well as our sources and uses of cash and our liquidity and capital resources. Our cash and cash equivalents are maintained in investments with remaining maturities of 90 days or less at the time of purchase. The principal objectives of our investment policy are the preservation of principal and maintenance of liquidity. We believe our cash equivalents are liquid and accessible. We operate in some countries that have restrictive regulations over the movement of cash and/or foreign exchange across their borders. However, we believe our sources of cash will continue to be sufficient to fund our operations and meet our cash requirements for the next 12 months. Although there can be no assurance, we believe that our financial resources, along with controlling our costs and capital expenditures, will allow us to manage the ongoing impacts of macroeconomic and pandemic-related headwinds including higher inflationary pressures, inventory adjustments by our customers and the overall market demand disruptions on our business operations for the foreseeable future. However, some challenges to our industry and to our business continue to remain uncertain and cannot be predicted at this time. Consequently, we will continue to evaluate our financial position in light of future developments, particularly those relating to the global economic factors and the pandemic.

We are not aware of any downgrades, losses or other significant deterioration in the fair value of our cash equivalents from the values reported as of March 31, 2023.

Cash and Cash Equivalents

(Dollars in millions)	March 31, 2023	July 1, 2022	Change
Cash and cash equivalents	$ 766	$ 615	$ 151

Our cash and cash equivalents as of March 31, 2023 increased by $151 million from July 1, 2022 primarily as a result of net cash of $724 million provided by operating activities and net proceeds of $600 million from the issuance of long-term debt partially offset by the dividends paid to our shareholders of $437 million, repurchases of our ordinary shares of $408 million, payments for capital expenditures of $266 million and $71 million redemption and repurchases of long-term debt.

Cash Provided by Operating Activities

Cash provided by operating activities for the nine months ended March 31, 2023 was $724 million and includes the effects of net loss adjusted for non-cash items including depreciation, amortization, share-based compensation and:

- a decrease of $538 million in accounts receivable, primarily due to lower revenue and timing of collections;
- a decrease of $365 million in inventories, primarily due to a decrease in units built to align with the prevailing demand environment;
- an increase of $110 million cash proceeds received from the settlement of certain interest rate swap agreements; partially offset by
- a decrease of $327 million in accounts payable, primarily due to a decrease in materials purchased; and
- a decrease of $168 million in accrued employee compensation, primarily due to cash paid to our employees as part of our discretionary spending plans.

Cash Used in Investing Activities

Cash used in investing activities for the nine months ended March 31, 2023 was $252 million, primarily attributable to payments for the purchase of property, equipment and leasehold improvements.

Cash Used in Financing Activities

Net cash used in financing activities of $321 million for the nine months ended March 31, 2023 was primarily attributable to the following activities:

- $437 million in dividend payments;
- $408 million in payments for repurchases of our ordinary shares; and

- $71 million redemption and repurchases of long-term debt; partially offset by
- $600 million in net proceeds from the issuance of Term Loan A3.

Liquidity Sources

Our primary sources of liquidity as of March 31, 2023 consist of: (1) approximately $766 million in cash and cash equivalents, (2) cash we expect to generate from operations and (3) $1.75 billion available for borrowing under our Revolving Credit Facility, which is part of the Credit Agreement.

As of March 31, 2023, no borrowings (including swing line loans) were outstanding and no commitments were utilized for letters of credit issued under the Revolving Credit Facility. The Revolving Credit Facility is available for borrowings, subject to compliance with financial covenants and other customary conditions to borrowing.

The Credit Agreement includes three financial covenants: (1) interest coverage ratio, (2) total leverage ratio and (3) a minimum liquidity amount. The term of the Revolving Credit Facility is through October 14, 2026. As of March 31, 2023, we were in compliance with all of the covenants under our debt agreements. On November 8, 2022, we entered into the Seventh Amendment to our Credit Agreement to increase the maximum permitted total leverage ratio we must comply with during the covenant relief period which ends on June 28, 2024. We continue to evaluate our debt portfolio and structure to comply with our financial debt covenants.

We believe that our sources of cash will be sufficient to fund our operations and meet our cash requirements for at least the next 12 months. Our ability to fund liquidity requirements beyond 12 months will depend on our future cash flows, which are determined by future operating performance, and therefore, subject to prevailing global macroeconomic conditions and financial, business and other factors, some of which are beyond our control. For additional information on risks and factors that could impact our ability to fund our operations and meet our cash requirements, including the pandemic, among others, see “Part II, Item 1A. Risk Factors” of this Quarterly Report on Form 10-Q.

Cash Requirements and Commitments

Our liquidity requirements are primarily to meet our working capital, product development and capital expenditure needs, to fund scheduled payments of principal and interest on our indebtedness and to fund our quarterly dividend and any future strategic investments. As of March 31, 2023, our contractual cash requirements have not changed materially since our Annual Report on Form 10-K for the fiscal year ended July 1, 2022, except for the purchase obligations, long-term debt obligations, restructuring and BIS settlement penalty.

Purchase obligations

Purchase obligations are defined as contractual obligations for the purchase of goods or services, which are enforceable and legally binding on us, and that specify all significant terms. From time to time, we enter into long-term, non-cancelable purchase commitments or make large up-front investments with certain suppliers in order to secure certain components or technologies for the production of our products or to supplement our internal manufacturing capacity for certain components. As of March 31, 2023, we had unconditional purchase obligations of approximately $4.1 billion primarily related to purchases of inventory components with our suppliers. We expect $1.6 billion of these short-term commitments to be paid within one year and expect $2.5 billion of these long-term commitments to be paid thereafter.

During the nine months ended March 31, 2023, we recorded order cancellation fees of $108 million to terminate certain purchase commitments related to the purchase of inventory components and equipment, of which $68 million remained unpaid as of March 31, 2023. We expect these remaining amounts to be paid within one year.

Long-term debt and interest payments on debt

On August 18, 2022, we amended our credit agreement and borrowed a new Term Loan A3 in the aggregate principal amount of $600 million. Term Loan A3 bears interest at a rate of SOFR plus a variable margin of 1.25% to 2.5%, in each case with such margin being determined based on the corporate credit rating of the Borrower or one of its parent entities. Term Loan A3 is repayable in quarterly installments and is scheduled to mature on July 30, 2027.

On November 30, 2022, we completed an exchange offer in which $964 million principal amount in aggregate of the July 2029 Notes, January 2031 Notes and July 2031 Notes were exchanged for $750 million principal amount of 9.625% Senior Notes due on December 1, 2032. The exchange was accounted for as a debt extinguishment and resulted in a net gain of $204 million for the nine months ended March 31, 2023.

During the March 2023 quarter, $20 million principal amount of the January 2031 Notes, $5 million principal amount of the June 2029 Notes and $5 million principal amount of the July 2031 Notes were repurchased for cash at a discount to their principal amounts, plus accrued and unpaid interest. We recorded a gain of $3 million on these repurchases during the March

2023 quarter.

As of March 31, 2023, the future principal payment obligation on our long-term debt was $6.0 billion, of which $1.1 billion will mature within one year. As of March 31, 2023, future interest payments on this outstanding debt is estimated to be approximately $1.8 billion, of which $316 million is expected to be paid within one year. From time to time, we may repurchase any of our outstanding senior notes in open market or privately negotiated purchases or otherwise, or we may repurchase outstanding senior notes pursuant to the terms of the applicable indenture. Refer to "Item 1. Financial Statements—*Note 3. Debt*" for more details.

BIS settlement penalty

We accrued a settlement penalty of $300 million for the March 2023 quarter, related to BIS' allegations of violations of the U.S. EAR, which were subsequently resolved by the Settlement Agreement in April 2023. As part of the Settlement Agreement with BIS, quarterly payments of $15 million will be made over the course of five years beginning October 31, 2023, of which $30 million is expected to be paid within one year and $270 million thereafter. Refer to "Item 1. Financial Statements—*Note 12. Legal, Environmental and Other Contingencies*" for more details.

Restructuring

On October 24, 2022, we committed to an October 2022 plan to reduce our cost structure to better align our operational needs to current economic conditions while continuing to support the long-term business strategy. On March 29, 2023, in light of further deteriorating economic conditions, we committed to an expansion of the October 2022 Plan to further reduce the global headcount by approximately 480 employees to a total reduction of approximately 3,480 employees. The expanded plan includes aligning our business plan to near-term market conditions, along with other cost saving measures. The October 2022 Plan is expected to be substantially completed by the end of the fiscal year 2023. During the nine months ended March 31, 2023, we recorded restructuring and other, net of $110 million, primarily related to the workforce reduction costs under the October 2022 plan, and made cash payments of $88 million for all active restructuring plans.

As of March 31, 2023, the future cash payments related to our remaining active restructuring plans were $38 million, of which $35 million is expected to be paid within one year.

Dividends

During the March 2023 quarter, our Board of Directors declared dividends of $0.70 per share, totaling $145 million, which was paid on April 6, 2023. On April 20, 2023, our Board of Directors declared a quarterly cash dividend of $0.70 per share, payable on July 5, 2023 to shareholders of record at the close of business on June 21, 2023. Our ability to pay dividends in the future will be subject to, among other things, general business conditions within the data storage industry, our financial results, the impact of paying dividends on our credit ratings and legal and contractual restrictions on the payment of dividends by our subsidiaries to us or by us to our ordinary shareholders, including restrictions imposed by covenants on our debt instruments.

Share repurchases

From time to time, at our discretion, we may repurchase any of our outstanding ordinary shares through private, open market, or broker-assisted purchases, tender offers, or other means, including through the use of derivative transactions. As of March 31, 2023, $1.9 billion remained available for repurchase under our existing repurchase authorization limit. We may limit or terminate the repurchase program at any time. All repurchases are effected as redemptions in accordance with our Constitution.

Other

For fiscal year 2023, we expect capital expenditures to be at the low-end of our long-term targeted range of 4% to 6% of revenue. We require substantial amounts of cash to fund any increased working capital requirements, future capital expenditures, scheduled payments of principal and interest on our indebtedness and payments of dividends. We will continue to evaluate and manage the retirement and replacement of existing debt and associated obligations, including evaluating the issuance of new debt securities, exchanging existing debt securities for other debt securities and retiring debt pursuant to privately negotiated transactions, open market purchases, tender offers or other means or otherwise. In addition, we may selectively pursue strategic alliances, acquisitions, joint ventures and investments, which may require additional capital.

