

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

	Three Months Ended			Fiscal Year Ended		
	January 31, 2020	February 1, 2019	Change	January 31, 2020	February 1, 2019	Change
Net revenue (a):						
Products	\$ 18,153	\$ 18,676	(3)%	\$ 69,918	\$ 70,751	(1)%
Services	5,879	5,165	14%	22,236	19,870	12%
Total net revenue	<u>24,032</u>	<u>23,841</u>	1%	<u>92,154</u>	<u>90,621</u>	2%
Cost of net revenue:						
Products	13,999	14,775	(5)%	54,525	57,889	(6)%
Services	2,349	1,957	20%	8,696	7,679	13%
Total cost of net revenue	<u>16,348</u>	<u>16,732</u>	(2)%	<u>63,221</u>	<u>65,568</u>	(4)%
Gross margin	7,684	7,109	8%	28,933	25,053	15%
Operating expenses:						
Selling, general, and administrative	5,642	5,576	1%	21,319	20,640	3%
Research and development	1,325	1,202	10%	4,992	4,604	8%
Total operating expenses	<u>6,967</u>	<u>6,778</u>	3%	<u>26,311</u>	<u>25,244</u>	4%
Operating income (loss)	717	331	117%	2,622	(191)	NM
Interest and other, net	(626)	(606)	(3)%	(2,626)	(2,170)	(21)%
Income (loss) before income taxes	91	(275)	133%	(4)	(2,361)	100%
Income tax provision (benefit)	(325)	12	NM	(5,533)	(180)	NM
Net income (loss)	416	(287)	245%	5,529	(2,181)	354%
Less: Net income attributable to non-controlling interests	8	12	(33)%	913	129	608%
Net income (loss) attributable to Dell Technologies Inc.	<u>\$ 408</u>	<u>\$ (299)</u>	236%	<u>\$ 4,616</u>	<u>\$ (2,310)</u>	300%
<i>Percentage of Total Net Revenue:</i>						
Gross margin	32 %	30 %		31 %	28 %	
Selling, general, and administrative	23 %	23 %		23 %	23 %	
Research and development	6 %	5 %		5 %	5 %	
Operating expenses	29 %	28 %		29 %	28 %	
Operating income (loss)	3 %	1 %		3 %	— %	
Income (loss) before income taxes	— %	(1)%		— %	(3)%	
Net income (loss)	2 %	(1)%		6 %	(2)%	
Income tax rate	(357.1)%	(4.4)%		138325.0 %	7.6 %	

(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)

	January 31, 2020	February 1, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,302	\$ 9,676
Accounts receivable, net	12,484	12,371
Short-term financing receivables, net	4,895	4,398
Inventories, net	3,281	3,649
Other current assets	6,934	6,044
Total current assets	36,896	36,138
Property, plant, and equipment, net	6,027	5,259
Long-term investments	864	1,005
Long-term financing receivables, net	4,848	4,224
Goodwill	41,691	40,089
Intangible assets, net	18,107	22,270
Other non-current assets	10,428	2,835
Total assets	\$ 118,861	\$ 111,820
LIABILITIES, REDEEMABLE SHARES, AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Short-term debt	\$ 7,737	\$ 4,320
Accounts payable	20,065	19,213
Accrued and other	9,359	8,495
Short-term deferred revenue	14,881	12,944
Total current liabilities	52,042	44,972
Long-term debt	44,319	49,201
Long-term deferred revenue	12,919	11,066
Other non-current liabilities	5,797	6,327
Total liabilities	115,077	111,566
Redeemable shares	629	1,196
Stockholders' equity (deficit):		
Total Dell Technologies Inc. stockholders' deficit	(1,574)	(5,765)
Non-controlling interests	4,729	4,823
Total stockholders' equity (deficit)	3,155	(942)
Total liabilities, redeemable shares, and stockholders' equity (deficit)	\$ 118,861	\$ 111,820

