

3Q FY21 Performance Review

Nov 24, 2020

Disclaimer

NON-GAAP FINANCIAL MEASURES

This presentation includes information about non-GAAP revenue, non-GAAP gross margin, non-GAAP operating expenses, non-GAAP selling, general, and administrative expenses, non-GAAP research and development expenses, non-GAAP operating income, non-GAAP interest and other, net, non-GAAP income tax, 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, adjusted EBITDA, free cash flow, and free cash flow, excluding VMware, before impact from DFS related items (collectively the “non-GAAP financial measures”), which are not measurements of financial performance prepared in accordance with U.S. generally accepted accounting principles. We have provided a reconciliation of the non-GAAP measures to the most directly comparable GAAP measures in the slides captioned “Supplemental non-GAAP measures.”

SPECIAL NOTE ON FORWARD LOOKING STATEMENTS

Statements in this material that relate to future results and events are forward-looking statements and are based on Dell Technologies' current expectations. In some cases, you can identify these statements by such forward-looking words as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “confidence,” “may,” “plan,” “potential,” “should,” “will” and “would,” or similar expressions. Actual results and events in future periods may differ materially from those expressed or implied by these forward-looking statements because of a number of risks, uncertainties and other factors, including those discussed in Dell Technologies' periodic reports filed with the Securities and Exchange Commission. Dell Technologies assumes no obligation to update its forward-looking statements.

We are the essential technology company

Demonstrating our purpose and commitment to our stakeholders today and tomorrow

PURPOSE

To create technologies that drive human progress.

VISION

To become the most essential technology company for the data era.

STRATEGY

Use our unique strengths to win in the consolidation of the markets in which we compete and create differentiated Dell Technologies solutions.



Customers



Shareholders



Team Members



Partners



Community

Overview

3Q FY21

We are uniquely positioned to win in the growing markets of 2020, and we are investing and innovating to capture the growing markets of tomorrow

- **Current environment**

We've now been through three quarters of navigating uncertainty and a challenging environment. The last nine months have shown that Dell Technologies is resilient and ready to meet the needs of customers today and for what's to come.

- **Record shipments, revenue, and profitability for Client Solutions Group**

Delivered Q3 CSG revenue of \$12.3B and operating income of \$1B driven by double-digit growth across the majority of our commercial and consumer notebook lines and gaming systems.

- **Growing recurring revenue**

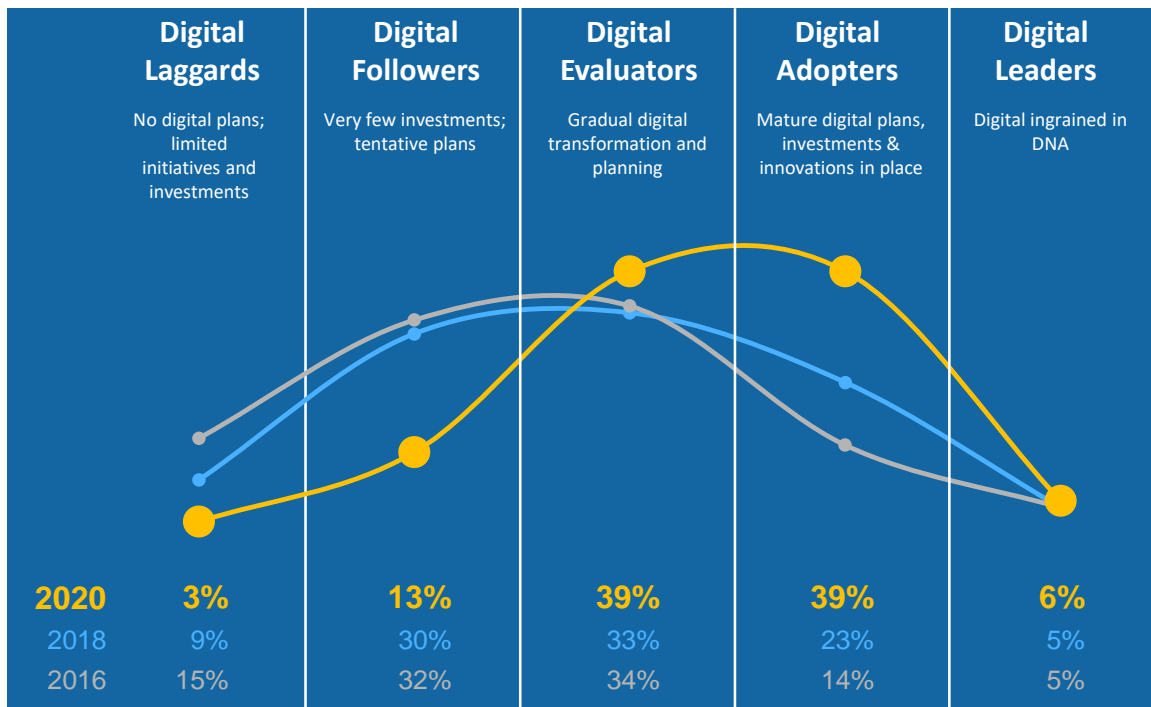
Q3 recurring revenue of \$6B up 13% YoY driven by deferred revenue amortization, data center utility and as-a-service models.

- **Innovating and integrating**

Delivering more innovation through Dell Technologies Cloud Console, enabling a consistent Cloud operating model across a customer's entire IT environment. Bringing a consistent as-a-Service experience to our customers through Project APEX.

Digital Transformation Index YoY¹

2020 index shows there's been an increased adoption of technologies that will shape the next decade



Shaping the digital future

- In 2020, 80% of organizations globally have fast-tracked various digital transformation programs.
- When compared to 2018, nearly 25 percent of respondents have progressed from being digital “laggards” and “followers” to a more advanced stage of their digital journey.
- This is great news for our customers’ digital future, the global economy, and for us with major investments going toward Edge, distributed work and modern consumption, cybersecurity, 5G infrastructure, digital experiences and data management.