Subsequent event

On April 20, 2023, we committed to the April 2023 restructuring plan to further reduce our cost structure in response to changes in macroeconomic and business conditions. The April 2023 Plan is intended to align our operational needs with the near-term demand environment while continuing to support the long-term business strategy. The April 2023 Plan is expected to be substantially completed by the end of the fiscal year 2023, with estimated total pre-tax charges of approximately $150 million. These charges are expected to be primarily cash-based and consist of employee severance and other one-time termination benefits.

Critical Accounting Policies

Our discussion and analysis of financial condition and results of operations are based upon our condensed consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of such statements requires us to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities as of the date of the financial statements. Our estimates are based on historical experience and other assumptions that we consider to be appropriate in the circumstances. However, actual future results may vary from our estimates.

Other than as described in "Part I, Item 1. Financial Statements—*Note 1. Basis of Presentation and Summary of Significant Accounting Policies*", there have been no other material changes in our critical accounting policies and estimates. Refer to "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended July 1, 2022, as filed with the SEC on August 5, 2022, for a discussion of our critical accounting policies and estimates.

Recent Accounting Pronouncements

See "Part I, Item 1. Financial Statements—*Note 1. Basis of Presentation and Summary of Significant Accounting Policies*" for information regarding the effect of new accounting pronouncements on our financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We have exposure to market risks due to the volatility of interest rates, foreign currency exchange rates, credit rating changes and equity and bond markets. A portion of these risks may be hedged, but fluctuations could impact our results of operations, financial position and cash flows.

Interest Rate Risk. Our exposure to market risk for changes in interest rates relates primarily to our cash investment portfolio. As of March 31, 2023, we had no available-for-sale debt securities that had been in a continuous unrealized loss position for a period greater than 12 months. We determined no impairment related to credit losses for available-for-sale debt securities as of March 31, 2023.

We have fixed rate and variable rate debt obligations. We enter into debt obligations for general corporate purposes including capital expenditures and working capital needs. Our Term Loans bear interest at a variable rate equal to SOFR plus a variable margin.

We have entered into certain interest rate swap agreements to convert the variable interest rate on the Term Loans to fixed interest rates. The objective of the interest rate swap agreements is to eliminate the variability of interest payment cash flows associated with the variable interest rate under the Term Loans. We designated the interest rate swaps as cash flow hedges. As of March 31, 2023, the aggregate notional amount of the Company's interest-rate swap contracts was $1.6 billion, of which $600 million will mature through September 2025 and $1.0 billion will mature through July 2027.

The table below presents principal amounts and related fixed or weighted-average interest rates by year of maturity for our investment portfolio and debt obligations as of March 31, 2023.

	Fiscal Years Ended							
(Dollars in millions, except percentages)	2023	2024	2025	2026	2027	Thereafter	Total	Fair Value at March 31, 2023
Assets								
Money market funds, time deposits and certificates of deposit								
Floating rate	$ 236	$ —	$ —	$ —	$ —	$ —	$ 236	$ 236
Average interest rate	4.34 %						4.34 %	
Other debt securities								
Fixed rate	$ —	$ —	$ —	$ 15	$ —	$ 1	$ 16	$ 16
Debt								
Fixed rate	$ 540	$ 500	$ 479	$ —	$ 505	$ 2,246	$ 4,270	$ 4,156
Average interest rate	4.75 %	4.88 %	4.75 %	— %	4.88 %	6.21 %	5.55 %	
Variable rate	$ 23	$ 86	$ 138	$ 667	$ 144	$ 697	$ 1,755	$ 1,704
Average interest rate	5.52 %	5.48 %	5.49 %	5.59 %	5.44 %	5.47 %	5.52 %	

Foreign Currency Exchange Risk. From time to time, we may enter into foreign currency forward exchange contracts to manage exposure related to certain foreign currency commitments and anticipated foreign currency denominated expenditures. Our policy prohibits us from entering into derivative financial instruments for speculative or trading purposes.

We hedge portions of our foreign currency denominated balance sheet positions with foreign currency forward exchange contracts to reduce the risk that our earnings will be adversely affected by changes in currency exchange rates. The change in fair value of these contracts is recognized in earnings in the same period as the gains and losses from the remeasurement of the assets and liabilities. All foreign currency forward exchange contracts mature within 12 months.

We recognized a net loss of $1 million and a net gain of $10 million in Cost of revenue and Interest expense, respectively, related to the de-designation on discontinued cash flow hedges during the three months ended March 31, 2023. We recognized a net loss of $20 million and a net gain of $18 million in Cost of revenue and Interest expense, respectively, related to the de-designation on discontinued cash flow hedges during the nine months ended March 31, 2023.

The table below provides information as of March 31, 2023 about our foreign currency forward exchange contracts. The table is provided in dollar equivalent amounts and presents the notional amounts (at the contract exchange rates) and the weighted-average contractual foreign currency exchange rates.

(Dollars in millions, except weighted-average contract rate)	Notional Amount	Weighted-Average Contract Rate	Estimated Fair Value[1]
Foreign currency forward exchange contracts:			
Singapore Dollar	$ 254	$ 1.34	$ 4
Thai Baht	148	$ 34.22	2
Chinese Renminbi	84	$ 6.77	—
British Pound Sterling	74	$ 0.82	2
Total	$ 560		$ 8

[1] Equivalent to the unrealized net gain (loss) on existing contracts.

Other Market Risks. We have exposure to counterparty credit downgrades in the form of credit risk related to our foreign currency forward exchange contracts and our fixed income portfolio. We monitor and limit our credit exposure for our foreign currency forward exchange contracts by performing ongoing credit evaluations. We also manage the notional amount of contracts entered into with any one counterparty and we maintain limits on maximum tenor of contracts based on the credit rating of the financial institution. Additionally, the investment portfolio is diversified and structured to minimize credit risk.

Changes in our corporate issuer credit ratings have minimal impact on our near-term financial results, but downgrades may negatively impact our future ability to raise capital, our ability to execute transactions with various counterparties, and may increase the cost of such capital.

We are subject to equity market risks due to changes in the fair value of the notional investments selected by our employees as part of our non-qualified deferred compensation plan—the SDCP. In fiscal year 2014, we entered into a TRS agreement in order to manage the equity market risks associated with the SDCP liabilities. We pay a floating rate, based on SOFR plus an interest rate spread, on the notional amount of the TRS. The TRS is designed to substantially offset changes in the SDCP liabilities due to changes in the value of the investment options made by employees. See "Part I, Item 1. Financial Statements—*Note 6. Derivative Financial Instruments*" of this Quarterly Report on Form 10-Q.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As required by the Exchange Act Rule 13a-15, we carried out an evaluation under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report. Based on the evaluation, our management, including our chief executive officer and chief financial officer, concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are effective as of March 31, 2023.

Changes in Internal Control over Financial Reporting

During the quarter ended March 31, 2023, there were no changes in our internal control over financial reporting that have materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a discussion of legal proceedings, see "Part I, Item 1. Financial Statements—*Note 12. Legal, Environmental and Other Contingencies*" of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

Summary of Risk Factors

The following is a summary of the principal risks and uncertainties that could materially adversely affect our business, results of operations, financial condition, cash flows, brand or the price of our outstanding ordinary shares and make an investment in our ordinary shares speculative or risky.

Risks Related to our Business, Operations and Industry

- Our ability to increase our revenue and maintain our market share depends on our ability to successfully introduce and achieve market acceptance of new products on a timely basis. If our products do not keep pace with customer requirements, our results of operations will be adversely affected.
- We operate in highly competitive markets and our failure to anticipate and respond to technological changes and other market developments, including price, could harm our ability to compete.
- We may be adversely affected by reduced, delayed, loss of or canceled purchases by, one or more of our key customers, including large hyperscale data center companies and cloud service providers ("CSPs").
- We are dependent on sales to distributors and retailers, which may increase price erosion and the volatility of our sales.
- We must plan our investments in our products and incur costs before we have customer orders or know about the market conditions at the time the products are produced. If we fail to predict demand accurately for our products or if the markets for our products change, we may have insufficient demand or we may be unable to meet demand, which may materially adversely affect our financial condition and results of operations.
- Changes in demand for computer systems, data storage subsystems and consumer electronic devices may in the future cause a decline in demand for our products.
- We have a long and unpredictable sales cycle for nearline storage solutions, which impairs our ability to accurately predict our financial and operating results in any period and may adversely affect our ability to forecast the need for investments and expenditures.
- We experience seasonal declines in the sales of our consumer products during the second half of our fiscal year which may adversely affect our results of operations.
- We may not be successful in our efforts to grow our systems, SSD and Lyve revenues.
- Our worldwide sales and manufacturing operations subject us to risks that may adversely affect our business related to disruptions in international markets, currency exchange fluctuations and increased costs.
- The ongoing COVID-19 pandemic has impacted our business, operating results and financial condition, as well as the operations and financial performance of many of the customers and suppliers in industries that we serve. We are unable to predict the extent to which the pandemic and related effects will adversely impact our business operations, financial performance, results of operations, financial position and the achievement of our strategic objectives.
- If we do not control our costs, we will not be able to compete effectively and may suffer an adverse impact on our financial condition.

Risks Associated with Supply and Manufacturing

- Shortages or delays in the receipt of, or cost increases in, critical components, equipment or raw materials necessary to manufacture our products, as well as reliance on single-source suppliers, may affect our production and development of products and may harm our operating results.
- We have cancelled purchased commitments with suppliers and incurred cost associated with such cancellations, and if revenues fall or customer demand decreases significantly, we may not meet all of our purchase commitments to certain suppliers in the future, which could result in penalties, increased manufacturing costs or excess inventory.
- Due to the complexity of our products, some defects may only become detectable after deployment.

Risks Related to Human Capital

- The loss of or inability to attract, retain and motivate key executive officers and employees could negatively impact our business prospects.
- We are subject to risks related to corporate and social responsibility and reputation.

Risks Related to Financial Performance or General Economic Conditions

- Changes in the macroeconomic environment have impacted and may in the future negatively impact our results of operations.
- We may not be able to generate sufficient cash flows from operations and our investments to meet our liquidity requirements, including servicing our indebtedness.
- We are subject to counterparty default risks.
- Our quarterly results of operations fluctuate, sometimes significantly, from period to period, and may cause our share price to decline.
- Any cost reduction initiatives that we undertake may not deliver the results we expect and these actions may adversely affect our business.
- The effect of geopolitical uncertainties, war, terrorism, natural disasters, public health issues and other circumstances, on national and/ or international commerce and on the global economy, could materially adversely affect our results of operations and financial condition.

