

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. (“VMware”) by means of a special stock dividend (the “VMware Spin-off”). 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 all periods presented prior to the completion of the spin-off. 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			Fiscal Year Ended		
	February 3, 2023	January 28, 2022	Change	February 3, 2023	January 28, 2022	Change
<i>Net revenue:</i>						
Products	\$ 19,038	\$ 22,469	(15)%	\$ 79,250	\$ 79,830	(1)%
Services	6,001	5,523	9%	23,051	21,367	8%
Total net revenue	25,039	27,992	(11)%	102,301	101,197	1%
<i>Cost of net revenue:</i>						
Products	15,748	19,265	(18)%	66,029	67,224	(2)%
Services	3,535	3,109	14%	13,586	12,082	12%
Total cost of net revenue	19,283	22,374	(14)%	79,615	79,306	—%
Gross margin	5,756	5,618	2%	22,686	21,891	4%
<i>Operating expenses:</i>						
Selling, general, and administrative	3,772	3,398	11%	14,136	14,655	(4)%
Research and development	795	611	30%	2,779	2,577	8%
Total operating expenses	4,567	4,009	14%	16,915	17,232	(2)%
Operating income	1,189	1,609	(26)%	5,771	4,659	24%
Interest and other, net	(266)	(1,657)	84%	(2,546)	1,264	(301)%
Income before income taxes	923	(48)	NM	3,225	5,923	(46)%
Income tax expense (benefit)	317	(19)	NM	803	981	(18)%
Net income from continuing operations	606	(29)	NM	2,422	4,942	(51)%
Income from discontinued operations, net of income taxes	—	30	(100)%	—	765	(100)%
Net income	606	1	NM	2,422	5,707	(58)%
Less: Net loss attributable to non-controlling interests	(8)	(1)	(700)%	(20)	(6)	(233)%
Less: Net income attributable to non-controlling interests of discontinued operations	—	—	—%	—	150	(100)%
Net income attributable to Dell Technologies Inc.	\$ 614	\$ 2	NM	\$ 2,442	\$ 5,563	(56)%
<i>Percentage of Total Net Revenue:</i>						
Gross margin	23.0 %	20.1 %		22.2 %	21.6 %	
Selling, general, and administrative	15.1 %	12.2 %		13.9 %	14.5 %	
Research and development	3.2 %	2.2 %		2.7 %	2.5 %	
Operating expenses	18.3 %	14.2 %		16.6 %	17.0 %	
Operating income	4.7 %	5.7 %		5.6 %	4.6 %	
Income before income taxes	3.7 %	(0.2)%		3.2 %	5.9 %	
Net income (loss) from continuing operations	2.4 %	(0.1)%		2.4 %	4.9 %	
Income tax rate	34.3 %	39.6 %		24.9 %	16.6 %	

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)

	<u>February 3, 2023</u>	<u>January 28, 2022</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,607	\$ 9,477
Accounts receivable, net	12,482	12,912
Due from related party, net	378	131
Short-term financing receivables, net	5,281	5,089
Inventories	4,776	5,898
Other current assets	10,827	11,526
Total current assets	<u>42,351</u>	<u>45,033</u>
Property, plant, and equipment, net	6,209	5,415
Long-term investments	1,518	1,839
Long-term financing receivables, net	5,638	5,522
Goodwill	19,676	19,770
Intangible assets, net	6,468	7,461
Due from related party, net	440	710
Other non-current assets	7,311	6,985
Total assets	<u>\$ 89,611</u>	<u>\$ 92,735</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 6,573	\$ 5,823
Accounts payable	18,598	27,143
Due to related party	2,067	1,414
Accrued and other	8,874	7,578
Short-term deferred revenue	15,542	14,261
Total current liabilities	<u>51,654</u>	<u>56,219</u>
Long-term debt	23,015	21,131
Long-term deferred revenue	14,744	13,312
Other non-current liabilities	3,223	3,653
Total liabilities	<u>92,636</u>	<u>94,315</u>
Stockholders' equity (deficit):		
Total Dell Technologies Inc. stockholders' equity (deficit)	(3,122)	(1,685)
Non-controlling interests	97	105
Total stockholders' equity (deficit)	<u>(3,025)</u>	<u>(1,580)</u>
Total liabilities and stockholders' equity	<u>\$ 89,611</u>	<u>\$ 92,735</u>