¹ Source: Data from independent research firm Vanson Bourne commissioned by Dell Technologies. Digital Transformation Index survey n=4,600 (<https://delltechnologies.com/dtindex>)

Shaping our customers' digital future

Customers are increasingly turning to Dell Technologies as their strategic partner driven by our technology leadership and diverse portfolio

Strategic Partner of Choice

Leveraging our scale and IT expertise

- The accelerated digital transformation we are experiencing today because of the global pandemic plays directly to the thesis we had when creating Dell Technologies, to become the most essential technology company.
- Customers are turning to Dell Technologies as their strategic partner of choice driven by our hybrid cloud capabilities, the depth and breadth of our portfolio
- We are leveraging our deep IT experience and making it easy for customers to manage data and workloads across all their operations.

Our Customers

FedEx's Edge computing environment

- We are working with FedEx and Switch, a leading exascale data center company, to develop technology hubs across the U.S.
- Bringing IT resources closer to where applications and data reside, enabling the benefits of 5G and AI technologies.

Woolworths hybrid cloud

- We are enabling their hybrid cloud strategy by bringing together their public and private clouds onto a single platform, all as-a-Service with Dell Technologies on Demand.

Leader in hybrid cloud solutions

Shaping our customer's digital future with the best hybrid cloud solutions in the industry

Expanding Innovation and Partnerships

- **Project APEX**

Bringing together our as-a-Service and cloud strategy to deliver a simple, consistent as-a-Service experience for our customers, leveraging the full breath of our portfolio of solutions.

- **Dell Technologies Cloud Console**

Delivers a simplified self-service experience to manage every aspect of the cloud journey that helps streamline operations, increase agility and accelerate innovation all from a single interface.

- **Storage as-a-Service**

Portfolio of scalable and elastic storage resources designed to simplify how customers consume IT. (Available in the first half of next year.)

- **VMware Cloud on AWS new capabilities**

Support for VMware Tanzu - centralizes operations and management of Kubernetes clusters. VMware Transit Connect - provides consistent networking and security across different cloud environments.

#1 Public & Private
Cloud IT
Infrastructure

Dell EMC maintained the #1 position with 13.2% share (highest share of named vendors)

Per IDC WW Quarterly Cloud IT Infrastructure Tracker CY20Q2

#1 Storage
Platforms for
Private Cloud

Dell EMC maintained the #1 position with 23.8% share (highest share of named vendors)

Per IDC WW Quarterly Cloud IT Infrastructure Tracker CY20Q2

#1 Cloud
Management
Software

VMware maintained the #1 position with 19.8% share in CY2019

Per IDC WW Cloud System and Service Management Software Market Shares, 2019

#1 Hyperconverged
Systems

Dell EMC maintained the #1 position with 27.9% share

Per IDC WW Quarterly Converged Systems Tracker CY20Q2

Winning in the consolidation

We lead across the markets where we compete and continue to win in the consolidation

#1 External Enterprise Storage

Dell EMC maintained the #1 position with 27.0% share

Per IDC WW Quarterly Enterprise Storage Systems Tracker CY20Q2

#1 Storage Software

Dell EMC maintained the #1 position with 11.1% share

Per IDC WW Storage Software and Cloud Services QView CY20Q2

#1 All Flash Array

Dell EMC maintained the #1 position with 31.3% share

Per IDC WW Quarterly Enterprise Storage Systems Tracker CY20Q2

#1 Server Units and Revenue

Dell EMC is the leader in x86 server revenue and units

Per IDC WW Quarterly Server Tracker CY20Q2, technical tie for #1.

#1 Converged Systems

Dell EMC maintained the #1 position with 38.6% share

Per IDC WW Quarterly Converged Systems Tracker CY20Q2

#1 Purpose-Built Backup Appliance

Dell EMC maintained the #1 position with 48.3% share

Per IDC WW Quarterly Purpose-Built Backup Appliance Tracker CY20Q2

#1 Client Business

Leading Client Business by revenue

Client statistic calculated by Dell Technologies utilizing other PC OEMs' financial public filings.

#1 Flat Panel Monitor

Dell maintained the #1 position with 16.9% share

Per IDC WW Quarterly PC Monitor Tracker CY20Q3

Consolidated GAAP results¹

We are focused on maximizing long-term value creation for all shareholders

\$ in millions, except per share amounts	3Q20	4Q20	1Q21	2Q21	3Q21	YY	Q/Q
Revenue	22,844	24,032	21,897	22,733	23,482	3%	3%
Gross Margin	7,126	7,684	6,853	7,156	7,261	2%	1%
SG&A	5,028	5,642	4,886	4,761	4,772	-5%	0%
R&D	1,262	1,325	1,265	1,259	1,360	8%	8%
Operating Expense	6,290	6,967	6,151	6,020	6,132	-3%	2%
Operating Income (Loss)	836	717	702	1,136	1,129	35%	-1%
Interest and Other, Net	(677)	(626)	(566)	(636)	273	140%	143%
Income Tax	(393)	(325)	(46)	(599)	521	233%	187%
<i>Effective tax rate %</i>	<i>-247.2%</i>	<i>-357.1%</i>	<i>-33.8%</i>	<i>-119.8%</i>	<i>37.2%</i>		
Net Income (Loss)	552	416	182	1,099	881	60%	-20%
Less: Net Income attributable to non-controlling interests	53	8	39	51	49	-8%	-4%
Net Income (loss) attributable to Dell Technologies Inc. - basic	499	408	143	1,048	832	67%	-21%
Less: Incremental dilution from VMware, Inc.	6	3	2	3	3	-50%	0%
Net Income attributable to Dell Technologies Inc. - diluted	493	405	141	1,045	829	68%	-21%
Earnings Per Share - basic ²	0.69	0.56	0.19	1.41	1.11	61%	-21%
Earnings Per Share - diluted ²	0.66	0.54	0.19	1.37	1.08	64%	-21%

¹ Results include material adjustments related to purchase accounting and other items. For additional detail on these adjustments, please refer to supplemental slides in the appendix.