Legal, Regulatory and Compliance Risks

- Our business is subject to various laws, regulations, governmental policies, litigation, governmental investigations or governmental proceedings that may cause us to incur significant expense or adversely impact our results or operations and financial condition.
- Some of our products and services are subject to export control laws and other laws affecting the countries in which our products and services may be sold, distributed, or delivered and any changes to or violation of these laws could have a material adverse effect on our business, results of operations, financial condition and cash flows.
- Changes in U.S. trade policy, including the imposition of sanctions or tariffs and the resulting consequences, may have a material adverse impact on our business and results of operations.
- We may be unable to protect our intellectual property rights, which could adversely affect our business, financial condition and results of operations.
- We are at times subject to intellectual property proceedings and claims which could cause us to incur significant additional costs or prevent us from selling our products, and which could adversely affect our results of operations and financial condition.
- Our business and certain products and services depend in part on IP and technology licensed from third parties, as well as data centers and infrastructure operated by third parties.

Risks Related to Information Technology, Data and Information Security

- We could suffer a loss of revenue and increased costs, exposure to significant liability including legal and regulatory consequences, reputational harm and other serious negative consequences in the event of cyber-attacks, ransomware or other cyber security breaches or incidents that disrupt our operations or result in unauthorized access to, or the loss, corruption, unavailability or dissemination of proprietary or confidential information of our customers or about us or our customers or other third parties.
- We must successfully implement our new global enterprise resource planning system and maintain and upgrade our IT systems, and our failure to do so could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Owning our Ordinary Shares

- The price of our ordinary shares may be volatile and could decline significantly.
- Any decision to reduce or discontinue the payment of cash dividends to our shareholders or the repurchase of our ordinary shares pursuant to our previously announced share repurchase program could cause the market price of our ordinary shares to decline significantly.

RISKS RELATED TO OUR BUSINESS, OPERATIONS AND INDUSTRY

Our ability to increase our revenue and maintain our market share depends on our ability to successfully introduce and achieve market acceptance of new products on a timely basis. If our products do not keep pace with customer requirements, our results of operations will be adversely affected.

The markets for our products are characterized by rapid technological change, frequent new product introductions and technology enhancements, uncertain product life cycles and changes in customer demand. The success of our products and services also often depends on whether our offerings are compatible with our customers' or third-parties' products or services and their changing technologies. Our customers demand new generations of storage products as advances in computer hardware and software have created the need for improved storage, with features such as increased storage capacity, enhanced security, energy efficiency, improved performance and reliability and lower cost. We, and our competitors, have developed improved products, and we will need to continue to do so in the future.

Historically, our results of operations have substantially depended upon our ability to be among the first-to-market with new data storage product offerings. We may face technological, operational and financial challenges in developing new products. In addition, our investments in new product development may not yield the anticipated benefits. Our market share, revenue and results of operations in the future may be adversely affected if we fail to:

- develop new products, identify business strategies and timely introduce competitive product offerings to meet technological shifts, or we are unable to execute successfully;
- consistently maintain our time-to-market performance with our new products;
- manufacture these products in adequate volume;
- meet specifications or satisfy compatibility requirements;
- qualify these products with key customers on a timely basis by meeting our customers' performance and quality specifications; or
- achieve acceptable manufacturing yields, quality and costs with these products.

Accordingly, we cannot accurately determine the ultimate effect that our new products will have on our results of operations. Our failure to accurately anticipate customers' needs and accurately identify the shift in technological changes could materially adversely affect our long-term financial results.

In addition, the concentration of customers in our largest end markets magnifies the potential effect of missing a product qualification opportunity. If the delivery of our products is delayed, our customers may use our competitors' products to meet their requirements.

When we develop new products with higher capacity and more advanced technology, our results of operations may decline because the increased difficulty and complexity associated with producing these products increases the likelihood of reliability, quality or operability problems. If our products experience increases in failure rates, are of low quality or are not reliable, customers may reduce their purchases of our products, our factory utilization may decrease and our manufacturing rework and scrap costs and our service and warranty costs may increase. In addition, a decline in the reliability of our products may make it more difficult for us to effectively compete with our competitors.

Additionally, we may be unable to produce new products that have higher capacities and more advanced technologies in the volumes and timeframes that are required to meet customer demand. We are transitioning to key areal density recording technologies that use HAMR technology to increase HDD capacities. If our transitions to more advanced technologies, including the transition to HDDs utilizing HAMR technology, require development and production cycles that are longer than anticipated or if we otherwise fail to implement new HDD technologies successfully, we may lose sales and market share, which could significantly harm our financial results.

We cannot assure you that we will be among the leaders in time-to-market with new products or that we will be able to successfully qualify new products with our customers in the future. If our new products are not successful, our future results of operations may be adversely affected.

We operate in highly competitive markets and our failure to anticipate and respond to technological changes and other market developments, including price, could harm our ability to compete.

We face intense competition in the data storage industry. Our principal sources of competition include HDD and SSD manufacturers, and companies that provide storage subsystems, including electronic manufacturing services and contract electronic manufacturing.

The markets for our data storage products are characterized by technological change, which is driven in part by the adoption of new industry standards. These standards provide mechanisms to ensure technology component interoperability but they also hinder our ability to innovate or differentiate our products. When this occurs, our products may be deemed commodities, which could result in downward pressure on prices.

We also experience competition from other companies that produce alternative storage technologies such as flash memory, where increasing capacity, decreasing cost, energy efficiency and improvements in performance have resulted in SSDs that offer increased competition with our lower capacity, smaller form factor HDDs and a declining trend in demand for HDDs in our legacy markets. Some customers for both mass capacity storage and legacy markets have adopted SSDs as an alternative to hard drives in certain applications. Further adoption of SSDs or other alternative storage technologies may limit our total addressable HDD market, impact the competitiveness of our product portfolio and reduce our market share. Any resulting increase in competition could have a material adverse effect on our business, financial condition and results of operations.

We may be adversely affected by reduced, delayed, loss of or canceled purchases by, one or more of our key customers including large hyperscale data center companies and CSPs.

Some of our key customers such as OEM customers including large hyperscale data center companies and CSPs account for a large portion of our revenue in our mass capacity markets. While we have long-standing relationships with many of our customers, if any key customers were to significantly reduce, defer or cancel their purchases from us or delay product acceptances, or we were prohibited from selling to those key customers, our results of operations would be adversely affected. Although sales to key customers may vary from period to period, a key customer that permanently discontinues or significantly reduces its relationship with us, or that we are prohibited from selling to, could be difficult to replace. In line with industry practice, new key customers usually require that we pass a lengthy and rigorous qualification process. Accordingly, it may be difficult or costly for us to attract new key customers. Additionally, our customers' demand for our products may fluctuate due to factors beyond our control. If one of our key customers unexpectedly reduces, delays or cancels orders, our revenues and results of operations may be materially adversely affected.

Furthermore, if there is consolidation among our customer base, or when supply exceeds demand in our industry, our customers may be able to command increased leverage in negotiating prices and other terms of sale, which could adversely affect our profitability. Furthermore, if such customer pressures require us to reduce our pricing such that our gross margins are diminished, it might not be feasible to sell to a particular customer, which could result in a decrease in our revenue. Consolidation among our customer base may also lead to reduced demand for our products, replacement of our products by the combined entity with those of our competitors and cancellations of orders, each of which could adversely affect our results of operations. If a significant transaction or regulatory impact involving any of our key customers results in the loss of or reduction in purchases by these key customers, it could have a materially adverse effect on our business, results of operations and financial condition.

We are dependent on sales to distributors and retailers, which may increase price erosion and the volatility of our sales.

A substantial portion of our sales has been to distributors and retailers of disk drive products. Certain of our distributors and retailers may also market competing products. We face significant competition in this distribution channel as a result of limited product qualification programs and a focus on price, terms and product availability. Sales volumes through this channel are also less predictable and subject to greater volatility. In addition, deterioration in business and economic conditions could exacerbate price erosion and volatility as distributors or retailers lower prices to compensate for lower demand and higher inventory levels. Our distributors' and retailers' ability to access credit to fund their operations may also affect their purchases of our products. If prices decline significantly in this distribution channel or our distributors or retailers reduce purchases of our products or if distributors or retailers experience financial difficulties or terminate their relationships with us, our revenues and results of operations would be adversely affected.

We must plan our investments in our products and incur costs before we have customer orders or know about the market conditions at the time the products are produced. If we fail to predict demand accurately for our products or if the markets for our products change, we may have insufficient demand or we may be unable to meet demand, which may materially adversely affect our financial condition and results of operations.

Our results of operation are highly dependent on strong cloud and enterprise and/or consumer spending and the resulting demand for our products. Reduced or weak demand, particularly from our key cloud and enterprise customers as a result of a significant change in macroeconomic conditions may result in a significant reduction or cancellation of their purchases from us which can and have materially adversely impacted our business and financial condition.

Our manufacturing process requires us to make significant product-specific investments in inventory for production at least three to six months in advance. As a result, we incur inventory and manufacturing costs in advance of anticipated sales that may never materialize or that may be substantially lower than expected. If actual demand for our products is lower than the forecast, we may also experience excess and obsolescence of inventory, higher inventory carrying costs, factory underutilization charges and manufacturing rework costs, which have resulted in and could result in adverse material effects on our financial condition and results of operations.

Other factors that have affected and may continue to affect our ability to anticipate or meet the demand for our products and adversely affect our results of operations include:

- competitive product announcements or technological advances that result in excess supply when customers cancel purchases in anticipation of newer products;
- variable demand resulting from unanticipated upward or downward pricing pressures;
- our ability to successfully qualify, manufacture and sell our data storage products;
- changes in our product mix, which may adversely affect our gross margins;
- key customers deferring or canceling purchases or delaying product acceptances, or unexpected increases in their orders;
- manufacturing delays or interruptions, particularly at our manufacturing facilities in China, Malaysia, Northern Ireland, Singapore, Thailand or the United States;
- limited access to components that we obtain from a single or a limited number of suppliers; and
- the impact of changes in foreign currency exchange rates on the cost of producing our products and the effective price of our products to non-U.S. customers.

Changes in demand for computer systems, data storage subsystems and consumer electronic devices may in the future cause a decline in demand for our products.

Our products are components in computers, data storage systems and consumer electronic devices. Historically, the demand for these products has been volatile. Unexpected slowdowns in demand for computers, data storage subsystems or consumer electronic devices generally result in sharp declines in demand for our products. Declines in customer spending on the systems and devices that incorporate our products could have a material adverse effect on demand for our products and on our financial condition and results of operations. Uncertain global economic and business conditions can exacerbate these risks.

