UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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 January 2, 2026

☐ **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)

121 Woodlands Avenue 5,
Singapore
(Address of principal executive offices)
739009
(Zip Code)

Telephone: (65) 6018-2562
(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 January 27, 2026, 218,073,067 of the registrant's ordinary shares, par value $0.00001 per share, were issued and outstanding.

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SEAGATE TECHNOLOGY HOLDINGS PLC

PART I

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	January 2, 2026 (unaudited)	June 27, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,046	$ 891
Accounts receivable, net	1,246	959
Inventories, net	1,498	1,440
Other current assets	419	363
Total current assets	4,209	3,653
Property, equipment and leasehold improvements, net	1,771	1,657
Goodwill	1,221	1,221
Deferred income taxes	1,088	1,066
Other assets, net	419	426
Total Assets	$ 8,708	$ 8,023
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 1,771	$ 1,604
Accrued employee compensation	253	352
Accrued warranty	66	60
Current portion of long-term debt	998	—
Accrued expenses	673	632
Total current liabilities	3,761	2,648
Long-term accrued warranty	94	77
Other non-current liabilities	893	756
Long-term debt, less current portion	3,501	4,995
Total Liabilities	8,249	8,476
Commitments and contingencies (See Notes 9, 11 and 12)		
Shareholders' Equity (Deficit):		
Ordinary shares and additional paid-in capital	7,890	7,706
Accumulated other comprehensive loss	(8)	(8)
Accumulated deficit	(7,423)	(8,151)
Total Shareholders' Equity (Deficit)	459	(453)
Total Liabilities and Shareholders' Equity (Deficit)	$ 8,708	$ 8,023

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 Six Months Ended	
	January 2, 2026	December 27, 2024	January 2, 2026	December 27, 2024
Revenue	$ 2,825	$ 2,325	$ 5,454	$ 4,493
Cost of revenue	1,649	1,513	3,241	2,967
Product development	187	184	373	365
Marketing and administrative	143	139	287	268
Restructuring and other, net	3	1	16	2
Total operating expenses	1,982	1,837	3,917	3,602
Income from operations	843	488	1,537	891
Interest income	7	8	14	15
Interest expense	(72)	(84)	(152)	(169)
Net loss from debt transactions	(66)	—	(72)	—
Other, net	(5)	(62)	(6)	(71)
Other expense, net	(136)	(138)	(216)	(225)
Income before income taxes	707	350	1,321	666
Provision for income taxes	114	14	179	25
Net income	$ 593	$ 336	$ 1,142	$ 641
Net income per share:				
Basic	$ 2.75	$ 1.58	$ 5.31	$ 3.04
Diluted	$ 2.60	$ 1.55	$ 5.03	$ 2.95
Number of shares used in per share calculations:				
Basic	216	212	215	211
Diluted	228	217	227	217

See Notes to Condensed Consolidated Financial Statements.

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

	For the Three Months Ended		For the Six Months Ended	
	January 2, 2026	December 27, 2024	January 2, 2026	December 27, 2024
Net income	$ 593	$ 336	$ 1,142	$ 641
Total other comprehensive income, net of tax	—	—	—	—
Comprehensive income	$ 593	$ 336	$ 1,142	$ 641

See Notes to Condensed Consolidated Financial Statements.

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

	For the Six Months Ended	
	January 2, 2026	**December 27, 2024**
OPERATING ACTIVITIES		
Net income	$ 1,142	$ 641
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	140	127
Share-based compensation	105	87
Net loss from debt transactions	72	—
Deferred income taxes	(22)	5
Other non-cash operating activities, net	29	96
Changes in operating assets and liabilities:		
Accounts receivable, net	(287)	(158)
Inventories, net	(58)	(234)
Accounts payable	162	(190)
Accrued employee compensation	(108)	85
BIS settlement penalty	(30)	(30)
Accrued expenses, income taxes and warranty	197	(42)
Other assets and liabilities	(87)	(71)
Net cash provided by operating activities	1,255	316
INVESTING ACTIVITIES		
Acquisition of property, equipment and leasehold improvements	(221)	(139)
Proceeds from the sale of assets	—	1
Proceeds from business divestiture	15	—
Net cash used in investing activities	(206)	(138)
FINANCING ACTIVITIES		
Redemption and repurchase of debt	(500)	—
Dividends to shareholders	(307)	(295)
Taxes paid related to net share settlement of equity awards	(70)	(35)
Repurchases of ordinary shares	(29)	—
Proceeds from issuance of ordinary shares under employee stock plans	27	32
Other financing activities, net	(15)	—
Net cash used in financing activities	(894)	(298)
Increase (decrease) in cash, cash equivalents and restricted cash	155	(120)
Cash, cash equivalents and restricted cash at the beginning of the period	893	1,360
Cash, cash equivalents and restricted cash at the end of the period	$ 1,048	$ 1,240

See Notes to Condensed Consolidated Financial Statements.

SEAGATE TECHNOLOGY HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)
For the Three Months Ended January 2, 2026 and December 27, 2024
(In millions)
(Unaudited)

	Number of Ordinary Shares	Par Value of Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance at October 3, 2025	214	—	$ 7,780	$ (8)	$ (7,835)	$ (63)
Net income	—	—	—	—	593	593
Partial conversion of Exchangeable Senior Notes	4	—	61	—	—	61
Issuance of ordinary shares under employee share plans	—	—	5	—	—	5
Tax withholding related to vesting of restricted share units	—	—	—	—	(20)	(20)
Dividends to shareholders ($0.74 per ordinary share)	—	—	—	—	(161)	(161)
Share-based compensation	—	—	44	—	—	44
Balance at January 2, 2026	218	$ —	$ 7,890	$ (8)	$ (7,423)	$ 459

	Number of Ordinary Shares	Par Value of Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance at September 27, 2024	211	$ —	$ 7,533	$ (2)	$ (8,831)	$ (1,300)
Net income	—	—	—	—	336	336
Issuance of ordinary shares under employee share plans	1	—	3	—	—	3
Tax withholding related to vesting of restricted share units	—	—	—	—	(7)	(7)
Dividends to shareholders ($0.72 per ordinary share)	—	—	—	—	(152)	(152)
Share-based compensation	—	—	41	—	—	41
Balance at December 27, 2024	212	$ —	$ 7,577	$ (2)	$ (8,654)	$ (1,079)

See Notes to Condensed Consolidated Financial Statements.

SEAGATE TECHNOLOGY HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)
For the Six Months Ended January 2, 2026 and December 27, 2024
(In millions)
(Unaudited)

	Number of Ordinary Shares	Par Value of Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance at June 27, 2025	213	—	$ 7,706	$ (8)	$ (8,151)	$ (453)
Net income	—	—	—	—	1,142	1,142
Partial conversion of Exchangeable Senior Notes	4	—	61	—	—	61
Issuance of ordinary shares under employee share plans	1	—	27	—	—	27
Repurchases of ordinary shares	—	—	—	—	(29)	(29)
Tax withholding related to vesting of restricted share units	—	—	—	—	(70)	(70)
Dividends to shareholders ($1.46 per ordinary share)	—	—	—	—	(315)	(315)
Share-based compensation	—	—	96	—	—	96
Balance at January 2, 2026	218	$ —	$ 7,890	$ (8)	$ (7,423)	$ 459

	Number of Ordinary Shares	Par Value of Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance at June 28, 2024	210	$ —	$ 7,471	$ (2)	$ (8,960)	$ (1,491)
Net income	—	—	—	—	641	641
Issuance of ordinary shares under employee share plans	2	—	32	—	—	32
Tax withholding related to vesting of restricted share units		—	—	—	(35)	(35)
Dividends to shareholders ($1.42 per ordinary share)	—	—	—	—	(300)	(300)
Share-based compensation	—	—	74	—	—	74
Balance at December 27, 2024	212	$ —	$ 7,577	$ (2)	$ (8,654)	$ (1,079)

See Notes to Condensed Consolidated Financial Statements.

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") and storage subsystems and offers storage solutions such 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.

Beginning in fiscal year 2026, the Company changed its presentation of principal data storage markets to better reflect current demand drivers and the growing impact of Artificial Intelligence ("AI")-driven applications. The Company now presents its products and services under two end markets: Data center and Edge Internet of Things ("Edge IoT"). Data center comprises the majority of the Company's business and primarily includes high-capacity nearline products for mass capacity data storage and systems sold to cloud and enterprise customers, as well as cloud-based video and image applications. Edge IoT primarily includes consumer and client-centric markets along with network-attached storage, mission critical and SSD.

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. 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 June 27, 2025 are included in its Annual Report on Form 10-K, as filed with the U.S. Securities and Exchange Commission ("SEC") on August 1, 2025. 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 June 27, 2025, and the notes thereto, are adequate to make the information presented not misleading. The results of operations for the three and six months ended January 2, 2026 are not necessarily indicative of the results to be expected for any subsequent interim period or for the Company's fiscal year ending July 3, 2026.

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. The three and six months ended January 2, 2026 consisted of 13 weeks and 27 weeks, respectively, and the three and six months ended December 27, 2024 consisted of 13 weeks and 26 weeks, respectively. Fiscal years 2026 and 2025 comprise 53 and 52 weeks and end on July 3, 2026 and June 27, 2025, respectively. The fiscal quarters ended January 2, 2026, October 3, 2025 and December 27, 2024, are also referred to herein as the "December 2025 quarter", the "September 2025 quarter" and the "December 2024 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 June 27, 2025, as filed with the SEC on August 1, 2025.

Recently Adopted Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07 (ASC Topic 280), *Improvements to Reportable Segment Disclosures*. This ASU improves reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The Company adopted the disclosure requirement for its annual reporting in fiscal year 2025 and adopted the guidance for interim period reporting beginning the first quarter of fiscal year 2026 on a retrospective basis. Refer to *"Note 7. Business Segment"*.

In November 2024, the FASB issued ASU 2024-04 (ASC Subtopic 470-20), *Induced Conversions of Convertible Debt Instruments.* This ASU clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. The guidance is effective for fiscal years beginning after December 15, 2025, with early adoption permitted. The Company adopted the guidance on a prospective basis in fiscal year 2026 and applied the amendments in the ASU to the exchange of the 2028 Notes. Refer to *"Note 3. Debt"*.

Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09 (ASC Topic 740), *Improvements to Income Tax Disclosures*. This ASU requires disaggregated income tax disclosures on the rate reconciliation and income taxes paid. The Company is required to adopt this guidance for its annual reporting in fiscal year 2026 on a prospective basis but has the option to apply it retrospectively. This standard is expected to impact the Company's disclosures and will not have an impact on its Consolidated Financial Statements.

In November 2024, the FASB issued ASU 2024-03 (ASC Subtopic 220-40), *Disaggregation of Income Statement Expenses.* The Company is required to disclose, in the notes to the financial statements, specified information about certain costs and expenses. The Company is required to adopt this guidance for its annual reporting in fiscal year 2028, and for interim period reporting beginning the first quarter of fiscal year 2029 on either a prospective or retrospective basis. This standard is expected to impact the Company's disclosures and will not have an impact on its Consolidated Financial Statements.

In December 2025, the FASB issued ASU 2025-10 (ASC Topic 832), *Government Grants - Accounting for Government Grants Received by Business Entities.* The Company is required to disclose, in the notes to the financial statements, specified information about government grants. The Company is required to adopt this guidance for its annual reporting in fiscal year 2029, and for interim period reporting beginning the first quarter of fiscal year 2029 on either a modified prospective, modified retrospective or retrospective basis. Early adoption is permitted. This standard is not expected to have a material impact on the Company's disclosures or its Consolidated Financial Statements.