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

	Three Months Ended		Fiscal Year Ended	
	February 3, 2023	January 28, 2022	February 3, 2023	January 28, 2022
Cash flows from operating activities:				
Net income	\$ 606	\$ 1	\$ 2,422	\$ 5,707
Adjustments to reconcile net income to net cash provided by operating activities:				
Change in cash from operating activities	2,108	3,092	1,143	4,600
	2,714	3,093	3,565	10,307
Cash flows from investing activities:				
Purchases of equity and other investments	(7)	(93)	(94)	(256)
Purchases of held-to-maturity investments	—	(1)	(14)	(158)
Maturities and sales of equity and other investments	17	59	116	513
Capital expenditures and capitalized software development costs	(759)	(740)	(3,003)	(2,796)
Acquisition of businesses and assets, net	(70)	—	(70)	(16)
Divestitures of businesses and assets, net	—	—	—	3,957
Other	23	28	41	62
Change in cash from investing activities	(796)	(747)	(3,024)	1,306
Cash flows from financing activities:				
Dividends paid by VMware, Inc. to non-controlling interests	—	(2,240)	—	(2,240)
Proceeds from the issuance of common stock	—	8	5	334
Repurchases of parent common stock (a)	(182)	(628)	(3,272)	(663)
Repurchases of subsidiary common stock (a)	(1)	(1)	(9)	(1,175)
Payments of dividends to stockholders	(236)	—	(964)	—
Proceeds from debt	3,700	7,388	12,479	20,425
Repayments of debt	(1,746)	(13,654)	(9,825)	(26,723)
Net transfer of cash, cash equivalents, and restricted cash to VMware, Inc.	—	(5,052)	—	(5,052)
Debt-related costs and other, net	(22)	(1,402)	(39)	(1,515)
Change in cash from financing activities	1,513	(15,581)	(1,625)	(16,609)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	239	(52)	(104)	(106)
Change in cash, cash equivalents, and restricted cash	3,670	(13,287)	(1,188)	(5,102)
Cash, cash equivalents, and restricted cash at beginning of the period, including cash attributable to discontinued operations	5,224	23,369	10,082	15,184
Cash, cash equivalents, and restricted cash from continuing operations	<u>\$ 8,894</u>	<u>\$ 10,082</u>	<u>\$ 8,894</u>	<u>\$ 10,082</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			Fiscal Year Ended		
	February 3, 2023	January 28, 2022	Change	February 3, 2023	January 28, 2022	Change
<i>Infrastructure Solutions Group (ISG):</i>						
Net revenue:						
Servers and networking	\$ 4,940	\$ 4,720	5%	\$ 20,398	\$ 17,901	14%
Storage	4,965	4,499	10%	17,958	16,465	9%
Total ISG net revenue	<u>\$ 9,905</u>	<u>\$ 9,219</u>	7%	<u>\$ 38,356</u>	<u>\$ 34,366</u>	12%
Operating Income:						
ISG operating income	<u>\$ 1,543</u>	<u>\$ 1,102</u>	40%	<u>\$ 5,045</u>	<u>\$ 3,736</u>	35%
<i>% of ISG net revenue</i>	<i>15.6 %</i>	<i>12.0 %</i>		<i>13.2 %</i>	<i>10.9 %</i>	
<i>% of total reportable segment operating income</i>	<i>70 %</i>	<i>49 %</i>		<i>57 %</i>	<i>46 %</i>	
<i>Client Solutions Group (CSG):</i>						
Net revenue:						
Commercial	\$ 10,697	\$ 12,891	(17)%	\$ 45,556	\$ 45,576	0%
Consumer	2,664	4,438	(40)%	12,657	15,888	(20)%
Total CSG net revenue	<u>\$ 13,361</u>	<u>\$ 17,329</u>	(23)%	<u>\$ 58,213</u>	<u>\$ 61,464</u>	(5)%
Operating Income:						
CSG operating income	<u>\$ 671</u>	<u>\$ 1,157</u>	(42)%	<u>\$ 3,824</u>	<u>\$ 4,365</u>	(12)%
<i>% of CSG net revenue</i>	<i>5.0 %</i>	<i>6.7 %</i>		<i>6.6 %</i>	<i>7.1 %</i>	
<i>% of total reportable segment operating income</i>	<i>30 %</i>	<i>51 %</i>		<i>43 %</i>	<i>54 %</i>	

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

	Three Months Ended		Fiscal Year Ended	
	February 3, 2023	January 28, 2022	February 3, 2023	January 28, 2022
<i>Reconciliation to consolidated net revenue:</i>				
Reportable segment net revenue	\$ 23,266	\$ 26,548	\$ 96,569	\$ 95,830
Other businesses (a)	1,770	1,448	5,721	5,388
Unallocated transactions (b)	3	4	11	11
Impact of purchase accounting (c)	—	(8)	—	(32)
Total consolidated net revenue	\$ 25,039	\$ 27,992	\$ 102,301	\$ 101,197
<i>Reconciliation to consolidated operating income:</i>				
Reportable segment operating income	\$ 2,214	\$ 2,259	\$ 8,869	\$ 8,101
Other businesses (a)	(48)	(71)	(240)	(319)
Unallocated transactions (b)	4	3	8	3
Impact of purchase accounting (c)	(11)	(20)	(44)	(67)
Amortization of intangibles	(238)	(323)	(970)	(1,641)
Transaction-related (income) expenses (d)	(6)	22	(22)	(273)
Stock-based compensation expense (e)	(228)	(216)	(931)	(808)
Other corporate expenses (f)	(498)	(45)	(899)	(337)
Total consolidated operating income	\$ 1,189	\$ 1,609	\$ 5,771	\$ 4,659