We are dependent on our long-term investments to manufacture adequate products. Our investment decisions in adding new assembly and test capacity require significant planning and lead-time, and a failure to accurately forecast demand for our products could cause us to over-invest or under-invest, which would lead to excess capacity, underutilization charges, or impairments.

Sales to the legacy markets remain an important part of our business. These markets, however, have been, and we expect them to continue to be, adversely affected by:

- announcements or introductions of major new operating systems or semiconductor improvements or shifts in customer preferences, performance requirements and behavior, such as the shift to tablet computers, smart phones, NAND flash memory or similar devices that meet customers' cost and capacity metrics;
- longer product life cycles; and
- changes in macroeconomic conditions that cause customers to spend less, such as the imposition of new tariffs, increased laws and regulations and increased unemployment levels.

We believe that the deterioration of demand for disk drives in certain of the legacy markets has accelerated, and this deterioration may continue or further accelerate, which could cause our operating results to suffer.

In addition, we believe announcements regarding competitive product introductions from time to time have caused customers to defer or cancel their purchases, making certain inventory obsolete. Whenever an oversupply of products in the market causes our industry to have higher than anticipated inventory levels, we experience even more intense price competition from other manufacturers than usual, which may materially adversely affect our financial results.

We have a long and unpredictable sales cycle for nearline storage solutions, which impairs our ability to accurately predict our financial and operating results in any period and may adversely affect our ability to forecast the need for investments and expenditures.

Our nearline storage solutions are technically complex and we typically supply them in high quantities to a small number of customers. Many of our products are tailored to meet the specific requirements of individual customers and are often integrated by our customers into the systems and products that they sell.

Our sales cycle for nearline storage solutions could exceed one year and could be unpredictable, depending on the time required for developing, testing and evaluating our products before deployment; the size of deployment; and the complexity of system configuration necessary for development. Additionally, our nearline storage solutions are subject to variability of sales primarily due to the timing of IT spending or a reflection of cyclical demand from CSPs based on the timing of their procurement and deployment requirements and their ability to procure other components needed to build out data center infrastructure. Given the length of development and qualification programs and unpredictability of the sales cycle, we may be unable to accurately forecast product demand, which may result in excess inventory and associated inventory reserves or write-downs, which could harm our business, financial condition and results of operations.

We experience seasonal declines in the sales of our consumer products during the second half of our fiscal year which may adversely affect our results of operations.

In certain end markets, sales of computers, storage subsystems and consumer electronic devices tend to be seasonal, and therefore, we expect to continue to experience seasonality in our business as we respond to variations in our customers' demand for our products. In particular, we anticipate that sales of our consumer products will continue to be lower during the second half of our fiscal year. Retail sales of certain of our legacy markets solutions traditionally experience higher demand in the first half of our fiscal year driven by consumer spending in the back-to-school season from late summer to fall and the traditional holiday shopping season from fall to winter. We experience seasonal reductions in the second half of our fiscal year in the business activities of our customers during international holidays like Lunar New Year, as well as in the summer months (particularly in Europe), which typically result in lower sales during those periods. Since our working capital needs peak during periods in which we are increasing production in anticipation of orders that have not yet been received, our results of operations will fluctuate even if the forecasted demand for our products proves accurate. Failure to anticipate consumer demand for our branded solutions as well as an inability to maintain effective working relationships with retail and online distributors may also adversely impact our future results of operations. Furthermore, it is difficult for us to evaluate the degree to which this seasonality may affect our business in future periods because of the rate and unpredictability of product transitions and new product introductions, as well as macroeconomic conditions. In particular, during periods where there are rapidly changing macroeconomic conditions, historical seasonality trends may not be a good indicator to predict our future performance and results of operations.

We may not be successful in our efforts to grow our systems, SSD and Lyve revenues.

We have made and continue to make investments to grow our systems, SSD and Lyve platform revenues. Our ability to grow systems, SSD and Lyve revenues is subject to the following risks:

- we may be unable to accurately estimate and predict data center capacity and requirements;
- we may be unable to offer compelling solutions or services to enterprises, subscribers, or consumers;
- we may be unable to obtain cost effective supply of NAND flash memory in order to offer competitive SSD solutions; and
- our cloud systems revenues generally have a longer sales cycle, and growth is likely to depend on relatively large customer orders, which may increase the variability of our results of operations and the difficulty of matching revenues with expenses.

Our results of operations and share price may be adversely affected if we are not successful in our efforts to grow our revenues as anticipated. In addition, our growth in these markets may bring us into closer competition with some of our customers or potential customers, which may decrease their willingness to do business with us.

Our worldwide sales and manufacturing operations subject us to risks that may adversely affect our business related to disruptions in international markets, currency exchange fluctuations and increased costs.

We are a global company and have significant sales operations outside of the United States, including sales personnel and customer support operations. We also generate a significant portion of our revenue from sales outside the U.S. Disruptions in the economic, environmental, political, legal or regulatory landscape in the countries where we operate may have a material adverse impact on our manufacturing and sales operations. Disruptions in financial markets and the deterioration of global economic conditions have had and may continue to have an impact on our sales to customers and end-users.

Prices for our products are denominated predominantly in dollars, even when sold to customers that are located outside the U.S. An increase in the value of the dollar could increase the real cost to our customers of our products in those markets outside of the U.S. where we sell in dollars. This could adversely impact our sales and market share in such areas or increase pressure on us to lower our price, and adversely impact our profit margins. In addition, we have revenue and expenses denominated in currencies other than the dollar, primarily the Thai Baht, Singaporean dollar, Chinese Renminbi and British Pound Sterling, which further exposes us to adverse movements in foreign currency exchange rates. A weakened dollar could increase the effective cost of our expenses such as payroll, utilities, tax and marketing expenses, as well as overseas capital expenditures. Any of these events could have a material adverse effect on our results of operations. We have attempted to manage the impact of foreign currency exchange rate changes by, among other things, entering into foreign currency forward exchange contracts from time to time, which could be designated as cash flow hedges or not designated as hedging instruments. Our hedging strategy may be ineffective, and specific hedges may expire and not be renewed or may not offset any or more than a portion of the adverse financial impact resulting from currency variations. The hedging activities may not cover our full exposure, subject us to certain counterparty credit risks and may impact our results of operations. See "Item 3. Quantitative and Qualitative Disclosures About Market Risk— *Foreign Currency Exchange Risk*" of this report for additional information about our foreign currency exchange risk.

The shipping and transportation costs associated with our international operations are typically higher than those associated with our U.S. operations, resulting in decreased operating margins in some countries. Volatility in fuel costs, political instability or constraints in or increases in the costs of air transportation may lead us to develop alternative shipment methods, which could disrupt our ability to receive raw materials, or ship finished product, and as a result our business and results of operations may be harmed.

The ongoing COVID-19 pandemic has impacted our business, operating results and financial condition, as well as the operations and financial performance of many of the customers and suppliers in industries that we serve. We are unable to predict the extent to which the pandemic and related effects will adversely impact our business operations, financial performance, results of operations, financial position and the achievement of our strategic objectives.

The COVID-19 pandemic has resulted in a widespread health crisis and numerous disease control measures being taken to limit its spread. The impact of the pandemic on our business has included or could in the future include:

- disruptions to or restrictions on our ability to ensure the continuous manufacture and supply of our products and services, including insufficiency of our existing inventory levels and temporary or permanent closures or reductions in operational capacity of our facilities or the facilities of our direct or indirect suppliers or customers, and any supply chain disruptions;
- temporary shortages of skilled employees available to staff manufacturing facilities due to stay at home orders and travel restrictions within as well as into and out of countries;
- increases in operational expenses and other costs related to requirements implemented to mitigate the impact of the COVID-19 pandemic;
- delays or limitations on the ability of our customers to perform or make timely payments;
- reductions in short- and long-term demand for our products, or other disruptions in technology buying patterns;
- adverse effects on economies and financial markets globally or in various markets throughout the world, potentially leading to a prolonged economic downturn or reductions in business and consumer spending, which may result in decreased net revenue, gross margins, or earnings and/or in increased expenses and difficulty in managing inventory levels;
- delays to and/or lengthening of our sales or development cycles or qualification activity;
- challenges for us, our direct and indirect suppliers and our customers in obtaining financing due to turmoil in financial markets;
- workforce disruptions due to illness, quarantines, governmental actions, other restrictions and/or the social distancing measures we have taken to mitigate the impact of the COVID-19 pandemic in an effort to protect the health and well-being of our employees, customers, suppliers and of the communities in which we operate;
- increased vulnerability to cyberattacks due to the significant number of employees working remotely; and
- our management team continuing to commit significant time, attention and resources to monitoring the COVID-19 pandemic and seeking to mitigate its effects on our business and workforce.

The COVID-19 pandemic has increased economic and demand uncertainty. It continues to negatively affect our business and there is uncertainty around its duration and impact. The extent to which the COVID-19 pandemic will continue to impact our business, financial condition and results of operations is uncertain.

There are many factors outside of our control, such as new strains of COVID-19 virus, the distribution and efficacy of the existing or new vaccines, the response and measures taken by government authorities around the world, and the response of the financial and consumer markets to the prolonged pandemic and governmental measures. These impacts, individually or in the aggregate, could have a material and adverse effect on our business, results of operations and financial condition. Such effect may be exacerbated in the event the pandemic and the measures taken in response to it, and their effects, persist for an extended period of time, or if there is a resurgence of the outbreak or variants thereof. Under any of these circumstances, the resumption of normal business operations may be delayed or hampered by lingering effects of the COVID-19 pandemic on our operations, direct and indirect suppliers, partners and customers. The COVID-19 pandemic may also heighten other risks described in this Risk Factors section.

If we do not control our costs, we will not be able to compete effectively and may suffer an adverse impact on our financial condition.

We continually seek to make our cost structure and business processes more efficient. We are focused on increasing workforce flexibility and scalability, and improving overall competitiveness by leveraging our global capabilities, as well as external talent and skills, worldwide. Our strategy involves, to a substantial degree, increasing revenue and exabytes volume while at the same time controlling expenses. Because our vertical design and manufacturing strategy, our operations have higher costs that are fixed or difficult to reduce in the short-term, including our costs related to utilization of existing facilities and equipment. If we fail to forecast demand accurately or if there is a partial or complete reduction in long-term demand for our products, we could be required to write off inventory, record excess capacity charges which could negatively impact our gross margin and our financial results. If we do not control our manufacturing and operating expenses, our ability to compete in the marketplace may be impaired. In the past, activities to reduce costs have included closures and transfers of facilities, significant personnel reductions, restructuring efforts, asset write-offs and efforts to increase automation. Our restructuring efforts may not yield the intended benefits and may be unsuccessful or disruptive to our business operations which may materially adversely affect our financial results.

