

DELL TECHNOLOGIES INC. FINANCIAL INFORMATION

Basis of Presentation

Spin-Off of VMware, Inc. — On November 1, 2021, Dell Technologies Inc. completed its spin-off of VMware, Inc. by means of a special stock dividend (the “VMware Spin-off”). The VMware Spin-off was effectuated pursuant to a Separation and Distribution Agreement, dated as of April 14, 2021.

In accordance with applicable accounting guidance, the results of VMware, excluding Dell's resale of VMware offerings, are presented as discontinued operations in the Condensed Consolidated Statements of Income and, as such, have been excluded from both continuing operations and segment results for the three months ended April 30, 2021. The Condensed Consolidated Statements of Cash Flows are presented on a consolidated basis for both continuing operations and discontinued operations.

DELL TECHNOLOGIES INC.
Consolidated Statements of Income and Related Financial Highlights
(in millions, except percentages; unaudited)

	Three Months Ended		Change
	April 29, 2022	April 30, 2021	
<i>Net revenue:</i>			
Products	\$ 20,464	\$ 17,487	17%
Services	5,652	5,103	11%
Total net revenue	<u>26,116</u>	<u>22,590</u>	16%
<i>Cost of net revenue:</i>			
Products	17,009	14,434	18%
Services	3,323	2,892	15%
Total cost of net revenue	<u>20,332</u>	<u>17,326</u>	17%
Gross margin	5,784	5,264	10%
<i>Operating expenses:</i>			
Selling, general, and administrative	3,553	3,658	(3)%
Research and development	681	619	10%
Total operating expenses	<u>4,234</u>	<u>4,277</u>	(1)%
Operating income	1,550	987	57%
Interest and other, net	<u>(337)</u>	<u>(288)</u>	(17)%
Income before income taxes	1,213	699	74%
Income tax expense	144	40	260%
Net income from continuing operations	<u>1,069</u>	<u>659</u>	62%
Income from discontinued operations, net of income taxes	<u>—</u>	<u>279</u>	(100)%
Net income	1,069	938	14%
Less: Net loss attributable to non-controlling interests	(3)	(1)	(200)%
Less: Net income attributable to non-controlling interests of discontinued operations	<u>—</u>	<u>52</u>	(100)%
Net income attributable to Dell Technologies Inc.	<u>\$ 1,072</u>	<u>\$ 887</u>	21%
 <i>Percentage of Total Net Revenue:</i>			
Gross margin	22.1 %	23.3 %	
Selling, general, and administrative	13.6 %	16.2 %	
Research and development	2.6 %	2.7 %	
Operating expenses	16.2 %	18.9 %	
Operating income	5.9 %	4.4 %	
Income before income taxes	4.6 %	3.1 %	
Net income from continuing operations	4.1 %	2.9 %	
Income tax rate	11.9 %	5.7 %	

Amounts are based on underlying data and may not visually foot due to rounding.

DELL TECHNOLOGIES INC.
Consolidated Statements of Financial Position
(in millions; unaudited)

	April 29, 2022	January 28, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,654	\$ 9,477
Accounts receivable, net	11,837	12,912
Due from related party, net	131	131
Short-term financing receivables, net	4,796	5,089
Inventories	6,277	5,898
Other current assets	11,681	11,526
Total current assets	41,376	45,033
Property, plant, and equipment, net	5,516	5,415
Long-term investments	1,868	1,839
Long-term financing receivables, net	5,398	5,522
Goodwill	19,598	19,770
Intangible assets, net	7,217	7,461
Due from related party, net	713	710
Other non-current assets	6,720	6,985
Total assets	\$ 88,406	\$ 92,735
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 5,925	\$ 5,823
Accounts payable	25,585	27,143
Due to related party	622	1,414
Accrued and other	6,598	7,578
Short-term deferred revenue	14,329	14,261
Total current liabilities	53,059	56,219
Long-term debt	21,197	21,131
Long-term deferred revenue	13,074	13,312
Other non-current liabilities	3,431	3,653
Total liabilities	90,761	94,315
Stockholders' equity (deficit):		
Total Dell Technologies Inc. stockholders' equity (deficit)	(2,462)	(1,685)
Non-controlling interests	107	105
Total stockholders' equity (deficit)	(2,355)	(1,580)
Total liabilities and stockholders' equity	\$ 88,406	\$ 92,735

