UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended December 29, 2023

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

For the transition period from:________ to________

Commission File Number 001-31560

SEAGATE TECHNOLOGY HOLDINGS PUBLIC LIMITED COMPANY

(Exact name of registrant as specified in its charter)

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

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 22, 2024, 209,510,729 of the registrant's ordinary shares, par value $0.00001 per share, were issued and outstanding.

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PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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See Notes to Condensed Consolidated Financial Statements.

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

	December 29, 2023	June 30, 2023
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 787	$ 786
Accounts receivable, net	471	621
Inventories	1,053	1,140
Other current assets	317	358
Total current assets	2,628	2,905
Property, equipment and leasehold improvements, net	1,642	1,706
Goodwill	1,237	1,237
Deferred income taxes	1,074	1,117
Other assets, net	568	591
Total Assets	$ 7,149	$ 7,556
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 1,619	$ 1,603
Accrued employee compensation	86	100
Accrued warranty	81	78
Current portion of long-term debt	—	63
Accrued expenses	743	748
Total current liabilities	2,529	2,592
Long-term accrued warranty	86	90
Other non-current liabilities	679	685
Long-term debt, less current portion	5,669	5,388
Total Liabilities	8,963	8,755
Commitments and contingencies (See Notes 10, 12 and 13)		
Shareholders' Deficit:		
Ordinary shares and additional paid-in capital	7,377	7,373
Accumulated other comprehensive income	3	98
Accumulated deficit	(9,194)	(8,670)
Total Shareholders' Deficit	(1,814)	(1,199)
Total Liabilities and Shareholders' Deficit	$ 7,149	$ 7,556

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	
	December 29, 2023	December 30, 2022	December 29, 2023	December 30, 2022
Revenue	$ 1,555	$ 1,887	$ 3,009	$ 3,922
Cost of revenue	1,193	1,641	2,498	3,194
Product development	161	200	332	434
Marketing and administrative	108	125	213	254
Amortization of intangibles	—	—	—	3
Restructuring and other, net	(31)	81	(29)	90
Total operating expenses	1,431	2,047	3,014	3,975
Income (loss) from operations	124	(160)	(5)	(53)
Interest income	3	1	5	2
Interest expense	(84)	(77)	(168)	(148)
Net gain recognized from termination of interest rate swap	—	—	104	—
Net gain (loss) recognized from early redemption of debt	—	204	(29)	204
Other, net	(47)	(6)	(58)	(16)
Other (expense) income, net	(128)	122	(146)	42
Loss before income taxes	(4)	(38)	(151)	(11)
Provision for (benefit from) income taxes	15	(5)	52	(7)
Net loss	$ (19)	$ (33)	$ (203)	$ (4)
Net loss per share:				
Basic	$ (0.09)	$ (0.16)	$ (0.97)	$ (0.02)
Diluted	$ (0.09)	$ (0.16)	$ (0.97)	$ (0.02)
Number of shares used in per share calculations:				
Basic	209	206	209	207
Diluted	209	206	209	207

See Notes to Condensed Consolidated Financial Statements.

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

	For the Three Months Ended		For the Six Months Ended	
	December 29, 2023	December 30, 2022	December 29, 2023	December 30, 2022
Net loss	$ (19)	$ (33)	$ (203)	$ (4)
Other comprehensive income (loss), net of tax:				
Change in net unrealized gains (losses) on cash flow hedges:				
Net unrealized gains (losses) arising during the period	13	19	(9)	51
Losses (gains) reclassified into earnings	5	6	(87)	11
Net change	18	25	(96)	62
Change in unrealized components of post-retirement plans:				
Net unrealized losses arising during the period	—	(1)	—	—
Losses reclassified into earnings	—	1	—	1
Net change	—	—	—	1
Foreign currency translation adjustments	—	1	1	—
Total other comprehensive income (loss), net of tax	18	26	(95)	63
Comprehensive (loss) income	$ (1)	$ (7)	$ (298)	$ 59

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	
	December 29, 2023	December 30, 2022
OPERATING ACTIVITIES		
Net loss	$ (203)	$ (4)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	138	283
Share-based compensation	55	62
Deferred income taxes	41	(4)
Net loss (gain) on redemption and repurchase of debt	7	(204)
Other non-cash operating activities, net	(12)	28
Changes in operating assets and liabilities:		
Accounts receivable, net	150	692
Inventories	87	371
Accounts payable	54	(919)
Accrued employee compensation	(14)	(145)
BIS settlement penalty	(15)	—
Accrued expenses, income taxes and warranty	(13)	228
Other assets and liabilities	21	108
Net cash provided by operating activities	296	496
INVESTING ACTIVITIES		
Acquisition of property, equipment and leasehold improvements	(140)	(212)
Proceeds from the sale of assets	35	3
Purchases of investments	—	(1)
Net cash used in investing activities	(105)	(210)
FINANCING ACTIVITIES		
Redemption and repurchase of debt	(1,288)	—
Dividends to shareholders	(291)	(292)
Repurchases of ordinary shares	—	(408)
Taxes paid related to net share settlement of equity awards	(28)	(39)
Proceeds from issuance of long-term debt	1,500	600
Proceeds from issuance of ordinary shares under employee stock plans	44	29
Other financing activities, net	(128)	(21)
Net cash used in financing activities	(191)	(131)
Effect of foreign currency exchange rate changes on cash, cash equivalents and restricted cash	1	—
Increase in cash, cash equivalents and restricted cash	1	155
Cash, cash equivalents and restricted cash at the beginning of the period	788	617
Cash, cash equivalents and restricted cash at the end of the period	$ 789	$ 772

See Notes to Condensed Consolidated Financial Statements.

SEAGATE TECHNOLOGY HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT
For the Three Months Ended December 29, 2023 and December 30, 2022
(In millions)
(Unaudited)

	Number of Ordinary Shares	Par Value of Shares	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total
Balance at September 29, 2023	209	$ —	$ 7,338	$ (15)	$ (9,025)	$ (1,702)
Net loss	—	—	—	—	(19)	(19)
Other comprehensive income	—	—	—	18	—	18
Issuance of ordinary shares under employee share plans	1	—	9	—	—	9
Tax withholding related to vesting of restricted share units	—	—	—	—	(3)	(3)
Dividends to shareholders ($0.70 per ordinary share)	—	—	—	—	(147)	(147)
Share-based compensation	—	—	30	—	—	30
Balance at December 29, 2023	210	$ —	$ 7,377	$ 3	$ (9,194)	$ (1,814)

	Number of Ordinary Shares	Par Value of Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance at September 30, 2022	206	$ —	$ 7,248	$ 73	$ (7,672)	$ (351)
Net loss	—	—	—	—	(33)	(33)
Other comprehensive income	—	—	—	26	—	26
Issuance of ordinary shares under employee share plans	—	—	—	—	—	—
Tax withholding related to vesting of restricted share units	—	—	—	—	—	—
Dividends to shareholders ($0.70 per ordinary share)	—	—	—	—	(145)	(145)
Share-based compensation	—	—	33	—	—	33
Balance at December 30, 2022	206	$ —	$ 7,281	$ 99	$ (7,850)	$ (470)

SEAGATE TECHNOLOGY HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT
For the Six Months Ended December 29, 2023 and December 30, 2022
(In millions)
(Unaudited)

	Number of Ordinary Shares	Par Value of Shares	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total
Balance at June 30, 2023	207	$ —	$ 7,373	$ 98	$ (8,670)	$ (1,199)
Net loss	—	—	—	—	(203)	(203)
Other comprehensive loss	—	—	—	(95)	—	(95)
Issuance of ordinary shares under employee share plans	3	—	44	—	—	44
Repurchases of ordinary shares	—	—	—	—	—	—
Capped calls related to the issuance of exchangeable notes	—	—	(95)	—	—	(95)
Tax withholding related to vesting of restricted share units	—	—	—	—	(28)	(28)
Dividends to shareholders ($1.40 per ordinary share)	—	—	—	—	(293)	(293)
Share-based compensation	—	—	55	—	—	55
Balance at December 29, 2023	210	$ —	$ 7,377	$ 3	$ (9,194)	$ (1,814)

	Number of Ordinary Shares	Par Value of Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total
Balance at July 1, 2022	210	$ —	$ 7,190	$ 36	$ (7,117)	$ 109
Net loss	—	—	—	—	(4)	(4)
Other comprehensive income	—	—	—	63	—	63
Issuance of ordinary shares under employee share plans	2	—	29	—	—	29
Repurchases of ordinary shares	(5)	—	—	—	(400)	(400)
Tax withholding related to vesting of restricted share units	(1)	—	—	—	(39)	(39)
Dividends to shareholders ($1.40 per ordinary share)	—	—	—	—	(290)	(290)
Share-based compensation	—	—	62	—	—	62
Balance at December 30, 2022	206	$ —	$ 7,281	$ 99	$ (7,850)	$ (470)

See Notes to Condensed Consolidated Financial Statements.

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

1. Basis of Presentation and Summary of Significant Accounting Policies

Organization

Seagate Technology Holdings plc ("STX") and its subsidiaries (collectively, unless the context otherwise indicates, the "Company") is a leading provider of data storage technology and infrastructure solutions. Its principal products are hard disk drives, commonly referred to as disk drives, hard drives or HDDs. In addition to HDDs, the Company produces a broad range of data storage products including solid state drives ("SSDs") 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. Complementing HDD storage architectures, SSDs use NAND flash memory integrated circuit assemblies to store data.

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

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

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

In January 2024, the Company established Singapore as its principal executive offices to better align its operational footprint.

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 30, 2023 are included in its Annual Report on Form 10-K, as filed with the U.S. Securities and Exchange Commission ("SEC") on August 4, 2023. 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 30, 2023, and the notes thereto, are adequate to make the information presented not misleading. The results of operations for the three and six months ended December 29, 2023 are not necessarily indicative of the results to be expected for any subsequent interim period or for the Company's fiscal year ending June 28, 2024.

Fiscal Year

The Company operates and reports financial results on a fiscal year of 52 or 53 weeks ending on the Friday closest to June 30. In fiscal years with 53 weeks, the first quarter consists of 14 weeks and the remaining quarters consist of 13 weeks each. Both the three and six months ended December 29, 2023 and December 30, 2022 consisted of 13 and 26 weeks, respectively. Fiscal years 2024 and 2023 both comprise 52 weeks and end on June 28, 2024 and June 30, 2023, respectively. The fiscal quarters ended December 29, 2023, September 29, 2023 and December 30, 2022, are also referred to herein as the “December 2023 quarter”, the “September 2023 quarter” and the “December 2022 quarter”, respectively.

Summary of Significant Accounting Policies

Except for the change in the Company’s other long-lived assets policies described below, 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 30, 2023, as filed with the SEC on August 4, 2023.

Other Long-Lived Assets

In accordance with its policy, the Company reviews the estimated useful lives of its fixed assets on an ongoing basis. Effective from the first quarter of fiscal year 2024, the Company changed the useful lives of certain manufacturing equipment from a range of three to seven years to a range of three to ten years based on its review of technology product roadmap. The effect of this change in estimate increased the net income by approximately $30 million and $40 million for three and six months ended December 29, 2023, respectively. Loss per share decreased by $0.14 and $0.19 for three and six months ended December 29, 2023, respectively.