2. Balance Sheet Information

Cash, Cash Equivalents and Restricted Cash

The details of the cash, cash equivalents and restricted cash were as follows:

(Dollars in millions)	January 2, 2026	June 27, 2025
Cash and cash equivalents	$ 1,046	$ 891
Restricted cash included in Other current assets	2	2
Total cash, cash equivalents and restricted cash shown in the Statements of Cash Flows	$ 1,048	$ 893

Accounts Receivable, net

In connection with the Company's factoring agreements, from time to time the Company sells accounts receivables to third parties for cash proceeds less a discount.

During the three and six months ended January 2, 2026, the Company did not sell any accounts receivables to a third party. During the three and six months ended December 27, 2024, the Company sold accounts receivables without recourse for cash proceeds of $227 million and $571 million, respectively. As of January 2, 2026 and June 27, 2025, no amount remained subject to servicing.

Inventories, net

The details of the inventory, net were as follows:

(Dollars in millions)	January 2, 2026	June 27, 2025
Raw materials and components	$ 257	$ 374
Work-in-process	969	838
Finished goods	272	228
Total inventories, net	$ 1,498	$ 1,440

Other Current Assets

The details of the other current assets were as follows:

(Dollars in millions)	January 2, 2026	June 27, 2025
Vendor receivables	$ 155	$ 121
Other current assets	264	242
Total	$ 419	$ 363

Property, Equipment and Leasehold Improvements, net

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

(Dollars in millions)	January 2, 2026	June 27, 2025
Gross property, equipment and leasehold improvements	$ 10,441	$ 10,330
Less: accumulated depreciation and amortization	(8,670)	(8,673)
Property, equipment and leasehold improvements, net	$ 1,771	$ 1,657

Accrued Expenses

The details of the accrued expenses were as follows:

(Dollars in millions)	January 2, 2026	June 27, 2025
Dividends payable	$ 161	$ 153
Other accrued expenses	512	479
Total	$ 673	$ 632

Other Non-Current Liabilities

The details of the other non-current liabilities were as follows:

(Dollars in millions)	January 2, 2026	June 27, 2025
Deferred contract liabilities	$ 200	$ 211
Non-current income tax payable	170	1
Non-current lease liabilities	305	317
Other accrued expenses	218	227
Total	$ 893	$ 756

Supplier Financing Arrangements

The Company facilitates the opportunity for suppliers to participate in a voluntary supply chain financing ("SCF") program with third-party financial institutions. This SCF program does not result in changes to the Company's contractual payment terms with the suppliers regardless of program participation. At the suppliers' election, they can receive payment of the Company's obligations prior to the scheduled due dates, at a discount price to the third-party financial institution. The Company does not determine the terms or conditions of the arrangement between suppliers and the third-party financial institution. Participating suppliers are paid directly by the third-party financial institution and the Company pays the third-party financial institution the stated amount of confirmed invoices from its designated suppliers at the original invoice amount on the agreed due dates. The Company has not pledged any assets or provided other guarantees under its SCF program.

Outstanding amounts related to suppliers participating in the SCF Program, recorded within Accounts payable in the Company's Condensed Consolidated Balance Sheets, were $44 million and $20 million as of January 2, 2026 and June 27, 2025, respectively. The associated payments are included in Net cash provided by operating activities on its Condensed Consolidated Statements of Cash Flows.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss, net of tax, was comprised of $8 million unrealized losses on defined benefit pension plans as of January 2, 2026 and June 27, 2025, respectively. Accumulated other comprehensive loss, net of tax, was comprised of $2 million unrealized losses on defined benefit pension plans as of December 27, 2024 and June 28, 2024, respectively.

3. Debt

The following table provides details of the Company's debt as of January 2, 2026 and June 27, 2025:

(Dollars in millions)	January 2, 2026	June 27, 2025
Unsecured Senior Notes issued by Seagate HDD Cayman [(1)]		
$500 issued on June 18, 2020 at 4.091% due June 1, 2029 *(the "Old June 2029 Notes")* [(3)]	$ 38	$ 452
$500 issued on December 8, 2020 at 3.125% due July 15, 2029 *(the "Old July 2029 Notes")* [(4)]	38	138
$500 issued on May 30, 2023 at 8.25% due December 15, 2029 (*the "Old December 2029 Notes"*) [(5)]	8	500
$500 issued on June 10, 2020 at 4.125% due January 15, 2031 *(the "Old January 2031 Notes")* [(4)]	23	237
$500 issued on December 8, 2020 at 3.375% due July 15, 2031 *(the "Old July 2031 Notes")* [(4)]	16	61
$500 issued on May 30, 2023 at 8.50% due July 15, 2031 (*the "Old 8.50% July 2031 Notes"*) [(4)]	29	500
$750 issued on November 30, 2022 at 9.625% due December 1, 2032 *(the "Old 2032 Notes")* [(3)]	19	750
$500 issued on December 2, 2014 at 5.75% due December 1, 2034 *(the "Old 2034 Notes")* [(3)]	162	489
Unsecured Senior Notes issued by Seagate Data Storage Technology Pte. Ltd. [(2)]		
$400 issued on May 27, 2025 at 5.875% due July 15, 2030 *(the "2030 Notes")* [(4)]	400	400
$431 issued on June 30, 2025 at 4.091% due June 1, 2029 *(the "New June 2029 Notes")* [(3)]	417	—
$100 issued on June 30, 2025 at 3.125% due July 15, 2029 *(the "New July 2029 Notes")* [(4)]	100	—
$492 issued on June 30, 2025 at 8.25% due December 15, 2029 (*the "New December 2029 Notes"*) [(5)]	492	—
$213 issued on June 30, 2025 at 4.125% due January 15, 2031 *(the "New January 2031 Notes")* [(4)]	213	—
$45 issued on June 30, 2025 at 3.375% due July 15, 2031 *(the "New July 2031 Notes")* [(4)]	45	—
$471 issued on June 30, 2025 at 8.50% due July 15, 2031 (*the "New 8.50% July 2031 Notes"*) [(4)]	471	—
$731 issued on June 30, 2025 at 9.625% due December 1, 2032 *(the "New 2032 Notes")* [(3)]	731	—
$328 issued on June 30, 2025 at 5.75% due December 1, 2034 *(the "New 2034 Notes")* [(3)]	327	—
Exchangeable Senior Notes [(1)]		
$1,500 issued on September 13, 2023 at 3.50% due June 1, 2028 (*the "2028 Notes"*) [(6)]	1,000	1,500
	4,529	5,027
Less: unamortized debt issuance costs	(30)	(32)
Debt, net of debt issuance costs	4,499	4,995
Less: current portion of long-term debt, net of debt issuance costs	(998)	—
Long-term debt, less current portion	$ 3,501	$ 4,995

[(1)] Notes are issued by Seagate HDD Cayman ("Seagate HDD"), and the obligations under these notes were fully and unconditionally guaranteed, on a senior unsecured basis, by Seagate Technology Unlimited Company ("STUC") and Seagate Technology Holdings plc ("STH PLC"). Supplemental indentures for each series of Old Notes (as defined below) became operative on June 30, 2025 and gave effect to certain amendments which, among other things, released STUC and STH PLC from their respective guarantee obligations with respect to each series of Old Notes.
[(2)] Notes are issued by Seagate Data Storage Technology Pte. Ltd. ("SDST"), and the obligations under these notes are fully and unconditionally guaranteed, on a senior unsecured basis, by STUC, Seagate HDD and STH PLC.
[(3)] Interest payable semi-annually on June 1 and December 1 of each year.
[(4)] Interest payable semi-annually on January 15 and July 15 of each year.
[(5)] Interest payable semi-annually on June 15 and December 15 of each year.
[(6)] Interest payable semi-annually on March 1 and September 1 of each year.

Obligor Exchange

On June 27, 2025, the Company completed offers to exchange (collectively, the "Exchange Offers") any and all outstanding notes of eight series issued by Seagate HDD (the "Old Notes") for new notes to be issued by SDST (the "New Notes"), and related consent solicitations.

In accordance with the terms of the Exchange Offers and consent solicitations, the Company accepted for exchange all Old Notes validly tendered. The Exchange Offers and the consent solicitations were settled on June 30, 2025. No gain or loss was recorded as the Exchange Offers were accounted for as a debt modification. The Company incurred immaterial third party fees for the Exchange Offers during the September 2025 Quarter.

Other than the identity of SDST as the issuer and as an obligor, the terms of the New Notes are identical to the Old Notes with respect to their interest rate, interest payment dates, optional redemption prices and maturity. The New Notes were guaranteed by the same guarantors as the Old Notes, in addition to Seagate HDD (which is the issuer of the Old Notes). The New Notes have substantially the same covenants as the Old Notes and are subject to the same business and financial risks.

2028 Exchangeable Senior Notes and related Capped Call Transactions

On November 12, 2025, the Company completed separate, privately-negotiated exchange agreements with certain holders of the 2028 Notes and exchanged $500 million total principal amount for consideration of $500 million cash and approximately 4.3 million shares of the Company's common stock. The Company accounted for these exchange transactions as an induced conversion and recognized a non-cash induced conversion expense of $61 million within Net loss from debt transactions in the Company's Condensed Consolidated Statement of Operations in the three and six months ended January 2, 2026. There was no corresponding change to the $1.5 billion notional value of the capped call transactions.

As of January 2, 2026, the effective interest rate for the 3.50% Exchangeable Senior Notes due 2028 (the "2028 Notes") was 3.94%, with contractual interest expense of $11 million and $25 million for the three and six months ended January 2, 2026, respectively, and immaterial amortization of debt issuance costs. As of December 27, 2024, the effective interest rate for the 2028 Notes was 3.94%, with contractual interest expense of $13 million and $26 million for the three and six months ended December 27, 2024, respectively, and immaterial amortization of debt issuance costs.

Prior to March 1, 2028, the 2028 Notes are exchangeable at the option of the holders only under certain circumstances as set out in the indenture for the 2028 Notes. As of the calendar quarter ended December 31, 2025, the sale price conditional conversion option of the 2028 Notes was triggered. Accordingly, the 2028 Notes are exchangeable through March 31, 2026. The Company has classified the total balance of the 2028 Notes as the Current portion of long-term debt within Current liabilities in the Company's Condensed Consolidated Balance Sheets as of January 2, 2026.

On or after March 1, 2028, the 2028 Notes are exchangeable at any time at the option of the holders until the close of business on the second scheduled trading day immediately preceding the maturity date, unless the 2028 Notes have been previously redeemed or repurchased by Seagate HDD.

Upon exchange of the 2028 Notes, Seagate HDD will pay cash up to the aggregate principal amount of 2028 Notes to be exchanged and will pay or cause to be delivered, as the case may be, cash, ordinary shares of the Company or a combination of cash and ordinary shares of the Company, at Seagate HDD's election, in respect of any remainder of the exchange obligation in excess of such principal amount. The exchange rate for the 2028 Notes as of January 2, 2026 is 12.1352 ordinary shares per $1,000 principal amount of 2028 Notes, which is equivalent to an exchange price of approximately $82.40 per share as of January 2, 2026. The exchange rate was adjusted from 12.1335 ordinary shares per $1,000 principal amount of 2028 Notes on December 24, 2025, and is subject to further adjustment pursuant to the terms of the Exchangeable Notes indenture.

