

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 the three and six months ended July 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			Six Months Ended		
	July 29, 2022	July 30, 2021	Change	July 29, 2022	July 30, 2021	Change
<i>Net revenue:</i>						
Products	\$ 20,810	\$ 18,895	10%	\$ 41,274	\$ 36,382	13%
Services	5,615	5,296	6%	11,267	10,399	8%
Total net revenue	26,425	24,191	9%	52,541	46,781	12%
<i>Cost of net revenue:</i>						
Products	17,671	15,692	13%	34,680	30,126	15%
Services	3,315	3,024	10%	6,638	5,916	12%
Total cost of net revenue	20,986	18,716	12%	41,318	36,042	15%
Gross margin	5,439	5,475	(1)%	11,223	10,739	5%
<i>Operating expenses:</i>						
Selling, general, and administrative	3,543	3,761	(6)%	7,096	7,419	(4)%
Research and development	626	697	(10)%	1,307	1,316	(1)%
Total operating expenses	4,169	4,458	(6)%	8,403	8,735	(4)%
Operating income	1,270	1,017	25%	2,820	2,004	41%
Interest and other, net	(635)	(292)	(117)%	(972)	(580)	(68)%
Income before income taxes	635	725	(12)%	1,848	1,424	30%
Income tax expense	129	96	34%	273	136	101%
Net income from continuing operations	506	629	(20)%	1,575	1,288	22%
Income from discontinued operations, net of income taxes	—	251	(100)%	—	530	(100)%
Net income	506	880	(43)%	1,575	1,818	(13)%
Less: Net loss attributable to non-controlling interests	(5)	(2)	(150)%	(8)	(3)	(167)%
Less: Net income attributable to non-controlling interests of discontinued operations	—	51	(100)%	—	103	(100)%
Net income attributable to Dell Technologies Inc.	\$ 511	\$ 831	(39)%	\$ 1,583	\$ 1,718	(8)%
<i>Percentage of Total Net Revenue:</i>						
Gross margin	20.6 %	22.6 %		21.4 %	23.0 %	
Selling, general, and administrative	13.4 %	15.5 %		13.5 %	15.9 %	
Research and development	2.4 %	2.9 %		2.5 %	2.8 %	
Operating expenses	15.8 %	18.4 %		16.0 %	18.7 %	
Operating income	4.8 %	4.2 %		5.4 %	4.3 %	
Income before income taxes	2.4 %	3.0 %		3.5 %	3.0 %	
Net income from continuing operations	1.9 %	2.6 %		3.0 %	2.8 %	
Income tax rate	20.3 %	13.2 %		14.8 %	9.6 %	

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>July 29, 2022</u>	<u>January 28, 2022</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,507	\$ 9,477
Accounts receivable, net	13,431	12,912
Due from related party, net	195	131
Short-term financing receivables, net	4,860	5,089
Inventories	5,883	5,898
Other current assets	12,386	11,526
Total current assets	<u>42,262</u>	<u>45,033</u>
Property, plant, and equipment, net	5,772	5,415
Long-term investments	1,520	1,839
Long-term financing receivables, net	5,450	5,522
Goodwill	19,505	19,770
Intangible assets, net	6,972	7,461
Due from related party, net	609	710
Other non-current assets	6,685	6,985
Total assets	<u>\$ 88,775</u>	<u>\$ 92,735</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 6,647	\$ 5,823
Accounts payable	25,339	27,143
Due to related party	1,269	1,414
Accrued and other	6,810	7,578
Short-term deferred revenue	14,724	14,261
Total current liabilities	<u>54,789</u>	<u>56,219</u>
Long-term debt	20,287	21,131
Long-term deferred revenue	13,301	13,312
Other non-current liabilities	3,153	3,653
Total liabilities	<u>91,530</u>	<u>94,315</u>
Stockholders' equity (deficit):		
Total Dell Technologies Inc. stockholders' equity (deficit)	(2,860)	(1,685)
Non-controlling interests	105	105
Total stockholders' equity (deficit)	<u>(2,755)</u>	<u>(1,580)</u>
Total liabilities and stockholders' equity	<u>\$ 88,775</u>	<u>\$ 92,735</u>