- (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 (income) expenses includes acquisition, integration, and divestiture related costs. From time to time, this category also may include transaction-related income related to divestitures of businesses or asset sales.
- (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. During the three months ended February 3, 2023, other corporate expenses includes \$367 million of severance expense incurred in connection with the Company's workforce reduction announced on February 6, 2023. During the fiscal year ended February 3, 2023, other corporate expenses includes impairment and other costs incurred in connection with exiting the Company's business in Russia.

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			Fiscal Year Ended		
	February 3, 2023	January 28, 2022	Change	February 3, 2023	January 28, 2022	Change
Non-GAAP net revenue	\$ 25,039	\$ 28,000	(11)%	\$ 102,301	\$ 101,229	1%
Non-GAAP gross margin	\$ 5,971	\$ 5,818	3%	\$ 23,427	\$ 22,684	3%
<i>% of non-GAAP net revenue</i>	<i>23.8 %</i>	<i>20.8 %</i>		<i>22.9 %</i>	<i>22.4 %</i>	
Non-GAAP operating expenses	\$ 3,801	\$ 3,627	5%	\$ 14,790	\$ 14,899	(1)%
<i>% of non-GAAP net revenue</i>	<i>15.1 %</i>	<i>13.0 %</i>		<i>14.5 %</i>	<i>14.7 %</i>	
Non-GAAP operating income	\$ 2,170	\$ 2,191	(1)%	\$ 8,637	\$ 7,785	11%
<i>% of non-GAAP net revenue</i>	<i>8.7 %</i>	<i>7.8 %</i>		<i>8.4 %</i>	<i>7.7 %</i>	
Non-GAAP net income	\$ 1,322	\$ 1,390	(5)%	\$ 5,727	\$ 4,924	16%
<i>% of non-GAAP net revenue</i>	<i>5.3 %</i>	<i>5.0 %</i>		<i>5.6 %</i>	<i>4.9 %</i>	
Non-GAAP earnings per share - diluted	\$ 1.80	\$ 1.72	5%	\$ 7.61	\$ 6.22	22%

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			Fiscal Year Ended		
	February 3, 2023	January 28, 2022	Change	February 3, 2023	January 28, 2022	Change
Net revenue	\$ 25,039	\$ 27,992	(11)%	\$ 102,301	\$ 101,197	1%
Non-GAAP adjustments:						
Impact of purchase accounting	—	8		—	32	
Non-GAAP net revenue	<u>\$ 25,039</u>	<u>\$ 28,000</u>	(11)%	<u>\$ 102,301</u>	<u>\$ 101,229</u>	1%
Gross margin	\$ 5,756	\$ 5,618	2%	\$ 22,686	\$ 21,891	4%
Non-GAAP adjustments:						
Amortization of intangibles	99	150		414	598	
Impact of purchase accounting	—	8		2	35	
Stock-based compensation expense	40	37		152	133	
Other corporate expenses	76	5		173	27	
Non-GAAP gross margin	<u>\$ 5,971</u>	<u>\$ 5,818</u>	3%	<u>\$ 23,427</u>	<u>\$ 22,684</u>	3%
Operating expenses	\$ 4,567	\$ 4,009	14%	\$ 16,915	\$ 17,232	(2)%
Non-GAAP adjustments:						
Amortization of intangibles	(139)	(173)		(556)	(1,043)	
Impact of purchase accounting	(11)	(12)		(42)	(32)	
Transaction-related (income) expenses	(6)	22		(22)	(273)	
Stock-based compensation expense	(188)	(179)		(779)	(675)	
Other corporate expenses	(422)	(40)		(726)	(310)	
Non-GAAP operating expenses	<u>\$ 3,801</u>	<u>\$ 3,627</u>	5%	<u>\$ 14,790</u>	<u>\$ 14,899</u>	(1)%
Operating income	\$ 1,189	\$ 1,609	(26)%	\$ 5,771	\$ 4,659	24%
Non-GAAP adjustments:						
Amortization of intangibles	238	323		970	1,641	
Impact of purchase accounting	11	20		44	67	
Transaction-related (income) expenses	6	(22)		22	273	
Stock-based compensation expense	228	216		931	808	
Other corporate expenses	498	45		899	337	
Non-GAAP operating income	<u>\$ 2,170</u>	<u>\$ 2,191</u>	(1)%	<u>\$ 8,637</u>	<u>\$ 7,785</u>	11%

