

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

	Three Months Ended		Change
	April 30, 2021	May 1, 2020	
<i>Net revenue:</i>			
Products	\$ 18,034	\$ 16,038	12%
Services	6,453	5,859	10%
Total net revenue	<u>24,487</u>	<u>21,897</u>	12%
<i>Cost of net revenue:</i>			
Products	14,214	12,804	11%
Services	2,615	2,240	17%
Total cost of net revenue	<u>16,829</u>	<u>15,044</u>	12%
Gross margin	7,658	6,853	12%
<i>Operating expenses:</i>			
Selling, general, and administrative	4,960	4,886	2%
Research and development	1,323	1,265	5%
Total operating expenses	<u>6,283</u>	<u>6,151</u>	2%
Operating income	1,375	702	96%
Interest and other, net	(388)	(566)	31%
Income before income taxes	987	136	626%
Income tax expense (benefit)	49	(46)	207%
Net income	<u>938</u>	<u>182</u>	415%
Less: Net income attributable to non-controlling interests	51	39	31%
Net income attributable to Dell Technologies Inc.	<u>\$ 887</u>	<u>\$ 143</u>	520%
 <i>Percentage of Total Net Revenue:</i>			
Gross margin	31 %	31 %	
Selling, general, and administrative	20 %	22 %	
Research and development	5 %	6 %	
Operating expenses	26 %	28 %	
Operating income	6 %	3 %	
Income before income taxes	4 %	1 %	
Net income	4 %	1 %	
Income tax rate	5.0 %	-33.8 %	

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

	April 30, 2021	January 29, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 14,244	\$ 14,201
Accounts receivable, net	10,909	12,788
Short-term financing receivables, net	4,980	5,155
Inventories, net	3,828	3,402
Other current assets	8,378	8,021
Total current assets	42,339	43,567
Property, plant, and equipment, net	6,557	6,431
Long-term investments	1,670	1,624
Long-term financing receivables, net	5,261	5,339
Goodwill	40,839	40,829
Intangible assets, net	13,729	14,429
Other non-current assets	11,357	11,196
Total assets	\$ 121,752	\$ 123,415
LIABILITIES, REDEEMABLE SHARES, AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 8,748	\$ 6,362
Accounts payable	21,545	21,696
Accrued and other	7,728	9,549
Short-term deferred revenue	16,835	16,525
Total current liabilities	54,856	54,132
Long-term debt	37,935	41,622
Long-term deferred revenue	14,541	14,276
Other non-current liabilities	5,276	5,360
Total liabilities	112,608	115,390
Redeemable shares	558	472
Stockholders' equity:		
Total Dell Technologies Inc. stockholders' equity	3,487	2,479
Non-controlling interests	5,099	5,074
Total stockholders' equity	8,586	7,553
Total liabilities, redeemable shares, and stockholders' equity	\$ 121,752	\$ 123,415

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

	Three Months Ended	
	April 30, 2021	May 1, 2020
Cash flows from operating activities:		
Net income	\$ 938	\$ 182
Adjustments to reconcile net income to net cash provided by (used in) operating activities	1,300	(978)
Change in cash from operating activities	<u>2,238</u>	<u>(796)</u>
Cash flows from investing activities:		
Purchases of investments	(146)	(56)
Maturities and sales of investments	256	39
Capital expenditures and capitalized software development costs	(625)	(559)
Acquisition of businesses and assets, net	(10)	(38)
Divestitures of businesses and assets, net	—	120
Other	6	9
Change in cash from investing activities	<u>(519)</u>	<u>(485)</u>
Cash flows from financing activities:		
Proceeds from the issuance of common stock	160	116
Repurchases of parent common stock	(9)	(240)
Repurchases of subsidiary common stock (a)	(434)	(300)
Proceeds from debt	2,726	10,135
Repayments of debt	(4,070)	(5,405)
Other	(11)	(42)
Change in cash from financing activities	<u>(1,638)</u>	<u>4,264</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	<u>(5)</u>	<u>(136)</u>
Change in cash, cash equivalents, and restricted cash	76	2,847
Cash, cash equivalents, and restricted cash at beginning of the period	15,184	10,151
Cash, cash equivalents, and restricted cash at end of the period	<u>\$ 15,260</u>	<u>\$ 12,998</u>