DELL TECHNOLOGIES INC.
Consolidated Statements of Cash Flows
(in millions; unaudited)

	Three Months Ended	
	April 29, 2022	April 30, 2021
Cash flows from operating activities:		
Net income	\$ 1,069	\$ 938
Adjustments to reconcile net income to net cash provided by operating activities:		
Change in cash from operating activities	(1,338)	1,300
	<u>(269)</u>	<u>2,238</u>
Cash flows from investing activities:		
Purchases of investments	(52)	(146)
Maturities and sales of investments	18	256
Capital expenditures and capitalized software development costs	(690)	(625)
Acquisition of businesses and assets, net	—	(10)
Other	4	6
Change in cash from investing activities	<u>(720)</u>	<u>(519)</u>
Cash flows from financing activities:		
Proceeds from the issuance of common stock	4	160
Repurchases of parent common stock (a)	(1,779)	(9)
Repurchases of subsidiary common stock (a)	(7)	(434)
Payment of dividend to stockholders	(248)	—
Proceeds from debt	3,034	2,726
Repayments of debt	(2,703)	(4,070)
Debt-related costs and other, net	(7)	(11)
Change in cash from financing activities	<u>(1,706)</u>	<u>(1,638)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(111)	(5)
Change in cash, cash equivalents, and restricted cash	(2,806)	76
Cash, cash equivalents, and restricted cash at beginning of the period, including cash attributable to discontinued operations	10,082	15,184
Cash, cash equivalents, and restricted cash at end of the period, including cash attributable to discontinued operations	<u>7,276</u>	<u>15,260</u>
Less: Cash, cash equivalents, and restricted cash attributable to discontinued operations	—	5,667
Cash, cash equivalents, and restricted cash from continuing operations	<u>\$ 7,276</u>	<u>\$ 9,593</u>

(a) Common stock repurchases are inclusive of employee tax withholding on stock-based compensation.

DELL TECHNOLOGIES INC.
Segment Information
(in millions, except percentages; unaudited; continued on next page)

	Three Months Ended		Change
	April 29, 2022	April 30, 2021	
<i><u>Infrastructure Solutions Group (ISG):</u></i>			
Net revenue:			
Servers and networking	\$ 5,048	\$ 4,140	22%
Storage	4,237	3,893	9%
Total ISG net revenue	<u>\$ 9,285</u>	<u>\$ 8,033</u>	16%
Operating Income:			
ISG operating income	<u>\$ 1,082</u>	<u>\$ 778</u>	39%
% of ISG net revenue	11.7 %	9.7 %	
% of total reportable segment operating income	49 %	42 %	
<i><u>Client Solutions Group (CSG):</u></i>			
Net revenue:			
Commercial	\$ 11,971	\$ 9,808	22%
Consumer	3,616	3,503	3%
Total CSG net revenue	<u>\$ 15,587</u>	<u>\$ 13,311</u>	17%
Operating Income:			
CSG operating income	<u>\$ 1,115</u>	<u>\$ 1,080</u>	3%
% of CSG net revenue	7.2 %	8.1 %	
% of total reportable segment operating income	51 %	58 %	

Amounts are based on underlying data and may not visually foot due to rounding.

DELL TECHNOLOGIES INC.
Segment Information
(in millions, except percentages; unaudited; continued)

	Three Months Ended	
	April 29, 2022	April 30, 2021
<i>Reconciliation to consolidated net revenue:</i>		
Reportable segment net revenue	\$ 24,872	\$ 21,344
Other businesses (a)	1,239	1,252
Unallocated transactions (b)	5	2
Impact of purchase accounting (c)	—	(8)
Total consolidated net revenue	\$ 26,116	\$ 22,590
<i>Reconciliation to consolidated operating income:</i>		
Reportable segment operating income	\$ 2,197	\$ 1,858
Other businesses (a)	(64)	(90)
Unallocated transactions (b)	2	2
Impact of purchase accounting (c)	(9)	(20)
Amortization of intangibles	(243)	(445)
Transaction-related expenses (d)	(5)	(29)
Stock-based compensation expense (e)	(232)	(172)
Other corporate expenses (f)	(96)	(117)
Total consolidated operating income	\$ 1,550	\$ 987

