

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

	Three Months Ended		Change
	May 1, 2020	May 3, 2019	
Net revenue (a):			
Products	\$ 16,038	\$ 16,575	(3)%
Services	5,859	5,333	10 %
Total net revenue	<u>21,897</u>	<u>21,908</u>	— %
Cost of net revenue:			
Products	12,804	13,079	(2)%
Services	2,240	2,032	10 %
Total cost of net revenue	<u>15,044</u>	<u>15,111</u>	— %
Gross margin	6,853	6,797	1 %
Operating expenses:			
Selling, general, and administrative	4,886	5,071	(4)%
Research and development	1,265	1,176	8 %
Total operating expenses	<u>6,151</u>	<u>6,247</u>	(2)%
Operating income	702	550	28 %
Interest and other, net	(566)	(693)	18 %
Income (loss) before income taxes	136	(143)	195 %
Income tax benefit	(46)	(472)	90 %
Net income	182	329	(45)%
Less: Net income attributable to non-controlling interests	39	36	8 %
Net income attributable to Dell Technologies Inc.	<u>\$ 143</u>	<u>\$ 293</u>	(51)%

Percentage of Total Net Revenue:

Gross margin	31 %	31 %
Selling, general, and administrative	22 %	23 %
Research and development	6 %	5 %
Operating expenses	28 %	29 %
Operating income	3 %	3 %
Income (loss) before income taxes	1 %	(1)%
Net income	1 %	2 %
Income tax rate	(33.8)%	330.1 %

(a) During the fourth quarter of Fiscal 2020, the Company reclassified revenue associated with certain service and software-as-a-service offerings from product revenue to services revenue. There was no change to total revenue as a result of the reclassifications. Prior period results have been recast to conform with current period presentation.

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

	May 1, 2020	January 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,229	\$ 9,302
Accounts receivable, net	10,797	12,484
Short-term financing receivables, net	4,752	4,895
Inventories, net	3,616	3,281
Other current assets	7,437	6,906
Current assets held for sale	2,100	—
Total current assets	40,931	36,868
Property, plant, and equipment, net	6,100	6,055
Long-term investments	974	864
Long-term financing receivables, net	4,710	4,848
Goodwill	40,248	41,691
Intangible assets, net	16,827	18,107
Other non-current assets	10,446	10,428
Total assets	\$ 120,236	\$ 118,861
LIABILITIES, REDEEMABLE SHARES, AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Short-term debt	\$ 8,375	\$ 7,737
Accounts payable	18,432	20,065
Accrued and other	8,073	9,773
Short-term deferred revenue	14,766	14,881
Current liabilities held for sale	365	—
Total current liabilities	50,011	52,456
Long-term debt	48,353	44,319
Long-term deferred revenue	12,851	12,919
Other non-current liabilities	5,340	5,383
Total liabilities	116,555	115,077
Redeemable shares	441	629
Stockholders' equity (deficit):		
Total Dell Technologies Inc. stockholders' deficit	(1,614)	(1,574)
Non-controlling interests	4,854	4,729
Total stockholders' equity (deficit)	3,240	3,155
Total liabilities, redeemable shares, and stockholders' equity (deficit)	\$ 120,236	\$ 118,861

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

	Three Months Ended	
	May 1, 2020	May 3, 2019
Cash flows from operating activities:		
Net income	\$ 182	\$ 329
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Change in cash from operating activities	(796)	682
Cash flows from investing activities:		
Purchases of investments	(56)	(38)
Maturities and sales of investments	39	337
Capital expenditures and capitalized software development costs	(559)	(716)
Acquisition of businesses and assets, net	(38)	(45)
Divestitures of businesses and assets, net	120	(3)
Other	9	7
Change in cash from investing activities	(485)	(458)
Cash flows from financing activities:		
Proceeds from the issuance of common stock	116	134
Repurchases of parent common stock inclusive of tax withholdings	(240)	(6)
Repurchases of subsidiary common stock inclusive of tax withholdings	(300)	(803)
Proceeds from debt	10,135	9,563
Repayments of debt	(5,405)	(9,569)
Other	(42)	(38)
Change in cash from financing activities	4,264	(719)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(136)	(36)
Change in cash, cash equivalents, and restricted cash	2,847	(531)
Cash, cash equivalents, and restricted cash at beginning of the period	10,151	10,240
Cash, cash equivalents, and restricted cash at end of the period	\$ 12,998	\$ 9,709