² See appendix B for weighted average shares and EPS calculation

Consolidated non-GAAP results¹

Leveraging our diversified IT platform and strong execution to deliver \$23.5B of revenue

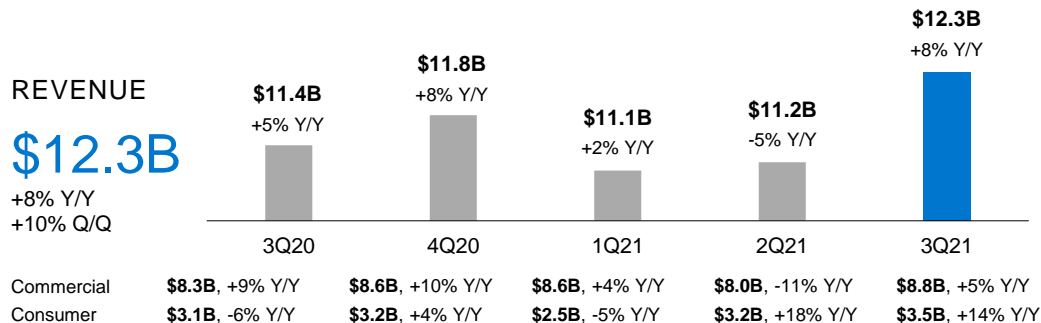
\$ in millions, except per share amounts							
	3Q20	4Q20	1Q21	2Q21	3Q21	Y/Y	Q/Q
Revenue	22,928	24,129	21,945	22,775	23,521	3%	3%
Gross Margin	7,768	8,375	7,325	7,626	7,771	0%	2%
SG&A	4,206	4,460	4,055	3,912	3,895	-7%	0%
R&D	1,120	1,148	1,109	1,096	1,151	3%	5%
Operating Expense	5,326	5,608	5,164	5,008	5,046	-5%	1%
Operating Income (Loss)	2,442	2,767	2,161	2,618	2,725	12%	4%
Interest and Other, Net	(695)	(660)	(780)	(644)	(662)	5%	-3%
Income Tax	302	423	238	353	352	17%	0%
<i>Effective tax rate %</i>	<i>17.3%</i>	<i>20.1%</i>	<i>17.2%</i>	<i>17.9%</i>	<i>17.1%</i>		
Net Income (Loss)	1,445	1,684	1,143	1,621	1,711	18%	6%
Less: Net Income attributable to non-controlling interests	124	171	127	155	143	15%	-8%
Net Income attributable to Dell Technologies Inc. - basic	1,321	1,513	1,016	1,466	1,568	19%	7%
Less: Incremental dilution from VMware, Inc.	6	8	4	5	4	-33%	-20%
Net Income attributable to Dell Technologies Inc. - diluted	1,315	1,505	1,012	1,461	1,564	19%	7%
Earnings Per Share - basic ²	1.82	2.06	1.37	1.98	2.10	15%	6%
Earnings Per Share - diluted ²	1.75	2.00	1.34	1.92	2.03	16%	6%

¹ See supplemental slides in Appendix B for reconciliation of GAAP to Non-GAAP measures.

² See Appendix B for weighted average shares and EPS calculation.

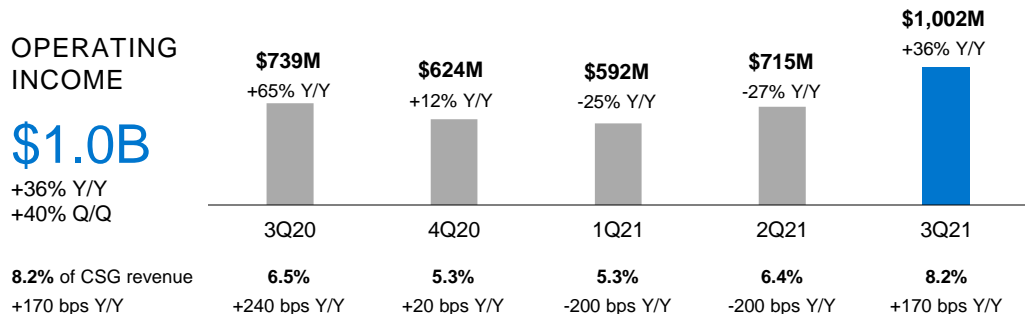
Client Solutions Group

Record units, revenue, and profitability driven by ongoing strong demand for work and learn from home solutions and gaming systems



Commercial revenue driven by double-digit growth in Latitude and Precision notebooks and triple-digit growth in Commercial Chromebooks.

Consumer revenue driven by the strong double-digit growth in Latitude and Precision notebooks and Alienware gaming combined for both notebooks and desktops.



Only big 3 vendor with positive Commercial PC share gain calendar year to date¹.

Strong profitability driven by our record shipments, product mix and operating expense discipline.

¹ Results Market Sources: Per IDC WW Personal Computing Device Tracker CY20Q3, WW commercial PC x-Chrome, on a Y/Y basis.