Recently Adopted Accounting Pronouncements

In September 2022, the Financial Accounting Standards Board (FASB) issued ASU 2022-04 (ASC Subtopic 405-50), *Disclosure of Supplier Finance Program Obligations*. This ASU requires disclosure of key terms of the outstanding supplier finance programs and a roll forward of the related obligations. The Company adopted this guidance in the quarter ended September 29, 2023. The adoption of this ASU did not have a material impact on the Company’s Condensed Consolidated Financial Statements.

Recently Issued Accounting Pronouncements

In November 2023, the 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 is required to adopt this guidance for its annual reporting in fiscal year 2025 and for interim period reporting beginning the first quarter of fiscal year 2026 on a retrospective basis. Early adoption is permitted. This standard is expected to impact the Company’s disclosures and will not have impact on its Condensed Consolidated Financial Statements.

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 in the first quarter of the fiscal year 2026. Early adoption is permitted. This standard is expected to impact the Company’s disclosures and will not have impact on its Condensed Consolidated Financial Statements.

2. Balance Sheet Information

Available-for-sale Debt Securities

The following table summarizes, by major type, the fair value and amortized cost of the Company's available-for-sale debt investments as of December 29, 2023 and June 30, 2023:

	December 29, 2023			June 30, 2023		
(Dollars in millions)	**Amortized Cost**	**Unrealized Gain/(Loss)**	**Fair Value**	**Amortized Cost**	**Unrealized Gain/(Loss)**	**Fair Value**
Available-for-sale debt securities:						
Money market funds	$ 90	$ —	$ 90	$ 73	$ —	$ 73
Time deposits and certificates of deposit	1	—	1	1	—	1
Other debt securities	15	—	15	16	—	16
Total	$ 106	$ —	$ 106	$ 90	$ —	$ 90
Included in Cash and cash equivalents			$ 89			$ 72
Included in Other current assets			2			2
Included in Other assets, net			15			16
Total			$ 106			$ 90

As of December 29, 2023 and June 30, 2023, the Company's Other current assets in cluded $2 million in restricted cash equivalents held as collateral at banks for various performance obligations.

As of December 29, 2023 and June 30, 2023, the Compa ny had no available-for-sale debt securities that had been in a continuous unrealized loss position for a period greater than 12 months. The Company determined no impairment related to credit losses for available-for-sale debt securities as of December 29, 2023.

The fair value and amortized cost of the Company's investments classified as available-for-sale debt securities as of December 29, 2023, by remaining contractual maturity were as follows:

(Dollars in millions)	**Amortized Cost**	**Fair Value**
Due in less than 1 year	$ 91	$ 91
Due in 1 to 5 years	15	15
Total	$ 106	$ 106

Cash, Cash Equivalents and Restricted Cash

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

(Dollars in millions)	**December 29, 2023**	**June 30, 2023**	**December 30, 2022**	**July 1, 2022**
Cash and cash equivalents	$ 787	$ 786	$ 770	$ 615
Restricted cash included in Other current assets	2	2	2	2
Total cash, cash equivalents and restricted cash shown in the Statements of Cash Flows	$ 789	$ 788	$ 772	$ 617

Accounts receivable, net

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

During the three and six months ended December 29, 2023, the Company sold trade receivables without recourse for cash proceeds of $ 290 million and $582 million, respectively. As of December 29, 2023, the total amount that remained subject to servicing by the Company was $ 290 million. During the three and six months ended December 30, 2022, the Company sold trade receivables without recourse for cash proceeds of $211 million and $411 million, respectively.

The discounts on the sale of trade receivables were not material for the three and six months ended December 29, 2023 and December 30, 2022, respectively.

Inventories

The details of the inventories were as follows:

(Dollars in millions)	December 29, 2023	June 30, 2023
Raw materials and components	$ 214	$ 241
Work-in-process	627	682
Finished goods	212	217
Total inventories	$ 1,053	$ 1,140

Other Current Assets

The details of the other current assets were as follows:

(Dollars in millions)	December 29, 2023	June 30, 2023
Vendor receivables	$ 122	$ 167
Other current assets	195	191
Total	$ 317	$ 358

Property, Equipment and Leasehold Improvements, net

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

(Dollars in millions)	December 29, 2023	June 30, 2023
Property, equipment and leasehold improvements	$ 10,270	$ 10,267
Accumulated depreciation and amortization	(8,628)	(8,561)
Property, equipment and leasehold improvements, net	$ 1,642	$ 1,706

During the three months ended December 29, 2023, the Company did not record accelerated depreciation expense. During the six months ended December 29, 2023, the Company recognized a charge of $13 million for the accelerated depreciation of certain fixed assets, respectively, which was recorded to Cost of revenue in the Condensed Consolidated Statements of Operations.

During the three and six months ended December 30, 2022 , the Company recognized a charge of $ 39 million and $61 million for the accelerated depreciation of certain fixed assets, respectively, which was recorded to Cost of revenue and Product development in the Condensed Consolidated Statements of Operations.

Accrued Expenses

The details of the accrued expenses were as follows:

(Dollars in millions)	December 29, 2023	June 30, 2023
Dividends payable	$ 147	$ 145
Other accrued expenses	596	603
Total	$ 743	$ 748

Accumulated Other Comprehensive Income ("AOCI")

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

(Dollars in millions)	Unrealized Gains/(Losses) on Cash Flow Hedges	Unrealized Gains/(Losses) on Post-Retirement Plans	Foreign Currency Translation Adjustments	Total
Balance at June 30, 2023	$ 103	$ (4)	$ (1)	$ 98
Other comprehensive (loss) income before reclassifications	(9)	—	1	(8)
Amounts reclassified from AOCI	(87)	—	—	(87)
Other comprehensive (loss) income	(96)	—	1	(95)
Balance at December 29, 2023	$ 7	$ (4)	$ —	$ 3
Balance at July 1, 2022	$ 51	$ (14)	$ (1)	$ 36
Other comprehensive income before reclassifications	51	—	—	51
Amounts reclassified from AOCI	11	1	—	12
Other comprehensive income	62	1	—	63
Balance at December 30, 2022	$ 113	$ (13)	$ (1)	$ 99

3. Debt

The following table provides details of the Company's debt as of December 29, 2023 and June 30, 2023:

(Dollars in millions)	December 29, 2023	June 30, 2023
Unsecured Senior Notes[(1)]		
$1,000 issued on May 28, 2014 at 4.75% due January 1, 2025 *(the "2025 Notes")*, interest payable semi-annually on January 1 and July 1 of each year.	$ 479	$ 479
$700 issued on May 14, 2015 at 4.875% due June 1, 2027 *(the "2027 Notes")*, interest payable semi-annually on June 1 and December 1 of each year.	504	504
$500 issued on June 18, 2020 at 4.091% due June 1, 2029 *(the "June 2029 Notes")*, interest payable semi-annually on June 1 and December 1 of each year.	469	465
$500 issued on December 8, 2020 at 3.125% due July 15, 2029 *(the "July 2029 Notes")*, interest payable semi-annually on January 15 and July 15 of each year.	163	163
$500 issued on May 30, 2023 at 8.25% due December 15, 2029 (*the "December 2029 Notes"*), interest payable semi-annually on June 15 and December 15 of each year.	500	500
$500 issued on June 10, 2020 at 4.125% due January 15, 2031 *(the "January 2031 Notes")*, interest payable semi-annually on January 15 and July 15 of each year.	275	275
$500 issued on December 8, 2020 at 3.375% due July 15, 2031 *(the "July 2031 Notes")*, interest payable semi-annually on January 15 and July 15 of each year.	72	72
$500 issued on May 30, 2023 at 8.50% due July 15, 2031 (*the "8.50% July 2031 Notes"*), interest payable semi-annually on January 15 and July 15 of each year.	500	500
$750 issued on November 30, 2022 at 9.625% due December 1, 2032 (*the "2032 Notes"*), interest payable semi-annually on June 1 and December 1 of each year.	750	750
$500 issued on December 2, 2014 at 5.75% due December 1, 2034 *(the "2034 Notes")*, interest payable semi-annually on June 1 and December 1 of each year.	489	489
Exchangeable Senior Notes[(1)]		
$1,500 issued on September 13, 2023 at 3.50% due June 1, 2028 (*the "2028 Notes"*), interest payable semi-annually on March 1 and September 1 of each year.	1,500	—
Term Loans		
$600 borrowed on October 14, 2021 at SOFR plus a variable margin ranging from 1.125% to 2.375%, (*the "Term Loan A1")*, repayable in quarterly installments beginning on December 31, 2022, with a final maturity date of September 16, 2025.	—	430
$600 borrowed on October 14, 2021 at SOFR plus a variable margin ranging from 1.25% to 2.5%, (*the "Term Loan A2")*, repayable in quarterly installments beginning on December 31, 2022, with a final maturity date of July 30, 2027.	—	430
$600 borrowed on August 18, 2022 at SOFR plus a variable margin ranging from 1.25% to 2.5%, (the "Term Loan A3"), repayable in quarterly installments beginning on December 31, 2022, with a final maturity date of July 30, 2027.	—	430
	5,701	5,487
Less: unamortized debt issuance costs	(32)	(36)
Debt, net of debt issuance costs	5,669	5,451
Less: current portion of long-term debt	—	(63)
Long-term debt, less current portion	$ 5,669	$ 5,388

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

2028 Exchangeable Senior Notes and related Capped Call Transactions

2028 Notes. On September 13, 2023, Seagate HDD, in a private placement, issued $ 1.5 billion in aggregate principal amount of 3.50% exchangeable Senior Notes due 2028 (the "2028 Notes"), which includes $200 million aggregate principal amount pursuant to the over-allotment option of the initial purchasers to purchase additional notes. The 2028 Notes will mature on June 1, 2028, with interest payable semi-annually on March 1 and September 1 of each year, commencing March 1, 2024.

The entire outstanding principal amount of Term Loans A1, A2 and A3 were repaid from the proceeds of the 2028 Notes issuance. The exchange was accounted for as a debt extinguishment and the Company recorded a net loss of $29 million, which was included in the Net loss recognized from early redemption of debt in the Company's Condensed Consolidated Statements of Operations for the six months ended December 29, 2023. In connection with the repayment of Term Loans, the Company terminated its interest rate swap agreements. Refer to "*Note 6. Derivative Financial Instruments*" for more details.

Prior to March 1, 2028, the 2028 Notes are exchangeable at the option of the holders only under certain circumstances as set forth in the indenture with respect to the 2028 Notes. 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 initial exchange rate for the 2028 Notes is 12.1253 ordinary shares per $1,000 principal amount of 2028 Notes.

Seagate HDD may redeem the 2028 Notes at its option, 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 Note additional amounts as a result of certain tax-related events at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest, including additional interest, if any, to, but excluding, the redemption date; provided that Seagate HDD may only redeem the Notes if: (x) Seagate HDD or the relevant Guarantor cannot avoid these obligations by taking commercially reasonable measures available to Seagate HDD or such Guarantor; and (y) Seagate HDD delivers to the Trustee an opinion of outside legal counsel of recognized standing in the relevant taxing jurisdiction attesting to such tax-related event and obligation to pay additional amounts.

Seagate HDD also may redeem the 2028 Notes at its option 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), including the trading day immediately preceding the date on which Seagate HDD provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which Seagate HDD provides notice of redemption at a redemption price equal to 100% of the principal amount of the 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.