Seagate HDD may redeem the 2028 Notes at its option:

(i) at any time, in whole but not in part, if Seagate HDD or the Guarantors have, or on the next interest payment date would, become obligated to pay to the holder of any 2028 Note additional amounts as a result of certain tax-related events which cannot be avoided by taking commercially reasonable measures and which have been confirmed by an opinion of outside legal counsel (a "Tax Redemption"); and/or

(ii) on or after September 8, 2026, in whole or in part. if the last reported sale price of ordinary shares of the Company has been at least 130% of the exchange price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (a "Provisional Redemption") at a redemption price equal to 100% of the principal amount of the 2028 Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. If Seagate HDD redeems less than all the outstanding 2028 Notes, at least $150 million aggregate principal amount of 2028 Notes must be outstanding and not subject to redemption as of the relevant notice of redemption date.

If Seagate HDD elects to redeem any of the 2028 Notes pursuant to a Tax Redemption or a Provisional Redemption, then a holder of any such called 2028 Notes (the "Redemption Called Notes") may exchange such Redemption Called Notes at any time prior to the close of business on the second scheduled trading day preceding the relevant redemption date, or if later, until the relevant redemption price is paid.

If a holder elects to exchange any Redemption Called Notes, Seagate HDD shall, under certain circumstances, increase the exchange rate for such Redemption Called Notes as set out in the indenture for the 2028 Notes.

In connection with the 2028 Notes, the Company and Seagate HDD entered into privately negotiated capped call transactions with certain financial institutions. The current cap price of the capped call transactions, which was adjusted on December 24, 2025 in accordance with the applicable capped call confirmations, is $107.760 per share. The cost of the capped call transactions was $95 million, which met certain accounting criteria to be accounted under Additional Paid-in Capital as part of the Shareholders' Deficit and are not accounted as derivatives in the Company's Condensed Consolidated Balance Sheets.

Credit Agreement

On January 30, 2025, the Company and its subsidiary Seagate HDD Cayman (the "Borrower"), the Bank of Nova Scotia, as administrative agent, and the lenders thereto entered into a Credit Agreement (the "Credit Agreement") which provides for a $1.3 billion senior unsecured revolving credit facility ("Revolving Credit Facility"), the term of which is through January 30, 2030. The Revolving Credit Facility is available for cash borrowings, subject to compliance with certain covenants and other customary conditions to borrowing. An aggregate amount of up to $150 million of the facility shall also be available for the issuance of letters of credit, and an aggregate amount of up to $50 million of the facility shall also be available for swing line loans. On January 2, 2026, no borrowings were outstanding under the Credit Agreement.

The loans made under the Credit Agreement will bear interest at an Applicable Rate based on the secured overnight financing rate, or SOFR, plus a variable margin that will be determined based on the corporate credit rating of the Company. The Borrower's obligations under the Credit Agreement are guaranteed by the Company and certain material subsidiaries of the Company.

The Credit Agreement also contains a financial covenant that requires the Company to maintain a total net leverage ratio of less than or equal to 6.75 to 1.00, commencing with the fiscal quarter ended June 27, 2025 and declining over time so that the maximum permitted net leverage ratio for each fiscal quarter ending after July 2, 2027 is 4.25 to 1.00, in accordance with the terms of the Credit Agreement. For each fiscal quarter until January 2, 2026, this net leverage ratio covenant applies only to the extent that there is any amount of revolving loans, swing line loans, or letters of credit outstanding as of the last day of the relevant fiscal quarter.

Future Principal Payments on Long-term Debt

At January 2, 2026, future principal payments on long-term debt were as follows (in millions):

Fiscal Year	Amount
Remainder of 2026	$ —
2027	—
2028	1,000
2029	470
2030	638
Thereafter	2,438
Total	$ 4,546

4. Income Taxes

The Company recorded an income tax provision of $114 million and $179 million for the three and six months ended January 2, 2026, respectively. The Company's income tax provision for the six months ended January 2, 2026 differed from the provisions for income taxes that would be derived by applying the Singaporean statutory rate of 17% to income before income taxes, primarily due to the net effect of tax benefits related to earnings generated in jurisdictions that are subject to tax incentive programs, offset by the effects of Pillar Two global minimum tax in major jurisdictions that the Company operates starting from fiscal year 2026. The income tax provision for the six months ended January 2, 2026 also includes total discrete tax benefit of approximately $40 million, primarily related to the release of certain valuation allowances in connection with the enactment of the One Big Beautiful Bill Act in July 2025, as well as net excess tax benefits related to share-based compensation expense.

As of January 2, 2026, the Company's unrecognized tax benefit excluding interest and penalties is approximately $108 million, substantially all of which would impact the effective tax rate, if recognized, subject to certain future valuation allowance reversals. The balance did not change materially during the three months ended January 2, 2026. The Company is not expecting material changes to its unrecognized tax benefits in the next twelve months.

The Company recorded an income tax provision of $14 million and $25 million for the three and six months ended December 27, 2024, respectively. The income tax provision for the three months ended December 27, 2024 included approximately $12 million of net discrete benefit, primarily associated with the reversal of uncertain tax positions as a result of effective audit settlement. The income tax provision for the six months ended December 27, 2024 included approximately $20 million of net discrete benefit, primarily associated with the settlement noted above as well as net excess tax benefits related to share-based compensation expense.

The Company’s income tax provisions recorded for the three and six months ended December 27, 2024 differed from the provisions for income taxes that would be derived by applying the Singaporean statutory rate of 17% to income before income taxes, primarily due to the net effect of tax benefits related to earnings generated in jurisdictions that are subject to tax incentive programs.

5. 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:

		January 2, 2026				June 27, 2025			
		Fair Value Measurements at Reporting Date Using				Fair Value Measurements at Reporting Date Using			
(Dollars in millions)	Balance Sheet Location	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	Cash and cash equivalents	$ 313	$ —	$ —	$ 313	$ 226	$ —	$ —	$ 226
Time deposits	Cash and cash equivalents	—	27	—	27	—	26	—	26
Total cash equivalents		313	27	—	340	226	26	—	252
Derivative assets	Other current assets	—	—	—	—	—	1	—	1
Total assets		$ 313	$ 27	$ —	$ 340	$ 226	$ 27	$ —	$ 253

As of January 2, 2026 and June 27, 2025, the Company's Other current assets included $2 million of restricted cash equivalents held as collateral at banks for various performance obligations.

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 under the measurement alternative, the Company recorded no adjustment for the three and six months ended January 2, 2026. The Company recorded a net loss of $37 million and $39 million, respectively, for the three and six months ended December 27, 2024, related to downward adjustments to write down the carrying amount of certain investments to their fair value. The carrying value of the Company's strategic investments under the measurement alternative was $26 million as of January 2, 2026 and June 27, 2025, 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 trading price of ordinary shares, 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 by class of note, in order of maturity:

(Dollars in millions)	January 2, 2026 Carrying Amount	January 2, 2026 Estimated Fair Value	June 27, 2025 Carrying Amount	June 27, 2025 Estimated Fair Value
Exchangeable Senior Notes				
3.50% Exchangeable Senior Notes due June 2028	$ 1,000	$ 3,370	$ 1,500	$ 2,654
Unsecured Senior Notes Issued by Seagate HDD Cayman				
4.091% Senior Notes due June 2029	38	38	452	453
3.125% Senior Notes due July 2029	38	35	138	125
8.25% Senior Notes due December 2029	8	9	500	535
4.125% Senior Notes due January 2031	23	21	237	218
3.375% Senior Notes due July 2031	16	14	61	52
8.50% Senior Notes due July 2031	29	31	500	538
9.625% Senior Notes due December 2032	19	22	750	854
5.75% Senior Notes due December 2034	162	166	489	482
Unsecured Senior Notes issued by Seagate Data Storage Technology Pte. Ltd.				
4.091% Senior Notes due June 2029	417	422	—	—
3.125% Senior Notes due July 2029	100	88	—	—
8.25% Senior Notes due December 2029	492	522	—	—
5.875% Senior Notes due July 2030	400	413	400	407
4.125% Senior Notes due January 2031	213	203	—	—
3.375% Senior Notes due July 2031	45	39	—	—
8.50% Senior Notes due July 2031	471	500	—	—
9.625% Senior Notes due December 2032	731	830	—	—
5.75% Senior Notes due December 2034	327	335	—	—
	$ 4,529	$ 7,058	$ 5,027	$ 6,318
Less: unamortized debt issuance costs	(30)	—	(32)	—
Debt, net of debt issuance costs	$ 4,499	$ 7,058	$ 4,995	$ 6,318
Less: current portion of debt, net of debt issuance costs	(998)	—	—	—
Long-term debt, less current portion, net of debt issuance costs	$ 3,501	$ 7,058	$ 4,995	$ 6,318

For the balance of the Company's financial instruments, primarily accounts receivable, accounts payable and financial liabilities included within accrued expenses, the carrying value approximates fair value due to their short-term nature. If measured at fair value in the Condensed Consolidated Balance Sheets, these other financial instruments would be classified in Level 2 or Level 3 of the fair value hierarchy.

The Company's non-financial assets, such as goodwill and property, plant and equipment, are recorded at cost. Fair value adjustments are made to these non-financial assets in the period an impairment charge is recognized. If measured at fair value in the Condensed Consolidated Balance Sheets, these would generally be classified in Level 3 of the fair value hierarchy.

6. Shareholders' Equity (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 218,106,177 shares were outstanding as of January 2, 2026, and 100,000,000 preferred shares, par value $0.00001, of which none were issued or outstanding as of January 2, 2026.

Repurchases of Equity Securities

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

For the six months ended January 2, 2026, the Company repurchased and settled 0.2 million shares for $29 million under its share repurchase program. As of January 2, 2026, $5.0 billion remained available for repurchase under the existing repurchase authorization limit approved by the Board of Directors.

7. Business Segment

The Company's manufacturing operations are based on technology platforms that are used to produce various data storage and systems solutions that serve multiple applications and markets. The Company has determined that its Chief Operating Decision Maker ("CODM"), the Chief Executive Officer, evaluates performance of the Company and makes decisions regarding investments in the Company's technology platforms and manufacturing infrastructure based on the Company's consolidated results, including net income reported on the Condensed Consolidated Statements of Operations. As a result, the Company has concluded that its manufacture and distribution of storage solutions constitutes one operating segment.

Significant expense categories regularly provided to and reviewed by the CODM are those presented in the Condensed Consolidated Statements of Operations.

8. Revenue

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

	For the Three Months Ended		For the Six Months Ended	
(Dollars in millions)	**January 2, 2026**	**December 27, 2024**	**January 2, 2026**	**December 27, 2024**
Revenues by Channel				
OEMs	$ 2,302	$ 1,841	$ 4,482	$ 3,590
Distributors	335	278	614	527
Retailers	188	206	358	376
Total	$ 2,825	$ 2,325	$ 5,454	$ 4,493
Revenue by Country [1]:				
Singapore	$ 1,305	$ 1,034	$ 2,342	$ 1,894
United States	1,228	1,059	2,608	2,156
The Netherlands	291	231	502	441
Other	1	1	2	2
Total	$ 2,825	$ 2,325	$ 5,454	$ 4,493

(1) Revenue is attributed to countries based on bill from locations.

9. 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.

Guarantees

In the ordinary course of business, the Company provides standby letters of credit or other guarantee instruments to third parties as required for certain transactions. The Company has not recorded any liability in connection with these guarantee agreements since it is not probable that any amounts will be required to be paid under these guarantee agreements.