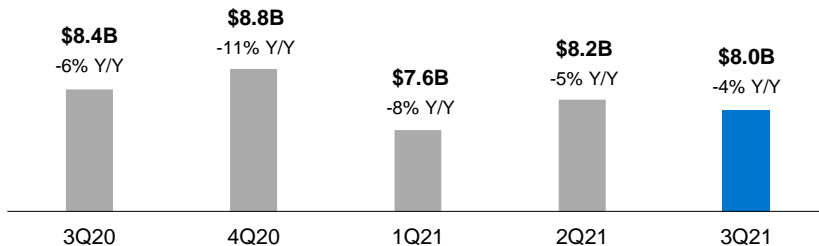
Infrastructure Solutions Group

Executing through current environment and delivering solid profitability

REVENUE

\$8.0B

-4% Y/Y
-2% Q/Q



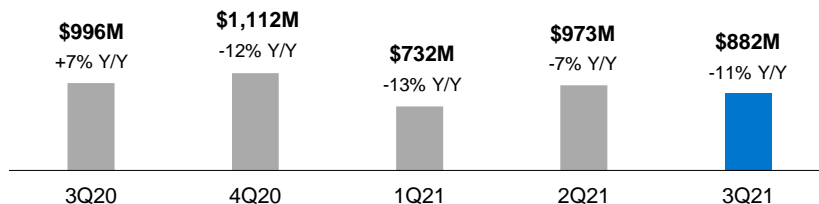
Servers & Networking
Storage

Category	3Q20	4Q20	1Q21	2Q21	3Q21
Servers & Networking	\$4.2B, -16% Y/Y	\$4.3B, -19% Y/Y	\$3.8B, -10% Y/Y	\$4.2B, -5% Y/Y	\$4.2B, -2% Y/Y
Storage	\$4.1B, +7% Y/Y	\$4.5B, -3% Y/Y	\$3.8B, -5% Y/Y	\$4.0B, -4% Y/Y	\$3.9B, -7% Y/Y

OPERATING INCOME

\$882M

-11% Y/Y
-9% Q/Q



11.0% of ISG revenue
-90 bps Y/Y

Quarter	Operating Income (\$M)	Margin %	bps Y/Y
3Q20	\$996M	11.9%	+140
4Q20	\$1,112M	12.7%	-10
1Q21	\$732M	9.7%	-60
2Q21	\$973M	11.9%	-30
3Q21	\$882M	11.0%	-90

Double-digit demand growth in high-end PowerMax and industry leading HCI VxRail.

PowerStore is trending in the right direction and we expect it to ramp through the rest of this year and into FY22.

Continue to see improvement in mainstream servers with orders growing sequentially.

Momentum in high-value servers built for AI and ML workloads with mid-single-digit demand growth.

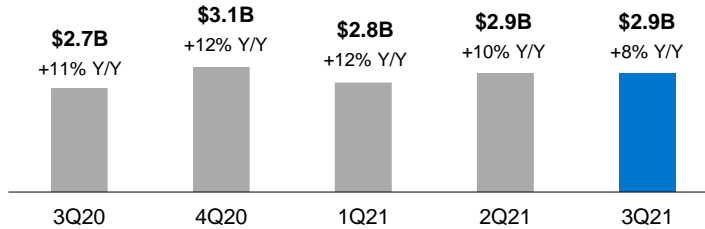
VMware

VMware business unit had another strong quarter, delivering \$2.9B of revenue, up 8% Y/Y, driven by broad-based strength

REVENUE

\$2.9B

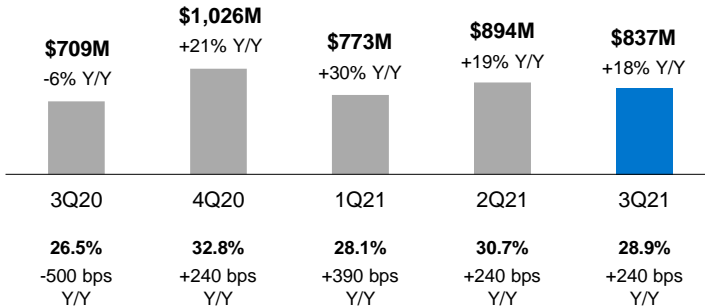
+8% Y/Y
-1% Q/Q



OPERATING INCOME

\$837M

+18% Y/Y
-6% Q/Q



28.9% of VMware revenue
+240 bps Y/Y

Quarter	Operating Margin	Change (bps)
3Q20	26.5%	-500
4Q20	32.8%	+240
1Q21	28.1%	+390
2Q21	30.7%	+240
3Q21	28.9%	+240

¹ Based on VMware's stand-alone results.

Subscription and SaaS revenue grew 44% Y/Y¹.

Better than expected growth in VMware Cloud Provider Program, Modern Applications, and VMware Cloud on AWS¹.

VMware Cloud on AWS continued to show great traction in Q3, with triple-digit revenue growth¹.

Strong operating income of \$837M, or 28.9% of revenue.

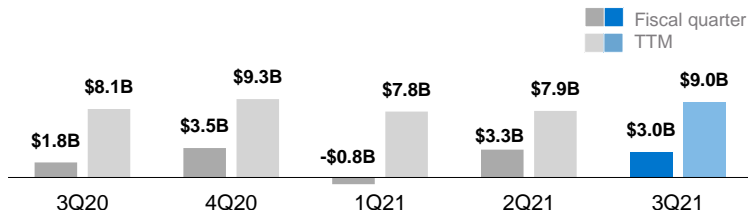
Select financial metrics

Consistent financial execution in a challenging environment

CASH FLOW FROM OPERATIONS

\$3.0B

+64% Y/Y

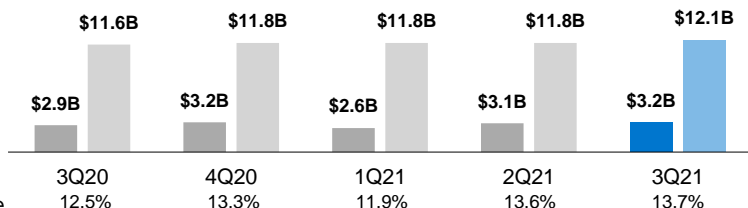


ADJUSTED EBITDA¹

\$3.2B

+13% Y/Y

13.7% of non-GAAP revenue

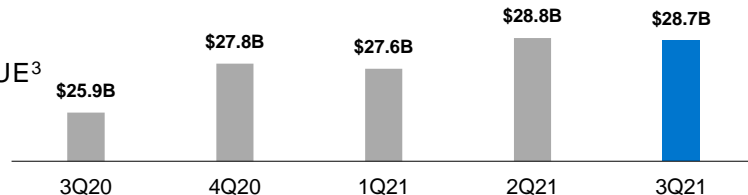


DEFERRED REVENUE³

\$28.7B

+11% Y/Y

-0.4% Q/Q



Generated strong and above typical seasonality cash flow from operations due to strong profitability and diligent working capital management.