In connection with the 2028 Notes, the Company and Seagate HDD entered into privately negotiated capped call transactions with certain financial institutions. The cap price of the capped call transactions will initially be $107.848 per share, which represents a premium of approximately 70% over the last reported sale price of the ordinary shares of $63.44 per share on the Nasdaq Global Market on September 7, 2023. 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

The credit agreement dated as of February 20, 2019, by and among, Seagate Technology Holdings plc, Seagate HDD, The Bank of Nova Scotia, as administrative agent, and the lenders party thereto (as amended from time to time, the "Credit Agreement") includes two financial covenants: (1) interest coverage ratio and (2) total net leverage ratio. The maximum permitted total net leverage ratio did not apply for the fiscal quarter ended December 29, 2023 and will not apply for the fiscal quarter ending March 29, 2024. For the fiscal quarters ending June 28, 2024 until the end of the covenant relief period, which terminates on June 27, 2025, the maximum permitted total net leverage ratio is 6.75 to 1.00, and applies only to the extent that the aggregate outstanding amount of revolving loans, swing line loans and the aggregate face amount of certain letters of credit exceeds 25% of the then outstanding revolving commitments in effect (the "Testing Condition") as of the last day of the fiscal quarter. The maximum permitted total leverage ratio for each fiscal quarter ending after June 27, 2025 is 4.00 to 1.00.

The minimum interest coverage ratio did not apply for the fiscal quarter ended December 29, 2023 and will not apply for the fiscal quarter ending March 29, 2024. For the fiscal quarters ending June 28, 2024 until June 27, 2025, the minimum interest coverage ratio is 2.25 to 1.00, and applies only to the extent that the Testing Condition is satisfied as of the last day of the fiscal quarter. The minimum interest coverage ratio is 3.25 to 1.00 for each fiscal quarter ending after June 27, 2025.

Future Principal Payments on Long-term Debt

At December 29, 2023, future principal payments on long-term debt were as follows (in millions):

Fiscal Year	Principal Amount
Remainder of 2024	$ —
2025	479
2026	—
2027	505
2028	1,500
Thereafter	3,245
Total	$ 5,729

4. Income Taxes

The Company recorded income tax provisions of $15 million and $52 million for the three and six months ended December 29, 2023, respectively. The discrete items in the income tax provision were not material for the three months ended December 29, 2023. The income tax provision for the six months ended December 29, 2023 included approximately $36 million of net discrete expense, primarily associated with an increase in the Company's valuation allowance to account for the impacts of new tax guidance which clarifies the treatment of specified research and experimental expenditures issued by the U.S. Treasury Department under Internal Revenue Code Section 174 during the September 2023 quarter, partially offset by net excess tax benefits related to share-based compensation expense. Additional guidance issued by the Treasury department in December 2023 did not result in any impacts. The Company will have income taxes payable based on profits generated in various jurisdictions.

During the six months ended December 29, 2023, the Company's unrecognized tax benefits excluding interest and penalties decreased by approximately $8 million to $108 million, substantially all of which would impact the effective tax rate, if recognized, subject to certain future valuation allowance reversals. The Company is not expecting material changes to its unrecognized tax benefits in the next twelve months beginning December 30, 2023.

The Company recorded income tax benefits of $5 million and $7 million for the three and six months ended December 30, 2022, respectively. The discrete items in the income tax benefit were not material for the three months ended December 30, 2022. The income tax benefit for the six months ended December 30, 2022 included approximately $5 million of net discrete tax benefit, primarily associated with excess tax benefits related to share-based compensation expense.

The Company's income tax provision recorded for the three and six months ended December 29, 2023 and December 30, 2022 differed from the provision for income taxes that would be derived by applying the Irish statutory rate of 25% to income before income taxes, primarily due to the net effect of tax benefits related to (i) non-Irish earnings generated in jurisdictions that are subject to tax incentive programs and are considered indefinitely reinvested outside of Ireland, (ii) increases in valuation allowance, and/or (iii) the generation of research credits during the current fiscal year.

5. Restructuring and Other, net

The Company recorded restructuring and other, net benefits of $31 million and $29 million for the three and six months ended December 29, 2023, respectively, primarily due to the net gain of $30 million from the sale and leaseback of certain property during the December 2023 quarter. The net proceeds of $34 million were recorded as an investing inflow on the Company's Condensed Statements of Cash Flows.

For the three and six months ended December 30, 2022, the Company recorded restructuring charges of $ 81 million and $90 million, respectively. The Company's restructuring plans are comprised primarily of charges related to workforce reduction costs, including severance and other one-time termination benefits, facilities and other exit costs. All restructuring charges are reported in Restructuring and other, net on the Company's Condensed Consolidated Statement of Operations.

The Company's significant restructuring plans are described below.

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

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

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

	April 2023 Plan		October 2022 Plan		Other Plans		
(Dollars in millions)	**Workforce Reduction Costs**	**Facilities and Other Exit Costs**	**Workforce Reduction Costs**	**Facilities and Other Exit Costs**	**Workforce Reduction Costs**	**Facilities and Other Exit Costs**	**Total**
Accrual balances at June 30, 2023	$ 108	$ —	$ 1	$ 5	$ 1	$ 4	$ 119
Restructuring charges	—	—	—	—	3	—	3
Cash payments	(104)	—	(1)	(1)	(4)	—	(110)
Adjustments	(1)	—	—	(1)	—	—	(2)
Accrual balances at December 29, 2023	$ 3	$ —	$ —	$ 3	$ —	$ 4	$ 10
Total costs incurred inception to date as of December 29, 2023	$ 144	$ 3	$ 104	$ 5	$ 66	$ 13	$ 335
Total expected charges to be incurred as of December 29, 2023	$ —	$ —	$ —	$ —	$ —	$ —	$ —

Of the accrued restructuring balance of $10 million at December 29, 2023, $9 million was included in Accrued expenses and $ 1 million was included in Other non-current liabilities in the Company's Condensed Consolidated Balance Sheets. Of the accrued restructuring balance of $119 million at June 30, 2023, $117 million was included in Accrued expenses and $ 2 million was included in Other non-current liabilities in the Company's Condensed Consolidated Balance Sheets.

6. Derivative Financial Instruments

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

The Company entered into certain interest rate swap agreements to convert the variable interest rate on its Term Loans to fixed interest rates. The objective of the interest rate swap agreements was to eliminate the variability of interest payment cash flows associated with the variable interest rate under the Term Loans. The Company designated the interest rate swaps as cash flow hedges. On September 13, 2023, the Company terminated its then existing interest rate swap agreements as a result of the repayment of Term Loans A1, A2 and A3 and received cash proceeds of $ 25 million from the counterparty. The cash proceeds are reported within Net cash provided by operating activities in the Company's Condensed Consolidated Statements of Cash Flows during the six months ended December 29, 2023. The Company discontinued the related hedge accounting prospectively and realized a net gain of $104 million in Net gain recognized from termination of interest rate swap in the Condensed Consolidated Statements of Operations during the six months ended December 29, 2023. Additionally, $6 million of the gains were amortized to Interest expense prior to the termination of interest rate swap in the Company's Condensed Consolidated Statements of Operations. Refer to "*Note 3. Debt*" for more details.

As of December 29, 2023, the Company does not have any interest rate swap contracts.

The Company's accounting policies for these instruments are based on whether the instruments are classified as designated or non-designated hedging instruments. The Company records all derivatives on its Condensed Consolidated Balance Sheets at fair value. The changes in the fair value of highly effective designated cash flow hedges are recorded in AOCI until the hedged item is recognized in earnings. Derivatives that are not designated as hedging instruments or are not assessed to be highly effective are adjusted to fair value through earnings. The net unrealized gain on cash flow hedges was $4 million as of December 29, 2023, all of which is expected to be reclassified to earnings within twelve months. The net unrealized gain on cash flow hedges was $12 million as of June 30, 2023.

The Company de-designates its cash flow hedges when the forecasted hedged transactions affect earnings or it is probable the forecasted hedged transactions will not occur in the initially identified time period. At such time, the associated gains and losses deferred in AOCI on the Company's Condensed Consolidated Balance Sheets are reclassified into earnings and any subsequent changes in the fair value of such derivative instruments are immediately reflected in earnings.

The following tables show the effect of the Company's derivative instruments on the Condensed Consolidated Statements of Comprehensive Income and the Condensed Consolidated Statements of Operations for the three and six months ended December 29, 2023:

(Dollars in millions) Derivatives Not Designated as Hedging Instruments	Location of Gain/(Loss) Recognized in Income on Derivatives	Amount of Gain/(Loss) Recognized in Income on Derivatives For the Three Months	 For the Six Months
Foreign currency forward exchange contracts	Other, net	$ 6	$ —
Total return swap	Operating expenses	(13)	(16)

(Dollars in millions) Derivatives Designated as Hedging Instruments	Amount of Gain/(Loss) Recognized in OCI on Derivatives (Effective Portion) For the Three Months	 For the Six Months	Location of Gain/(Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain/(Loss) Reclassified from Accumulated OCI into Income (Effective Portion) For the Three Months	 For the Six Months	Location of Gain/(Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)[1]	Amount of Gain/(Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing) For the Three Months	 For the Six Months
Foreign currency forward exchange contracts	$ 13	$ 6	Cost of revenue	$ (5)	$ (6)	Other, net	$ 1	$ 1
Interest rate swap	—	(15)	Interest expense	—	11	Net gain recognized from termination of interest rate swap	—	104

[1]The net gain recognized into earnings as a result of the discontinuance of interest rate swap during the six months ended December 29, 2023.

The following tables show the effect of the Company's derivative instruments on the Condensed Consolidated Statements of Comprehensive Income and the Condensed Consolidated Statements of Operations for the three and six months ended December 30, 2022:

(Dollars in millions) Derivatives Not Designated as Hedging Instruments	Location of Gain/(Loss) Recognized in Income on Derivatives	Amount of Gain/(Loss) Recognized in Income on Derivatives For the Three Months	 For the Six Months
Foreign currency forward exchange contracts	Other, net	$ 4	$ (6)
Total return swap	Operating expenses	—	(8)

(Dollars in millions) Derivatives Designated as Hedging Instruments	Amount of Gain/(Loss) Recognized in OCI on Derivatives (Effective Portion) For the Three Months	Amount of Gain/(Loss) Recognized in OCI on Derivatives (Effective Portion) For the Six Months	Location of Gain/(Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain/(Loss) Reclassified from Accumulated OCI into Income (Effective Portion) For the Three Months	Amount of Gain/(Loss) Reclassified from Accumulated OCI into Income (Effective Portion) For the Six Months	Location of Gain/(Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain/(Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing) For the Three Months	Amount of Gain/(Loss) Recognized in Income (Ineffective Portion and Amount Excluded from Effectiveness Testing) For the Six Months
Foreign currency forward exchange contracts	$ 19	$ (1)	Cost of revenue	$ (12)	$ (19)	Other, net	$ —	$ (1)
Interest rate swap	—	52	Interest expense	6	8	Interest expense	—	—

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

The following tables show the total notional value of the Company's outstanding foreign currency forward exchange contracts as of December 29, 2023 and June 30, 2023. All of the foreign currency forward exchange contracts mature within 12 months:

	As of December 29, 2023	
(Dollars in millions)	Contracts Designated as Hedges	Contracts Not Designated as Hedges
Singapore Dollar	$ 126	$ 102
Thai Baht	95	16
Chinese Renminbi	40	19
British Pound Sterling	38	7
Total	$ 299	$ 144

	As of June 30, 2023	
(Dollars in millions)	Contracts Designated as Hedges	Contracts Not Designated as Hedges
Singapore Dollar	$ 195	$ 161
Thai Baht	129	16
Chinese Renminbi	64	12
British Pound Sterling	57	8
Total	$ 445	$ 197

The Company is subject to equity market risks due to changes in the fair value of the notional investments selected by its employees as part of its non-qualified deferred compensation plan: the Seagate Deferred Compensation Plan (the "SDCP"). In fiscal year 2014, the Company entered into a Total Return Swap ("TRS") in order to manage the equity market risks associated with the SDCP's liabilities. The Company pays a floating rate, based on SOFR plus an interest rate spread, on the notional amount of the TRS. The TRS is designed to substantially offset changes in the SDCP's liabilities due to changes in the value of the investment options made by employees. As of December 29, 2023, the notional investments underlying the TRS amounted to $107 million. This contract, which settles monthly and matures in January 2024, effectively mitigates counterparty risk. Currently, the Company is renegotiating the contract's maturity terms without altering other aspects. The Company did not designate the TRS as a hedge. Rather, the Company records all changes in the fair value of the TRS to earnings to offset the market value changes of the SDCP's liabilities.