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 six months ended January 2, 2026 and December 27, 2024 were as follows:

	For the Six Months Ended	
(Dollars in millions)	**January 2, 2026**	**December 27, 2024**
Balance, beginning of period	$ 137	$ 149
Warranties issued	47	32
Repairs and replacements	(34)	(44)
Changes in liability for pre-existing warranties, including expirations	10	(1)
Balance, end of period	$ 160	$ 136

10. Earnings Per Share

The following table sets forth the computation of basic and diluted net income per share attributable to the shareholders of the Company:

(In millions, except per share data)	For the Three Months Ended January 2, 2026	For the Three Months Ended December 27, 2024	For the Six Months Ended January 2, 2026	For the Six Months Ended December 27, 2024
Numerator:				
Net income	$ 593	$ 336	$ 1,142	$ 641
Number of shares used in per share calculations:				
Total shares for purposes of calculating basic net income per share	216	212	215	211
Weighted-average effect of dilutive securities:				
Employee equity award plans	4	1	3	2
2028 Notes if-converted shares	8	4	9	4
Total shares for purposes of calculating diluted net income per share	228	217	227	217
Net income per share				
Basic	$ 2.75	$ 1.58	$ 5.31	$ 3.04
Diluted	2.60	1.55	5.03	2.95

All potentially dilutive securities that could have an anti-dilutive effect on the calculation of the earnings per share have been excluded for the periods presented. The capped call transactions related to the 2028 Notes if-converted shares were excluded from the calculation of dilutive earnings per share as their effect would have been anti-dilutive. Other than the capped call, the weighted average anti-dilutive shares that were excluded from the computation of diluted net income per share were not material for the three and six months ended January 2, 2026 and December 27, 2024, respectively.

11. 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, seeking damages as well as additional relief. The district court entered judgment in favor of Seagate on April 19, 2022. On September 17, 2025, the Court of Appeals for the Federal Circuit vacated the District Court’s judgment and remanded for a new trial on infringement and enablement. 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 and certain of its affiliates, (collectively, the "Seagate Entities") filed a complaint alleging violations of federal and state antitrust laws as well as breach of contract in the U.S. District Court for the Northern District of California against suppliers of HDD suspension assemblies, including NHK Spring Co. Ltd., TDK Corporation ("TDK") and Hutchinson Technology Inc ("HTI"). The Seagate Entities seek to recover damages suffered as a result of the suspension assembly suppliers' conduct, and additional relief permitted by law. On April 8, 2022, the court dismissed with prejudice all claims against TDK and HTI after the Seagate Entities settled with those defendants. On August 2, 2022, NHK Spring Co. Ltd. filed a motion for Partial Summary Judgment under the Foreign Trade Antitrust Improvement Act ("FTAIA Motion"). On November 17, 2023, the Court granted NHK's FTAIA Motion on reconsideration, denying the majority of Seagate's antitrust claims. On January 8, 2026, the Ninth Circuit reserved the District Court's decision and remanded the case to the District Court, allowing Seagate's antitrust claims to proceed.

In re Seagate Technology Holdings plc Securities Litigation. On July 10, 2023 and July 26, 2023, two securities class action lawsuits were filed in the U.S. District Court for the Northern District of California against Seagate Technology Holdings plc, Dr. William D. Mosley, and Gianluca Romano. The cases were consolidated on September 25, 2023. On September 12, 2024, the plaintiffs filed the currently operative complaint, asserting claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and SEC Rule 10b-5, and a class period between September 14, 2020 and April 19, 2023, inclusive. The operative complaint seeks unspecified monetary damages and other relief. On May 12, 2025, the Court granted in part and denied in part the defendants' motion to dismiss the operative complaint. The Company believes that the asserted claims are without merit and intends to vigorously defend the case.

Godo Kaisha IP Bridge 1 v. Seagate Technology LLC, Seagate Technology (US) Holding, Inc., Seagate Technology (Thailand) Limited, Seagate Singapore International Headquarters Ltd., Seagate Technology (Netherlands) B.V. On March 15, 2024, a patent infringement action was filed by Godo Kaisha IP Bridge 1 ("IP Bridge") against Seagate in U.S. District Court for the District of Delaware. The case was subsequently transferred to the District Court of Minnesota on September 4, 2024. The complaint alleges patent infringement by Seagate of nine U.S. patents. The Company believes the asserted claims are without merit and intends to vigorously defend this case.

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 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 Company accrued a charge of $300 million during fiscal year 2023, of which $60 million and $105 million were included in Accrued expense and Other non-current liabilities, respectively, on the Condensed Consolidated Balance Sheets as of January 2, 2026. For the six months ended January 2, 2026, $30 million was paid and reported as an outflow from operating activities in its Condensed Consolidated Statements of Cash Flows.

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.

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 United States, 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 fail to comply with the substance restrictions, recycle content requirements or other environmental requirements as they are enacted worldwide, it could have a materially adverse effect on the Company's business.

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.

12. Commitments

Unconditional Long-Term Purchase Obligations. As of January 2, 2026, the Company had unconditional long-term purchase obligations of approximately $67 million. The Company expects the commitment to be paid to total $30 million, $19 million, $10 million and $8 million for fiscal years 2027, 2028, 2029 and 2030. In addition, the Company also had certain long-term market share based inventory purchase commitments as of January 2, 2026.

13. Subsequent Events

Dividend Declared

On January 27, 2026, the Board of Directors of the Company declared a quarterly cash dividend of $0.74 per share, which will be payable on April 8, 2026 to shareholders of record as of the close of business on March 25, 2026.

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

The following is a discussion of the Company's financial condition, changes in financial condition and results of operations for the fiscal quarters ended January 2, 2026, October 3, 2025 and December 27, 2024, referred to herein as the "December 2025 quarter", the "September 2025 quarter" and the "December 2024 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 December 2025 quarter and December 2024 quarter were each 13 weeks, while the September 2025 quarter was 14 weeks.

You should read this discussion in conjunction with financial information and related notes included in this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the fiscal year ended June 27, 2025. 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 any historical fact. These statements include, among other things, statements about our plans, programs, strategies and prospects; anticipated shifts in technology and storage industry trends, and anticipated demand for and performance of new storage product introductions; expectations regarding market demand for our products and technologies and our ability to optimize our level of production and meet market and industry expectations and the effects of these future trends on our performance; our ability to successfully integrate acquisitions with our existing business; financial outlook for future periods; expectations regarding our ability to service debt, meet debt and credit agreement covenants and continue to generate free cash flow; expectations regarding our ability to make timely quarterly payments under the Settlement Agreement with BIS; the impact of macroeconomic headwinds and customer inventory adjustments on our business and operations; uncertainty related to tariffs, trade restrictions or evolving global trade policy; our cost saving plans, including our ability to execute such plans, the projected savings under such plans and the assumptions on which the plans and projected savings are based; expectations regarding our business strategy and performance; the sufficiency of our sources of cash to meet cash needs for the next 12 months; and our expectations regarding capital expenditures and dividend issuance plans. Forward-looking statements generally can be identified by words such as "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "projects," "should," "may," "will," "will continue," "can," "could," or negative of these words, variations of these words and comparable terminology, in each case, intended to refer to future events or circumstances. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Forward-looking statements are 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, except as required by law.

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 December 2025 quarter.* Highlights of events in the December 2025 quarter that impacted our financial position.
- *Results of Operations.* Analysis of our financial results comparing the December 2025 quarter to the September 2025 quarter and the December 2024 quarter.
- *Liquidity and Capital Resources.* Analysis of changes in our balance sheets and cash flows and discussion of our financial condition, including potential sources of liquidity, material cash requirements and their general purpose.
- *Critical Accounting Policies and Estimates.* 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 December 2025 quarter

During the December 2025 quarter, we shipped 190 exabytes of HDD storage capacity. We generated revenue of approximately $2.8 billion with a gross margin of 41.6% and net income of $593 million. Our operating cash flow was $723 million, we retired $500 million principal amount of long-term debt and paid $154 million in dividends.

Beginning in fiscal year 2026, we changed our presentation of principal data storage markets to better reflect current demand drivers and the growing impact of AI-driven applications. We now present our products and services under two end markets: Data center and Edge IoT. Data center comprises the majority of the Company's business and primarily includes high-capacity nearline products for mass capacity data storage and systems sold to cloud and enterprise customers, as well as cloud-based video and image applications. Edge IoT primarily includes consumer and client-centric markets along with network-attached storage, mission critical and SSD.

We reflected these changes to our revenue and HDD exabytes shipped by end market retrospectively to the earliest period presented. The change had no impact on our previously reported consolidated net revenue.

Recent Developments, Economic Conditions and Challenges

In the December 2025 quarter, we continued to operate in a strong demand environment, particularly within the data center end markets. We experienced sustained demand growth for our high capacity nearline drives across global cloud customers, as well as continued improvement from the enterprise edge deployments. Customers continue to invest in data center infrastructure to support ongoing demand from traditional workloads along with growing AI related demand. This trend reflects the ongoing adoption of AI applications which drives increased data content generation and storage needs for inferencing, training and maintaining AI model integrity. At the same time, the macroeconomic environment remains dynamic, marked by uncertainties in trade policies and increasing geopolitical tensions. These factors may impact our business and results of operations. We will continue to monitor the situation and assess plans to mitigate future risk to the business. Over the long-term we expect our hard drive storage business to benefit from growing demand for data and its increased value, particularly as AI applications continue to proliferate.

For a further discussion of the uncertainties and business risks, see "Part II, Item 1A. Risk Factors" of this Quarterly Report on Form 10-Q.

Results of Operations

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

	For the Three Months Ended			For the Six Months Ended	
(Dollars in millions)	**January 2, 2026**	**October 3, 2025**	**December 27, 2024**	**January 2, 2026**	**December 27, 2024**
Revenue	$ 2,825	$ 2,629	$ 2,325	$ 5,454	$ 4,493
Cost of revenue	1,649	1,592	1,513	3,241	2,967
Gross profit	1,176	1,037	812	2,213	1,526
Product development	187	186	184	373	365
Marketing and administrative	143	144	139	287	268
Restructuring and other, net	3	13	1	16	2
Income from operations	843	694	488	1,537	891
Other expense, net	(136)	(80)	(138)	(216)	(225)
Income before income taxes	707	614	350	1,321	666
Provision for income taxes	114	65	14	179	25
Net income	$ 593	$ 549	$ 336	$ 1,142	$ 641

(As a percentage of Revenue)	For the Three Months Ended January 2, 2026	For the Three Months Ended October 3, 2025	For the Three Months Ended December 27, 2024	For the Six Months Ended January 2, 2026	For the Six Months Ended December 27, 2024
Revenue	100 %	100 %	100 %	100 %	100 %
Cost of revenue	58	61	65	59	66
Gross margin	42	39	35	41	34
Product development	7	7	8	7	8
Marketing and administrative	5	5	6	5	6
Restructuring and other, net	—	—	—	—	—
Operating margin	30	27	21	29	20
Other expense, net	(5)	(3)	(6)	(4)	(5)
Income before income taxes	25	24	15	25	15
Provision for income taxes	4	2	1	3	1
Net income	21 %	22 %	14 %	22 %	14 %

Revenue

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

	For the Three Months Ended January 2, 2026	For the Three Months Ended October 3, 2025	For the Three Months Ended December 27, 2024	For the Six Months Ended January 2, 2026	For the Six Months Ended December 27, 2024
Revenues by Channel (%)					
OEMs	81 %	83 %	79 %	82 %	80 %
Distributors	12 %	11 %	12 %	11 %	12 %
Retailers	7 %	6 %	9 %	7 %	8 %
Revenues by Geography (%) [1]					
Asia Pacific	46 %	39 %	45 %	43 %	42 %
Americas	44 %	53 %	45 %	48 %	48 %
EMEA	10 %	8 %	10 %	9 %	10 %
Revenues by Market (%)					
Data Center	79 %	80 %	75 %	80 %	74 %
Edge IoT	21 %	20 %	25 %	20 %	26 %
HDD Exabytes Shipped					
Nearline	165.0	159.3	125.8	324.3	240.2
Non-nearline	25.0	22.2	25.0	47.2	48.1
Total	190.0	181.5	150.8	371.5	288.3

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

Revenue in the December 2025 quarter increased by $196 million compared to the September 2025 quarter, primarily due to favorable pricing actions undertaken by the Company and an increase in exabytes shipped reflecting higher demand for both nearline and non-nearline products.