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

	Three Months Ended		Change
	May 1, 2020	May 3, 2019	
<u><i>Infrastructure Solutions Group (ISG):</i></u>			
Net Revenue:			
Servers and networking	\$ 3,758	\$ 4,180	(10)%
Storage	3,811	4,022	(5)%
Total ISG net revenue	<u>\$ 7,569</u>	<u>\$ 8,202</u>	(8)%
Operating Income:			
ISG operating income	<u>\$ 732</u>	<u>\$ 843</u>	(13)%
<i>% of ISG net revenue</i>	<i>10%</i>	<i>10%</i>	
<i>% of total reportable segment operating income</i>	<i>35%</i>	<i>38%</i>	
<u><i>Client Solutions Group (CSG):</i></u>			
Net Revenue:			
Commercial	\$ 8,634	\$ 8,307	4 %
Consumer	2,470	2,603	(5)%
Total CSG net revenue	<u>\$ 11,104</u>	<u>\$ 10,910</u>	2 %
Operating Income:			
CSG operating income	<u>\$ 592</u>	<u>\$ 793</u>	(25)%
<i>% of CSG net revenue</i>	<i>5%</i>	<i>7%</i>	
<i>% of total reportable segment operating income</i>	<i>28%</i>	<i>36%</i>	
<u><i>VMware (a):</i></u>			
Net Revenue:			
Total VMware net revenue	<u>\$ 2,755</u>	<u>\$ 2,457</u>	12 %
Operating Income:			
VMware operating income	<u>\$ 773</u>	<u>\$ 595</u>	30 %
<i>% of VMware net revenue</i>	<i>28%</i>	<i>24%</i>	
<i>% of total reportable segment operating income</i>	<i>37%</i>	<i>27%</i>	

(a) During the fourth quarter of Fiscal 2020, the Company reclassified Pivotal operating results from Other businesses to the VMware reportable segment. There was no change to consolidated results as a result of the reclassification. Prior period results have been recast to conform with current period presentation.

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

	Three Months Ended	
	May 1, 2020	May 3, 2019
<i><u>Reconciliation to consolidated net revenue:</u></i>		
Reportable segment net revenue (a)	\$ 21,428	\$ 21,569
Other businesses (a) (b)	517	421
Unallocated transactions (c)	—	—
Impact of purchase accounting (d)	(48)	(82)
Total consolidated net revenue	\$ 21,897	\$ 21,908
<i><u>Reconciliation to consolidated operating income:</u></i>		
Reportable segment operating income (a)	\$ 2,097	\$ 2,231
Other businesses (a) (b)	65	(34)
Unallocated transactions (c)	(1)	(1)
Impact of purchase accounting (d)	(63)	(101)
Amortization of intangibles	(855)	(1,217)
Transaction-related expenses (e)	(76)	(42)
Stock-based compensation expense (f)	(370)	(263)
Other corporate expenses (g)	(95)	(23)
Total consolidated operating income	\$ 702	\$ 550

- (a) During Fiscal 2020, the Company reclassified Pivotal operating results from Other businesses to the VMware reportable segment. Prior period results have been recast to conform with current period presentation.
- (b) Secureworks, RSA Security, 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.
- (c) Unallocated transactions includes other corporate items that are not allocated to Dell Technologies’ reportable segments.
- (d) Impact of purchase accounting includes non-cash purchase accounting adjustments that are primarily related to the EMC merger transaction.
- (e) Transaction-related expenses includes acquisition, integration, and divestiture related costs.
- (f) Stock-based compensation expense consists of equity awards granted based on the estimated fair value of those awards at grant date.
- (g) Other corporate expenses includes 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 percentages; unaudited)

	Three Months Ended		Change
	May 1, 2020	May 3, 2019	
Non-GAAP net revenue	\$ 21,945	\$ 21,990	— %
Non-GAAP gross margin	\$ 7,325	\$ 7,434	(1)%
<i>% of non-GAAP net revenue</i>	<i>33%</i>	<i>34%</i>	
Non-GAAP operating expenses	\$ 5,164	\$ 5,238	(1)%
<i>% of non-GAAP net revenue</i>	<i>24%</i>	<i>24%</i>	
Non-GAAP operating income	\$ 2,161	\$ 2,196	(2)%
<i>% of non-GAAP net revenue</i>	<i>10%</i>	<i>10%</i>	
Non-GAAP net income	\$ 1,143	\$ 1,209	(5)%
<i>% of non-GAAP net revenue</i>	<i>5%</i>	<i>5%</i>	
Adjusted EBITDA	\$ 2,607	\$ 2,573	1 %
<i>% of non-GAAP net revenue</i>	<i>12%</i>	<i>12%</i>	