The following tables show the Company's derivative instruments measured at gross fair value as reflected in the Condensed Consolidated Balance Sheets as of December 29, 2023 and June 30, 2023:

	As of December 29, 2023			
	Derivative Assets		Derivative Liabilities	
(Dollars in millions)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	$ 5	Accrued expenses	$ (1)
Derivatives not designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	1	Accrued expenses	—
Total derivatives		$ 6		$ (1)

	As of June 30, 2023			
	Derivative Assets		Derivative Liabilities	
(Dollars in millions)	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	$ 2	Accrued expenses	$ (10)
Interest rate swap	Other current assets	20	Accrued expenses	—
Derivatives not designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	—	Accrued expenses	(1)
Total return swap	Other current assets	1	Accrued expenses	—
Total derivatives		$ 23		$ (11)

7. Fair Value

Measurement of Fair Value

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

Fair Value Hierarchy

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

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

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

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

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

Items Measured at Fair Value on a Recurring Basis

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

	December 29, 2023				June 30, 2023			
	Fair Value Measurements at Reporting Date Using				Fair Value Measurements at Reporting Date Using			
(Dollars in millions)	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance
Assets:								
Money market funds	$ 89	$ —	$ —	$ 89	$ 72	$ —	$ —	$ 72
Total cash equivalents	89	—	—	89	72	—	—	72
Restricted cash and investments:								
Money market funds	1	—	—	1	1	—	—	1
Time deposits and certificates of deposit	—	1	—	1	—	1	—	1
Other debt securities	—	—	15	15	—	—	16	16
Derivative assets	—	6	—	6	—	23	—	23
Total assets	$ 90	$ 7	$ 15	$ 112	$ 73	$ 24	$ 16	$ 113
Liabilities:								
Derivative liabilities	$ —	$ 1	$ —	$ 1	$ —	$ 11	$ —	$ 11
Total liabilities	$ —	$ 1	$ —	$ 1	$ —	$ 11	$ —	$ 11

	December 29, 2023				June 30, 2023			
	Fair Value Measurements at Reporting Date Using				Fair Value Measurements at Reporting Date Using			
(Dollars in millions)	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance
Assets:								
Cash and cash equivalents	$ 89	$ —	$ —	$ 89	$ 72	$ —	$ —	$ 72
Other current assets	1	7	—	8	1	24	—	25
Other assets, net	—	—	15	15	—	—	16	16
Total assets	$ 90	$ 7	$ 15	$ 112	$ 73	$ 24	$ 16	$ 113
Liabilities:								
Accrued expenses	$ —	$ 1	$ —	$ 1	$ —	$ 11	$ —	$ 11
Total liabilities	$ —	$ 1	$ —	$ 1	$ —	$ 11	$ —	$ 11

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

The Company classifies items in Level 2 if the financial asset or liability is valued using observable inputs. The Company uses observable inputs including quoted prices in active markets for similar assets or liabilities. Level 2 assets include: agency bonds, corporate bonds, commercial paper, municipal bonds, U.S. Treasuries, time deposits and certificates of deposit. These debt investments are priced using observable inputs and valuation models which vary by asset class. The Company uses a pricing service to assist in determining the fair value of all of its cash equivalents. For the cash equivalents in the Company's portfolio, multiple pricing sources are generally available. The pricing service uses inputs from multiple industry-standard data providers or other third-party sources and various methodologies, such as weighting and models, to determine the appropriate price at the measurement date. The Company corroborates the prices obtained from the pricing service against other independent sources and, as of December 29, 2023, has not found it necessary to make any adjustments to the prices obtained. The Company's derivative financial instruments are also classified within Level 2. The Company's derivative financial instruments consist of foreign currency forward exchange contracts, interest rate swaps and the TRS. The Company recognizes derivative financial instruments in its Condensed Consolidated Financial Statements at fair value. The Company determines the fair value of these instruments by considering the estimated amount it would pay or receive to terminate these agreements at the reporting date.

Items Measured at Fair Value on a Non-Recurring Basis

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

For the investments that are accounted for under the equity method, the Company recorded a net loss of $ 29 million for the three and six months ended December 29, 2023, which included $25 million related to downward adjustments to write down the carrying amount of certain investments to their fair value. The Company recorded an immaterial gain and a net loss of $3 million for the three and six months ended December 30, 2022, respectively. The adjusted carrying value of the investments accounted for under the equity method amounted to $26 million and $55 million as of December 29, 2023 and June 30, 2023, respectively.

For the investments that are accounted for under the measurement alternative, the Company recorded a net loss of $ 14 million for the three and six months ended December 29, 2023, related to downward adjustments to write down the carrying amount of certain investments to their fair value. The Company recorded an immaterial loss and a net gain of $3 million for the three and six months ended December 30, 2022, respectively, related to downward and upward adjustments due to observable price changes. As of December 29, 2023 and June 30, 2023, the carrying value of the Company's strategic investments under the measurement alternative was $75 million and $88 million, respectively.

Other Fair Value Disclosures

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

	December 29, 2023		June 30, 2023	
(Dollars in millions)	**Carrying Amount**	**Estimated Fair Value**	**Carrying Amount**	**Estimated Fair Value**
4.75% Senior Notes due January 2025	$ 479	$ 476	$ 479	$ 472
4.875% Senior Notes due June 2027	504	496	504	484
3.50% Senior Notes due June 2028	1,500	1,812	—	—
4.091% Senior Notes due June 2029	469	457	465	436
3.125% Senior Notes due July 2029	163	136	163	126
8.25% Senior Notes due December 2029	500	539	500	522
4.125% Senior Notes due January 2031	275	247	275	227
3.375% Senior Notes due July 2031	72	57	72	53
8.50% Senior Notes due July 2031	500	545	500	524
9.625% Senior Notes due December 2032	750	859	750	830
5.75% Senior Notes due December 2034	489	470	489	438
SOFR Based Term Loan A1 due September 2025	—	—	430	426
SOFR Based Term Loan A2 due July 2027	—	—	430	420
SOFR Based Term Loan A3 due July 2027	—	—	430	413
	$ 5,701	$ 6,094	$ 5,487	$ 5,371
Less: unamortized debt issuance costs	(32)	—	(36)	—
Debt, net of debt issuance costs	$ 5,669	$ 6,094	$ 5,451	$ 5,371
Less: current portion of debt, net of debt issuance costs	—	—	(63)	(62)
Long-term debt, less current portion, net of debt issuance costs	$ 5,669	$ 6,094	$ 5,388	$ 5,309

8. Shareholders' Deficit

Share Capital

The Company's authorized share capital is $13,500 and consists of 1,250,000,000 ordinary shares, par value $0.00001, of which 209,504,857 shares were outstanding as of December 29, 2023, and 100,000,000 preferred shares, par value $0.00001, of which none were issued or outstanding as of December 29, 2023.

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

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

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

Repurchases of Equity Securities

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

As of December 29, 2023, $1.9 billion remained available for repurchase under the existing repurchase authorization limit approved by the Board of Directors. The following table sets forth information with respect to repurchases of the Company's ordinary shares during the six months ended December 29, 2023:

(In millions)	Number of Shares Repurchased		Dollar Value of Shares Repurchased
Tax withholding related to vesting of equity awards	—	$	28
Total	—	$	28

9. Revenue

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

	For the Three Months Ended				For the Six Months Ended			
(Dollars in millions)	December 29, 2023		December 30, 2022		December 29, 2023		December 30, 2022	
Revenues by Channel								
OEMs	$	1,140	$	1,365	$	2,172	$	2,910
Distributors		218		297		484		596
Retailers		197		225		353		416
Total	$	1,555	$	1,887	$	3,009	$	3,922
Revenues by Geography[(1)]								
Asia Pacific	$	777	$	760	$	1,588	$	1,561
Americas		544		853		999		1,789
EMEA		234		274		422		572
Total	$	1,555	$	1,887	$	3,009	$	3,922

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

10. Guarantees

Indemnification Obligations

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

Product Warranty

The Company estimates probable product warranty costs at the time revenue is recognized. The Company generally warrants its products for a period of 1 to 5 years. The Company uses estimated repair or replacement costs and uses statistical modeling to estimate product warranty return rates in order to determine its warranty obligation. Changes in the Company's product warranty liability during the six months ended December 29, 2023 and December 30, 2022 were as follows:

	For the Six Months Ended	
(Dollars in millions)	**December 29, 2023**	**December 30, 2022**
Balance, beginning of period	$ 168	$ 148
Warranties issued	27	27
Repairs and replacements	(40)	(48)
Changes in liability for pre-existing warranties, including expirations	12	26
Balance, end of period	$ 167	$ 153

11. Loss Per Share

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

	For the Three Months Ended		For the Six Months Ended	
(In millions, except per share data)	**December 29, 2023**	**December 30, 2022**	**December 29, 2023**	**December 30, 2022**
Numerator:				
Net loss	$ (19)	$ (33)	$ (203)	$ (4)
Number of shares used in per share calculations:				
Total shares for purposes of calculating basic net loss per share	209	206	209	207
Weighted-average effect of dilutive securities:				
Employee equity award plans	—	—	—	—
Total shares for purposes of calculating diluted net loss per share	209	206	209	207
Net loss per share:				
Basic	$ (0.09)	$ (0.16)	$ (0.97)	$ (0.02)
Diluted	$ (0.09)	$ (0.16)	$ (0.97)	$ (0.02)

For the three and six months ended December 29, 2023, the Company recorded a net loss, and as such, all potentially dilutive securities related to the employee equity award plans have been excluded for those periods as including them would be anti-dilutive. The weighted average anti-dilutive shares that were excluded from the computation of diluted net loss per share were 6 million for both the three and six months ended December 29, 2023, respectively, and were 2 million for both the three and six months ended December 30, 2022, respectively.

12. Legal, Environmental and Other Contingencies

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

Litigation

Lambeth Magnetic Structures LLC v. Seagate Technology (US) Holdings, Inc., et al . On April 29, 2016, Lambeth Magnetic Structures LLC filed a complaint against Seagate Technology (US) Holdings, Inc. and Seagate Technology LLC in the U.S. District Court for the Western District of Pennsylvania, alleging infringement of U.S. Patent No. 7,128,988, “Magnetic Material Structures, Devices and Methods,” seeking damages as well as additional relief. The district court entered judgement in favor of Seagate on April 19, 2022, following a jury trial. The parties filed post-trial motions with the district court, which were denied. An appeal to the Federal Circuit is pending. The Company believes the asserted claims are without merit and intends to vigorously defend this case.