RISKS ASSOCIATED WITH SUPPLY AND MANUFACTURING

Shortages or delays in the receipt of, or cost increases in, critical components, equipment or raw materials necessary to manufacture our products, as well as reliance on single-source suppliers, may affect our production and development of products and may harm our operating results.

The cost, quality and availability of components, subassemblies, certain equipment and raw materials used to manufacture our products are critical to our success. Particularly important for our products are components such as read/write heads, substrates for recording media, ASICs, spindle motors, printed circuit boards, suspension assemblies and NAND flash memory. Certain rare earth elements are also critical in the manufacture of our products. In addition, the equipment we use to manufacture our products and components is frequently custom made and comes from a few suppliers and the lead times required to obtain manufacturing equipment can be significant. Our efforts to control our costs, including capital expenditures, may also affect our ability to obtain or maintain such inputs and equipment, which could affect our ability to meet future demand for our products.

We rely on sole or a limited number of direct and indirect suppliers for some or all of these components that we do not manufacture, including substrates for recording media, read/write heads, ASICs, spindle motors, printed circuit boards, suspension assemblies and NAND flash memory. Our options in supplier selection in these cases are limited and the supplier-based technology has been and may continue to be single sourced until wider adoption of the technology occurs and any necessary licenses become available. In light of this small, consolidated supplier base, if our suppliers increased their prices as a result of inflationary pressures from the current macroeconomic conditions or other changes in economic conditions, and we could not pass these price increases to our customers, our operating margin would decline. Also, many of such direct and indirect component suppliers are geographically concentrated, making our supply chain more vulnerable to regional disruptions such as severe weather, the occurrence of local or global health issues or pandemics, acts of terrorism, war and an unpredictable geopolitical climate, which may have a material impact on the production, availability and transportation of many components. We also often aim to lead the market in new technology deployments and leverage unique and customized technology from single source suppliers who are early adopters in the emerging market. If there are any technical issues in the supplier’s technology, it may also cause us to delay shipments of our new technology deployments and harm our financial position.

We have experienced and continuing to experience increased costs and production delays when we were unable to obtain the necessary equipment or sufficient quantities of some components, and/or have been forced to pay higher prices or make volume purchase commitments or advance deposits for some components, equipment or raw materials that were in short supply in the industry in general. If our direct and indirect vendors for these components are unable to meet our cost, quality, supply and transportation requirements or fulfill their contractual commitments and obligations, we may have to reengineer some products, which would likely cause production and shipment delays, make the reengineered products more costly and provide us with a lower rate of return on these products. Further, if we have to allocate the components we receive to certain of our products and ship less of others due to shortages or delays in critical components, we may lose sales to customers who could purchase more of their required products from our competitor that either did not experience these shortages or delays or that made different allocations, and thus our revenue and operating margin would decline.

We cannot assure you that we will be able to obtain critical components in a timely and economic manner. In addition, some of our suppliers’ manufacturing facilities are fully utilized. If they fail to invest in additional capacity or deliver components in the required timeframe, such failure would have an impact on our ability to ramp new products, and may result in a loss of revenue or market share if our competitors did not utilize the same components and were not affected. Further, if our customers experience shortages of components or materials used in their products it could result in a decrease in demand for our products and have an adverse effect on our results of operations.

We have cancelled purchase commitments with suppliers and incurred cost associated with such cancellations, and if revenues fall or customer demand decreases significantly, we may not meet our purchase commitments to certain suppliers in the future, which could result in penalties, increased manufacturing costs or excess inventory.

From time to time, we enter into long-term, non-cancelable purchase commitments or make large up-front investments with certain suppliers in order to secure certain components or technologies for the production of our products or to supplement our internal manufacturing capacity for certain components. In the December 2022 quarter, we cancelled purchase commitments with certain suppliers due to a change in forecasted demand and incurred fees associated with such cancellation. If our actual revenues in the future are lower than our projections or if customer demand decreases significantly below our projections, we may not meet our purchase commitments with suppliers. As a result, it is possible that our revenues will not be sufficient to recoup our up-front investments, in which case we will have to shift output from our internal manufacturing facilities to these suppliers, resulting in higher internal manufacturing costs, or make penalty-type payments under the terms of these contracts. Additionally, because our markets are volatile, competitive and subject to rapid technology and price changes, we face inventory and other asset risks in the event we do not fully utilize purchase commitments. If we cancel purchase commitments, are unable to fully utilize our purchase commitments or if we shift output from our internal manufacturing facilities in order to meet the commitments, our gross margin and operating margin could be materially adversely impacted.

Due to the complexity of our products, some defects may only become detectable after deployment.

Our products are highly complex and are designed to operate in and form part of larger complex networks and storage systems. Our products may contain a defect or be perceived as containing a defect by our customers as a result of improper use or maintenance. Lead times required to manufacture certain components are significant, and a quality excursion may take significant time and resources to remediate. Defects in our products, third-party components or in the networks and systems of which they form a part, directly or indirectly, have resulted in and may in the future result in:

- increased costs and product delays until complex solution level interoperability issues are resolved;
- costs associated with the remediation of any problems attributable to our products;
- loss of or delays in revenues;
- loss of customers;
- failure to achieve market acceptance and loss of market share;
- increased service and warranty costs; and
- increased insurance costs.

Defects in our products could also result in legal actions by our customers for breach of warranty, property damage, injury or death. Such legal actions, including but not limited to product liability claims could exceed the level of insurance coverage that we have obtained. Any significant uninsured claims could significantly harm our financial condition.

RISKS RELATED TO HUMAN CAPITAL

The loss of or inability to attract, retain and motivate key executive officers and employees could negatively impact our business prospects.

Our future performance depends to a significant degree upon the continued service of key members of management as well as marketing, sales and product development personnel. We believe our future success will also depend in large part upon our ability to attract, retain and further motivate highly skilled management, marketing, sales and product development personnel. We have experienced intense competition for qualified and capable personnel, including in the U.S., Thailand, China, Singapore and Northern Ireland, and we cannot assure you that we will be able to retain our key employees or that we will be successful in attracting, assimilating and retaining personnel in the future. Additionally, because a portion of our key personnel's compensation is contingent upon the performance of our business, including through cash bonuses and equity compensation, when the market price of our ordinary shares fluctuates or our results of operations or financial condition are negatively impacted, we may be at a competitive disadvantage for retaining and hiring employees. The reductions in workforce that result from our historical restructurings have also made and may continue to make it difficult for us to recruit and retain personnel. Increased difficulty in accessing, recruiting or retaining personnel may lead to increased manufacturing and employment compensation costs, which could adversely affect our results of operations. The loss of one or more of our key personnel or the inability to hire and retain key personnel could have a material adverse effect on our business, results of operations and financial condition.

We are subject to risks related to corporate and social responsibility and reputation.

Many factors influence our reputation including the perception held by our customers, suppliers, partners, shareholders, other key stakeholders and the communities in which we operate. Our key customers' satisfaction with the volume, quality and timeliness of our products is a material element of our market reputation, and any damage to our key customer relationships could materially adversely affect our reputation. We face increasing scrutiny related to environmental, social and governance activities. We risk damage to our reputation if we fail to act responsibly in a number of areas, such as diversity and inclusion, environmental stewardship, sustainability, supply chain management, climate change, workplace conduct and human rights. Further, despite our policies to the contrary, we may not be able to control the conduct of every individual actor, and our employees and personnel may violate environmental, social or governance standards or engage in other unethical conduct. These acts, or any accusation of such conduct, even if proven to be false, could adversely impact the reputation of our business. Any harm to our reputation could impact employee engagement and retention, our corporate culture and the willingness of customers, suppliers and partners to do business with us, which could have a material adverse effect on our business, results of operations and cash flows.

RISKS RELATED TO FINANCIAL PERFORMANCE OR GENERAL ECONOMIC CONDITIONS

Changes in the macroeconomic environment have impacted and may in the future negatively impact our results of operations.

Changes, especially when there are rapid changes, in macroeconomic conditions may affect consumer and enterprise spending, and as a result, our customers may postpone or cancel spending in response to volatility in credit and equity markets, negative financial news and/or declines in income or asset values, all of which may have a material adverse effect on the demand for our products and/or result in significant decreases in our product prices. Other factors that could have a material adverse effect on demand for our products and on our financial condition and results of operations include inflation, slower growth or recession, conditions in the labor market, healthcare costs, access to credit, consumer confidence and other macroeconomic factors affecting consumer and business spending behavior. These changes could happen rapidly and we may not be able to react quickly to prevent or limit our losses or exposures.

Macroeconomic developments such as slowing global economies, trade disputes, sanctions, increased tariffs between the U.S. and China, Mexico and other countries, the withdrawal of the United Kingdom ("U.K.") from the EU, or adverse economic conditions worldwide resulting from the COVID-19 pandemic and efforts of governments and private industry to slow the pandemic or efforts of governments to stimulate or stabilize the economy may adversely impact our business. Significant inflation and related increases in interest rates, have negatively affected our business in recent quarters and could continue in the near future to negatively affect our business, operating results or financial condition or the markets in which we operate, which, in turn, could adversely affect the price of our ordinary shares. A general weakening of, and related declining corporate confidence in, the global economy or the curtailment in government or corporate spending could cause current or potential customers to reduce their information technology ("IT") budgets or be unable to fund data storage products, which could cause customers to delay, decrease or cancel purchases of our products or cause customers to not pay us or to delay paying us for previously purchased products and services.

We may not be able to generate sufficient cash flows from operations and our investments to meet our liquidity requirements, including servicing our indebtedness.

Our business may not generate sufficient cash flows to enable us to meet our liquidity requirements, including working capital, capital expenditures, product development efforts, investments, servicing our indebtedness and other general corporate requirements. If we cannot fund our liquidity requirements, we may have to reduce or delay capital expenditures, product development efforts, investments, other general corporate expenditures and capital allocation. We cannot assure you that any of these remedies would, if necessary, be effected on commercially reasonable terms, or at all, or that they would permit us to meet our obligations, which would affect our results of operations. In addition, our ability to service our debt obligations and comply with debt covenants depends on our financial performance. If we fail to meet our debt service obligations or fail to comply with debt covenants, or are unable to modify, obtain a waiver, or cure a debt covenant on terms acceptable to us or at all, we could be in default of our debt agreements and instruments. Such a default could result in an acceleration of other debt and may require us to engage in distressed debt transactions on terms unfavorable to us, which could have a material negative impact on our financial performance, stock market price and operations.