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

	Three Months Ended		Change
	May 1, 2020	May 3, 2019	
Net revenue	\$ 21,897	\$ 21,908	— %
Non-GAAP adjustments:			
Impact of purchase accounting	48	82	
Non-GAAP net revenue	<u>\$ 21,945</u>	<u>\$ 21,990</u>	— %
Gross margin	\$ 6,853	\$ 6,797	1 %
Non-GAAP adjustments:			
Amortization of intangibles	372	519	
Impact of purchase accounting	51	84	
Transaction-related expenses	—	(5)	
Stock-based compensation expense	40	26	
Other corporate expenses	9	13	
Non-GAAP gross margin	<u>\$ 7,325</u>	<u>\$ 7,434</u>	(1)%
Operating expenses	\$ 6,151	\$ 6,247	(2)%
Non-GAAP adjustments:			
Amortization of intangibles	(483)	(698)	
Impact of purchase accounting	(12)	(17)	
Transaction-related expenses	(76)	(47)	
Stock-based compensation expense	(330)	(237)	
Other corporate expenses	(86)	(10)	
Non-GAAP operating expenses	<u>\$ 5,164</u>	<u>\$ 5,238</u>	(1)%
Operating income	\$ 702	\$ 550	28 %
Non-GAAP adjustments:			
Amortization of intangibles	855	1,217	
Impact of purchase accounting	63	101	
Transaction-related expenses	76	42	
Stock-based compensation expense	370	263	
Other corporate expenses	95	23	
Non-GAAP operating income	<u>\$ 2,161</u>	<u>\$ 2,196</u>	(2)%

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

	Three Months Ended		Change
	May 1, 2020	May 3, 2019	
Net income	\$ 182	\$ 329	(45)%
Non-GAAP adjustments:			
Amortization of intangibles	855	1,217	
Impact of purchase accounting	63	101	
Transaction-related expenses	(44)	42	
Stock-based compensation expense	370	263	
Other corporate expenses	95	23	
Fair value adjustments on equity investments	(94)	(62)	
Aggregate adjustment for income taxes	(284)	(704)	
Non-GAAP net income	<u>\$ 1,143</u>	<u>\$ 1,209</u>	(5)%
Net income	\$ 182	\$ 329	(45)%
Adjustments:			
Interest and other, net	566	693	
Income tax benefit	(46)	(472)	
Depreciation and amortization	1,316	1,616	
EBITDA	<u>\$ 2,018</u>	<u>\$ 2,166</u>	(7)%
EBITDA	\$ 2,018	\$ 2,166	(7)%
Adjustments:			
Stock-based compensation expense	370	263	
Impact of purchase accounting	48	83	
Transaction-related expenses	76	42	
Other corporate expenses	95	19	
Adjusted EBITDA	<u>\$ 2,607</u>	<u>\$ 2,573</u>	1 %

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 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 3, 2019
(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	\$ 329	1,217	101	42	263	23	(62)	(704)	\$ 1,209
Less: Net income attributable to non-controlling interests (a)	36	73	6	3	46	—	(26)	(29)	109
Net income attributable to Dell Technologies Inc. - basic	293	1,144	95	39	217	23	(36)	(675)	1,100
Incremental dilution from VMware, Inc. attributable to Dell Technologies Inc. (b)	(8)								(8)
Net income attributable to Dell Technologies Inc. - diluted	\$ 285								\$ 1,092
Earnings per share - basic	\$ 0.41								\$ 1.53
Earnings per share - diluted	\$ 0.38								\$ 1.45
Weighted-average shares outstanding - basic	717								717
Weighted-average shares outstanding - diluted	751								751

(a) Net income attributable to non-controlling interests is calculated by multiplying the minority interest percentage of VMware, Inc., Pivotal Software, Inc., and SecureWorks Corp. by their 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.