Seagate Technology LLC, et al. v. Headway Technologies, Inc., et al . On February 18, 2020, Seagate Technology LLC, Seagate Technology (Thailand) Ltd., Seagate Singapore International Headquarters Pte. Ltd. and Seagate Technology International (collectively, the “Seagate Entities”) filed a complaint in the U.S. District Court for the Northern District of California against defendant suppliers of HDD suspension assemblies. Defendants include NHK Spring Co. Ltd., TDK Corporation, Hutchinson Technology Inc. and several of their subsidiaries and affiliates. The complaint includes federal and state antitrust law claims, as well as a breach of contract claim. The complaint alleges that defendants and their co-conspirators knowingly conspired for more than twelve years not to compete in the supply of suspension assemblies; that defendant misused confidential information that the Seagate Entities had provided pursuant to nondisclosure agreements, in breach of their contractual obligations; and that the Seagate Entities paid artificially high prices on purchases of suspension assemblies. The Seagate Entities seek to recover the overcharges they paid for suspension assemblies and additional relief permitted by law. On March 22, 2022, the Seagate Entities dismissed with prejudice all claims being asserted against Defendants TDK Corporation, Hutchinson Technology Inc. and their subsidiaries and affiliates (collectively “TDK”) relating to the antitrust law claims, the breach of contract claim and other matters described in the complaint. On April 8, 2022, the court entered an Amended Stipulation and Order of Dismissal with Prejudice to dismiss all claims against TDK. On August 2, 2022, NHK Spring Co. Ltd. filed a motion for Partial Summary Judgment Regarding Foreign Commerce and on October 14, 2022, the Seagate Entities filed their corresponding opposition. On May 15, 2023, the court issued a ruling that Seagate’s antitrust claims can proceed as to suspension assemblies that enter the United States but not as to suspension assembles that do not enter the United States. On July 28, 2023, the judge initiated a reconsideration of this ruling and requested further briefing. On November 17, 2023, the Court granted NHK’s Motion for Partial Summary Judgment regarding the Foreign Trade Antitrust Improvements Act (“FTAIA”) and denied Seagate’s Motion for Leave to Amend the Complaint. Seagate plans to appeal the Court’s ruling and filed a motion on December 15, 2023 for the Court to certify interlocutory review of its ruling. A trial date has not been set.

In re Seagate Technology Holdings plc Securities Litigation. A putative class action lawsuit alleging violations of the federal securities laws, UA Local 38 Defined Contribution Pension Plan, et al. v. Seagate Technology Holdings PLC, et al., was filed on July 10, 2023, 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 complaint alleged that it was a securities class action on behalf of all purchasers of Seagate common stock between September 15, 2020 and October 25, 2022, inclusive, and asserted claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b5-1. The complaint sought unspecified monetary damages and other relief. A second action, Public Employees’ Retirement System of Mississippi v. Seagate Technology Holdings plc, William David Mosley, and Gianluca Romano, was filed on July 26, 2023, asserting similar claims. The cases were consolidated on September 25, 2023. On October 19, 2023, plaintiffs filed an amended complaint asserting similar claims with a putative class period of September 14, 2020 through April 19, 2023. The Company, on behalf of all defendants, filed a motion to dismiss the amended complaint, which is currently pending before the court. The Company believes that the asserted claims are without merit and intends to vigorously defend the case.

Environmental Matters

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

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

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

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

The Company may be subject to various state, federal and international laws and regulations governing the environment, including those restricting the presence of certain substances in electronic products. For example, the European Union ("EU") enacted the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (2011/65/EU), which prohibits the use of certain substances, including lead, in certain products, including disk drives and server storage products, put on the market after July 1, 2006. Similar legislation has been or may be enacted in other jurisdictions, including in the 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 requirements or other environmental requirements as they are enacted worldwide, it could have a materially adverse effect on the Company's business.

BIS Settlement

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

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

The Company accrued a charge of $300 million during fiscal year 2023, of which $60 million and $225 million were included in Accrued expense and Other non-current liabilities, respectively, on its Condensed Consolidated Balance Sheets as of December 29, 2023. During the December 2023 quarter, $15 million was paid and reported as an outflow from operating activities on its Condensed Consolidated Statements of Cash Flows.

Other Matters

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

13. Commitments

Unconditional Long-Term Purchase Obligations. As of December 29, 2023, the Company had unconditional long-term purchase obligations of approximately $2.6 billion, primarily related to purchases of inventory components. The Company expects the commitment to total $ 146 million, $218 million, $1.5 billion and $744 million for fiscal years 2025, 2026, 2027 and 2028, respectively .

The Company recorded order cancellation fees to terminate certain purchase commitments related to the purchase of inventory components and equipment. During the three and six months ended December 29, 2023, the Company recorded $4 million credits to order cancellation fees and $114 million order cancellation fees, respectively, which were reflected under Cost of revenue on its Condensed Consolidated Statements of Operations. As of December 29, 2023, cumulative unpaid order cancellation fees on the Condensed Consolidated Balance Sheets were $144 million, with $127 million in Accrued expenses and $17 million in Accounts payable, all of which is expected to be paid within one year.

14. Subsequent Events

Dividend Declared

On January 24, 2024, the Board of Directors of the Company declared a quarterly cash dividend of $ 0.70 per share, which will be payable on April 4, 2024 to shareholders of record as of the close of business on March 21, 2024.

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

The following is a discussion of the financial condition, changes in financial condition and results of operations for our fiscal quarters ended December 29, 2023, September 29, 2023 and December 30, 2022, referred to herein as the "December 2023 quarter", the "September 2023 quarter" and the "December 2022 quarter", respectively. We operate and report financial results on a fiscal year of 52 or 53 weeks ending on the Friday closest to June 30. The December 2023 quarter, September 2023 quarter and December 2022 quarter were each 13 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 30, 2023. 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; 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; 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 2023 quarter.* Highlights of events in the December 2023 quarter that impacted our financial position.
- *Results of Operations.* Analysis of our financial results comparing the December 2023 quarter to the September 2023 quarter and the December 2022 quarter.
- *Liquidity and Capital Resources.* Analysis of changes in our balance sheet and cash flows, and discussion of our financial condition including potential sources of liquidity, material cash requirements and their general purpose.
- *Critical Accounting Policies.* Accounting policies and estimates that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results.

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

Overview of the December 2023 quarter

During the December 2023 quarter, we shipped 95 exabytes of HDD storage capacity. We generated revenue of approximately $1.6 billion with a gross margin of 23%. Our operating cash flow was $169 million and we paid $146 million in dividends. Additionally, we recorded a net loss of $43 million from equity investments and recognized a gain of $30 million from the sale and leaseback of certain property.

Recent Developments, Economic Conditions and Challenges

During the December 2023 quarter, we experienced gradual recovery within the U.S. cloud market, reflecting progress in customer inventory adjustments along with more stable end-market demand, although the data storage industry and our business continued to be impacted by macroeconomic headwinds. As a result of these market dynamics, we continued to execute cost discipline, manage our factory production levels in light of the lower demand and implement pricing actions to improve operational efficiencies and profitability. We expect the dynamic macroeconomic environment will continue to moderate our business and results of operations in what we believe is the early stage of industry-wide demand recovery.

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 dollars and as a percentage of revenue:

	For the Three Months Ended			For the Six Months Ended	
(Dollars in millions)	December 29, 2023	September 29, 2023	December 30, 2022	December 29, 2023	December 30, 2022
Revenue	$ 1,555	$ 1,454	$ 1,887	$ 3,009	$ 3,922
Cost of revenue	1,193	1,305	1,641	2,498	3,194
Gross profit	362	149	246	511	728
Product development	161	171	200	332	434
Marketing and administrative	108	105	125	213	254
Amortization of intangibles	—	—	—	—	3
Restructuring and other, net	(31)	2	81	(29)	90
Income (loss) from operations	124	(129)	(160)	(5)	(53)
Other (expense) income, net	(128)	(18)	122	(146)	42
Loss before income taxes	(4)	(147)	(38)	(151)	(11)
Provision for (Benefit from) income taxes	15	37	(5)	52	(7)
Net loss	$ (19)	$ (184)	$ (33)	$ (203)	$ (4)

	For the Three Months Ended			For the Six Months Ended	
	December 29, 2023	September 29, 2023	December 30, 2022	December 29, 2023	December 30, 2022
Revenue	100 %	100 %	100 %	100 %	100 %
Cost of revenue	77	90	87	83	81
Gross margin	23	10	13	17	19
Product development	10	12	11	11	11
Marketing and administrative	7	7	7	7	7
Amortization of intangibles	—	—	—	—	—
Restructuring and other, net	(2)	—	4	(1)	2
Operating margin	8	(9)	(9)	—	(1)
Other (expense) income, net	(8)	(1)	6	(5)	1
Loss before income taxes	—	(10)	(3)	(5)	—
Provision for income taxes	1	3	—	2	—
Net loss	(1 %)	(13 %)	(3 %)	(7 %)	— %

Revenue

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

	For the Three Months Ended			For the Six Months Ended	
	December 29, 2023	September 29, 2023	December 30, 2022	December 29, 2023	December 30, 2022
Revenues by Channel (%)					
OEMs	73 %	71 %	72 %	72 %	74 %
Distributors	14 %	18 %	16 %	16 %	15 %
Retailers	13 %	11 %	12 %	12 %	11 %
Revenues by Geography (%) [1]					
Asia Pacific	50 %	56 %	40 %	53 %	40 %
Americas	35 %	31 %	45 %	33 %	46 %
EMEA	15 %	13 %	15 %	14 %	14 %
Revenues by Market (%)					
Mass capacity	68 %	70 %	66 %	69 %	67 %
Legacy	21 %	19 %	22 %	20 %	21 %
Other	11 %	11 %	12 %	11 %	12 %
HDD Exabytes Shipped by Market					
Mass capacity	83	79	97	162	201
Legacy	12	11	16	23	30
Total	95	90	113	185	231
HDD Price per Terabyte	$ 14	$ 14	$ 15	$ 14	$ 15

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

Revenue in the December 2023 quarter increased by $101 million compared to the September 2023 quarter, primarily due to an increase in mass capacity and legacy storage exabytes shipped, as we experienced gradual recovery within the U.S. cloud market and positive seasonality within the consumer market.

Revenue for the three and six months ended December 29, 2023 decreased by $332 million and $913 million from the three and six months ended December 30, 2022, respectively, primarily due to a decrease in exabytes shipped, reflecting broad-based demand slowdown resulting from weaker macroeconomic conditions.

We maintain various sales incentive programs such as channel and OEM rebates. Sales incentive programs were approximately 18% of gross revenue for the December 2023 quarter, 20% for the September 2023 quarter and 17% for the December 2022 quarter. Adjustments to revenues due to under or over accruals for sales incentive programs related to revenues reported in prior quarterly periods were less than 3% 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)	December 29, 2023	September 29, 2023	December 30, 2022	December 29, 2023	December 30, 2022
Cost of revenue	$ 1,193	$ 1,305	$ 1,641	$ 2,498	$ 3,194
Gross profit	362	149	246	511	728
Gross margin	23 %	10 %	13 %	17 %	19 %

Gross margin for the December 2023 quarter increased compared to the September 2023 quarter, primarily driven by $118 million of order cancellation fees for the September 2023 quarter that did not recur, a $23 million reduction in factory underutilization charges, a $20 million decrease in depreciation expense due to the extension of useful lives of certain manufacturing equipment, $13 million of accelerated depreciation expense for certain capital equipment that did not recur, and favorable pricing actions undertaken by the Company.