- (a) Other businesses consists of: 1) Dell's resale of standalone VMware, Inc. products and services, "VMware Resale", 2) Secureworks, and 3) Virtustream, and do not meet the requirements for a reportable segment, either individually or collectively.
- (b) Unallocated transactions includes other corporate items that are not allocated to Dell Technologies' reportable segments.
- (c) Impact of purchase accounting includes non-cash purchase accounting adjustments that are primarily related to the EMC merger transaction.
- (d) Transaction-related expenses includes acquisition, integration, and divestiture related costs.
- (e) Stock-based compensation expense consists of equity awards granted based on the estimated fair value of those awards at grant date.
- (f) Other corporate expenses includes impairment charges, incentive charges related to equity investments, severance, payroll taxes associated with stock-based compensation, facilities action, and other costs.

SUPPLEMENTAL SELECTED NON-GAAP FINANCIAL MEASURES

These tables present information about the Company's non-GAAP net revenue, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP operating income, non-GAAP net income, non-GAAP net income attributable to Dell Technologies Inc. - basic and diluted, non-GAAP earnings per share attributable to Dell Technologies Inc. - basic, and non-GAAP earnings per share attributable to Dell Technologies Inc. - diluted which are non-GAAP financial measures provided as a supplement to the results provided in accordance with generally accepted accounting principles in the United States of America ("GAAP"). A detailed discussion of Dell Technologies' reasons for including these non-GAAP financial measures, the limitations associated with these measures, the items excluded from these measures, and our reason for excluding those items are presented in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures" in our periodic reports filed with the SEC. Dell Technologies encourages investors to review the non-GAAP discussion in these reports in conjunction with the presentation of non-GAAP financial measures.

DELL TECHNOLOGIES INC.
Selected Non-GAAP Financial Measures
(in millions, except per share amounts and percentages; unaudited)

	Three Months Ended		
	April 29, 2022	April 30, 2021	Change
Non-GAAP net revenue	\$ 26,116	\$ 22,598	16%
Non-GAAP gross margin	\$ 5,941	\$ 5,464	9%
<i>% of non-GAAP net revenue</i>	<i>22.7 %</i>	<i>24.2 %</i>	
Non-GAAP operating expenses	\$ 3,806	\$ 3,694	3%
<i>% of non-GAAP net revenue</i>	<i>14.5 %</i>	<i>16.4 %</i>	
Non-GAAP operating income	\$ 2,135	\$ 1,770	21%
<i>% of non-GAAP net revenue</i>	<i>8.2 %</i>	<i>7.8 %</i>	
Non-GAAP net income	\$ 1,434	\$ 1,055	36%
<i>% of non-GAAP net revenue</i>	<i>5.5 %</i>	<i>4.7 %</i>	
Non-GAAP earnings per share - diluted	\$ 1.84	\$ 1.35	36%

Amounts are based on underlying data and may not visually foot due to rounding.

DELL TECHNOLOGIES INC.
Reconciliation of Selected Non-GAAP Financial Measures
(in millions, except percentages; unaudited; continued on next page)

	Three Months Ended		Change
	April 29, 2022	April 30, 2021	
Net revenue	\$ 26,116	\$ 22,590	16%
Non-GAAP adjustments:			
Impact of purchase accounting	—	8	
Non-GAAP net revenue	<u>\$ 26,116</u>	<u>\$ 22,598</u>	16%
Gross margin	\$ 5,784	\$ 5,264	10%
Non-GAAP adjustments:			
Amortization of intangibles	104	150	
Impact of purchase accounting	2	9	
Stock-based compensation expense	38	28	
Other corporate expenses	13	13	
Non-GAAP gross margin	<u>\$ 5,941</u>	<u>\$ 5,464</u>	9%
Operating expenses	\$ 4,234	\$ 4,277	(1)%
Non-GAAP adjustments:			
Amortization of intangibles	(139)	(295)	
Impact of purchase accounting	(7)	(11)	
Transaction-related expenses	(5)	(29)	
Stock-based compensation expense	(194)	(144)	
Other corporate expenses	(83)	(104)	
Non-GAAP operating expenses	<u>\$ 3,806</u>	<u>\$ 3,694</u>	3%
Operating income	\$ 1,550	\$ 987	57%
Non-GAAP adjustments:			
Amortization of intangibles	243	445	
Impact of purchase accounting	9	20	
Transaction-related (income) expenses	5	29	
Stock-based compensation expense	232	172	
Other corporate expenses	96	117	
Non-GAAP operating income	<u>\$ 2,135</u>	<u>\$ 1,770</u>	21%