Revenue for the three and six months ended January 2, 2026, increased by $500 million and $961 million from the three and six months ended December 27, 2024, respectively, primarily due to an increase in nearline exabytes shipped reflecting higher demand for nearline cloud products and favorable pricing actions undertaken by the Company.

We maintain various sales incentive programs such as channel and OEM rebates. Sales incentive programs were approximately 11% of gross revenue for the December 2025 quarter, 12% for the September 2025 quarter and 14% for the December 2024 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 Six Months Ended	
(Dollars in millions)	January 2, 2026	October 3, 2025	December 27, 2024	January 2, 2026	December 27, 2024
Cost of revenue	$ 1,649	$ 1,592	$ 1,513	$ 3,241	$ 2,967
Gross profit	1,176	1,037	812	2,213	1,526
Gross margin	42 %	39 %	35 %	41 %	34 %

Gross margin for the December 2025 quarter increased by 3 percentage points compared to the September 2025 quarter primarily driven by pricing actions undertaken by the Company and favorable product mix.

Gross margin for the December 2025 quarter increased by 7 percentage points compared to the December 2024 quarter primarily driven by pricing actions undertaken by the Company and favorable volume and product mix.

Gross margin for the six months ended January 2, 2026 increased by 7 percentage points compared to the six months ended December 27, 2024 primarily driven by pricing actions undertaken by the Company and favorable volume and product mix.

Warranty cost related to new shipments was 0.9%, 0.8% and 0.7% of revenue for the December 2025 quarter, September 2025 quarter and December 2024 quarter, respectively.

Operating Expenses

	For the Three Months Ended			For the Six Months Ended	
(Dollars in millions)	January 2, 2026	October 3, 2025	December 27, 2024	January 2, 2026	December 27, 2024
Product development	$ 187	$ 186	$ 184	$ 373	$ 365
Marketing and administrative	143	144	139	287	268
Restructuring and other, net	3	13	1	16	2
Operating expenses	$ 333	$ 343	$ 324	$ 676	$ 635

Product Development Expense. Product development expenses remained relatively flat in the December 2025 quarter compared to the September 2025 quarter and the December 2024 quarter, respectively.

Product development expenses increased by $8 million in the six months ended January 2, 2026 compared to the six months ended December 27, 2024, primarily due to a $10 million increase in outside services costs, partially offset by a $3 million decrease in compensation and other employee benefits.

Marketing and Administrative Expense. Marketing and administrative expenses remained relatively flat in the December 2025 quarter compared to the September 2025 quarter and the December 2024 quarter, respectively.

Marketing and administrative expenses increased by $19 million in the six months ended January 2, 2026 compared to the six months ended December 27, 2024, primarily due to a $10 million increase in compensation and other employee benefits, a $4 million increase in facilities costs, a $3 million increase in information technology expenses and a $3 million increase in outside services costs.

Restructuring and other, net. We recorded $3 million of restructuring charges in the December 2025 quarter, primarily related to employee related termination benefits.

Other Expense, net

	For the Three Months Ended			For the Six Months Ended	
(Dollars in millions)	January 2, 2026	October 3, 2025	December 27, 2024	January 2, 2026	December 27, 2024
Other expense, net	$ (136)	$ (80)	$ (138)	$ (216)	$ (225)

Other expense, net. Other expense, net for the December 2025 quarter primarily related to $72 million of interest expense and $66 million net loss from debt transactions, partially offset by $7 million of interest income.

Other expense, net for the September 2025 quarter primarily related to $80 million of interest expense and $6 million net loss from debt transactions, partially offset by $7 million of interest income.

Other expense, net for the December 2024 quarter primarily related to $84 million of interest expense and $52 million net loss from certain investments, partially offset by $8 million of interest income.

Other expense, net for the six months ended January 2, 2026 primarily related to $152 million of interest expense and $72 million net loss from debt transactions, partially offset by $14 million of interest income.

Other expense, net for the six months ended December 27, 2024 primarily related to $169 million of interest expense and $53 million net loss from certain investments, partially offset by $15 million of interest income.

Income Taxes

For the December 2025 quarter, September 2025 quarter and December 2024 quarter, we recorded income tax expense of $114 million, $65 million and $14 million, respectively. For the six months ended January 2, 2026 and December 27, 2024, we recorded income tax expense of $179 million and $25 million, respectively. For further discussion, refer to "Part I, Item 1. Financial Statements—*Note 4. Income Taxes"*.

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 impact of 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.

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 January 2, 2026. For additional information on risks and factors that could impact our ability to fund our operations and meet our cash requirements, see "Part II, Item 1A. Risk Factors" of this Quarterly Report on Form 10-Q.

Cash and Cash Equivalents

	As of		
(Dollars in millions)	**January 2, 2026**	**June 27, 2025**	**Change**
Cash and cash equivalents	$ 1,046	$ 891	$ 155

Our cash and cash equivalents as of January 2, 2026 increased by $155 million from June 27, 2025 primarily as a result of net cash of $1.3 billion provided by operating activities, partially offset by $500 million cash paid for the partial retirement of 2028 Notes, $307 million dividends paid to our shareholders, $221 million payments for capital expenditures and $70 million taxes paid related to net share settlement of equity awards.

Cash Provided by Operating Activities

Cash provided by operating activities for the six months ended January 2, 2026 was $1.3 billion and includes the effects of net income adjusted for non-cash items including depreciation, amortization, share-based compensation, and the following major working capital related movements:

- an increase of $197 million in accrued expenses, income taxes and warranty, primarily due to an increase in accrued income taxes and timing of interest payments on our long-term debt; and
- an increase of $162 million in accounts payable, primarily due to an increase in direct materials purchased; partially offset by
- a decrease of $108 million in accrued employee compensation, primarily due to variable compensation payments;
- an increase of $287 million in accounts receivable, primarily due to increased revenue; and
- an increase of $58 million in inventories, primarily related to an increase in work-in-process inventory.

Cash Used in Investing Activities

Net cash used in investing activities for the six months ended January 2, 2026 was $206 million, primarily attributable to payments of $221 million for the purchase of property, equipment and leasehold improvements, partially offset by proceeds of $15 million from our business divestiture from the sale of System-on-Chip Operations during fiscal year 2024.

Cash Used in Financing Activities

Net cash used in financing activities of $894 million for the six months ended January 2, 2026 was primarily attributable to the following activities:

- $500 million cash paid for the partial retirement of 2028 Notes;
- $307 million in dividends paid to our shareholders;
- $70 million taxes paid related to net share settlement of equity awards;
- $29 million in payments for repurchases of our ordinary shares; and
- $15 million debt fees relating to the Obligor Exchange and retirement of long-term debt; partially offset by
- $27 million in proceeds from the issuance of ordinary shares under employee stock plans.

Liquidity Sources

Our primary sources of liquidity as of January 2, 2026, consist of: (1) approximately $1.0 billion in cash and cash equivalents, (2) cash we expect to generate from operations and (3) $1.3 billion available for borrowing under our senior unsecured revolving credit facility (“Revolving Credit Facility”), which is part of our Credit Agreement (as defined within “Part I, Item 1. Financial Statements—*Note 3. Debt*”).

As of January 2, 2026, 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 a financial covenant and other customary conditions to borrowing.

As of January 2, 2026, the Credit Agreement includes one financial covenant, net leverage ratio of less than or equal to 6.75 to 1.00, commencing with the fiscal quarter ended June 27, 2025 and declining over time so that the maximum permitted net leverage ratio for each fiscal quarter ending after July 2, 2027 is 4.25 to 1.00. As of January 2, 2026, we were in compliance with all of the covenants under our debt agreements. Refer to “Part I, Item 1. Financial Statements—*Note 3. Debt”* for more details. We continue to evaluate our debt portfolio and structure to comply with our financial debt covenant.

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, 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, quarterly dividend, share repurchase program and any future strategic investments.

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 January 2, 2026, we had unconditional purchase obligations of approximately $1.4 billion, primarily related to purchases of inventory components with our suppliers. We expect $1.3 billion of these commitments to be paid within one year. In addition, we also had certain long-term, market share-based, non-cancellable inventory purchase commitments as of January 2, 2026.

Capital expenditures

We incur material capital expenditures to design and manufacture our products that depend on advanced technologies and manufacturing techniques. As of January 2, 2026, we had unconditional commitments of $309 million primarily related to purchases of equipment, of which approximately $296 million is expected to be paid within one year. During fiscal year 2026, supporting volume ramp of hard drives utilizing heat-assisted magnetic recording ("HAMR") technology, we expect capital expenditures to be higher than fiscal year 2025 and still within our target range of 4-6% of revenue.

Long-term debt and interest payments on debt

As of January 2, 2026, the future principal payment obligation on our long-term debt was $4.5 billion, which will mature in more than one year. As of January 2, 2026, future interest payments on this outstanding debt are estimated to be approximately $1.5 billion, of which $281 million is expected to be paid within one year. As of the calendar quarter ended December 31, 2025, the conditional conversion option of the 2028 Notes was triggered in accordance with the terms of the 2028 Notes indenture. Accordingly, the 2028 Notes are exchangeable through March 31, 2026. As a result, we have classified the 2028 Notes within Current liabilities in our Condensed Consolidated Balance Sheets as of January 2, 2026. From time to time, we may refinance, repurchase, redeem or otherwise extinguish any of our outstanding senior notes in open market or privately negotiated purchases or otherwise, or we may repurchase or redeem 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 fiscal year 2023, 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 are made over the course of five years beginning October 31, 2023, of which $60 million is expected to be paid within one year and $105 million thereafter. Refer to "Item 1. Financial Statements—*Note 11. Legal, Environmental and Other Contingencies*" for more details.

Dividends

On January 27, 2026, our Board of Directors declared a quarterly cash dividend of $0.74 per share, which will be payable on April 8, 2026 to shareholders of record as of the close of business on March 25, 2026. 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. During the six months ended January 2, 2026, we repurchased approximately 0.6 million of our ordinary shares including approximately 0.4 million shares withheld for statutory tax withholdings related to vesting of employee equity awards. As of January 2, 2026, $5.0 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

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.

Critical Accounting Estimates

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. GAAP. 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 material changes in our critical accounting policies and estimates. Refer to "Part II, Item 2. 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 June 27, 2025, as filed with the SEC on August 1, 2025, for a discussion of our critical accounting policies and estimates.

Recent Accounting Pronouncements

See "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.

We have fixed rate debt obligations, which we enter into for general corporate purposes including capital expenditures and working capital needs.