Gross margin for the December 2023 quarter increased compared to the December 2022 quarter, primarily driven by $108 million of order cancellation fees for the December 2022 quarter that did not recur, a $43 million reduction in factory underutilization charges which included the decrease in depreciation expense due to the extension of useful lives of certain manufacturing equipment, and $39 million of accelerated depreciation expense for certain capital equipment that did not recur.

Gross margin for the six months ended December 29, 2023 decreased compared to the six months ended December 30, 2022 primarily driven by an increase of $6 million in order cancellation fees and less favorable product mix, partially offset by a $40 million reduction in factory underutilization charges which included the decrease in depreciation expense due to the extension of useful lives of certain manufacturing equipment, a decrease of $26 million in accelerated depreciation expense for certain capital equipment, and pandemic-related lockdown in one of our factories in fiscal year 2023 that did not recur.

In the December 2023 quarter, total warranty cost was 0.8% of revenue and included an unfavorable change in estimates of prior warranty accruals of 0.1% of revenue primarily due to changes to our estimated future product return rates. Warranty cost related to new shipments was 0.9%, 0.9% and 0.7% of revenue for the December 2023 quarter, September 2023 quarter and December 2022 quarter, respectively.

Operating Expenses

	For the Three Months Ended			For the Six Months Ended	
(Dollars in millions)	**December 29, 2023**	**September 29, 2023**	**December 30, 2022**	**December 29, 2023**	**December 30, 2022**
Product development	161	$ 171	$ 200	$ 332	$ 434
Marketing and administrative	108	105	125	213	254
Amortization of intangibles	—	—	—	—	3
Restructuring and other, net	(31)	2	81	(29)	90
Operating expenses	$ 238	$ 278	$ 406	$ 516	$ 781

Product development expense. Product development expenses decreased by $10 million in the December 2023 quarter compared to the September 2023 quarter, primarily due to a $7 million decrease in compensation and other employee benefits from the reduction in headcount as a result of our restructuring plans.

Product development expenses decreased by $39 million in the December 2023 quarter compared to the December 2022 quarter, primarily due to a $36 million decrease in compensation and other employee benefits from the reduction in headcount as a result of our restructuring plans and temporary salary reduction and an $8 million decrease in depreciation expense, partially offset by $7 million increase in lease expense as we sold and leased back certain properties.

Product development expenses decreased by $102 million for the six months ended December 29, 2023 compared to the six months ended December 30, 2022, primarily due to a $75 million decrease in compensation and other employee benefits from the reduction in headcount as a result of our restructuring plans and temporary salary reduction and a $37 million decrease in depreciation expense, partially offset by a $13 million increase in lease expense as we sold and leased back certain properties.

Marketing and administrative expense. Marketing and administrative expenses increased by $3 million in the December 2023 quarter compared to the September 2023 quarter primarily due to a $2 million increase in advertising costs and a $1 million increase in compensation and other employee benefits due to the completion of the temporary salary reduction during the December 2023 quarter.

Marketing and administrative expenses decreased by $17 million in the December 2023 quarter compared to the December 2022 quarter primarily due to a $23 million decrease in compensation and other employee benefits from the reduction in headcount as a result of our restructuring plans and temporary salary reduction and a $3 million decrease in advertising costs, partially offset by a $7 million recovery in the December 2022 quarter of an accounts receivable previously written off in prior years.

Marketing and administrative expenses decreased by $41 million for the six months ended December 29, 2023 compared to the six months ended December 30, 2022 primarily due to a $26 million decrease in compensation and other employee benefits from the reduction in headcount as a result of our restructuring plans and temporary salary reduction, a $9 million decrease in advertising costs, an $8 million decrease in outside services expense, a $5 million decrease in legal costs and a $4 million decrease in travel expenses, partially offset by a $7 million recovery in the December 2022 quarter of an accounts receivable previously written off in prior years.

Restructuring and other, net. Restructuring and other, net for the three and six months ended December 29, 2023 was a $31 million benefit and $29 million benefit, respectively, primarily due to the net gain of $30 million from the sale and leaseback transaction during the December 2023 quarter.

Other (Expense) Income, Net

	For the Three Months Ended			For the Six Months Ended	
(Dollars in millions)	**December 29, 2023**	**September 29, 2023**	**December 30, 2022**	**December 29, 2023**	**December 30, 2022**
Other (Expense) Income, net	$ (128)	$ (18)	$ 122	$ (146)	$ 42

Other (expense) income, net. Other expense increased by $110 million for the December 2023 quarter compared to the September 2023 quarter primarily due to $104 million of net gain recognized from the termination of interest rate swaps associated with the repayment of term loans in the September 2023 quarter, partially offset by $29 million of net loss recognized from early redemption of debt in the September 2023 quarter and $43 million of net loss from equity investments in the December 2023 quarter.

Other expense increased by $250 million for the December 2023 quarter compared to the December 2022 quarter primarily due to $204 million of net gain recognized from the early redemption of debt in the December 2022 quarter and $43 million of net loss from equity investments in the December 2023 quarter.

Other expense increased by $188 million for the six months ended December 2023 compared to the six months ended December 2022 primarily due to $204 million of net gain recognized from the early redemption of debt in the six months ended December 2022, a $43 million net loss from equity investments and a $29 million net loss recognized from early redemption of debt in the six months ended December 2023 and a $20 million increase in interest expense. The increase is partially offset by $104 million of net gain recognized from the termination of interest rate swaps associated with the repayment of term loans in the six months ended December 2023.

Income Taxes

	For the Three Months Ended			For the Six Months Ended	
(Dollars in millions)	**December 29, 2023**	**September 29, 2023**	**December 30, 2022**	**December 29, 2023**	**December 30, 2022**
Provision for (benefit from) income taxes	$ 15	$ 37	$ (5)	$ 52	$ (7)

We recorded income tax provisions of $15 million and $52 million for the three and six months ended December 29, 2023, respectively. The discrete items in the income tax provision were not material for the three months ended December 29, 2023. The income tax provision for the six months ended December 29, 2023 included approximately $36 million of net discrete expense, primarily associated with an increase in our valuation allowance to account for the impacts of new tax guidance which clarifies the treatment of specified research and experimental expenditures issued by the U.S. Treasury Department under Internal Revenue Code Section 174 during the September 2023 quarter, partially offset by net excess tax benefits related to share-based compensation expense. Additional guidance issued by the U.S. Treasury Department in December 2023 did not result in any impacts. We will have income taxes payable based on profits generated in various jurisdictions.

During the six months ended December 29, 2023, our unrecognized tax benefits, excluding interest and penalties decreased by approximately $8 million to $108 million, substantially all of which would impact the effective tax rate, if recognized, subject to certain future valuation allowance reversals. We do not expect material changes to our unrecognized tax benefits in the next twelve months beginning December 30, 2023.

We recorded income tax benefits of $5 million and $7 million for the three and six months ended December 30, 2022, respectively. The discrete items in the income tax benefit were not material for the three months ended December 30, 2022. The income tax benefit for the six months ended December 30, 2022 included approximately $5 million of net discrete tax benefit, primarily associated with excess tax benefits related to share-based compensation expense.

Our income tax provision recorded for the three and six months ended December 29, 2023 and December 30, 2022 differed from the provision for income taxes that would be derived by applying the Irish statutory rate of 25% to income before income taxes, primarily due to the net effect of tax benefits related to (i) non-Irish earnings generated in jurisdictions that are subject to tax incentive programs and are considered indefinitely reinvested outside of Ireland, (ii) increases in valuation allowance, and/or (iii) the generation of research credits during the current fiscal year.

Liquidity and Capital Resources

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

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 December 29, 2023. 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

(Dollars in millions)	**December 29, 2023**	**June 30, 2023**	**Change**
Cash and cash equivalents	$ 787	$ 786	$ 1

Our cash and cash equivalents as of December 29, 2023 increased by $1 million from June 30, 2023 primarily as a result of net cash of $296 million provided by operating activities and net proceeds of $1.5 billion from the issuance of exchangeable senior notes, partially offset by $1.3 billion redemption of term loans, dividends paid to our shareholders of $291 million, $128 million debt fees relating to issuance of long-term exchangeable debt and capped call transaction and payments for capital expenditures of $140 million.

Cash Provided by Operating Activities

Cash provided by operating activities for the six months ended December 29, 2023 was $296 million and includes the effects of net loss adjusted for non-cash items including depreciation, amortization, share-based compensation and:

- a decrease of $150 million in accounts receivable, primarily due to lower revenue and higher accounts receivable factoring;
- a decrease of $87 million in inventories, primarily due to a decrease in units built to align with the prevailing demand environment;
- an increase of $54 million in accounts payable, primarily due to timing of payments; and
- an increase of $25 million cash proceeds received from the settlement of certain interest rate swap agreements; partially offset by
- a decrease of $28 million in accrued expenses primarily due to restructuring activities and BIS settlement penalty payment; and
- a decrease of $14 million in accrued employee compensation, primarily due to timing of payments.

Cash Used in Investing Activities

Net cash used in investing activities for the six months ended December 29, 2023 was $105 million, primarily attributable to payments of $140 million for the purchase of property, equipment and leasehold improvements, offset by proceeds of $35 million from the sale of assets, which included $34 million from the sale and leaseback transaction during the December 2023 quarter.

Cash Used in Financing Activities

Net cash used in financing activities of $191 million for the six months ended December 29, 2023 was primarily attributable to the following activities:

- $1.3 billion redemption of term loans;
- $291 million in dividend payments;
- $128 million debt fees relating to issuance of long-term debt and capped call transaction; and
- $28 million taxes paid related to net share settlement of equity awards; partially offset by
- $1.5 billion in net proceeds from the issuance of 2028 Notes and
- $44 million proceeds from issuance of ordinary shares under employee stock purchase plans.

Liquidity Sources

Our primary sources of liquidity as of December 29, 2023 consist of: (1) approximately $787 million in cash and cash equivalents, (2) cash we expect to generate from operations and (3) $1.5 billion available for borrowing under the revolving credit facility of the Credit Agreement (the “Revolving Credit Facility”).

As of December 29, 2023, no borrowings (including swing line loans) were outstanding and no commitments were utilized for letters of credit issued under the Revolving Credit Facility. The Revolving Credit Facility is available for borrowings, subject to compliance with financial covenants and other customary conditions to borrowing.

As of December 29, 2023, the existing Credit Agreement includes two financial covenants: (1) interest coverage ratio and (2) total net leverage ratio. The interest coverage ratio and total net leverage ratio covenants did not apply for the fiscal quarter ended December 29, 2023 and will not apply for the fiscal quarter ending March 29, 2024. Refer to “Part I, Item 1. Financial Statements—*Note 3. Debt”* for details of the financial covenants which will apply for the fiscal quarter ending June 28, 2024 and thereafter.

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, see “Part II, Item 1A. Risk Factors” of this Quarterly Report on Form 10-Q.

Cash Requirements and Commitments

Our liquidity requirements are primarily to meet our working capital, product development and capital expenditure needs, to fund scheduled payments of principal and interest on our indebtedness and to fund our quarterly dividend and any future strategic investments. As of December 29, 2023, our contractual cash requirements have not changed materially since our Annual Report on Form 10-K for the fiscal year ended June 30, 2023, except for the purchase obligations and long-term debt obligations.