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

	Three Months Ended		Six Months Ended	
	July 29, 2022	July 30, 2021	July 29, 2022	July 30, 2021
Cash flows from operating activities:				
Net income	\$ 506	\$ 880	\$ 1,575	\$ 1,818
Adjustments to reconcile net income to net cash provided by operating activities:				
Change in cash from operating activities	218	845	(1,120)	2,145
	724	1,725	455	3,963
Cash flows from investing activities:				
Purchases of investments	(28)	(124)	(80)	(270)
Maturities and sales of investments	50	79	68	335
Capital expenditures and capitalized software development costs	(807)	(632)	(1,497)	(1,257)
Acquisition of businesses and assets, net	—	(6)	—	(16)
Other	7	14	11	20
Change in cash from investing activities	(778)	(669)	(1,498)	(1,188)
Cash flows from financing activities:				
Proceeds from the issuance of common stock	1	26	5	186
Repurchases of parent common stock (a)	(689)	(8)	(2,468)	(17)
Repurchases of subsidiary common stock (a)	(1)	(544)	(8)	(978)
Payments of dividends to stockholders	(242)	—	(490)	—
Proceeds from debt	3,431	1,209	6,465	3,935
Repayments of debt	(3,539)	(4,353)	(6,242)	(8,423)
Debt-related costs and other, net	(7)	(3)	(14)	(14)
Change in cash from financing activities	(1,046)	(3,673)	(2,752)	(5,311)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(83)	(16)	(194)	(21)
Change in cash, cash equivalents, and restricted cash	(1,183)	(2,633)	(3,989)	(2,557)
Cash, cash equivalents, and restricted cash at beginning of the period, including cash attributable to discontinued operations	7,276	15,260	10,082	15,184
Cash, cash equivalents, and restricted cash at end of the period, including cash attributable to discontinued operations	6,093	12,627	6,093	12,627
Less: Cash, cash equivalents, and restricted cash attributable to discontinued operations	—	5,922	—	5,922
Cash, cash equivalents, and restricted cash from continuing operations	\$ 6,093	\$ 6,705	\$ 6,093	\$ 6,705

(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			Six Months Ended		
	July 29, 2022	July 30, 2021	Change	July 29, 2022	July 30, 2021	Change
<i>Infrastructure Solutions Group (ISG):</i>						
Net revenue:						
Servers and networking	\$ 5,209	\$ 4,480	16%	\$ 10,257	\$ 8,620	19%
Storage	4,327	4,070	6%	8,564	7,963	8%
Total ISG net revenue	\$ 9,536	\$ 8,550	12%	\$ 18,821	\$ 16,583	13%
Operating Income:						
ISG operating income	\$ 1,046	\$ 962	9%	\$ 2,128	\$ 1,740	22%
<i>% of ISG net revenue</i>	11.0 %	11.3 %		11.3 %	10.5 %	
<i>% of total reportable segment operating income</i>	52 %	49 %		50 %	46 %	
<i>Client Solutions Group (CSG):</i>						
Net revenue:						
Commercial	\$ 12,141	\$ 10,577	15%	\$ 24,112	\$ 20,385	18%
Consumer	3,349	3,691	(9)%	6,965	7,194	(3)%
Total CSG net revenue	\$ 15,490	\$ 14,268	9%	\$ 31,077	\$ 27,579	13%
Operating Income:						
CSG operating income	\$ 978	\$ 986	(1)%	\$ 2,093	\$ 2,066	1%
<i>% of CSG net revenue</i>	6.3 %	6.9 %		6.7 %	7.5 %	
<i>% of total reportable segment operating income</i>	48 %	51 %		50 %	54 %	

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		Six Months Ended	
	July 29, 2022	July 30, 2021	July 29, 2022	July 30, 2021
<i>Reconciliation to consolidated net revenue:</i>				
Reportable segment net revenue	\$ 25,026	\$ 22,818	\$ 49,898	\$ 44,162
Other businesses (a)	1,399	1,378	2,638	2,630
Unallocated transactions (b)	—	3	5	5
Impact of purchase accounting (c)	—	(8)	—	(16)
Total consolidated net revenue	\$ 26,425	\$ 24,191	\$ 52,541	\$ 46,781
<i>Reconciliation to consolidated operating income:</i>				
Reportable segment operating income	\$ 2,024	\$ 1,948	\$ 4,221	\$ 3,806
Other businesses (a)	(71)	(77)	(135)	(167)
Unallocated transactions (b)	(1)	(3)	1	(1)
Impact of purchase accounting (c)	(3)	(15)	(12)	(35)
Amortization of intangibles	(244)	(442)	(487)	(887)
Transaction-related expenses (d)	(3)	(37)	(8)	(66)
Stock-based compensation expense (e)	(236)	(206)	(468)	(378)
Other corporate expenses (f)	(196)	(151)	(292)	(268)
Total consolidated operating income	\$ 1,270	\$ 1,017	\$ 2,820	\$ 2,004