Strong liquidity position with \$13.0B C&I and we made excellent progress on de-levering.

Deferred revenue up 11% Y/Y, adding revenue stability². Recurring revenue is \$6B for the quarter, up 13% Y/Y³.

Solid trailing twelve month adjusted EBITDA¹ of \$12.1B, 13.1% of non-GAAP revenue.

¹ See supplemental slides in Appendix B for reconciliation of Net Income to Adjusted EBITDA..

²Total deferred revenue as of quarter-end includes purchase accounting adjustments.

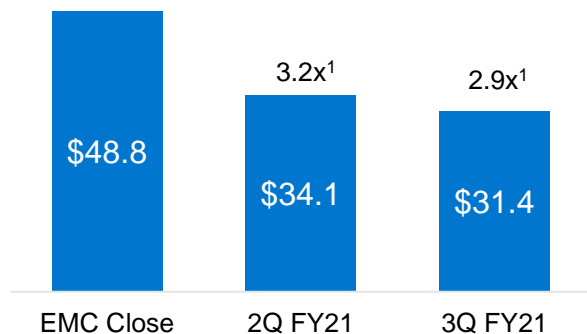
³ Recurring revenue includes deferred revenue amortization, data center utility and as-a-service models.

Debt & capital structure

Focused on paying down core debt while efficiently supporting DFS growth

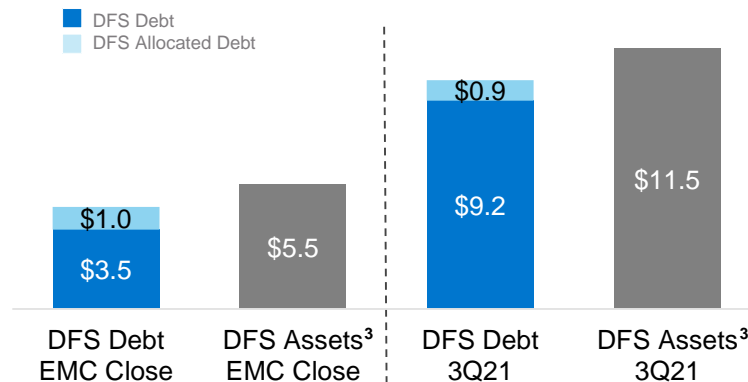
CORE DEBT

- \$17.4B paydown to date since EMC close
- Core leverage down to 2.9x due to strong profitability and debt paydown
 - On track to pay down \$5.5B in FY21, \$2.4B remaining



DFS-RELATED DEBT

- Growing DFS to support our customers
- Majority of debt non-recourse to Dell
- Debt serviced by high-quality DFS receivables²



¹ Core leverage ratio calculated using core debt as numerator and core EBITDA as denominator; core EBITDA calculated using Dell Technologies consolidated Adjusted EBITDA less 19% of VMware EBITDA less DFS estimated EBITDA. DFS estimated EBITDA calculated as a 4% return on assets comprised of financing receivables and DFS operating lease balance. 4% return on assets is derived from a peer benchmark analysis and is an indicative proxy for DFS EBITDA.

² Based on DFS internal scorecards, a majority of our financing receivables have an investment grade profile. Over the past 12 months the principal charge-off for our total portfolio was 1% of our financing receivables.

³ DFS Assets consists of DFS financing receivables plus net operating leases.

Guidance

Though the latest global GDP and industry data for infrastructure demand indicate gradual improvement into next year, there continues to be a high degree of uncertainty as COVID-19 infections increase globally and some geographies have implemented new restrictions.

- **Non-GAAP Revenue Guidance**

Given the macro backdrop and the trends we've seen in our business, we expect Q4 revenue to be up 3% to 4% sequentially, which is slightly below typical seasonality of up 5% to 6% sequentially. We expect strong CSG results, with revenue expected to be slightly above normal seasonality of plus 2% to 3% sequentially. For ISG, we expect revenue to track slightly lower than last year's 4% sequential growth based on the continued softness in data center spending.

- **Non-GAAP Operating Income Guidance**

From an operating income standpoint, we expect CSG margins to remain strong and above historical averages but lower sequentially due to a higher mix of consumer PCs and commercial Chromebooks along with holiday promotions. We are a bit more cautious on ISG margin dollars given the uncertainty in the macro, while VMware should benefit from typical seasonality in Q4. Taking all of this into account, we expect consolidated operating margin dollars to be slightly higher versus Q3.

- **FY22 Color**

Given the uncertainty, we believe it is still too early to talk about next year; however, given current global GDP and IDC forecasts, we are cautiously optimistic about the potential for recovery post pandemic-related pressures. GDP expectations and IT spend (ex. Telco) estimates from both IDC and Gartner, see 4-5% growth in 2021. We hope to have better perspective on the global economy and our outlook after we close FY21.

Key Takeaways

We have a history of navigating through challenging environments and this year has been a great example of our strong operational heritage.

The steady execution in our core businesses and ability to leverage our broad portfolio have enabled stability and generated strong cash flow through these uncertain times.

- **Client Solutions Group record quarter**
CSG had an outstanding quarter, delivering record shipments, revenue and operating income. Revenue for Q3 was \$12.3 billion, up 8% YoY and operating income was \$1.0B up 36% YoY. Consumers and businesses are spending on notebooks at a growth rate we haven't seen in over a decade.
- **Strong cash flow generation**
Generated \$3.0B of cash flow from operations in Q3. Our trailing twelve month adjusted free cash flow was \$8.8B up 15% YoY driven by strong profitability and diligent working capital management.
- **Solid profitability**
Delivered Non-GAAP operating income of \$2.7B up 12% YoY or 11.6% of revenue driven primarily by our ongoing operating expense controls and strong profitability in CSG. Non-GAAP EPS was \$2.03, up 16%.
- **Excellent progress paying down debt**
We have now paid \$17.4B of core debt since the EMC transaction and our core debt is now \$31.4B. We are on track to reduce core debt by approximately \$5.5B in FY21 as we expect to paydown at least \$2.4B in Q4.