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 December 29, 2023, we had unconditional purchase obligations of approximately $3.7 billion primarily related to purchases of inventory components with our suppliers. We expect $1.1 billion of these short-term commitments to be paid within one year and expect $2.6 billion of these long-term commitments to be paid thereafter.

The Company recorded order cancellation fees to terminate certain purchase commitments related to the purchase of inventory components and equipment. During the six months ended December 29, 2023, we recorded order cancellation fees of $114 million, which were reflected under Cost of revenue on our Condensed Consolidated Statements of Operations. As of December 29, 2023, cumulative unpaid order cancellation fees on the Condensed Consolidated Balance Sheets were $144 million, with $127 million in Accrued expenses and $17 million in Accounts payable, all of which is expected to be paid within one year.

Long-term debt and interest payments on debt

On September 13, 2023, we issued the 2028 Notes of $1.5 billion and repaid Term Loans A1, A2 and A3 of $1.3 billion. The exchange was accounted for as a debt extinguishment and resulted in a net loss of $29 million for the six months ended December 29, 2023.

As of December 29, 2023, the future principal payment obligation on our long-term debt was $5.7 billion, which will mature in more than one year. As of December 29, 2023, future interest payments on this outstanding debt are estimated to be approximately $2.2 billion, of which $325 million is expected to be paid within one year. From time to time, we may repurchase any of our outstanding senior notes in open market or privately negotiated purchases or otherwise, or we may repurchase outstanding senior notes pursuant to the terms of the applicable indenture. Refer to "Item 1. Financial Statements—*Note 3. Debt*" for more details.

BIS settlement penalty

We accrued a settlement penalty of $300 million in the quarter ended March 31, 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 $225 million thereafter. Refer to "Item 1. Financial Statements—*Note 12. Legal, Environmental and Other Contingencies*" for more details.

Restructuring

During the six months ended December 29, 2023, we made cash payments of $110 million related to the workforce reduction costs under the restructuring plans.

As of December 29, 2023, the future cash payments related to our remaining active restructuring plans were $10 million, of which $9 million is expected to be paid within one year.

Dividends

During the December 2023 quarter, we declared dividends of $0.70 per share, totaling $147 million, which was paid on January 9, 2024. On January 24, 2024, we declared a quarterly cash dividend of $0.70 per share, payable on April 4, 2024 to shareholders of record at the close of business on March 21, 2024. Our ability to pay dividends in the future will be subject to, among other things, general business conditions within the data storage industry, our financial results, the impact of paying dividends on our credit ratings and legal and contractual restrictions on the payment of dividends by our subsidiaries to us or by us to our ordinary shareholders, including restrictions imposed by covenants on our debt instruments.

Share repurchases

From time to time, at our discretion, we may repurchase any of our outstanding ordinary shares through private, open market, or broker-assisted purchases, tender offers, or other means, including through the use of derivative transactions. As of December 29, 2023, $1.9 billion remained available for repurchase under our existing repurchase authorization limit. We may limit or terminate the repurchase program at any time. All repurchases are effected as redemptions in accordance with our Constitution.

Other

For fiscal year 2024, we expect capital expenditures to be lower than fiscal year 2023. 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 Policies

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

Other than as described in “Part I, Item 1. Financial Statements— *Note 1. Basis of Presentation and Summary of Significant Accounting Policies* ”, there have been no other material changes in our critical accounting policies and estimates. Refer to “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023, as filed with the SEC on August 4, 2023, for a discussion of our critical accounting policies and estimates.

Recent Accounting Pronouncements

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Interest Rate Risk. Our exposure to market risk for changes in interest rates relates primarily to our cash investment portfolio. As of December 29, 2023, we had no available-for-sale debt securities that had been in a continuous unrealized loss position for a period greater than 12 months. We determined no impairment related to credit losses for available-for-sale debt securities as of December 29, 2023.

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

We previously entered into certain interest rate swap agreements to convert the variable interest rate on our Term Loans to fixed interest rates. The objective of the interest rate swap agreements was to eliminate the variability of interest payment cash flows associated with the variable interest rate under the Term Loans. We designated the interest rate swaps as cash flow hedges. On September 13, 2023, we terminated our interest rate swap agreements as we repaid the Term Loans.

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 December 29, 2023:

(Dollars in millions, except percentages)	Fiscal Years Ended 2024	2025	2026	2027	2028	Thereafter	Total	Fair Value at December 29, 2023
Assets								
Money market funds, time deposits and certificates of deposit								
Floating rate	$ 91	$ —	$ —	$ —	$ —	$ —	$ 91	$ 91
Average interest rate	5.37 %						5.37 %	
Other debt securities								
Fixed rate	$ —	$ —	$ 15	$ —	$ —	$ —	$ 15	$ 15
Debt								
Fixed rate	$ —	$ 479	$ —	$ 505	$ 1,500	$ 3,245	$ 5,729	$ 6,094
Average interest rate	— %	4.75 %	— %	4.88 %	3.50 %	6.88 %	5.64 %	

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

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

We recognized a net loss of $5 million in Cost of revenue related to the de-designation on discontinued cash flow hedges during the three months ended December 29, 2023. We recognized a net loss of $6 million, a net gain of $11 million and a net gain of $104 million in Cost of revenue, Interest expense and Net gain recognized from termination of interest rate swap, respectively, related to the de-designation on discontinued cash flow hedges during the six months ended December 29, 2023.

The table below provides information as of December 29, 2023 about our foreign currency forward exchange contracts. The table is provided in dollar equivalent amounts and presents the notional amounts (at the contract exchange rates) and the weighted-average contractual foreign currency exchange rates:

(Dollars in millions, except weighted-average contract rate)	Notional Amount	Weighted-Average Contract Rate	Estimated Fair Value[1]
Foreign currency forward exchange contracts:			
Singapore Dollar	$ 228	$ 1.32	$ 2
Thai Baht	111	$ 34.28	2
Chinese Renminbi	59	$ 6.93	(1)
British Pound Sterling	45	$ 0.80	2
Total	$ 443		$ 5

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

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

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

We are subject to equity market risks due to changes in the fair value of the notional investments selected by our employees as part of our non-qualified deferred compensation plan—the SDCP.

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

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As required by the Exchange Act Rule 13a-15, we carried out an evaluation under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report. Based on the evaluation, our management, including our chief executive officer and chief financial officer, concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are effective as of December 29, 2023.

Changes in Internal Control over Financial Reporting

During the quarter ended December 29, 2023, there were no changes in our internal control over financial reporting that have materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

Summary of Risk Factors

The following is a summary of the principal risks and uncertainties that could materially adversely affect our business, results of operations, financial condition, cash flows, brand 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.
- We have been 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 adversely affect our financial condition and results of operations.
- Changes in demand for computer systems, data storage subsystems and consumer electronic devices may in the future cause a decline in demand for our products.
- We have a long and unpredictable sales cycle for nearline storage solutions, which impairs our ability to accurately predict our financial and operating results in any period and may adversely affect our ability to 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.
- We may not be successful in our efforts to grow our systems, SSD and Lyve revenues.
- Our worldwide sales and manufacturing operations subject us to risks that may adversely affect our business related to disruptions in international markets, currency exchange fluctuations and increased costs.
- If we do not control our costs, we will not be able to compete effectively and our financial condition may be adversely impacted.
- 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, may affect our production and development of products and may 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 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 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 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.
- Any cost reduction initiatives that we undertake may not deliver the results we expected and these actions may adversely affect our business.
- The effect of geopolitical uncertainties, war, terrorism, natural disasters, public health issues and other circumstances, on national and/or international commerce and on the global economy, could materially adversely affect our results of operations and financial condition.
- We are subject to counterparty default risks.

Legal, Regulatory and Compliance Risks

- Our business is subject to various laws, regulations, governmental policies, litigation, governmental investigations or governmental proceedings that may cause us to incur significant expense or adversely impact our results of operations and financial condition.
- Some of our products and services are subject to export control laws and other laws affecting the countries in which our products and services may be sold, distributed, or delivered, and any changes to or violation of these laws could have a material adverse effect on our business, results of operations, financial condition and cash flows.
- Changes in U.S. trade policy, including the imposition of sanctions or tariffs and the resulting consequences, may have a material adverse impact on our business and results of operations.

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

Risks Related to Owning our Ordinary Shares

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

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

RISKS RELATED TO OUR BUSINESS, OPERATIONS AND INDUSTRY

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

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

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

- develop new products, identify business strategies and timely introduce competitive product offerings to meet technological shifts or we are unable to execute these matters successfully;
- consistently maintain our time-to-market performance with our new products;
- manufacture these products in adequate volume;
- meet specifications or satisfy compatibility requirements;
- qualify these products with key customers on a timely basis by meeting our customers' performance and quality specifications; or
- achieve acceptable manufacturing yields, quality and 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 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. We are transitioning to key areal density recording technologies that use HAMR technology to increase HDD capacities. If our transitions to more advanced technologies, including the transition to HDDs utilizing HAMR technology, require development and production cycles that are longer than anticipated or if we otherwise fail to implement new HDD technologies successfully, we may lose sales and market share, which could significantly harm our financial results.

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

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

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

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

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

Any resulting increase in competition could have a material adverse effect on our business, financial condition and results of operations.

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

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

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

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

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

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

Our results of operations are highly dependent on strong 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 can and have materially adversely impacted our business and financial condition.

Our manufacturing process requires us to make significant product-specific investments in inventory for production at least three to six months in advance. As a result, we incur inventory and manufacturing costs in advance of anticipated sales that may never materialize or that may be substantially lower than expected. If actual demand for our products is lower than the forecast, we may also experience excess and obsolescence of inventory, higher inventory carrying costs, factory underutilization charges and manufacturing rework costs, which have resulted in and could in the future result in adverse material effects on our financial condition and results of operations. For example, due to customer inventory adjustments, we have experienced a slowdown in demand for our products, particularly in the mass capacity markets. These reductions in demand have required us to significantly reduce manufacturing production plans and recognize factory underutilization charges. We expect these factors will continue to impact our business and results of operations over the near term.

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

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

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

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

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

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

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

In certain end markets, sales of computers, storage subsystems and consumer electronic devices tend to be seasonal, and therefore, we expect to continue to experience seasonality in our business as we respond to variations in our customers' demand for our products. In particular, sales of our consumer products may be lower during the second half of our fiscal year. Retail sales of certain of our legacy markets solutions traditionally experience higher demand in the first half of our fiscal year driven by consumer spending in the back-to-school season from late summer to fall and the traditional holiday shopping season from fall to winter. We experience seasonal reductions in the second half of our fiscal year in the business activities of our customers during international holidays like Lunar New Year, as well as in the summer months (particularly in Europe), which typically result in lower sales during those periods. Since our working capital needs peak during periods in which we are increasing production in anticipation of orders that have not yet been received, our results of operations will fluctuate even if the forecasted demand for our products proves accurate. Failure to anticipate consumer demand for our branded solutions 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.

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

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

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

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

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

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

Prices for our products are denominated predominantly in dollars, even when sold to customers 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 where we sell in dollars. 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 adverse effect on our results of operations. We have attempted to manage the impact of foreign currency exchange rate changes by, among other things, entering into foreign currency forward exchange contracts from time to time, which could be designated as cash flow hedges or not designated as hedging instruments. Our hedging strategy may be ineffective, and specific hedges may expire and not be renewed or may not offset any or more than a portion of the adverse financial impact resulting from currency variations. The hedging activities may not cover our full exposure, subject us to certain counterparty credit risks and may impact our results of operations. See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk — *Foreign Currency Exchange Risk*" of this report for additional information about our foreign currency exchange risk.