- (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. During the three and six months ended Fiscal 2023, other corporate expenses includes impairment and other costs incurred in connection with exiting our 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			Six Months Ended		
	July 29, 2022	July 30, 2021	Change	July 29, 2022	July 30, 2021	Change
Non-GAAP net revenue	\$ 26,425	\$ 24,199	9%	\$ 52,541	\$ 46,797	12%
Non-GAAP gross margin	\$ 5,650	\$ 5,673	—%	\$ 11,591	\$ 11,137	4%
<i>% of non-GAAP net revenue</i>	<i>21.4 %</i>	<i>23.4 %</i>		<i>22.1 %</i>	<i>23.8 %</i>	
Non-GAAP operating expenses	\$ 3,698	\$ 3,805	(3)%	\$ 7,504	\$ 7,499	—%
<i>% of non-GAAP net revenue</i>	<i>14.0 %</i>	<i>15.7 %</i>		<i>14.3 %</i>	<i>16.0 %</i>	
Non-GAAP operating income	\$ 1,952	\$ 1,868	4%	\$ 4,087	\$ 3,638	12%
<i>% of non-GAAP net revenue</i>	<i>7.4 %</i>	<i>7.7 %</i>		<i>7.8 %</i>	<i>7.8 %</i>	
Non-GAAP net income	\$ 1,266	\$ 1,166	9%	\$ 2,700	\$ 2,221	22%
<i>% of non-GAAP net revenue</i>	<i>4.8 %</i>	<i>4.8 %</i>		<i>5.1 %</i>	<i>4.7 %</i>	
Non-GAAP earnings per share - diluted	\$ 1.68	\$ 1.48	14%	\$ 3.52	\$ 2.83	24%

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

	Three Months Ended			Six Months Ended		
	July 29, 2022	July 30, 2021	Change	July 29, 2022	July 30, 2021	Change
Net revenue	\$ 26,425	\$ 24,191	9%	\$ 52,541	\$ 46,781	12%
Non-GAAP adjustments:						
Impact of purchase accounting	—	8		—	16	
Non-GAAP net revenue	\$ 26,425	\$ 24,199	9%	\$ 52,541	\$ 46,797	12%
Gross margin	\$ 5,439	\$ 5,475	(1)%	\$ 11,223	\$ 10,739	5%
Non-GAAP adjustments:						
Amortization of intangibles	105	150		209	300	
Impact of purchase accounting	—	9		2	18	
Stock-based compensation expense	37	32		75	60	
Other corporate expenses	69	7		82	20	
Non-GAAP gross margin	\$ 5,650	\$ 5,673	—%	\$ 11,591	\$ 11,137	4%
Operating expenses	\$ 4,169	\$ 4,458	(6)%	\$ 8,403	\$ 8,735	(4)%
Non-GAAP adjustments:						
Amortization of intangibles	(139)	(292)		(278)	(587)	
Impact of purchase accounting	(3)	(6)		(10)	(17)	
Transaction-related expenses	(3)	(37)		(8)	(66)	
Stock-based compensation expense	(199)	(174)		(393)	(318)	
Other corporate expenses	(127)	(144)		(210)	(248)	
Non-GAAP operating expenses	\$ 3,698	\$ 3,805	(3)%	\$ 7,504	\$ 7,499	—%
Operating income	\$ 1,270	\$ 1,017	25%	\$ 2,820	\$ 2,004	41%
Non-GAAP adjustments:						
Amortization of intangibles	244	442		487	887	
Impact of purchase accounting	3	15		12	35	
Transaction-related expenses	3	37		8	66	
Stock-based compensation expense	236	206		468	378	
Other corporate expenses	196	151		292	268	
Non-GAAP operating income	\$ 1,952	\$ 1,868	4%	\$ 4,087	\$ 3,638	12%