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 January 2, 2026.

(Dollars in millions, except percentages)	Fiscal Years Ended 2026	2027	2028	2029	2030	Thereafter	Total	Fair Value at January 2, 2026
Assets								
Money market funds, time deposits and certificates of deposit								
Floating rate	$ 342	$ —	$ —	$ —	$ —	$ —	$ 342	$ 342
Average interest rate	3.71 %	— %	— %	— %	— %	— %	3.71 %	
Debt								
Fixed rate	$ —	$ —	$ 1,000	$ 470	$ 638	$ 2,438	$ 4,546	$ 7,058
Average interest rate	— %	— %	3.50 %	4.09 %	7.14 %	7.31 %	6.12 %	

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.

The table below provides information as of January 2, 2026 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 average contract rate)	Notional Amount	Average Contract Rate	Estimated Fair Value[1]
Foreign currency forward exchange contracts:			
British Pound Sterling	$ 19	0.74	$ —
Chinese Renminbi	27	7.01	—
Singapore Dollar	59	1.28	—
Thai Baht	77	31.37	—
Total	$ 182		$ —

[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.

We entered into a Total Return Swap (“TRS”) 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.

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 January 2, 2026.

Changes in Internal Control over Financial Reporting

During the quarter ended January 2, 2026, 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 11. 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 and adversely affect our business, results of operations, financial condition, cash flows, brand and/or the price of our outstanding ordinary shares, and make an investment in our ordinary shares speculative or risky. You should read this summary together with the more detailed description of each risk factor contained below. Additional risks beyond those summarized below or discussed elsewhere in this Quarterly Report on Form 10-Q may apply to our business and operations as currently conducted or as we may conduct them in the future or to the markets in which we currently, or may in the future, operate.

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 competition, could harm our ability to compete and risk the commoditization of our products.
- We have been, and may in the future 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.
- 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 and adversely affect our financial condition and results of operations.
- Changes in demand for computer systems, data storage subsystems and consumer electronic devices has previously caused, and 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 manage inventory and 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.
- 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 may not be able to execute acquisitions, divestitures and other significant transactions successfully and we may have difficulty or fail to successfully integrate acquired companies.

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, has in the past and may in the future affect our production and development of products and harm our operating results.
- We have cancelled purchase commitments with suppliers and incurred costs associated with such cancellations, and if revenues fall or customer demand decreases significantly, we may seek to cancel or may otherwise not meet our purchase commitments to certain suppliers in the future, which could result in damages, penalties, disputes, litigation, increased manufacturing costs or excess inventory.
- Due to the complexity of our products, some defects may only become detectable after deployment, which may lead to increased costs and adversely affect our operating results.

Risks Related to Financial Performance or General Economic Conditions

- Changes in the macroeconomic environment have impacted and may continue to 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 and continuing to declare our quarterly dividend.
- Our quarterly results of operations fluctuate, sometimes significantly, from period to period, and may cause our share price to decline.
- If we do not adequately control our costs or if any cost reduction activities that we undertake do not deliver the results we expect, we will not be able to compete effectively and our financial condition may be adversely impacted.
- The effect of geopolitical uncertainties, political unrest, war, terrorism, natural disasters, public health issues and other circumstances, on national and/or international commerce and on the global economy, could materially and adversely affect our results of operations and financial condition.
- We are subject to counterparty default risks.

Legal, Regulatory and Compliance Risks

- Our business is subject to various laws, regulations and governmental policies that may cause us to incur significant expense or adversely impact our 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 and 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 and adverse impact on our business and results of operations.
- Our business is exposed to risks associated with litigation, investigations and regulatory proceedings that may cause us to incur significant expense or adversely impact our results of operations and financial condition.
- Tax-related matters could have a material and adverse effect on our business, results of operations or financial condition.

Risks Related to Intellectual Property and Other Proprietary Rights

- 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 intellectual property 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, cause widespread outages, and/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.
- We must maintain and upgrade our global enterprise resource planning system and other information technology ("IT") systems, and our failure to do so could have a material and adverse effect on our business, financial condition and results of operations.

Risks Related to Human Capital and Corporate Responsibility

- 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 that could adversely affect our reputation and performance.

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 have faced and may continue to face technological, operational and financial challenges in developing new products. In addition, our investments in new product development may not yield the anticipated results. Our market share, revenue and results of operations have been, and in the future may be adversely affected by our failure to:

- develop new products, identify business strategies and timely introduce competitive product offerings to meet technological shifts;
- 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, quality and security specifications; or
- achieve acceptable manufacturing yields, quality and margins 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 and adversely affect our long-term financial results.

In addition, the concentration of customers in our largest end markets magnifies the potential adverse 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, along with 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. As part of our launch of the Mozaic hard drive platform, 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, qualification or 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 and reputation.

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 competition, could harm our ability to compete and risk the commoditization of our products.

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 considered commodities, which has historically, and could in the future, 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 performance improvements have expanded SSD adoption in both data center and Edge IoT markets. In data center environments, SSDs compete with nearline HDDs for certain high-performance workloads, while in Edge IoT and client applications, solid-state storage continues to displace smaller form-factor HDDs. 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 and adverse effect on our business, financial condition and results of operations.

Our industry has experienced consolidation and may continue to consolidate. Consolidation may result in new or stronger competitors, and such competitors may have greater resources or competitive advantages. In addition, current and potential competitors have established and may in the future establish cooperative relationships among themselves or with third parties, including some of our partners or suppliers, that result in declines in revenue or willingness to purchase from or sell to us, as applicable, on favorable terms.

We have been, and may in the future 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. While we have long-standing relationships with many of our customers, if any key customers were to significantly reduce, defer or cancel their purchases or delay product acceptances, or we were prohibited from selling to those key customers for any reason, such as export regulations or other factors beyond our control, our revenues and results of operations may be materially and adversely affected, particularly if we are unable to collect any applicable cancellation charges. 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 a difficult, costly or prolonged process to attract and sign new key customers.

Furthermore, to the extent that 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, causing price erosion that 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 material and 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.

Sales to distributors and retailers of disk drive products account for a substantial portion of our revenue. Many of our distributors and retailers 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 has exacerbated price erosion and volatility as distributors and 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, 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 and adversely affect our financial condition and results of operations.

Our results of operations are highly dependent on cloud, enterprise and consumer spending and the resulting demand for our products. Reduced demand, particularly from our key cloud and enterprise customers as a result of a significant change in macroeconomic conditions or other factors, may result in a significant reduction or cancellation of their purchases from us, which has in the past and may in the future materially and adversely impact 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, particularly in our data center markets where customer ordering patterns may shift rapidly in response to changes in cloud capital spending, the timing of hyperscale deployments, or AI-related infrastructure investments. In addition, because of our vertical design and manufacturing strategy, operations have significant fixed costs that are difficult to reduce in the short-term, including our costs relating 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 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 in the future result in material and adverse effects on our financial condition and results of operations. For example, due to customer inventory adjustments, we have in the past experienced, and may in the future experience, a slowdown in demand for our products, particularly in the data center market. These reductions in demand have required us to significantly reduce manufacturing production plans and recognize factory underutilization charges in fiscal years 2024 and 2023.

We develop and manufacture technologically advanced products that require precision engineering, specialized manufacturing processes and rigorous quality control standards. During periods of increasing demand, the complexity of these products and our manufacturing processes has contributed to challenges in recommissioning and effectively utilizing our production equipment to meet customer needs. These difficulties may arise again in the future, potentially delaying our ability to respond to an improving demand environment. Any inability to efficiently restart or fully utilize our production equipment could result in missed revenue opportunities, increased operational costs, and adverse effects on our business and financial condition.

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;
- variability in demand across our data center and Edge IoT markets due to changing customer investment priorities, fluctuations in adoption rates of emerging technologies such as artificial intelligence, shifts in customer preferences and broader economic trends;
- 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 trade policy, including tariffs, and/or foreign currency exchange rates on the cost of producing our products and the effective price of our products to our customers.

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

Our products are incorporated in computers, data storage systems deployed in data centers 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 and adverse effect on demand for our products and on our financial condition and results of operations. Uncertain global economic and business conditions can exacerbate, and have in the past exacerbated, these risks.

We are dependent on our long-term investments to manufacture adequate products. Our investment decisions in adding new manufacturing 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 consumer and client-centric 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 and/or increased tariffs, increased laws and regulations, and increased unemployment levels.

The deterioration of demand for disk drives in these markets has accelerated, and we believe this deterioration may continue and may further accelerate, which has caused and could further 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 and 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 manage inventory and 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 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 as 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.

Sales of our consumer products, including 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, sales of these products 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 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 when there are rapidly changing macroeconomic conditions, historical seasonality trends may not be a good indicator to predict our future performance and results of operations.

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 United States. Disruptions in the economic, environmental, political, legal or regulatory landscape in the countries where we operate may have a material and 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. In addition, ongoing uncertainty in U.S. policy, including uncertainty relating to tariffs and other trade restrictions, may 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 located outside the United States. An increase in the value of the dollar could increase the real cost to our customers in those markets outside of the United States. This could adversely impact our sales and market share in such areas or increase pressure to lower our prices, 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 and adverse effect on our results of operations. We manage the impact of foreign currency translation risk by entering into foreign currency forward exchange contracts to hedge our balance sheet exposures. 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.

In addition, certain countries in which we have operations have restrictive regulations over the movement of cash and/or foreign exchange across their borders. Similarly, Singapore may impose taxes on dividends of cash from our subsidiaries to the parent company. If we are unable to access our cash or we are required to pay taxes to repatriate such cash, our business and operations may be harmed, or we may need to seek other sources of liquidity.

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 for us in some countries. Volatility in fuel costs, political instability or constraints and increases in the costs or reliability of air transportation may lead us to develop alternative shipment methods, which could disrupt our ability to receive raw materials, or ship finished products, and as a result our business and results of operations may be harmed.

We may not be able to execute acquisitions, divestitures and other significant transactions successfully and we may have difficulty or fail to successfully integrate acquired companies.

As part of our business strategy, we may acquire companies or businesses, divest businesses or assets, enter into strategic alliances and joint ventures, and make investments to further our business. Risks associated with these transactions have included, and may include:

- not fully realizing the anticipated profits or other benefits of any particular transaction in the timeframe we expected or at all due to competition, market trends, additional costs or investments, the actions of advisors, suppliers or other third parties, or other factors;
- certain transactions resulting in significant costs and expenses;
- failing to identify significant issues with the target during the due diligence process that result in significant liabilities;
- issuing common stock (potentially creating dilution) or incurring additional debt in order to finance a transaction, which financings may require us to accept onerous terms such as high interest rates or covenants that restrict our business;
- an adverse impact on our effective tax rate;
- acquiring a target with differing or inadequate privacy, data protection, and cybersecurity controls; and
- litigation.

In addition, if we fail to identify and complete such transactions and successfully integrate acquired businesses that further our strategic objectives, we may be required to expend additional resources to develop products, services and technology internally, which may put us at a competitive disadvantage. Integrations could significantly disrupt our business and the acquired business as they are often time-consuming and expensive and involve significant challenges, including successfully combining product and service offerings, entering or expanding markets, and retaining and integrating key employees, customers, distributors, facilities, technologies, and business systems, among other challenges. Furthermore, if there are future decreases in our stock price or significant changes in the business climate or results of operations of our reporting units, we may incur additional charges, including impairment charges.