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

If we do not control our costs, we will not be able to compete effectively and our financial condition may be adversely impacted.

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

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 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 have resulted, and in the future may result, 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 not be available to us on terms acceptable to us or at all;

- 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, may affect our production and development of products and may harm our operating results.

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

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

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

We cannot assure you that we will be able to obtain critical components in a timely and economic manner. In addition, 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 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. In the September and December 2023 quarters, due to changes in forecasted demand we cancelled certain purchase commitments and incurred associated fees, as well as sought to reduce or otherwise modify purchase commitments with other suppliers. 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 make penalty-type payments under the terms of these contracts. We have and may continue to have disputes with our suppliers regarding our purchase commitments that we may be unable to resolve, which may result in litigation that could result in adverse judgments, settlements or other litigation-related costs, 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 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 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 the United States, Thailand, China, Singapore and Northern Ireland, and we cannot assure you that we will be able to retain our key employees or that we will be successful in attracting, assimilating and retaining personnel in the future. Additionally, because a portion of our key personnel's compensation is contingent upon the performance of our business, including through cash bonuses and equity compensation, when the market price of our ordinary shares fluctuates or our results of operations or financial condition are negatively impacted, we may be at a competitive disadvantage for retaining and hiring employees. The reductions in workforce, salary reductions and variability in our bonus payouts that result from our historical restructurings have also made and may continue to make it difficult for us to recruit and retain personnel. Increased difficulty in accessing, recruiting or retaining personnel may lead to increased manufacturing and employment compensation costs, which could adversely affect our results of operations. The loss of one or more of our key personnel or the inability to hire and retain key personnel could have a material adverse effect on our business, results of operations and financial condition.

We are subject to risks related to corporate and social responsibility 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 adversely affect our reputation. We face increasing scrutiny related to environmental, social and governance activities. We risk damage to our reputation if we fail to act responsibly in a number of areas, such as diversity and inclusion, environmental stewardship, sustainability, supply chain management, climate change, workplace conduct and human rights. 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 adverse effect on our business, results of operations and cash flows.

RISKS RELATED TO FINANCIAL PERFORMANCE OR GENERAL ECONOMIC CONDITIONS

Changes in the macroeconomic environment have impacted and may 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 and/or declines in income or asset values, all of which may have a material adverse effect on the demand for our products and/or result in significant changes in our product prices. Other factors that could have a material adverse effect on demand for our products, financial condition and results of operations include inflation, slower growth or recession, conditions in the labor market, healthcare costs, access to credit, consumer confidence and other macroeconomic factors affecting consumer and business spending behavior. These changes could happen rapidly and we may not be able to react quickly to prevent or limit our losses or exposures.

Macroeconomic developments such as adverse economic conditions worldwide or efforts of governments to stimulate or stabilize the economy, international conflicts, trade disputes, sanctions, increased tariffs between the United States and China, Mexico and other countries and the withdrawal of the United Kingdom from the EU, have and may continue to adversely impact our business. Significant inflation and related increases in interest rates, have negatively affected our business in recent quarters and could continue in the near future to negatively affect our business, operating results or financial condition or the markets in which we operate, which, in turn, could adversely affect the price of our ordinary shares. A general weakening of, and related declining corporate confidence in, the global economy or the curtailment in government or corporate spending could cause current or potential customers to reduce their 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, 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 feature 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 feature 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 that we need to refinance all or a portion of our outstanding debt as it matures or incur additional debt to fund our operations, we may not be able to 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.

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

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

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

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

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

Should major public health issues, including pandemics, arise, we could be negatively affected by stringent employee travel restrictions, additional limitations or cost increases in freight and other logistical services, governmental actions limiting the movement of products or employees between regions, increases in or changes to data collection and reporting obligations, delays in production ramps of new products, and disruptions in our operations and those of some of our key direct and indirect suppliers and customers.

We are subject to counterparty default risks.

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

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

LEGAL, REGULATORY AND COMPLIANCE RISKS

Our business is subject to various laws, regulations, governmental policies, litigation, governmental investigations or governmental proceedings that may cause us to incur significant expense or adversely impact our results 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 may change in ways that will require us to modify our business model and objectives or affect our returns on investments by restricting existing activities and products, subjecting them to escalating costs or prohibiting them outright. In particular, potential uncertainty of changes to global tax laws, including global initiatives put forth by the Organization for Economic Co-operation and Development ("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. The member states of the European Union agreed to implement the OECD's Pillar Two framework, which imposes a global corporate minimum tax rate of 15%. Other countries may also adopt the Pillar Two framework. These changes may materially increase the level of income tax on our U.S. and non-U.S. jurisdictions. Jurisdictions such as China, Malaysia, Northern Ireland, Singapore, Thailand and the U.S., in which we have significant operating assets, and the European Union each have exercised and continue to exercise significant influence over many aspects of their domestic economies including, but not limited to, fair competition, tax practices, anti-corruption, anti-trust, data privacy, protection, security and sovereignty, price controls and international trade, which have had and may continue to have an adverse effect on our business operations and financial condition.

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

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

From time to time, we have been and may continue to be involved in various legal, regulatory or administrative investigations, inquiries, negotiations or proceedings arising in the normal course of business. Litigation 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 adversely affect our results of operations. The political and media scrutiny surrounding a governmental investigation for the violation of such laws, even if an investigation does not result in a finding of violation, could cause us significant expense and collateral consequences, including reputational harm, that could have an adverse impact on our business, results of operations and financial condition.

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

Due to the global nature of our business, we are subject to import and export restrictions and regulations, including the 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 the BIS and OFAC, places restrictions on the sale or export of certain products and services to certain countries, persons and entities, as well as for certain end-uses, such as military, military-intelligence and weapons of mass destruction end-uses. The U.S. government also imposes sanctions through executive orders restricting U.S. companies from conducting business activities with specified individuals and companies. Although we have controls and procedures to ensure compliance with all applicable regulations and orders, we cannot predict whether changes in laws or regulations by the 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 resolves BIS' allegations regarding our sales of hard disk drives to Huawei. We have also agreed to complete three audits of our compliance with the license requirements of Section 734.9 of the EAR. The Settlement Agreement also includes a denial order that is suspended and will be waived five years after the date of the order issued under the Settlement Agreement, provided that we have made full and timely payments under the Settlement Agreement and timely completed the audit requirements. Despite our best efforts to comply with the terms of the Settlement Agreement, failure to do so could result in significant penalties, including the loss of the suspension of the denial order which would prohibit us from exporting our products subject to the EAR outside of the United States, and could have a material adverse effect on our business, results of operations, financial condition and cash flows.

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

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

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

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

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

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. In the past, we have been involved in significant and expensive disputes regarding our intellectual property rights and those of others, including claims that we may be infringing patents, trademarks and other intellectual property rights of third parties. We expect that we will be involved in similar disputes in the future.

There can be no assurance that:

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

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

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

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

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

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

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

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

Our operations are dependent upon our ability to protect our digital infrastructure and data. We manage and store various proprietary information and sensitive or confidential data relating to our operations, as well as to our customers, suppliers, employees and other third parties, and we store subscribers' data on 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, and maintenance 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 and 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 and data, our customers, suppliers, employees or other third parties, the digital infrastructure and data have been and may continue to be vulnerable to phishing, 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 take may not be sufficient for all eventualities. 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 to eliminate or address 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, our vendors and 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 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.

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

We are in the process of implementing, and will continue to invest in and implement, modifications and upgrades to our IT systems and procedures, including making changes to legacy systems or acquiring new systems with new functionality, and building new policies, procedures, training programs and monitoring tools.

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

RISKS RELATED TO OWNING OUR ORDINARY SHARES

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

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

- general stock market conditions, or general uncertainty in stock market conditions due to global economic conditions and negative financial news unrelated to our business or industry;
- 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;
- the issuance of our ordinary shares upon exchange of some or all of our outstanding 2028 Notes for amounts in excess of the principal amount. Refer to “Part I, Item 1. Financial Statements—*Note 3. Debt*” for details;
- 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 adversely affect our results of operations, financial condition and liquidity.

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

Although historically we have announced regular cash dividend payments and a share repurchase program, we are under no obligation to pay cash dividends to our shareholders in the future at historical levels or at all or to repurchase our ordinary shares at any particular price or at all. The declaration and payment of any future dividends is at the discretion of our Board of Directors. Our previously announced share repurchase program was paused in the December 2022 quarter, remained paused through the second quarter of fiscal year 2024 and there are no assurances as to if and when the program will resume. Our payment of quarterly cash dividends and the repurchase of our ordinary shares pursuant to our share repurchase program are subject to, among other things, our financial position and results of operations, distributable reserves, available cash and cash flow, capital and regulatory requirements, market and economic conditions, our ordinary share price and other factors. Any reduction or discontinuance by us of the payment of quarterly cash dividends or the repurchase of our ordinary shares pursuant to our share repurchase program could cause the market price of our ordinary shares to decline significantly. Moreover, in the event our payment of quarterly cash dividends or repurchases of our ordinary shares are reduced or discontinued, our failure to resume such activities at historical levels could result in a persistent lower market valuation of our ordinary shares.

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

Repurchase of Equity Securities

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

As of December 29, 2023, $1.9 billion remained available for repurchases under the existing repurchase authorization. There is no expiration date on this authorization. The timing of purchases will depend upon prevailing market conditions, alternative uses of capital and other factors. We may limit or terminate the repurchase program at any time.

The following table sets forth information with respect to all repurchases of our ordinary shares made during the fiscal quarter ended December 29, 2023, including statutory tax withholdings related to vesting of employee equity awards (in millions, except average price paid per share):

Period	Total Number of Shares Repurchased[1]	Average Price Paid Per Share[1]	Total Number of Shares Repurchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs[1]
September 30, 2023 through October 27, 2023	—	—	—	$ 1,896
October 28, 2023 through November 24, 2023	—	—	—	1,895
November 25, 2023 through December 29, 2023	—	—	—	1,894
Total	—		—	

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

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Trading Plans or Rule 10b5-1 Trading Plans

The table below summarizes the material terms of trading arrangements adopted by our executive officers or directors during the December 2023 quarter. The trading arrangement listed below is intended to satisfy the affirmative defense conditions 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
Kian Fatt Chong	Senior Vice President	12/4/2023	12/4/2024	11,353

[1] The plan will expire on the earlier of the end date or the completion of all transactions under the trading arrangement.

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ITEM 6. EXHIBITS

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

+ Management contract or compensatory plan or arrangement.

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

SIGNATURES

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

SEAGATE TECHNOLOGY HOLDINGS PUBLIC LIMITED COMPANY

DATE:	January 26, 2024	BY:	/s/ Gianluca Romano
			Gianluca Romano
			Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT 31.1

CERTIFICATION

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

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

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

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

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

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

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

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

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

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

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

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

Date:	January 26, 2024		/s/ Dr. William D. Mosley
		Name:	Dr. William D. Mosley
		Title:	Chief Executive Officer and Director (Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Gianluca Romano, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date:	January 26, 2024		/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 December 29, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report").

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

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

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

Date:	January 26, 2024		/s/ Dr. William D. Mosley
		Name:	Dr. William D. Mosley
		Title:	Chief Executive Officer and Director (Principal Executive Officer)

Date:	January 26, 2024		/s/ Gianluca Romano
		Name:	Gianluca Romano
		Title:	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)