Appendix A

Debt and DFS summary

Debt summary

\$ in billions ^{1,2}	EMC Close	3Q20	4Q20	1Q21	2Q21	3Q21
Revolver	2.0	-	-	-	-	-
Term Loan A	9.4	4.2	4.2	4.1	4.0	4.0
Term Loan B	5.0	4.8	4.7	4.7	4.7	4.7
Investment Grade Notes	20.0	20.8	20.8	23.0	21.6	18.5
DFS Allocated Debt	(1.0)	(0.9)	(1.5)	(0.9)	(1.2)	(0.9)
Total Core Secured Debt ³	35.4	28.8	28.2	31.0	29.1	26.3
High Yield Notes	3.3	2.7	2.7	2.7	2.7	2.7
Asset Sale Bridge	2.2	-	-	-	-	-
Legacy Dell Unsecured Notes	2.5	1.4	1.4	1.4	1.4	1.4
Legacy EMC Unsecured Notes	5.5	3.0	1.6	1.6	1.0	1.0
Total Unsecured Core Debt	13.4	7.1	5.7	5.7	5.1	5.1
Total Core Debt ⁴	48.8	35.9	33.8	36.6	34.1	31.4
Margin Loan and Other	4.0	4.0	4.0	4.0	4.1	4.2
DFS Debt	3.5	7.6	7.8	8.3	8.8	9.2
DFS Allocated Debt	1.0	0.9	1.5	0.9	1.2	0.9
Total DFS Related Debt	4.5	8.4	9.3	9.1	10.0	10.1
Total Debt, Excluding Public Subsidiaries ⁵	57.3	48.4	47.1	49.8	48.2	45.6
Total Public Subsidiary Debt	-	4.7	5.6	7.6	6.3	4.8
Total Debt, Including Public Subsidiaries ⁵	57.3	53.0	52.7	57.3	54.5	50.4

¹ Amounts are based on underlying data and may not visually foot due to rounding.

² Principal Face Value.

³ Core Secured Debt represents secured term loans, investment grade notes, and revolver. It excludes DFS allocated debt based on a 7:1 leverage ratio of DFS financing receivables and fixed assets supporting operating leases.

⁴ Core Debt represents the total amount of our debt, less: (a) unrestricted subsidiary debt, (b) DFS related debt, and (c) other debt.

⁵ VMware and its respective subsidiaries are considered unrestricted subsidiaries for purposes of the existing debt of Dell Technologies.

DFS summary

\$ in billions	3Q20	4Q20	1Q21	2Q21	3Q21
Originations ¹	2.0	2.8	1.8	2.6	2.1
Trailing twelve months	7.8	8.5	8.6	9.2	9.3
Financing Receivables ²	9.1	9.7	9.5	10.2	10.2
Operating Leases ³	0.6	0.8	1.0	1.2	1.3
Total Managed Assets ⁴	10.7	11.6	11.3	12.5	12.6

¹ Originations represent the amounts of financing provided by DFS to customers for equipment and related software and services, including third-party originations.

² Amounts represent financing receivables included on the Dell Technologies Consolidated Statements of Financial Position.

³ Amount represents net carrying value of equipment for DFS operating leases.

⁴ Total managed assets consists of financing receivables, syndicated receivables we still service, and operating leases.

Appendix B

Supplemental non-GAAP measures

Supplemental non-GAAP measures

Revenue and gross margin

\$ in millions	3Q20	4Q20	1Q21	2Q21	3Q21
GAAP revenue	22,844	24,032	21,897	22,733	23,482
Impact of purchase accounting ¹	84	97	48	42	39
Non-GAAP revenue	22,928	24,129	21,945	22,775	23,521
GAAP gross margin	7,126	7,684	6,853	7,156	7,261
Amortization of intangibles	517	526	372	375	375
Impact of purchase accounting ¹	86	98	51	43	40
Stock-based compensation	33	38	40	50	51
Other corporate expenses ²	6	29	9	2	44
Total adjustments to gross margin	642	691	472	470	510
Non-GAAP gross margin	7,768	8,375	7,325	7,626	7,771
<i>GM % of non-GAAP revenue</i>	<i>33.9%</i>	<i>34.7%</i>	<i>33.4%</i>	<i>33.5%</i>	<i>33.0%</i>

¹ This amount includes non-cash purchase accounting adjustments primarily related to the EMC merger transaction.

² Consists of severance, facility action, and other costs.

Supplemental non-GAAP measures

SG&A, R&D and operating expense

\$ in millions	3Q20	4Q20	1Q21	2Q21	3Q21
GAAP SG&A	5,028	5,642	4,886	4,761	4,772
Amortization of intangibles	(540)	(548)	(483)	(472)	(470)
Impact of purchase accounting ¹	(10)	(12)	(12)	(10)	(9)
Transaction costs ²	(76)	(119)	(76)	(82)	(52)
Stock based compensation	(158)	(190)	(182)	(202)	(215)
Other corporate expenses ³	(38)	(313)	(78)	(83)	(132)
Non-GAAP SG&A	4,206	4,460	4,055	3,912	3,895
GAAP R&D	1,262	1,325	1,265	1,259	1,360
Impact of purchase accounting ¹	-	(2)	-	-	-
Transaction costs ²	-	(1)	-	(1)	-
Stock based compensation	(131)	(148)	(148)	(161)	(170)
Other corporate expenses ³	(11)	(26)	(8)	(1)	(39)
Non-GAAP R&D	1,120	1,148	1,109	1,096	1,151
GAAP operating expenses	6,290	6,967	6,151	6,020	6,132
Amortization of intangibles	(540)	(548)	(483)	(472)	(470)
Impact of purchase accounting ¹	(10)	(14)	(12)	(10)	(9)
Transaction costs ²	(76)	(120)	(76)	(83)	(52)
Stock based compensation	(289)	(338)	(330)	(363)	(385)
Other corporate expenses ³	(49)	(339)	(86)	(84)	(170)
Total adjustments to operating expenses	(964)	(1,359)	(987)	(1,012)	(1,086)
Non-GAAP operating expenses	5,326	5,608	5,164	5,008	5,046
<i>OpEx % of non-GAAP revenue</i>	<i>23.2%</i>	<i>23.2%</i>	<i>23.6%</i>	<i>22.0%</i>	<i>21.4%</i>

¹ This amount includes non-cash purchase accounting adjustments primarily related to the EMC merger transaction.