DELL TECHNOLOGIES INC.
Reconciliation of Selected Non-GAAP Financial Measures
(in millions, except percentages; unaudited; continued)

	Three Months Ended		Change
	April 29, 2022	April 30, 2021	
Net income from continuing operations	\$ 1,069	\$ 659	62%
Non-GAAP adjustments:			
Amortization of intangibles	243	445	
Impact of purchase accounting	9	20	
Transaction-related (income) expenses	(2)	29	
Stock-based compensation expense	232	172	
Other corporate expenses	96	117	
Fair value adjustments on equity investments	(14)	(194)	
Aggregate adjustment for income taxes	(199)	(193)	
Non-GAAP net income	<u>\$ 1,434</u>	<u>\$ 1,055</u>	36%
Net income from continuing operations attributable to Dell Technologies Inc.	\$ 1,072	\$ 660	62%
Non-GAAP adjustments:			
Amortization of intangibles	243	445	
Impact of purchase accounting	9	20	
Transaction-related (income) expenses	(2)	29	
Stock-based compensation expense	232	172	
Other corporate expenses	96	117	
Fair value adjustments on equity investments	(14)	(194)	
Aggregate adjustment for income taxes	(199)	(193)	
Total non-GAAP adjustments attributable to non-controlling interests	(2)	(1)	
Non-GAAP net income attributable to Dell Technologies Inc.	<u>\$ 1,435</u>	<u>\$ 1,055</u>	36%

DELL TECHNOLOGIES INC.
Reconciliation of Selected Non-GAAP Financial Measures
(in millions, except percentages and per share amounts; unaudited; continued)

	Three Months Ended		Change
	April 29, 2022	April 30, 2021	
<i>Earnings per share from continuing operations attributable to Dell Technologies Inc.</i>			
Net income from continuing operations attributable to Dell Technologies Inc. — basic	\$ 1,072	\$ 660	
Weighted-average shares outstanding — basic	754	757	
Earnings per share attributable to Dell Technologies Inc. — basic	<u>\$ 1.42</u>	<u>\$ 0.87</u>	63%
Net income from continuing operations attributable to Dell Technologies Inc. — diluted	\$ 1,072	\$ 660	
Weighted-average shares outstanding — diluted	780	782	
Earnings per share attributable to Dell Technologies Inc. — diluted:	<u>\$ 1.37</u>	<u>\$ 0.84</u>	63%
<i>Earnings per share from discontinued operations attributable to Dell Technologies Inc.</i>			
Net income from discontinued operations attributable to Dell Technologies Inc. — basic	\$ —	\$ 227	
Weighted-average shares outstanding — basic	—	757	
Earnings per share attributable to Dell Technologies Inc. — basic	<u>\$ —</u>	<u>\$ 0.30</u>	NM
Incremental dilution from VMware, Inc. attributable to Dell Technologies	—	(2)	
Net income from discontinued operations attributable to Dell Technologies Inc. — diluted	\$ —	\$ 225	
Weighted-average shares outstanding — diluted	—	782	
Earnings per share attributable to Dell Technologies Inc. — diluted	<u>\$ —</u>	<u>\$ 0.29</u>	NM
<i>Non-GAAP earnings per share attributable to Dell Technologies Inc.</i>			
Non-GAAP net income attributable to Dell Technologies Inc. — basic	\$ 1,435	\$ 1,055	
Weighted-average shares outstanding — basic	754	757	
Earnings per share attributable to Dell Technologies Inc. — basic	<u>\$ 1.90</u>	<u>\$ 1.39</u>	37%
Non-GAAP net income attributable to Dell Technologies Inc. — diluted	\$ 1,435	\$ 1,055	
Weighted-average shares outstanding — diluted	780	782	
Earnings per share attributable to Dell Technologies Inc. — diluted	<u>\$ 1.84</u>	<u>\$ 1.35</u>	36%

Amounts may not visually recalculate due to rounding.