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

	Three Months Ended		Fiscal Year Ended	
	January 31, 2020	February 1, 2019	January 31, 2020	February 1, 2019
Cash flows from operating activities:				
Net income (loss)	\$ 416	\$ (287)	\$ 5,529	\$ (2,181)
Adjustments to reconcile net income (loss) to net cash provided by operating activities	3,092	2,653	3,762	9,172
Change in cash from operating activities	<u>3,508</u>	<u>2,366</u>	<u>9,291</u>	<u>6,991</u>
Cash flows from investing activities:				
Investments:				
Purchases	(39)	(13)	(181)	(925)
Maturities and sales	48	4,427	497	6,612
Capital expenditures	(629)	(297)	(2,241)	(1,158)
Capitalized software development costs	(71)	(93)	(335)	(339)
Acquisition of businesses, net	(26)	(419)	(2,455)	(912)
Divestitures of businesses, net	—	—	—	142
Asset acquisitions, net	—	—	(8)	(59)
Asset dispositions, net	—	—	(3)	(12)
Other	13	5	40	40
Change in cash from investing activities	<u>(704)</u>	<u>3,610</u>	<u>(4,686)</u>	<u>3,389</u>
Cash flows from financing activities:				
Share repurchases for tax withholdings of equity awards	(140)	(136)	(547)	(387)
Dividends paid to VMware, Inc.'s public stockholders	—	(2,134)	—	(2,134)
Proceeds from the issuance of common stock	207	37	658	805
Repurchases of Class V Common Stock	—	(14,000)	—	(14,000)
Repurchases of common stock of subsidiaries	(1,721)	(55)	(3,006)	(56)
Proceeds from debt	2,982	6,602	20,638	13,045
Repayments of debt	(3,326)	(1,782)	(22,274)	(11,451)
Other	(6)	(17)	(73)	(151)
Change in cash from financing activities	<u>(2,004)</u>	<u>(11,485)</u>	<u>(4,604)</u>	<u>(14,329)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	10	73	(90)	(189)
Change in cash, cash equivalents, and restricted cash	810	(5,436)	(89)	(4,138)
Cash, cash equivalents, and restricted cash at beginning of the period	<u>9,341</u>	<u>15,676</u>	<u>10,240</u>	<u>14,378</u>
Cash, cash equivalents, and restricted cash at end of the period	<u>\$ 10,151</u>	<u>\$ 10,240</u>	<u>\$ 10,151</u>	<u>\$ 10,240</u>

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

	Three Months Ended			Fiscal Year Ended		
	January 31, 2020	February 1, 2019	Change	January 31, 2020	February 1, 2019	Change
<i>Infrastructure Solutions Group (ISG):</i>						
Net Revenue:						
Servers and networking	\$ 4,269	\$ 5,253	(19)%	\$ 17,127	\$ 19,953	(14)%
Storage	4,487	4,636	(3)%	16,842	16,767	—%
Total ISG net revenue	\$ 8,756	\$ 9,889	(11)%	\$ 33,969	\$ 36,720	(7)%
Operating Income:						
ISG operating income	\$ 1,112	\$ 1,265	(12)%	\$ 4,001	\$ 4,151	(4)%
<i>% of ISG net revenue</i>	13%	13%		12%	11%	
<i>% of total reportable segment operating income</i>	40%	47%		39%	46%	
<i>Client Solutions Group (CSG):</i>						
Net Revenue:						
Commercial	\$ 8,563	\$ 7,808	10%	\$ 34,277	\$ 30,893	11%
Consumer	3,207	3,084	4%	11,561	12,303	(6)%
Total CSG net revenue	\$ 11,770	\$ 10,892	8%	\$ 45,838	\$ 43,196	6%
Operating Income:						
CSG operating income	\$ 624	\$ 555	12%	\$ 3,138	\$ 1,960	60%
<i>% of CSG net revenue</i>	5%	5%		7%	5%	
<i>% of total reportable segment operating income</i>	23%	21%		31%	22%	
<i>VMware (a):</i>						
Net Revenue:						
Total VMware net revenue	\$ 3,126	\$ 2,798	12%	\$ 10,905	\$ 9,741	12%
Operating Income:						
VMware operating income	\$ 1,026	\$ 850	21%	\$ 3,081	\$ 2,926	5%
<i>% of VMware net revenue</i>	33%	30%		28%	30%	
<i>% of total reportable segment operating income</i>	37%	32%		30%	32%	

(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		Fiscal Year Ended	
	January 31, 2020	February 1, 2019	January 31, 2020	February 1, 2019
<i>Reconciliation to consolidated net revenue:</i>				
Reportable segment net revenue (a)	\$ 23,652	\$ 23,579	\$ 90,712	\$ 89,657
Other businesses (a) (b)	477	432	1,788	1,676
Unallocated transactions (c)	—	(3)	1	(9)
Impact of purchase accounting (d)	(97)	(167)	(347)	(703)
Total consolidated net revenue	<u>\$ 24,032</u>	<u>\$ 23,841</u>	<u>\$ 92,154</u>	<u>\$ 90,621</u>