In the case of a divestiture, we may have difficulty finding buyers or alternative exit strategies on acceptable terms in a timely manner. We may also dispose of a business at a price or on terms that are less desirable than we had anticipated. In addition, we may experience fewer benefits than expected, and the impact of the divestiture on our revenue growth may be larger than projected.

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, has in the past and may in the future affect our production and development of products and 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. Many of these rare earth elements are sourced from China, which accounts for a majority of the global supply and processing capacity for these materials. As a result, recent or potential future export restrictions or bans by the Chinese government, as well as any import restrictions or bans by the U.S. government, on rare earth minerals could materially and adversely impact our supply chain continuity and operating results. 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 and rare earth elements that we do not manufacture, including substrates for recording media, read/write heads, ASICs, preamplifiers, spindle motors, printed circuit boards, suspension assemblies, DRAM 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, evolving trade policies, including the imposition of tariffs or other trade restrictions, supply constraints or other macroeconomic conditions or changes to such conditions, and we could not pass these price increases to our customers, our operating margin would decline. Also, many of these direct and indirect component suppliers are geographically concentrated, making our supply chain more vulnerable to regional disruptions such as severe weather, local or global health issues or pandemics, acts of terrorism, war and an unpredictable geopolitical climate. Trade policy developments, including retaliatory measures by other countries, could exacerbate these risks by further restricting the availability and/or increasing the cost of critical components, delaying shipments, resulting in the relocation of certain manufacturing processes or otherwise disrupting our global supply chain. These factors have materially impacted, and may in the future impact 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, incur scrap, rework or warranty charges and harm our financial position. Further, if a sole source or limited source supplier decides not to do business with us for any reason, we may be unable to develop, manufacture and commercialize certain of our products, which would adversely affect our business and financial position.

We have experienced and could in the future experience increased costs and production delays that made us unable to obtain the necessary equipment or sufficient quantities of some components. We have also been, and could in the future be, forced to pay higher prices, make volume purchase commitments or advance deposits for some components, equipment or raw materials that were in short supply in the industry. 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 a 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, from time to time, some of our suppliers' manufacturing facilities may be 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 costs associated with such cancellations, and if revenues fall or customer demand decreases significantly, we may seek to cancel or may otherwise not meet our purchase commitments to certain suppliers in the future, which could result in damages, penalties, disputes, litigation, 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 to secure certain components or technologies for the production of our products or to supplement our internal manufacturing capacity for certain components. We have in the past cancelled, reduced or otherwise modified certain purchase commitments and incurred associated fees, due to changes in forecasted demand. If our actual revenues in the future are lower than our projections or if customer demand decreases significantly below our projections, we may seek to cancel or modify or may otherwise not meet our additional purchase commitments with certain 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 we may be required to make penalty-type payments or pay specified amounts under the terms of these contracts for failure to meet our purchase commitments or otherwise satisfy our obligations under the contracts. We have and may continue to have disputes with our suppliers regarding our purchase commitments, including the cancellation or reduction of such commitments, that we may be unable to resolve, which have resulted and may again result in settlements, litigation that could result in adverse judgments or other litigation-related costs, the amounts of which may be material, as well as disruption to our supply chain and require management's attention. 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 shift output from our internal manufacturing facilities to meet the commitments, our gross margin and operating margin could be materially and adversely impacted.

Due to the complexity of our products, some defects may only become detectable after deployment, which may lead to increased costs and adversely affect our operating results.

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 the 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 FINANCIAL PERFORMANCE OR GENERAL ECONOMIC CONDITIONS

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

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, declines in income or asset values and/or shifts in demand related to emerging technologies, including artificial intelligence, all of which may have a material and adverse effect on the demand for our products and/or result in significant changes in our product prices. Other factors that could have a material and adverse effect on demand for our products, financial condition and results of operations include inflation, slower growth or recession, conditions in the labor market, 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 including new and increased tariffs, trade disputes, sanctions, adverse economic conditions worldwide, government efforts to stimulate or stabilize economies, and international conflicts have and may continue to adversely impact our business. Significant inflation and elevated interest rates have negatively affected our business in recent quarters and could continue 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 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 and continuing to declare our quarterly dividend.

We are leveraged and require significant amounts of cash to service our outstanding 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. Our high level of debt presents the following risks:

- we are required to use a substantial portion of our cash flows from operations to service our debt, which reduces the availability of our cash flows 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 the availability of capital and may subject us to a competitive disadvantage vis-à-vis those of 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 agreements, including our existing Credit Agreement (as defined herein), limit, among other things, our ability to pay future dividends or make other restricted payments and investments and to incur additional indebtedness, which could restrict our ability to execute on our business strategy or react to the economic environment.

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 our indebtedness, including via cross-defaults, and may require us to change capital allocation or 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.

In the event the conditional exchange option of our 2028 Notes is triggered, holders of the 2028 Notes will be entitled to exchange their 2028 Notes at any time during specified periods at their option. Pursuant to the terms of the indenture governing the 2028 Notes, if one or more holders elect to exchange their 2028 Notes, we would be required to settle the principal portion of our exchange obligation in cash, and any remainder of the exchange obligation in excess of such principal amount in cash, ordinary shares issued by us or a combination of cash and ordinary shares, at our election. Such cash payment obligations could adversely affect our liquidity. In addition, if the conditional exchange option of our 2028 Notes is triggered, even if holders of the 2028 Notes do not elect to exchange their 2028 Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of such 2028 Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

In the event 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 refinance our existing debt or incur additional debt to fund our operations on terms acceptable to us or at all. If prevailing interest rates or other factors result in higher interest rates upon refinancing, then the interest expense relating to our 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 and increase the interest costs under our existing Credit Agreement.

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;
- 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;
- pandemics or other global health issues that impact our operations as well as those of our customers and suppliers;
- 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 United States 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.

If we do not adequately control our costs or if any cost reduction initiatives that we undertake do not deliver the results we expect, we will not be able to compete effectively and our financial condition may be adversely impacted.

We are focused on increasing flexibility and scalability, and improving overall competitiveness by leveraging our global capabilities, as well as external talent and skills, worldwide, with a view towards increasing revenue and exabytes volume while controlling expenses. If we do not adequately control our manufacturing and operating expenses, our ability to compete in the marketplace may be impaired.

In the past, we have engaged in restructuring activities with a view toward reducing costs. Such restructuring activities to reduce costs have included closures and transfers of facilities, significant personnel reductions, temporary salary reductions, restructuring efforts, asset write-offs and efforts to increase automation. Our restructuring efforts and other measures to reduce costs may not yield the intended benefits and may be unsuccessful or disruptive to our business operations which may materially and adversely affect our financial results. In addition, we cannot be sure that any future cost reductions or global footprint consolidation efforts will not result in additional costs which may not be offset by planned cost 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, political unrest, war, terrorism, natural disasters, public health issues and other circumstances, on national and/or international commerce and on the global economy, could materially and adversely affect our results of operations and financial condition.

Geopolitical uncertainty, political unrest, terrorism, instability or war, such as the conflict between Ukraine and Russia and conflicts in the Middle East, 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 also subject to interruption by natural disasters such as floods and earthquakes, fires, power or water shortages, terrorist attacks, other hostile acts, labor disputes, political unrest, public health issues 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 located in regions known for seismic activity, wildfires and drought conditions. To mitigate wildfire risk, electric utilities are deploying public safety power shutoffs, which affects electricity reliability to our facilities and our communities, potentially disrupting our operations. 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 and 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.

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, foreign currency forward exchange contracts, capped calls 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 and adverse effect on our business, results of operations, or financial condition. Our exposure to counterparty risk with respect to the capped call transactions will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our ordinary shares. In addition, upon a default by an option counterparty, we may suffer more dilution than we currently anticipate with respect to our ordinary shares. We can provide no assurance as to the financial stability or viability of our counterparties.

Further, our customers could have reduced access to working capital due to global economic conditions, high 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.

LEGAL, REGULATORY AND COMPLIANCE RISKS

Our business is subject to various laws, regulations and governmental policies that may cause us to incur significant expense or adversely impact our results of 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, particularly in the U.S., may change in significant, unexpected, and/or unpredictable 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. 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, including the imposition of tariffs or other trade restrictions, 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 offerings, is subject to state, federal, and international laws and regulations relating to data privacy, data protection and data security, including security breach notification, data retention, transfer and localization. Laws and regulations relating to these matters evolve frequently and their scope may change through new legislation, amendments to existing legislation and changes in interpretation or enforcement and may impose conflicting and inconsistent obligations. Any such changes, and any changes to our products or services or manner in which our customers utilize them may result in new or enhanced costly compliance requirements and governmental or regulatory scrutiny, may limit our ability to operate in certain jurisdictions or to engage in certain data processing activities, and may require us to modify our practices and policies, potentially in a material manner, which we may be unable to do in a timely or commercially reasonable manner or at all.

Further, the sale and manufacturing of products in certain countries subjects us and our suppliers to local 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 and adverse effect on our financial condition or results of operations.

As the laws and regulations to which we are subject 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.

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 and 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 Export Administration Regulations ("EAR") administered by 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 United States, through 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 United States, 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 a Settlement Agreement with BIS (the "Settlement Agreement") that resolved BIS' allegations regarding our sales of hard disk drives to Huawei. We agreed to complete three audits of our compliance with the license requirements of Section 734.9 of the EAR, and have completed the first audit. 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. Despite our best efforts to comply with the terms of the Settlement Agreement, we may fail to do so. Failure to comply with the Settlement Agreement could result in significant penalties, including the loss of the suspension of the denial order which would prohibit us from a range of export-related activities, including exporting our products subject to the EAR outside of the United States, and could have a material and adverse effect on our business, results of operations, financial condition and cash flows.

Despite our best efforts to comply with all applicable export control and sanctions laws and regulations, we may discover additional violations. From time to time, we have voluntarily self-reported potential trade controls violations to OFAC or BIS. Although voluntary self-disclosure is considered a mitigating factor by OFAC and BIS, in light of the Settlement Agreement, we may be subject to increased penalties. If we were ever found to have violated applicable export control or sanctions 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.

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 and/or intensified in the future, creating heightened uncertainty for our business operations. 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 the Asia Pacific region and other geographies that have been the recent focus of changes in U.S. export control policies. Various U.S. agencies have implemented and are considering additional changes to the regulations to increase controls over advanced computing chips, computers and related technologies. Any further limitation that impedes our ability to export or sell our products and services could materially and 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 and adversely affect our business, results of operations, financial condition and cash flows. Violations of these regulations may result in significant penalties and fines. 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. 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 and adversely affect 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 and adverse impact on our business and results of operations.

We face significant and ongoing uncertainty with regard to global trade policy, particularly in light of recently announced and potential additional actions by the U.S. government and its trading partners. Current U.S. government trade policy includes tariffs on certain non-U.S. goods, including information and communication technology products. These and any new measures may materially increase costs for goods imported from key supply chain jurisdictions 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.

In addition, evolving trade policies may lead to abrupt or unpredictable changes in tariffs, quotas, duties or trade agreements, potentially disrupting our supply chain and/or leading to an increase in costs. Changes in U.S. trade policy have also resulted in, and could result in more, foreign jurisdictions adopting responsive trade policies, including imposition of new or increased tariffs, quotas, duties, or other restrictions targeting U.S. products. For example, countries where we have significant customer demand may adopt measures that increase the effective cost of our products in those markets, which could reduce sales volumes and harm our competitive position.