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

	Three Months Ended			Six Months Ended		
	July 29, 2022	July 30, 2021	Change	July 29, 2022	July 30, 2021	Change
Net income from continuing operations	\$ 506	\$ 629	(20)%	\$ 1,575	\$ 1,288	22%
Non-GAAP adjustments:						
Amortization of intangibles	244	442		487	887	
Impact of purchase accounting	3	15		12	35	
Transaction-related (income) expenses	(4)	25		(6)	54	
Stock-based compensation expense	236	206		468	378	
Other corporate expenses	212	151		308	268	
Fair value adjustments on equity investments	255	(168)		241	(362)	
Aggregate adjustment for income taxes	(186)	(134)		(385)	(327)	
Non-GAAP net income	\$ 1,266	\$ 1,166	9%	\$ 2,700	\$ 2,221	22%
Net income from continuing operations attributable to Dell Technologies Inc.	\$ 511	\$ 631	(19)%	\$ 1,583	\$ 1,291	23%
Non-GAAP adjustments:						
Amortization of intangibles	244	442		487	887	
Impact of purchase accounting	3	15		12	35	
Transaction-related (income) expenses	(4)	25		(6)	54	
Stock-based compensation expense	236	206		468	378	
Other corporate expenses	212	151		308	268	
Fair value adjustments on equity investments	255	(168)		241	(362)	
Aggregate adjustment for income taxes	(186)	(134)		(385)	(327)	
Total non-GAAP adjustments attributable to non-controlling interests	(3)	(2)		(5)	(3)	
Non-GAAP net income attributable to Dell Technologies Inc.	\$ 1,268	\$ 1,166	9%	\$ 2,703	\$ 2,221	22%

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

	<u>Three Months Ended</u>			<u>Six Months Ended</u>		
	<u>July 29, 2022</u>	<u>July 30, 2021</u>	<u>Change</u>	<u>July 29, 2022</u>	<u>July 30, 2021</u>	<u>Change</u>
<i>Earnings per share from continuing operations attributable to Dell Technologies Inc.</i>						
Net income from continuing operations attributable to Dell Technologies Inc. — basic	\$ 511	\$ 631		\$ 1,583	\$ 1,291	
Weighted-average shares outstanding — basic	739	763		746	760	
Earnings per share attributable to Dell Technologies Inc. — basic	\$ 0.69	\$ 0.83	(17)%	\$ 2.12	\$ 1.70	25%
Net income from continuing operations attributable to Dell Technologies Inc. — diluted	\$ 511	\$ 631		\$ 1,583	\$ 1,291	
Weighted-average shares outstanding — diluted	755	786		768	784	
Earnings per share attributable to Dell Technologies Inc. — diluted:	\$ 0.68	\$ 0.80	(15)%	\$ 2.06	\$ 1.65	25%
<i>Earnings per share from discontinued operations attributable to Dell Technologies Inc.</i>						
Net income from discontinued operations attributable to Dell Technologies Inc. — basic	\$ —	\$ 200		\$ —	\$ 427	
Weighted-average shares outstanding — basic	—	763		—	760	
Earnings per share attributable to Dell Technologies Inc. — basic	\$ —	\$ 0.26	NM	\$ —	\$ 0.56	NM
Incremental dilution from VMware, Inc. attributable to Dell Technologies	—	(3)		—	(5)	
Net income from discontinued operations attributable to Dell Technologies Inc. — diluted	\$ —	\$ 197		\$ —	\$ 422	
Weighted-average shares outstanding — diluted	—	786		—	784	
Earnings per share attributable to Dell Technologies Inc. — diluted	\$ —	\$ 0.25	NM	\$ —	\$ 0.53	NM
<i>Non-GAAP earnings per share attributable to Dell Technologies Inc.</i>						
Non-GAAP net income attributable to Dell Technologies Inc. — basic	\$ 1,268	\$ 1,166		\$ 2,703	\$ 2,221	
Weighted-average shares outstanding — basic	739	763		746	760	
Earnings per share attributable to Dell Technologies Inc. — basic	\$ 1.72	\$ 1.53	12%	\$ 3.62	\$ 2.92	24%
Non-GAAP net income attributable to Dell Technologies Inc. — diluted	\$ 1,268	\$ 1,166		\$ 2,703	\$ 2,221	
Weighted-average shares outstanding — diluted	755	786		768	784	
Earnings per share attributable to Dell Technologies Inc. — diluted	\$ 1.68	\$ 1.48	14%	\$ 3.52	\$ 2.83	24%

Amounts may not visually recalculate due to rounding.