We are leveraged and require significant amounts of cash to service our debt. Our debt and debt service requirements could adversely affect our ability to operate our business and may reduce our options for capital allocation. Our high level of debt presents the following risks:

- we are required to use a substantial portion of our cash flow from operations to pay principal and interest on our debt, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, product development efforts, strategic acquisitions, investments and alliances and other general corporate requirements;

- our substantial leverage increases our vulnerability to economic downturns, decreases availability of capital and may subject us to a competitive disadvantage vis-à-vis our competitors that are less leveraged;
- our debt service obligations could limit our flexibility in planning for, or reacting to, changes in our business and our industry, and could limit our ability to borrow additional funds on satisfactory terms for operations or capital to implement our business strategies; and
- covenants in our debt instruments limit our ability to pay future dividends or make other restricted payments and investments, which could restrict our ability to execute on our business strategy or react to the economic environment.

In addition, in the event that we need to refinance all or a portion of our outstanding debt as it matures or incur additional debt to fund our operations, we may not be able to obtain terms as favorable as the terms of our existing debt or refinance our existing debt or incur additional debt to fund our operations at all. If prevailing interest rates or other factors result in higher interest rates upon refinancing, then the interest expense relating to the refinanced debt would increase. Furthermore, if any rating agency changes our credit rating or outlook, our debt and equity securities could be negatively affected, which could adversely affect our ability to refinance existing debt or raise additional capital.

We are subject to counterparty default risks.

We have numerous arrangements with financial institutions that subject us to counterparty default risks, including cash and investment deposits, and foreign currency forward exchange contracts and other derivative instruments. As a result, we are subject to the risk that the counterparty to one or more of these arrangements will, voluntarily or involuntarily, default on its performance obligations. In times of market distress in particular, a counterparty may not comply with its contractual commitments that could then lead to it defaulting on its obligations with little or no notice to us, thereby limiting our ability to take action to lessen or cover our exposure. Additionally, our ability to mitigate our counterparty exposures could be limited by the terms of the relevant agreements or because market conditions prevent us from taking effective action. If one of our counterparties becomes insolvent or files for bankruptcy, our ability to recover any losses suffered as a result of that counterparty's default may be limited by the liquidity of the counterparty or the applicable laws governing the bankruptcy proceedings. In the event of any such counterparty default, we could incur significant losses, which could have a material adverse effect on our business, results of operations, or financial condition.

Further, our customers could have reduced access to working capital due to global economic conditions, higher interest rates, reduced bank lending resulting from contractions in the money supply or the deterioration in the customer’s, or their bank’s financial condition or the inability to access other financing, which would increase our credit and non-payment risk, and could result in an increase in our operating costs or a reduction in our revenue. Also, our customers outside of the United States are sometimes allowed longer time periods for payment than our U.S. customers. This increases the risk of nonpayment due to the possibility that the financial condition of particular customers may worsen during the course of the payment period. In addition, some of our OEM customers have adopted a subcontractor model that requires us to contract directly with companies, such as original design manufacturers that provide manufacturing and fulfillment services to our OEM customers. Because these subcontractors are generally not as well capitalized as our direct OEM customers, this subcontractor model exposes us to increased credit risks. Our agreements with our OEM customers may not permit us to increase our product prices to alleviate this increased credit risk.

Our quarterly results of operations fluctuate, sometimes significantly, from period to period, and may cause our share price to decline.

Our quarterly revenue and results of operations fluctuate, sometimes significantly, from period to period. These fluctuations, which we expect to continue, have been and may continue to be precipitated by a variety of factors, including:

- uncertainty in global economic and political conditions, and instability or war or adverse changes in the level of economic activity in the major regions in which we do business;
- pandemics, such as COVID-19, or other global health issues that impact our operations as well as those of our customers and suppliers;
- competitive pressures resulting in lower prices by our competitors which may shift demand away from our products;
- announcements of new products, services or technological innovations by us or our competitors, and delays or problems in our introduction of new, more cost-effective products, the inability to achieve high production yields or delays in customer qualification or initial product quality issues;
- changes in customer demand or the purchasing patterns or behavior of our customers;
- application of new or revised industry standards;
- disruptions in our supply chain, including increased costs or adverse changes in availability of supplies of raw materials or components;
- increased costs of electricity and/or other energy sources, freight and logistics costs or other materials or services necessary for the operation of our business;
- the impact of corporate restructuring activities that we have and may continue to engage in;

- changes in the demand for the computer systems and data storage products that contain our products;
- unfavorable supply and demand imbalances;
- our high proportion of fixed costs, including manufacturing and research and development expenses;
- any impairments in goodwill or other long-lived assets;
- changes in tax laws, such as global tax developments applicable to multinational businesses; the impact of trade barriers, such as import/export duties and restrictions, sanctions, tariffs and quotas, imposed by the U.S. or other countries in which the Company conducts business;
- the evolving legal and regulatory, economic, environmental and administrative climate in the international markets where the Company operates; and
- adverse changes in the performance of our products.

As a result, we believe that quarter-to-quarter and year-over-year comparisons of our revenue and results of operations may not be meaningful, and that these comparisons may not be an accurate indicator of our future performance. Our results of operations in one or more future quarters may fail to meet the expectations of investment research analysts or investors, which could cause an immediate and significant decline in our market value.

Any cost reduction initiatives that we undertake may not deliver the results we expect and these actions may adversely affect our business.

From time to time, we engage in restructuring plans that have resulted and may continue to result in workforce reduction and consolidation of our real estate facilities and our manufacturing footprint. In addition, management will continue to evaluate our global footprint and cost structure, and additional restructuring plans are expected to be formalized. As a result of our restructurings, we have experienced and may in the future experience a loss of continuity, loss of accumulated knowledge, disruptions to our operations and inefficiency during transitional periods. Any cost-cutting measures could impact employee retention. In addition, we cannot be sure that any future cost reductions or global footprint consolidations will deliver the results we expect, be successful in reducing our overall expenses as we expect or that additional costs will not offset any such reductions or global footprint consolidation. If our operating costs are higher than we expect or if we do not maintain adequate control of our costs and expenses, our results of operations may be adversely affected.

The effect of geopolitical uncertainties, war, terrorism, natural disasters, public health issues and other circumstances, on national and/or international commerce and on the global economy, could materially adversely affect our results of operations and financial condition.

Geopolitical uncertainty, terrorism, instability or war, such as the military action against Ukraine launched by Russia, natural disasters, public health issues and other business interruptions have caused and could cause damage or disruption to international commerce and the global economy, and thus could have a strong negative effect on our business, our direct and indirect suppliers, logistics providers, manufacturing vendors and customers. Our business operations are subject to interruption by natural disasters such as floods and earthquakes, fires, power or water shortages, terrorist attacks, other hostile acts, labor disputes, public health issues (such as the COVID-19 pandemic) and related mitigation actions, and other events beyond our control. Such events may decrease demand for our products, make it difficult or impossible for us to make and deliver products to our customers or to receive components from our direct and indirect suppliers, and create delays and inefficiencies in our supply chain.

A significant natural disaster, such as an earthquake, fire, flood, or significant power outage could have an adverse impact on our business, results of operations, and financial condition. The impact of climate change may increase these risks due to changes in weather patterns, such as increases in storm intensity, sea-level rise and temperature extremes in areas where we or our suppliers and customers conduct business. We have a number of our employees and executive officers located in the San Francisco Bay Area, a region known for seismic activity, wildfires and drought conditions, and in Asia, near major earthquake faults known for seismic activity. To mitigate wildfire risk, electric utilities are deploying public safety power shutoffs, which affects electricity reliability to our facilities and our communities. Many of our suppliers and customers are also located in areas with risks of natural disasters. In the event of a natural disaster, losses and significant recovery time could be required to resume operations and our financial condition and results of operations could be materially adversely affected.

Should major public health issues, including pandemics, arise, we could be negatively affected by stringent employee travel restrictions, additional limitations or cost increases in freight and other logistical services, governmental actions limiting the movement of products or employees between regions, increases in or changes to data collection and reporting obligations, delays in production ramps of new products, and disruptions in our operations and those of some of our key direct and indirect suppliers and customers. For example, the COVID-19 pandemic resulted in government-imposed travel restrictions, border closures, stay-at-home orders, facility closures or operating constraints in a number of our global locations, disruptions in our operations and those of our suppliers, partners, and customers, increases in air freight rates, limited numbers of employees available to staff manufacturing operations, and shortages of supplies of personal protective equipment required for our manufacturing operations. If any of these circumstances continue for an additional extended period of time, our manufacturing ability and capacity, or those of our key direct and indirect suppliers or customers, could be impacted, and our results of operations and financial condition could be adversely affected.

LEGAL, REGULATORY AND COMPLIANCE RISKS

Our business is subject to various laws, regulations, governmental policies, litigation, governmental investigations or governmental proceedings that may cause us to incur significant expense or adversely impact our results or operations and financial condition.

Our business is subject to regulation under a wide variety of U.S. federal and state and non-U.S. laws, regulations and policies. Laws, regulations and policies may change in ways that will require us to modify our business model and objectives or affect our returns on investments by restricting existing activities and products, subjecting them to escalating costs or prohibiting them outright. In particular, potential uncertainty of changes to global tax laws, including global initiatives put forth by the Organization for Economic Co-operation and Development, and tax laws in any jurisdiction in which we operate have had and may continue to have an effect on our business, corporate structure, operations, sales, liquidity, capital requirements, effective tax rate, results of operations, and financial performance. Jurisdictions such as China, Malaysia, Northern Ireland, Singapore, Thailand and the U.S., in which we have significant operating assets, and the European Union each have exercised and continue to exercise significant influence over many aspects of their domestic economies including, but not limited to, fair competition, tax practices, anti-corruption, anti-trust, data privacy, protection, security and sovereignty, price controls and international trade, which have had and may continue to have an adverse effect on our business operations and financial condition.

Our business, particularly our Lyve products and related services, is subject to state, federal, and international laws and regulations relating to data privacy, data protection and data security. Changes to our products or services or the manner in which our customers utilize our products or services may result in new or enhanced costly compliance requirements and governmental or regulatory scrutiny. Additionally, our business is subject to state, federal, and international laws and regulations that subject us to requirements to notify vendors, customers, or employees of a data security breach.