² Consists of acquisition, integration, and divestiture-related costs.

³ Consists of severance, facility action, one-time legal accrual, and other costs.

Supplemental non-GAAP measures

Operating Income

\$ in millions	3Q20	4Q20	1Q21	2Q21	3Q21
GAAP operating income (loss)	836	717	702	1,136	1,129
Non-GAAP adjustments:					
Amortization of intangibles	1,057	1,074	855	847	845
Impact of purchase accounting ¹	96	112	63	53	49
Transaction costs ²	76	120	76	83	52
Stock based compensation	322	376	370	413	436
Other corporate expenses ³	55	368	95	86	214
Total adjustments to operating income	1,606	2,050	1,459	1,482	1,596
Non-GAAP operating income	2,442	2,767	2,161	2,618	2,725
<i>OpInc % of non-GAAP revenue</i>	<i>10.7%</i>	<i>11.5%</i>	<i>9.8%</i>	<i>11.5%</i>	<i>11.6%</i>

¹ This amount includes non-cash purchase accounting adjustments primarily related to the EMC merger transaction.

² Consists of acquisition, integration, and divestiture-related costs.

³ Consists of severance, facility action, one-time legal accrual, and other costs.

Supplemental non-GAAP measures

Interest and other

\$ in millions	3Q20	4Q20	1Q21	2Q21	3Q21
GAAP interest and other, net:					
Investment income, primarily interest	41	33	24	12	11
Gain on investments, net	18	34	94	8	489
Interest expense	(654)	(630)	(672)	(617)	(566)
Foreign exchange	(43)	(39)	(99)	-	(31)
Other	(39)	(24)	87	(39)	370
GAAP interest and other, net	(677)	(626)	(566)	(636)	273
Adjustments:					
Non-GAAP adjustments ¹	18	34	214	8	935
Non-GAAP interest and other, net	(695)	(660)	(780)	(644)	(662)
<i>I&O as a % of non-GAAP revenue</i>	<i>-3.0%</i>	<i>-2.7%</i>	<i>-3.5%</i>	<i>-2.8%</i>	<i>-2.8%</i>

¹ Primarily consists of the fair value adjustments on strategic equity investments as well as a gain on the sale of Virtustream assets in 1Q2021 and RSA in 3Q2021.

Supplemental non-GAAP measures

Net income

\$ in millions	3Q20	4Q20	1Q21	2Q21	3Q21
GAAP net income (loss)	552	416	182	1,099	881
Non-GAAP adjustments:					
Amortization of intangibles	1,057	1,074	855	847	845
Impact of purchase accounting ¹	96	112	63	53	49
Transaction costs ²	76	120	(44)	83	(286)
Stock based compensation	322	376	370	413	436
Other corporate expenses ³	55	368	95	86	106
Fair value adjustments on equity investments ⁴	(18)	(34)	(94)	(8)	(489)
Aggregate adjustment for income taxes ⁵	(695)	(748)	(284)	(952)	169
Total adjustments to net income	893	1,268	961	522	830
Non-GAAP net income	1,445	1,684	1,143	1,621	1,711
<i>NI % of non-GAAP revenue</i>	<i>6.3%</i>	<i>7.0%</i>	<i>5.2%</i>	<i>7.1%</i>	<i>7.3%</i>

¹ This amount includes non-cash purchase accounting adjustments primarily related to the EMC merger transaction.

² Consists of acquisition, integration, and divestiture-related costs and gains.

³ Consists of severance, facility action, one-time legal accrual, and other costs.

⁴ Consists of the gain (loss) on strategic investments, which includes the fair value adjustments on equity investments.

⁵ Consists of the tax effects of non-GAAP adjustments, as well as an adjustment for discrete tax items.

Supplemental non-GAAP measures

Net income attributable to non-controlling interests

\$ in millions	3Q20	4Q20	1Q21	2Q21	3Q21
GAAP net income attributable to non-controlling interests	53	8	39	51	49
Amortization of intangibles ¹	75	76	60	64	63
Impact of purchase accounting ²	5	6	3	4	3
Transaction costs ³	13	32	7	8	5
Stock based compensation	55	65	54	57	61
Other corporate expenses ⁴	-	45	-	-	9
Fair value adjustments on equity investments ⁵	(50)	-	(1)	-	(34)
Aggregate adjustment for income taxes ⁶	(27)	(61)	(35)	(29)	(13)
Total adjustments to net income attributable to non-controlling interests	71	163	88	104	94
Non-GAAP net income attributable to non-controlling interests	124	171	127	155	143

¹ Amortization of intangibles reflects Dell Technologies Inc. basis.

² This amount includes non-cash purchase accounting adjustments primarily related to the EMC merger transaction.

³ Consists of acquisition, integration and divestiture-related costs.

⁴ Other corporate expenses represents accrual for VMware legal charge in 4Q20 and VMware severance in 3Q21.

⁵ Consists of the gain (loss) on strategic investments, which includes the fair value adjustments on equity investments.

⁶ Consists of the tax effects of non-GAAP adjustments, as well as an adjustment for discrete tax items.

Supplemental non-GAAP measures

Net income attributable to Dell Technologies Inc.