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

	Three Months Ended			Change	Fiscal Year Ended		
	February 3, 2023	January 28, 2022			February 3, 2023	January 28, 2022	Change
Net income (loss) from continuing operations	\$ 606	\$ (29)	NM	\$ 2,422	\$ 4,942	(51)%	
Non-GAAP adjustments:							
Amortization of intangibles	238	323		970	1,641		
Impact of purchase accounting	11	20		44	67		
Transaction-related (income) expenses	(14)	1,492		(16)	(2,143)		
Stock-based compensation expense	228	216		931	808		
Other corporate expenses	392	45		1,812	337		
Fair value adjustments on equity investments	9	(192)		206	(572)		
Aggregate adjustment for income taxes	(148)	(485)		(642)	(156)		
Non-GAAP net income	<u>\$ 1,322</u>	<u>\$ 1,390</u>	(5)%	<u>\$ 5,727</u>	<u>\$ 4,924</u>	16%	
Net income (loss) from continuing operations attributable to Dell Technologies Inc.	\$ 614	\$ (28)	NM	\$ 2,442	\$ 4,948	(51)%	
Non-GAAP adjustments:							
Amortization of intangibles	238	323		970	1,641		
Impact of purchase accounting	11	20		44	67		
Transaction-related (income) expenses	(14)	1,492		(16)	(2,143)		
Stock-based compensation expense	228	216		931	808		
Other corporate expenses	392	45		1,812	337		
Fair value adjustments on equity investments	9	(192)		206	(572)		
Aggregate adjustment for income taxes	(148)	(485)		(642)	(156)		
Total non-GAAP adjustments attributable to non-controlling interests	<u>(6)</u>	<u>(1)</u>		<u>(13)</u>	<u>(7)</u>		
Non-GAAP net income attributable to Dell Technologies Inc.	<u>\$ 1,324</u>	<u>\$ 1,390</u>	(5)%	<u>\$ 5,734</u>	<u>\$ 4,923</u>	16%	

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

	Three Months Ended			Fiscal Year Ended		
	February 3, 2023	January 28, 2022	Change	February 3, 2023	January 28, 2022	Change
<i>Earnings per share from continuing operations attributable to Dell Technologies Inc.</i>						
Net income (loss) from continuing operations attributable to Dell Technologies Inc. — basic	\$ 614	\$ (28)		\$ 2,442	\$ 4,948	
Weighted-average shares outstanding — basic	716	763		734	762	
Earnings (loss) per share attributable to Dell Technologies Inc. — basic	\$ 0.86	\$ (0.04)	NM	\$ 3.33	\$ 6.49	(49)%
Net income (loss) from continuing operations attributable to Dell Technologies Inc. — diluted	\$ 614	\$ (28)		\$ 2,442	\$ 4,948	
Weighted-average shares outstanding — diluted	735	763		753	791	
Earnings (loss) per share attributable to Dell Technologies Inc. — diluted	\$ 0.84	\$ (0.04)	NM	\$ 3.24	\$ 6.26	(48)%
<i>Earnings per share from discontinued operations attributable to Dell Technologies Inc.</i>						
Net income from discontinued operations attributable to Dell Technologies Inc. — basic	\$ —	\$ 30		\$ —	\$ 615	
Weighted-average shares outstanding — basic	—	763		—	762	
Earnings per share attributable to Dell Technologies Inc. — basic	\$ —	\$ 0.04	NM	\$ —	\$ 0.81	NM
Incremental dilution from VMware, Inc. attributable to Dell Technologies	—	—		—	(7)	
Net income from discontinued operations attributable to Dell Technologies Inc. — diluted	\$ —	\$ 30		\$ —	\$ 608	
Weighted-average shares outstanding — diluted	—	763		—	791	
Earnings per share attributable to Dell Technologies Inc. — diluted	\$ —	\$ 0.04	NM	\$ —	\$ 0.76	NM
<i>Non-GAAP earnings per share attributable to Dell Technologies Inc.</i>						
Non-GAAP net income attributable to Dell Technologies Inc. — basic	\$ 1,324	\$ 1,390		\$ 5,734	\$ 4,923	
Weighted-average shares outstanding — basic	716	763		734	762	
Earnings per share attributable to Dell Technologies Inc. — basic	\$ 1.85	\$ 1.82	2%	\$ 7.81	\$ 6.46	21%
Non-GAAP net income attributable to Dell Technologies Inc. — diluted	\$ 1,324	\$ 1,389		\$ 5,734	\$ 4,923	
Weighted-average shares outstanding — diluted	735	810		753	791	
Earnings per share attributable to Dell Technologies Inc. — diluted	\$ 1.80	\$ 1.72	5%	\$ 7.61	\$ 6.22	22%

Amounts may not visually recalculate due to rounding.