These developments, whether occurring individually or in the aggregate, could materially disrupt our operations and impair our ability to efficiently manage our global supply chain. Increased tariffs or other trade restrictions may raise our cost of goods, delay the sourcing of materials and constrain our ability to fulfill customer orders on a timely basis. Additionally, retaliatory trade measures by other countries could make it more difficult or costly to export our products or components, potentially leading to increased supply chain costs and/or reduced demand in non-U.S. markets. These and any future trade policy changes may have a material and adverse impact on our business and financial condition. While we continue to monitor trade developments and evaluate risk mitigation strategies, we may not be able to fully, or even partially, offset the effects of these evolving trade dynamics, or anticipate future regulatory actions that could affect the cost or availability of critical materials.

Our business is exposed to risks associated with litigation, investigations and regulatory proceedings that may cause us to incur significant expense or adversely impact our results of operations and financial condition.

From time to time, we have been and may continue to be involved in various legal, regulatory or administrative investigations, inquiries, negotiations or proceedings. See "Item 1. Financial Statements—*Note 11. Legal, Environmental and Other Contingencies*" contained in this Quarterly Report for a description of material legal proceedings. Litigation and government investigations or other 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, and may harm our reputation and market position, all of which could materially harm our business, results of operations and financial conditions. The costs associated with litigation and government proceedings can also be unpredictable depending on the complexity and length of time devoted to such litigation or proceeding. Litigation and governmental investigations or other 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. Actual or perceived 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 and 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.

Tax-related matters could have a material and adverse effect on our business, results of operations or financial condition.

We are subject to income taxes, as well as indirect taxes and other tax claims in tax regimes we are subject to or operate under. Significant judgment is required in determining our worldwide provision for income taxes and other tax liabilities. Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. Any changes in tax laws and regulations could have a material and adverse effect on our tax obligations and effective tax rate.

In particular, potential uncertainty of changes to global tax laws, including global initiatives put forth by the Organization for Economic Co-operation and Development ("OECD") 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. Several jurisdictions in which we operate have enacted legislation, either partially or fully implementing the OECD's Pillar Two global corporate minimum tax, also known as the top-up tax. The Pillar Two framework for the global minimum tax is expected to increase the level of income tax at Seagate.

In addition, we are subject to examinations of our income tax returns in tax regimes we are subject to or operate under. We regularly assess the likelihood of outcomes resulting from these examinations to determine the adequacy of our provision for income taxes and have reserved for potential adjustments that may result from these examinations. There can be no assurance that the final determination of any of these examinations will not have an adverse effect on our effective tax rates, financial condition and results of operations.

Our future effective tax rate may also be affected by a variety of factors, including changes in our business or statutory rates, the mix of earnings in countries with differing statutory tax rates, available tax incentives, credits and deductions, the expiration of statutes of limitations, changes in accounting principles, adjustments to income taxes upon finalization of tax returns, increases in expenses not deductible for tax purposes, the estimates of our deferred tax assets and liabilities and deferred tax asset valuation allowances, changing interpretations of existing laws or regulations, the impact of accounting for business combinations, as well as changes in the domestic or international organization of our business and structure.

RISKS RELATED TO INTELLECTUAL PROPERTY AND OTHER PROPRIETARY RIGHTS

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. We are frequently 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 to circumvent 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, which could weaken our competitive position and reduce our operating results. 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 manufacturing, use, sale or offering for sale of our products. Intellectual property litigation can be expensive and time-consuming, regardless of the merits of any claim, and could divert management's attention and resources away from 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 11. Legal, Environmental and Other Contingencies*" contained in this Quarterly Report for a description of material intellectual property proceedings.

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

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, such as diverting resources away from our development efforts if we are required to take remedial action.

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, cause widespread outages, and/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, store and otherwise process 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 Lyve, our edge-to-cloud mass storage platform. As our operations become more automated and increasingly interdependent and our edge-to-cloud mass storage platform service grows, our exposure to the risks posed by storage, transfer, maintenance and other processing of data, such as damage, corruption, loss, unavailability, unauthorized acquisition and other processing, and other security risks, including risks of disruptions to our platform or security breaches, widespread outages and/or other incidents impacting our digital infrastructure and data, will continue to increase.

Despite the measures we and our vendors put in place designed to protect our computer equipment, data and systems, our customers, suppliers, employees or other third parties have been and may continue to be vulnerable to phishing and other forms of social engineering attacks, employee or contractor error, hacking, cyberattacks, ransomware and other malware, malfeasance, system error or other irregularities or incidents, including from attacks or breaches and incidents at third party vendors we utilize. In addition, the measures we and our vendors take may not be sufficient for all eventualities. Threat actors are increasingly using tools and techniques that circumvent controls, evade detection, and remove forensic evidence, which means that we and others may be unable to anticipate, detect, deflect, contain or recover from cyberattacks in a timely or effective manner. As AI capabilities improve and are increasingly adopted, we may be subject to cyberattacks created and/or augmented with AI. For example, attacks could be crafted with an AI tool to attack information systems by creating more effective phishing emails or social engineering or by exploiting vulnerabilities in electronic security programs utilizing false image or voice recognition, or could result from us or our customers, vendors or business partners incorporating the output of AI tools, such as malicious code from an AI-generated source code. Our network and storage applications, as well as those of our customers, business partners, and third-party providers, have been and may in the future be subject to unauthorized access by hackers or breached due to operator error, malfeasance or other system disruptions. Additionally, there have been and may continue to be significant supply chain attacks, and we cannot guarantee that our or our suppliers' or other vendors' systems, networks, or other components or infrastructure have not been compromised or do not contain exploitable defects, bugs or vulnerabilities. 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.

We and our vendors may be unable to anticipate or prevent these attacks and other threats, react in a timely manner, or implement adequate preventive measures, and we and they may face delays in detection or remediation of, or other responses to, security breaches and other security-related incidents. The costs of eliminating or addressing 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 and other aspects of our efforts to address any attack, compromise, breach or incident may not be successful and could result in interruptions, delays or cessation of service. Security breaches or incidents and unauthorized access to, or loss, corruption, unavailability, or processing of data we and our vendors maintain or otherwise process has exposed us and could expose us, or our vendors, customers or other third parties to a risk of loss or misuse of this data. Any actual or perceived breach incident could result in litigation or governmental investigations, fines, penalties, indemnity obligations and other potential liability and costs for us, materially damage our brand, cause us to lose existing or potential customers, impede critical functions or otherwise materially harm our business, results of operations and financial condition.

Additionally, defending against claims, litigation or regulatory inquiries or proceedings relating to any actual or potential security breach or other security incident, regardless of merit, could be costly and divert attention of key personnel. We cannot ensure that any provisions in our contracts with customers or others relating to limitations of liability would be enforceable or adequate or would otherwise protect us from any liabilities or damages with respect to any claim. The insurance coverage we maintain that is intended to address certain data security risks may be insufficient to cover all types of claims or losses that may arise and has been increasing in price over time. We cannot be certain that insurance coverage will continue to be available to us on economically reasonable terms, or at all.

There can be no assurance that our cybersecurity management program and processes, including our policies, controls or procedures, will be implemented consistently, complied with or effective in protecting our systems and information.

We must maintain and upgrade our global enterprise resource planning system and other information technology ("IT") systems, and our failure to do so could have a material and adverse effect on our business, financial condition and results of operations.

We have invested 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.

The implementation and maintenance of our global enterprise resource planning system ("ERP") has required and will continue to require 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, maintaining and upgrading 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, implementation and maintenance 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 and maintaining 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 security risks, and may have a material and adverse effect on our business, financial condition and results of operations.

RISKS RELATED TO HUMAN CAPITAL AND CORPORATE RESPONSIBILITY

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 in many locations in which we operate, including China, Northern Ireland, Singapore, Thailand and the United States, 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. Our historical restructurings, temporary salary reductions and variability in bonus payouts have 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 and adverse effect on our business, results of operations and financial condition.

We are subject to risks related to corporate and social responsibility that could adversely affect our reputation and performance.

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 and 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 human capital, environmental stewardship, sustainability, supply chain management, climate change, the usage of AI, workplace conduct and human rights. The increasing concern over climate change could also result in shifting customer preferences and regulations. Changing customer preferences may result in increased demands or requirements regarding our solutions, products and services, including the use of packaging materials, chemicals and other components in our products. These demands may cause us to incur additional costs or make other changes to our operations, which could adversely affect our financial results. If we fail to manage these requirements in an effective manner, customer demand for our solutions, products, and services could diminish, and our profitability could suffer.

Further, despite our policies to the contrary, 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 and adverse effect on our business, results of operations and cash flows.

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;
- 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;
- Issuance of our ordinary shares, including upon exchange of some or all of our outstanding exchangeable 2028 Notes for amounts in excess of the principal amount;
- actual or perceived security breaches or incidents 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. Similar litigation has been pursued against us, and it could result in substantial costs and a diversion of management's attention and resources, which could materially and 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 and resumed in the first quarter of fiscal year 2026. 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

Repurchases of Equity Securities

All repurchases are effected as redemptions in accordance with our Constitution.

The following table sets forth information with respect to all repurchases of our ordinary shares made during the fiscal quarter ended January 2, 2026, 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 Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs [1] [2]
October 4, 2025 through October 31, 2025	—	$ —	—	$ 4,971
November 1, 2025 through November 28, 2025	—	—	—	4,971
November 29, 2025 through January 2, 2026	0.1	284.65	—	4,971
Total	0.1		—	$ 4,971

[1] On May 22, 2025, we announced that our Board of Directors authorized us to repurchase up to $5.0 billion of our ordinary shares, from time to time, subject to market conditions. As of January 2, 2026, approximately $5.0 billion remained available for repurchase under the existing repurchase authorization limit authorized by our Board of Directors. Repurchase of shares pursuant to the repurchase program described above, as well as tax withholdings.
[2] Our share repurchase program has no expiration date and may be suspended at any time.

ITEM3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Trading Plans or Rule 10b5-1 Trading Plans

The table below summarizes the material terms of trading arrangements adopted by any of our executive officers or directors during the December 2025 quarter. All of the trading arrangements listed below are intended to satisfy the affirmative defense of Rule 10b5-1(c).

Name	Title	Date of Adoption	End Date[1]	Aggregate number of ordinary shares to be sold pursuant to the trading agreement
Yolanda Conyers[2]	Director	August 4, 2025	December 31, 2026	3,750
Gianluca Romano	Executive Vice President and Chief Financial Officer	November 26, 2025	July 17, 2026	24,390

[1] The plan will expire on the earlier of the end date or the completion of all transactions under the trading arrangement.
[2] The reporting of this trading plan was previously omitted due to an administrative oversight.

ITEM 6. EXHIBITS

Exhibit No.	Exhibit Description	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	Amended and Restated Employee Stock Purchase Plan	8-K	001-31560	10.1	10/28/2025	
10.2	Amended and Restated 2022 Equity Incentive Plan	8-K	001-31560	10.2	10/28/2025	
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 Document.					
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 Document.					
104	Inline XBRL Cover Page contained in Exhibit 101					

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† 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:	January 30, 2026	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.

January 30, 2026		/s/ Dr. William D. Mosley
	Name:	Dr. William D. Mosley
	Title:	Board Chair and Chief Executive Officer (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.

January 30, 2026		/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 January 2, 2026, 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:	January 30, 2026		/s/ Dr. William D. Mosley
		Name:	Dr. William D. Mosley
		Title:	Board Chair and Chief Executive Officer (Principal Executive Officer)
Date:	January 30, 2026		/s/ Gianluca Romano
		Name:	Gianluca Romano
		Title:	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)