\$ in millions	3Q20	4Q20	1Q21	2Q21	3Q21
GAAP net income (loss) attributable to Dell Technologies Inc.	499	408	143	1,048	832
Amortization of intangibles	1,057	1,074	855	847	845
Impact of purchase accounting ¹	96	112	63	53	49
Transaction costs ²	76	120	(44)	83	(286)
Stock based compensation	322	376	370	413	436
Other corporate expenses ³	55	368	95	86	106
Fair value adjustments on equity investments ⁴	(18)	(34)	(94)	(8)	(489)
Aggregate adjustment for income taxes ⁵	(695)	(748)	(284)	(952)	169
Total non-GAAP adjustments attributable to non-controlling interests	(71)	(163)	(88)	(104)	(94)
Total adjustments to net income attributable to Dell Technologies Inc.	822	1,105	873	418	736
Non-GAAP net income attributable to Dell Technologies Inc. - basic	1,321	1,513	1,016	1,466	1,568
Incremental dilution from VMware, Inc. ⁶	(6)	(8)	(4)	(5)	(4)
Non-GAAP net income attributable to Dell Technologies Inc. - diluted	1,315	1,505	1,012	1,461	1,564

¹ This amount includes non-cash purchase accounting adjustments primarily related to the EMC merger transaction.

² Consists of acquisition, integration and divestiture-related costs and gains.

³ Consists of severance, facility action, one-time legal accrual, and other costs.

⁴ Consists of the gain (loss) on strategic investments, which includes the fair value adjustments on equity investments.

⁵ Consists of the tax effects of non-GAAP adjustments, as well as an adjustment for discrete tax items.

⁶ The incremental dilution from VMware attributable to Dell Technologies Inc. represents the impact of VMware Inc.'s dilutive securities on the diluted earnings per share of Dell Technologies and is calculated by multiplying the difference between VMware's basic and diluted earnings per share by the number of shares of VMware common stock held by Dell Technologies.

Supplemental non-GAAP measures

Earnings per share - basic and diluted

\$ in millions, except per share figures	3Q20	4Q20	1Q21	2Q21	3Q21
GAAP net income attributable to Dell Technologies Inc.	499	408	143	1,048	832
Weighted-average shares outstanding - basic	725	734	740	741	747
GAAP EPS attributable to Dell Technologies Inc. - basic	0.69	0.56	0.19	1.41	1.11
Incremental dilution from VMware Inc. ¹	(6)	(3)	(2)	(3)	(3)
GAAP net income attributable to Dell Technologies Inc. - diluted	493	405	141	1,045	829
Weighted-average shares outstanding - diluted	750	754	755	761	771
GAAP EPS attributable to Dell Technologies Inc. - diluted	0.66	0.54	0.19	1.37	1.08
Non-GAAP net income attributable to Dell Technologies Inc.	1,321	1,513	1,016	1,466	1,568
Weighted-average shares outstanding - basic	725	734	740	741	747
Non-GAAP EPS attributable to Dell Technologies Inc. - basic	1.82	2.06	1.37	1.98	2.10
Incremental dilution from VMware Inc. ¹	(6)	(8)	(4)	(5)	(4)
Non-GAAP net income attributable to Dell Technologies Inc. - diluted	1,315	1,505	1,012	1,461	1,564
Weighted-average shares outstanding - diluted	750	754	755	761	771
Non-GAAP EPS attributable to Dell Technologies Inc. - diluted	1.75	2.00	1.34	1.92	2.03

¹ The incremental dilution from VMware attributable to Dell Technologies Inc. represents the impact of VMware Inc.'s dilutive securities on the diluted earnings per share of Dell Technologies and is calculated by multiplying the difference between VMware's basic and diluted earnings per share by the number of shares of VMware common stock held by Dell Technologies.

Supplemental non-GAAP measures

Adjusted EBITDA

\$ in millions	3Q20	4Q20	1Q21	2Q21	3Q21
GAAP net income (loss)	552	416	182	1,099	881
Adjustments:					
Interest and other, net	677	626	566	636	(273)
Income tax provision (benefit)	(393)	(325)	(46)	(599)	521
Depreciation and amortization	1,494	1,535	1,316	1,340	1,361
EBITDA	2,330	2,252	2,018	2,476	2,490
Adjustments:					
Impact of purchase accounting ¹	84	96	48	42	39
Transaction costs ²	76	120	76	83	52
Stock based compensation	322	376	370	413	436
Other corporate expenses ³	45	357	95	86	214
Adjusted EBITDA	2,857	3,201	2,607	3,100	3,231
<i>Adj EBITDA % of non-GAAP revenue</i>	<i>12.5%</i>	<i>13.3%</i>	<i>11.9%</i>	<i>13.6%</i>	<i>13.7%</i>

¹ This amount includes non-cash purchase accounting adjustments primarily related to the EMC merger transaction.

² Consists of acquisition, integration, and divestiture-related costs.

³ Consists of severance, facility action, one-time legal accrual, and other costs.

Supplemental non-GAAP measures

Free cash flow

\$ in millions	3Q20	4Q20	1Q21	2Q21	3Q21
Cash flow from operations	1,821	3,508	(796)	3,332	2,994
Adjustments:					
Capital expenditures and capitalized software development costs, net	(597)	(689)	(552)	(544)	(468)
Free cash flow	1,224	2,819	(1,348)	2,788	2,526
Adjustments:					
DFS financing receivables	230	737	14	530	80
DFS operating leases ¹	170	223	135	245	44
Free cash flow before impact from DFS related items	1,624	3,779	(1,199)	3,563	2,650
VMware cash flow from operations	810	1,085	1,374	719	992
Adjustments:					
VMware capital expenditures	(50)	(64)	(87)	(76)	(84)
VMware free cash flow	760	1,021	1,287	643	908
Free cash flow, excluding VMware, before impact from DFS related items	864	2,758	(2,486)	2,920	1,742

¹ Amount represents change in net carrying value of equipment for DFS operating leases.

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