(a) Subsidiary 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 30, 2021	May 1, 2020	
<u><i>Infrastructure Solutions Group (ISG):</i></u>			
Net Revenue:			
Servers and networking	\$ 4,109	\$ 3,758	9%
Storage	3,802	3,811	—%
Total ISG net revenue	<u>\$ 7,911</u>	<u>\$ 7,569</u>	5%
Operating Income:			
ISG operating income	<u>\$ 788</u>	<u>\$ 732</u>	8%
<i>% of ISG net revenue</i>	<i>10 %</i>	<i>10 %</i>	
<i>% of total reportable segment operating income</i>	<i>29 %</i>	<i>35 %</i>	
<u><i>Client Solutions Group (CSG):</i></u>			
Net Revenue:			
Commercial	\$ 9,803	\$ 8,634	14%
Consumer	3,502	2,470	42%
Total CSG net revenue	<u>\$ 13,305</u>	<u>\$ 11,104</u>	20%
Operating Income:			
CSG operating income	<u>\$ 1,090</u>	<u>\$ 592</u>	84%
<i>% of CSG net revenue</i>	<i>8 %</i>	<i>5 %</i>	
<i>% of total reportable segment operating income</i>	<i>40 %</i>	<i>28 %</i>	
<u><i>VMware:</i></u>			
Net Revenue:			
Total VMware net revenue	<u>\$ 2,991</u>	<u>\$ 2,755</u>	9%
Operating Income:			
VMware operating income	<u>\$ 841</u>	<u>\$ 773</u>	9%
<i>% of VMware net revenue</i>	<i>28 %</i>	<i>28 %</i>	
<i>% of total reportable segment operating income</i>	<i>31 %</i>	<i>37 %</i>	

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

	Three Months Ended	
	April 30, 2021	May 1, 2020
<i><u>Reconciliation to consolidated net revenue:</u></i>		
Reportable segment net revenue	\$ 24,207	\$ 21,428
Other businesses (a)	290	517
Unallocated transactions (b)	2	—
Impact of purchase accounting (c)	(12)	(48)
Total consolidated net revenue	\$ 24,487	\$ 21,897
<i><u>Reconciliation to consolidated operating income:</u></i>		
Reportable segment operating income	\$ 2,719	\$ 2,097
Other businesses (a)	(5)	65
Unallocated transactions (b)	—	(1)
Impact of purchase accounting (c)	(25)	(63)
Amortization of intangibles	(709)	(855)
Transaction-related expenses (d)	(51)	(76)
Stock-based compensation expense (e)	(435)	(370)
Other corporate expenses (f)	(119)	(95)
Total consolidated operating income	\$ 1,375	\$ 702

- (a) Secureworks, Virtustream, and Boomi constitute “Other businesses” and do not meet the requirements for a reportable segment, either individually or collectively. The results of Other businesses are not material to the Company’s overall results. On September 1, 2020, the Company completed the sale of RSA Security. Prior to divestiture, RSA Security’s results were included within Other businesses.
- (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, severance, facility 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 non-controlling interests, non-GAAP net income attributable to Dell Technologies Inc. - basic, non-GAAP net income attributable to Dell Technologies Inc. - diluted, non-GAAP earnings per share attributable to Dell Technologies Inc. - basic, non-GAAP earnings per share attributable to Dell Technologies Inc. - diluted, EBITDA, and adjusted EBITDA, 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 30, 2021	May 1, 2020	Change
Non-GAAP net revenue	\$ 24,499	\$ 21,945	12%
Non-GAAP gross margin	\$ 8,018	\$ 7,325	9%
<i>% of non-GAAP net revenue</i>	33 %	33 %	
Non-GAAP operating expenses	\$ 5,304	\$ 5,164	3%
<i>% of non-GAAP net revenue</i>	22 %	24 %	
Non-GAAP operating income	\$ 2,714	\$ 2,161	26%
<i>% of non-GAAP net revenue</i>	11 %	10 %	
Non-GAAP net income	\$ 1,819	\$ 1,143	59%
<i>% of non-GAAP net revenue</i>	7 %	5 %	
Adjusted EBITDA	\$ 3,235	\$ 2,607	24%
<i>% of non-GAAP net revenue</i>	13 %	12 %	
Non-GAAP earnings per share - diluted	\$ 2.13	\$ 1.34	59%

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

	Three Months Ended		Change
	April 30, 2021	May 1, 2020	
Net revenue	\$ 24,487	\$ 21,897	12%
Non-GAAP adjustments:			
Impact of purchase accounting	12	48	
Non-GAAP net revenue	<u>\$ 24,499</u>	<u>\$ 21,945</u>	12%
Gross margin	\$ 7,658	\$ 6,853	12%
Non-GAAP adjustments:			
Amortization of intangibles	276	372	
Impact of purchase accounting	13	51	
Transaction-related expenses	—	—	
Stock-based compensation expense	58	40	
Other corporate expenses	13	9	
Non-GAAP gross margin	<u>\$ 8,018</u>	<u>\$ 7,325</u>	9%
Operating expenses	\$ 6,283	\$ 6,151	2%
Non-GAAP adjustments:			
Amortization of intangibles	(433)	(483)	
Impact of purchase accounting	(12)	(12)	
Transaction-related expenses	(51)	(76)	
Stock-based compensation expense	(377)	(330)	
Other corporate expenses	(106)	(86)	
Non-GAAP operating expenses	<u>\$ 5,304</u>	<u>\$ 5,164</u>	3%
Operating income	\$ 1,375	\$ 702	96%
Non-GAAP adjustments:			
Amortization of intangibles	709	855	
Impact of purchase accounting	25	63	
Transaction-related expenses	51	76	
Stock-based compensation expense	435	370	
Other corporate expenses	119	95	
Non-GAAP operating income	<u>\$ 2,714</u>	<u>\$ 2,161</u>	26%