Further, the sale and manufacturing of products in certain states and countries has and may continue to subject us and our suppliers to state, federal and international laws and regulations governing protection of the environment, including those governing climate change, discharges of pollutants into the air and water, the management and disposal of hazardous substances and wastes, the cleanup of contaminated sites, restrictions on the presence of certain substances in electronic products and the responsibility for environmentally safe disposal or recycling. If additional or more stringent requirements are imposed on us and our suppliers in the future, we could incur additional operating costs and capital expenditures. If we fail to comply with applicable environmental laws, regulations, initiatives, or standards of conduct, our customers may refuse to purchase our products and we could be subject to fines, penalties and possible prohibition of sales of our products into one or more states or countries, liability to our customers and damage to our reputation, which could result in a material adverse effect on our financial condition or results of operations.

As the laws and regulations to which we are subject to continue to change and vary greatly from jurisdiction to jurisdiction, compliance with such laws and regulations may be onerous, may create uncertainty as to how they will be applied and interpreted, and may continue to increase our cost of doing business globally.

From time to time, we have been and may continue to be involved in various legal, regulatory or administrative investigations, inquiries, negotiations or proceedings arising in the normal course of business. Litigation, government investigations or governmental proceedings are subject to inherent risks and uncertainties that may cause an outcome to differ materially from our expectations and may result in us being required to pay substantial damages, fines or penalties and cease certain practices or activities, which could materially harm our business. The costs associated with litigation and government investigations can also be unpredictable depending on the complexity and length of time devoted to such litigation or investigation. Litigation, investigations or government proceedings may also divert the efforts and attention of our key personnel, which could also harm our business.

In addition, regulation or government scrutiny may impact the requirements for marketing our products and slow our ability to introduce new products, resulting in an adverse impact on our business. Although we have implemented policies and procedures designed to ensure compliance, there can be no assurance that our employees, contractors or agents will not violate these or other applicable laws, rules and regulations to which we are and may be subject. Violations of these laws and regulations could lead to significant penalties, restraints on our export or import privileges, monetary fines, government investigations, disruption of our operating activities, damage to our reputation and corporate brand, criminal proceedings and regulatory or other actions that could materially adversely affect our results of operations. The political and media scrutiny surrounding a governmental investigation for the violation of such laws, even if an investigation does not result in a finding of violation, could cause us significant expense and collateral consequences, including reputational harm that could have an adverse impact on our business, results of operations and financial condition.

Some of our products and services are subject to export control laws and other laws affecting the countries in which our products and services may be sold, distributed, or delivered, and any changes to or violation of these laws could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Due to the global nature of our business, we are subject to import and export restrictions and regulations, including the EAR administered by the BIS and the trade and economic sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"). We incorporate encryption technology into certain of our products and solutions. These encryption products and the underlying technology may be exported outside of the United States only with export authorizations, including by license, a license exception or other appropriate government authorizations, including the filing of an encryption registration. The U.S., through the BIS and OFAC, places restrictions on the sale or export of certain products and services to certain countries, persons and entities, as well as for certain end-uses, such as military, military-intelligence and weapons of mass destruction end-uses. The U.S. government also imposes sanctions through executive orders restricting U.S. companies from conducting business activities with specified individuals and companies. Although we have controls and procedures to ensure compliance with all applicable regulations and orders, we cannot predict whether changes in laws or regulations by the U.S., China or another jurisdiction will affect our ability to sell our products and services to existing or new customers. Additionally, we cannot ensure that our interpretation of relevant restrictions and regulations will be accepted in all cases by relevant regulatory and enforcement authorities. On April 18, 2023, we entered into the Settlement Agreement with BIS that resolves BIS' allegations regarding our sales of hard disk drives to Huawei. We have also agreed to complete three audits of our compliance with the license requirements of Section 734.9 of the EAR. The Settlement Agreement also includes a denial order that is suspended and will be waived five years after the date of the order issued under the Settlement Agreement, provided that we have made full and timely payments under the Settlement Agreement and timely completed the audit requirements. Our failure to comply with the terms of the Settlement Agreement could result in significant penalties, including the loss of the suspension of the denial order which would prohibit us from exporting our products subject to the EAR outside of the United States, and could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Violators of any U.S. export control and sanctions laws may be subject to significant penalties, which may include monetary fines, criminal proceedings against them and their officers and employees, a denial of export privileges, and suspension or debarment from selling products to the U.S. government. Moreover, the sanctions imposed by the U.S. government could be expanded in the future. Our products could be shipped to restricted end-users or for restricted end-uses by third parties, including potentially our channel partners, despite our precautions. In addition, if our partners fail to obtain appropriate import, export or re-export licenses or permits, we may also be adversely affected, through reputational harm as well as other negative consequences including government investigations and penalties. A significant portion of our sales are to customers in Asia Pacific and in other geographies that have been the recent focus of changes in U.S. export control policies. Any further limitation that impedes our ability to export or sell our products and services could materially adversely affect our business, results of operations, financial condition and cash flows.

Other countries also regulate the import and export of certain encryption and other technology, including import and export licensing requirements, and have enacted laws that could limit our ability to sell or distribute our products and services or could limit our partners' or customers' ability to sell or use our products and services in those countries, which could materially adversely affect our business, results of operations, financial condition and cash flows. Violations of these regulations may result in significant penalties and fines. In our Settlement Agreement with BIS, we agreed to pay a penalty of $300 million to resolve BIS' allegations. Changes in our products and services or future changes in export and import regulations may create delays in the introduction of our products and services in those countries, prevent our customers from deploying our products and services globally or, in some cases, prevent the export or import or sale of our products and services to certain countries, governments or persons altogether. From time to time, various governmental agencies have proposed additional regulation of encryption technology, including the escrow and government recovery of private encryption keys. Any change in export or import regulations, economic sanctions or related legislation, increased export and import controls, or change in the countries, governments, persons or technologies targeted by such regulations, in the countries where we operate could result in decreased use of our products and services by, or in our decreased ability to export or sell our products and services to, new or existing customers, which could materially adversely affect our business, results of operations, financial condition and cash flows.

If we were ever found to have violated applicable export control laws, we may be subject to penalties which could have a material and adverse impact on our business, results of operations, financial condition and cash flows. Even if we were not found to have violated such laws, the political and media scrutiny surrounding any governmental investigation of us could cause us significant expense and reputational harm. Such collateral consequences could have a material adverse impact on our business, results of operations, financial condition and cash flows.

Changes in U.S. trade policy, including the imposition of sanctions or tariffs and the resulting consequences, may have a material adverse impact on our business and results of operations.

We face uncertainty with regard to U.S. government trade policy. Current U.S. government trade policy includes tariffs on certain non-U.S. goods, including information and communication technology products. These measures may materially increase costs for goods imported into the United States. This in turn could require us to materially increase prices to our customers which may reduce demand, or, if we are unable to increase prices to adequately address any tariffs, quotas or duties, could lower our margin on products sold and negatively impact our financial performance. Changes in U.S. trade policy have resulted in, and could result in more, U.S. trading partners adopting responsive trade policies, including imposition of increased tariffs, quotas or duties. Such policies could make it more difficult or costly for us to export our products to those countries, therefore negatively impacting our financial performance.

We may be unable to protect our intellectual property rights, which could adversely affect our business, financial condition and results of operations.

We rely on a combination of patent, trademark, copyright and trade secret laws, confidentiality agreements, security measures and licensing arrangements to protect our intellectual property rights. In the past, we have been involved in significant and expensive disputes regarding our intellectual property rights and those of others, including claims that we may be infringing patents, trademarks and other intellectual property rights of third parties. We expect that we will be involved in similar disputes in the future.

There can be no assurance that:

- any of our existing patents will continue to be held valid, if challenged;
- patents will be issued for any of our pending applications;
- any claims allowed from existing or pending patents will have sufficient scope or strength to protect us;
- our patents will be issued in the primary countries where our products are sold in order to protect our rights and potential commercial advantage;
- we will be able to protect our trade secrets and other proprietary information through confidentiality agreements with our customers, suppliers and employees and through other security measures; and
- others will not gain access to our trade secrets.

In addition, our competitors may be able to design their products around our patents and other proprietary rights. Enforcement of our rights often requires litigation. If we bring a patent infringement action and are not successful, our competitors would be able to use similar technology to compete with us. Moreover, the defendant in such an action may successfully countersue us for infringement of their patents or assert a counterclaim that our patents are invalid or unenforceable.

Furthermore, we have significant operations and sales in countries where intellectual property laws and enforcement policies are often less developed, less stringent or more difficult to enforce than in the United States. Therefore, we cannot be certain that we will be able to protect our intellectual property rights in jurisdictions outside the United States.

We are at times subject to intellectual property proceedings and claims which could cause us to incur significant additional costs or prevent us from selling our products, and which could adversely affect our results of operations and financial condition.

We are subject from time-to-time to legal proceedings and claims, including claims of alleged infringement of the patents, trademarks and other intellectual property rights of third parties by us, or our customers, in connection with the use of our products. Intellectual property litigation can be expensive and time-consuming, regardless of the merits of any claim, and could divert our management's attention from operating our business. In addition, intellectual property lawsuits are subject to inherent uncertainties due to the complexity of the technical issues involved, which may cause actual results to differ materially from our expectations. Some of the actions that we face from time-to-time seek injunctions against the sale of our products and/or substantial monetary damages, which, if granted or awarded, could materially harm our business, financial condition and operating results.

We cannot be certain that our products do not and will not infringe issued patents or other intellectual property rights of others. We may not be aware of currently filed patent applications that relate to our products or technology. If patents are later issued on these applications, we may be liable for infringement. If our products were found to infringe the intellectual property rights of others, we could be required to pay substantial damages, cease the manufacture, use and sale of infringing products in one or more geographic locations, expend significant resources to develop non-infringing technology, discontinue the use of specific processes or obtain licenses to the technology infringed. We might not be able to obtain the necessary licenses on acceptable terms, or at all, or be able to reengineer our products successfully to avoid infringement. Any of the foregoing could cause us to incur significant costs and prevent us from selling our products, which could adversely affect our results of operations and financial condition. See "Item 1. Financial Statements—*Note 12. Legal, Environmental and Other Contingencies*" contained in this report for a description of pending intellectual property proceedings.

Our business and certain products and services depend in part on IP and technology licensed from third parties, as well as data centers and infrastructure operated by third parties.