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

	Three Months Ended		Change
	April 30, 2021	May 1, 2020	
Net income	\$ 938	\$ 182	415%
Non-GAAP adjustments:			
Amortization of intangibles	709	855	
Impact of purchase accounting	25	63	
Transaction-related expenses	51	(44)	
Stock-based compensation expense	435	370	
Other corporate expenses	119	95	
Fair value adjustments on equity investments	(157)	(94)	
Aggregate adjustment for income taxes	(301)	(284)	
Non-GAAP net income	<u>\$ 1,819</u>	<u>\$ 1,143</u>	59%
Net income	\$ 938	\$ 182	415%
Adjustments:			
Interest and other, net	388	566	
Income tax expense (benefit)	49	(46)	
Depreciation and amortization	1,239	1,316	
EBITDA	<u>\$ 2,614</u>	<u>\$ 2,018</u>	30%
EBITDA	\$ 2,614	\$ 2,018	30%
Adjustments:			
Stock-based compensation expense	435	370	
Impact of purchase accounting	16	48	
Transaction-related expenses	51	76	
Other corporate expenses	119	95	
Adjusted EBITDA	<u>\$ 3,235</u>	<u>\$ 2,607</u>	24%

DELL TECHNOLOGIES INC.
Reconciliation of Selected Non-GAAP Financial Measures
For the Three Months Ended April 30, 2021
(in millions, except per share amounts; unaudited)

	GAAP	Amortization of intangibles	Impact of purchase accounting	Transaction-related expenses	Stock-based compensation expense	Other corporate expenses	Fair value adjustments on equity investments	Aggregate adjustment for income taxes	Non-GAAP
Net income	\$ 938	709	25	51	435	119	(157)	(301)	\$ 1,819
Less: Net income attributable to non-controlling interests (a)	51	53	1	4	52	1	7	(23)	146
Net income attributable to Dell Technologies Inc. - basic	887	656	24	47	383	118	(164)	(278)	1,673
Incremental dilution from VMware, Inc. attributable to Dell Technologies Inc. (b)	(2)								(4)
Net income attributable to Dell Technologies Inc. - diluted	<u>\$ 885</u>								<u>\$ 1,669</u>
Earnings per share - basic	\$ 1.17								\$ 2.21
Earnings per share - diluted	\$ 1.13								\$ 2.13
Weighted-average shares outstanding - basic	757								757
Weighted-average shares outstanding - diluted	782								782

- (a) Net income attributable to non-controlling interests is calculated by multiplying the minority interest percentage of VMware, Inc. and SecureWorks Corp. by their respective non-GAAP net income adjustments for the period presented.
- (b) Incremental dilution from VMware, Inc. attributable to Dell Technologies Inc. represents the impact of VMware, Inc.'s dilutive securities on the diluted earnings per share of Dell Technologies Inc. and is calculated by multiplying the difference between VMware, Inc.'s basic and diluted earnings per share by the number of shares of VMware, Inc. common stock held by Dell Technologies Inc.

DELL TECHNOLOGIES INC.
Reconciliation of Selected Non-GAAP Financial Measures
For the Three Months Ended May 1, 2020
(in millions, except per share amounts; unaudited)

	<u>GAAP</u>	<u>Amortization of intangibles</u>	<u>Impact of purchase accounting</u>	<u>Transaction- related expenses</u>	<u>Stock-based compensation expense</u>	<u>Other corporate expenses</u>	<u>Fair value adjustments on equity investments</u>	<u>Aggregate adjustment for income taxes</u>	<u>Non- GAAP</u>
Net income	\$ 182	855	63	(44)	370	95	(94)	(284)	\$ 1,143
Less: Net income attributable to non-controlling interests (a)	39	60	3	7	54	—	(1)	(35)	127
Net income attributable to Dell Technologies Inc. - basic	143	795	60	(51)	316	95	(93)	(249)	1,016
Incremental dilution from VMware, Inc. attributable to Dell Technologies Inc. (b)	(2)								(4)
Net income attributable to Dell Technologies Inc. - diluted	<u>\$ 141</u>								<u>\$ 1,012</u>
Earnings per share - basic	\$ 0.19								\$ 1.37
Earnings per share - diluted	\$ 0.19								\$ 1.34
Weighted-average shares outstanding - basic	740								740
Weighted-average shares outstanding - diluted	755								755

- (a) Net income attributable to non-controlling interests is calculated by multiplying the minority interest percentage of VMware, Inc. and SecureWorks Corp. by their respective non-GAAP net income adjustments for the period presented.
- (b) Incremental dilution from VMware, Inc. attributable to Dell Technologies Inc. represents the impact of VMware, Inc.'s dilutive securities on the diluted earnings per share of Dell Technologies Inc. and is calculated by multiplying the difference between VMware, Inc.'s basic and diluted earnings per share by the number of shares of VMware, Inc. common stock held by Dell Technologies Inc.