Some of our business and some of our products rely on or include software licensed from third parties, including open source licenses. We may not be able to obtain or continue to obtain licenses from these third parties at all or on reasonable terms, or such third parties may demand cross-licenses to our intellectual property. Third-party components and technology may become obsolete, defective or incompatible with future versions of our products or services, or our relationship with the third party may deteriorate, or our agreements may expire or be terminated. We may face legal or business disputes with licensors that may threaten or lead to the disruption of inbound licensing relationships. In order to remain in compliance with the terms of our licenses, we monitor and manage our use of third-party software, including both proprietary and open source license terms to avoid subjecting our products and services to conditions we do not intend, such as the licensing or public disclosure of our intellectual property without compensation or on undesirable terms. The terms of many open source licenses have not been interpreted by U.S. courts, and these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our products or services. Additionally, some of these licenses may not be available to us in the future on terms that are acceptable or that allow our product offerings to remain competitive. Our inability to obtain licenses or rights on favorable terms could have a material effect on our business, financial condition, results of operations and cash flow, including if we are required to take remedial action that may divert resources away from our development efforts.

In addition, we also rely upon third-party hosted infrastructure partners globally to serve customers and operate certain aspects of our business or services. Any disruption of or interference at our hosted infrastructure partners would impact our operations and our business could be adversely impacted.

RISKS RELATED TO INFORMATION TECHNOLOGY, DATA AND INFORMATION SECURITY

We could suffer a loss of revenue and increased costs, exposure to significant liability including legal and regulatory consequences, reputational harm and other serious negative consequences in the event of cyber-attacks, ransomware or other cyber security breaches or incidents that disrupt our operations or result in unauthorized access to, or the loss, corruption, unavailability or dissemination of proprietary or confidential information of our customers or about us or other third parties.

Our operations are dependent upon our ability to protect our digital infrastructure and data. We manage and store various proprietary information and sensitive or confidential data relating to our operations, as well as to our customers, suppliers, employees and other third parties, and we store subscribers' data on our edge-to-cloud mass storage platform. As our operations become more automated, increasingly interdependent and our edge-to-cloud mass storage platform service grows, our exposure to the risks posed by storage, transfer and maintenance of data, such as corruption, loss or unavailability of, or damage to, and other security risks to, data, will continue to increase. Despite the measures we and our vendors put in place to secure our computer equipment and data belonging to us, our customers, suppliers, employees or other third parties, the computer equipment and data have been and may continue to be vulnerable to phishing, employee error, hacking, ransomware and other cyberattacks, malfeasance, system error or other irregularities or incidents, including from breaches and incidents or attacks at third party vendors we utilize. In addition, the measures we take may not be sufficient for all eventualities. We anticipate that these threats will continue to grow in scope and complexity over time due to the development and deployment of increasingly advanced tools and techniques to attack or to exploit any security vulnerabilities of our products and services.

The costs to eliminate or address the foregoing security problems and security vulnerabilities before or after a security breach or incident may be significant. Certain legacy IT systems may not be easily remediated, and our disaster recovery planning may not be sufficient for all eventualities. Our remediation efforts may not be successful and could result in interruptions, delays or cessation of service and loss of existing or potential customers that may impede our sales, manufacturing, distribution or other critical functions and may result in litigation or governmental investigations, fines, penalties, indemnity obligations and other potential liability and costs for us, materially damage our brand or otherwise materially harm our business.

We must successfully implement our new global enterprise resource planning system and maintain and upgrade our IT systems, and our failure to do so could have a material adverse effect on our business, financial condition and results of operations.

From time to time, we expand and improve our IT systems to support our business going forward. Consequently, we are in the process of implementing, and will continue to invest in and implement, modifications and upgrades to our IT systems and procedures, including making changes to legacy systems or acquiring new systems with new functionality, and building new policies, procedures, training programs and monitoring tools.

We are engaged in a multi-year implementation of a new global enterprise resource planning system ("ERP") which requires significant investment of human and financial resources. The ERP is designed to efficiently maintain our financial records and provide information important to the operation of our business to our management team. In implementing the ERP, we may experience significant increases to inherent costs and risks associated with changing and acquiring these systems, policies, procedures and monitoring tools, including capital expenditures, additional operating expenses, demands on management time and other risks and costs of delays or difficulties in transitioning to or integrating new systems policies, procedures or monitoring tools into our current systems. Any significant disruption or deficiency in the design and implementation of the ERP may adversely affect our ability to process orders, ship product, send invoices and track payments, fulfill contractual obligations, maintain effective disclosure controls and internal control over financial reporting or otherwise operate our business. These implementations, modifications and upgrades may not result in productivity improvements at a level that outweighs the costs of implementation, or at all. In addition, difficulties with implementing new technology systems, such as ERP, delays in our timeline for planned improvements, significant system failures or our inability to successfully modify our IT systems, policies, procedures or monitoring tools to respond to changes in our business needs in the past have caused and in the future may cause disruptions in our business operations, increase data security risks, and may have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATED TO OWNING OUR ORDINARY SHARES

The price of our ordinary shares may be volatile and could decline significantly.

The market price of our ordinary shares has fluctuated and may continue to fluctuate or decline significantly in response to various factors some of which are beyond our control, including:

- general stock market conditions, or general uncertainty in stock market conditions due to global economic conditions and negative financial news unrelated to our business or industry, including the impact of the COVID-19 pandemic;
- the timing and amount of or the discontinuance of our share repurchases;
- actual or anticipated variations in our results of operations;
- announcements of innovations, new products, significant contracts, acquisitions, or significant price reductions by us or our competitors, including those competitors who offer alternative storage technology solutions;
- our failure to meet our guidance or the performance estimates of investment research analysts, or changes in financial estimates by investment research analysts;
- significant announcements by or changes in financial condition of a large customer;
- the ability of our customers to procure necessary components which may impact their demand or timing of their demand for our products, especially during a period of persistent supply chain shortages;
- reduction in demand from our key customers due to macroeconomic conditions that reduce cloud, enterprise or consumer spending;
- actual or perceived security breaches or security vulnerabilities;
- actual or anticipated changes in the credit ratings of our indebtedness by rating agencies; and
- the sale of our ordinary shares held by certain equity investors or members of management.

In addition, in the past, following periods of decline in the market price of a company's securities, class action lawsuits have often been pursued against that company. If similar litigation were pursued against us, it could result in substantial costs and a diversion of management's attention and resources, which could materially adversely affect our results of operations, financial condition and liquidity.

Any decision to reduce or discontinue the payment of cash dividends to our shareholders or the repurchase of our ordinary shares pursuant to our previously announced share repurchase program could cause the market price of our ordinary shares to decline significantly.

Although historically we have announced regular cash dividend payments and a share repurchase program, we are under no obligation to pay cash dividends to our shareholders in the future at historical levels or at all or to repurchase our ordinary shares at any particular price or at all. The declaration and payment of any future dividends is at the discretion of our Board of Directors. Our previously announced share repurchase program was paused in the December 2022 quarter, remained paused through the March 2023 quarter and may be discontinued at any time. Our payment of quarterly cash dividends and the repurchase of our ordinary shares pursuant to our share repurchase program are subject to, among other things, our financial position and results of operations, distributable reserves, available cash and cash flow, capital and regulatory requirements, market and economic conditions, our ordinary share price and other factors. Any reduction or discontinuance by us of the payment of quarterly cash dividends or the repurchase of our ordinary shares pursuant to our share repurchase program could cause the market price of our ordinary shares to decline significantly. Moreover, in the event our payment of quarterly cash dividends or repurchases of our ordinary shares are reduced or discontinued, our failure to resume such activities at historical levels could result in a persistent lower market valuation of our ordinary shares.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Repurchase of Equity Securities

All repurchases of our outstanding ordinary shares are effected as redemptions in accordance with our Constitution.

As of March 31, 2023, $1.9 billion remained available for repurchases under the existing repurchase authorization. There is no expiration date on this authorization. The timing of purchases will depend upon prevailing market conditions, alternative uses of capital and other factors. We may limit or terminate the repurchase program at any time.

The following table sets forth information with respect to all repurchases of our ordinary shares made during the fiscal quarter ended March 31, 2023, including statutory tax withholdings related to vesting of employee equity awards (in millions, except average price paid per share):

Period	Total Number of Shares Repurchased[1]	Average Price Paid Per Share[1]	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs[1]
December 31, 2022 through January 27, 2023	—	—	—	$ 1,926
January 28, 2023 through February 24, 2023	—	—	—	1,925
February 25, 2022 through March 31, 2023	—	—	—	1,924
Total	—		—	

[1] Repurchase of shares pursuant to the repurchase program described above, as well as tax withholdings.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

Exhibit No.	Description of Exhibit	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Certificate of Incorporation of Seagate Technology Holdings plc	10-K	001-31560	3.1	8/6/2021	
3.2	Constitution of Seagate Technology Holdings public limited company as of May 18, 2021 (as amended by special resolution dated May 14, 2021)	S-8	001-31560	4.1	10/20/2021	
10.1	Settlement Agreement, dated as of April 18, 2023	8-K	001-31560	10.1	4/19/2023	
31.1	Certification of the Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14 (a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of the Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14 (a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					X
32.1†	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	Inline XBRL Instance Document.					
101.SCH	Inline XBRL Taxonomy Extension Schema.					
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase.					
104	Inline XBRL Cover page and contained in Exhibit 101.					

+ Management contract or compensatory plan or arrangement.

† The certifications attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Seagate Technology Holdings plc under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SEAGATE TECHNOLOGY HOLDINGS PUBLIC LIMITED COMPANY

DATE: April 26, 2023

BY: /s/ Gianluca Romano
Gianluca Romano
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 31.1

CERTIFICATION

I, Dr. William D. Mosley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Seagate Technology Holdings plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2023

/s/ Dr. William D. Mosley

Name: Dr. William D. Mosley

Title: Chief Executive Officer and Director
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Gianluca Romano, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Seagate Technology Holdings plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2023

/s/ Gianluca Romano

Name: Gianluca Romano

Title: Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

This certification is not to be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and does not constitute a part of the Quarterly Report of Seagate Technology Holdings plc (the "Company") on Form 10-Q for the fiscal quarter ended March 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report").

In connection with the Report, we, Dr. William D. Mosley, Chief Executive Officer of the Company, and Gianluca Romano, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 26, 2023		/s/ Dr. William D. Mosley
	Name:	Dr. William D. Mosley
	Title:	Chief Executive Officer and Director (Principal Executive Officer)
Date: April 26, 2023		/s/ Gianluca Romano
	Name:	Gianluca Romano
	Title:	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)