Reconciliation to consolidated operating income (loss):

Reportable segment operating income (a)	\$ 2,762	\$ 2,670	\$ 10,220	\$ 9,037
Other businesses (a) (b)	5	(13)	(43)	(111)
Unallocated transactions (c)	—	(1)	(29)	(72)
Impact of purchase accounting (d)	(112)	(190)	(411)	(820)
Amortization of intangibles	(1,074)	(1,544)	(4,408)	(6,138)
Transaction-related expenses (e)	(120)	(313)	(285)	(750)
Stock-based compensation expense (f)	(376)	(247)	(1,262)	(918)
Other corporate expenses (g)	(368)	(31)	(1,160)	(419)
Total consolidated operating income (loss)	<u>\$ 717</u>	<u>\$ 331</u>	<u>\$ 2,622</u>	<u>\$ (191)</u>

- (a) During the fourth quarter of 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, as well as the costs incurred in the Class V transaction.
- (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 impairment charges and 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			Fiscal Year Ended		
	January 31, 2020	February 1, 2019	Change	January 31, 2020	February 1, 2019	Change
Non-GAAP net revenue	\$ 24,129	\$ 24,008	1%	\$ 92,501	\$ 91,324	1%
Non-GAAP gross margin	\$ 8,375	\$ 8,037	4%	\$ 31,563	\$ 29,022	9%
<i>% of non-GAAP net revenue</i>	<i>35%</i>	<i>33%</i>		<i>34%</i>	<i>32%</i>	
Non-GAAP operating expenses	\$ 5,608	\$ 5,381	4%	\$ 21,415	\$ 20,168	6%
<i>% of non-GAAP net revenue</i>	<i>23%</i>	<i>22%</i>		<i>23%</i>	<i>22%</i>	
Non-GAAP operating income	\$ 2,767	\$ 2,656	4%	\$ 10,148	\$ 8,854	15%
<i>% of non-GAAP net revenue</i>	<i>11%</i>	<i>11%</i>		<i>11%</i>	<i>10%</i>	
Non-GAAP net income	\$ 1,684	\$ 1,592	6%	\$ 6,089	\$ 5,227	16%
<i>% of non-GAAP net revenue</i>	<i>7%</i>	<i>7%</i>		<i>7%</i>	<i>6%</i>	
Adjusted EBITDA	\$ 3,201	\$ 3,028	6%	\$ 11,787	\$ 10,296	14%
<i>% of non-GAAP net revenue</i>	<i>13%</i>	<i>13%</i>		<i>13%</i>	<i>11%</i>	

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		
	January 31, 2020	February 1, 2019	Change	January 31, 2020	February 1, 2019	Change
Net revenue	\$ 24,032	\$ 23,841	1%	\$ 92,154	\$ 90,621	2%
Non-GAAP adjustments:						
Impact of purchase accounting	97	167		347	703	
Non-GAAP net revenue	<u>\$ 24,129</u>	<u>\$ 24,008</u>	1%	<u>\$ 92,501</u>	<u>\$ 91,324</u>	1%
Gross margin	\$ 7,684	\$ 7,109	8%	\$ 28,933	\$ 25,053	15%
Non-GAAP adjustments:						
Amortization of intangibles	526	729		2,081	2,883	
Impact of purchase accounting	98	171		353	720	
Transaction-related expenses	—	(26)		(5)	213	
Stock-based compensation expense	38	37		129	91	
Other corporate expenses	29	17		72	62	
Non-GAAP gross margin	<u>\$ 8,375</u>	<u>\$ 8,037</u>	4%	<u>\$ 31,563</u>	<u>\$ 29,022</u>	9%
Operating expenses	\$ 6,967	\$ 6,778	3%	\$ 26,311	\$ 25,244	4%
Non-GAAP adjustments:						
Amortization of intangibles	(548)	(815)		(2,327)	(3,255)	
Impact of purchase accounting	(14)	(19)		(58)	(100)	
Transaction-related expenses	(120)	(339)		(290)	(537)	
Stock-based compensation expense	(338)	(210)		(1,133)	(827)	
Other corporate expenses	(339)	(14)		(1,088)	(357)	
Non-GAAP operating expenses	<u>\$ 5,608</u>	<u>\$ 5,381</u>	4%	<u>\$ 21,415</u>	<u>\$ 20,168</u>	6%
Operating income (loss)	\$ 717	\$ 331	117%	\$ 2,622	\$ (191)	NM
Non-GAAP adjustments:						
Amortization of intangibles	1,074	1,544		4,408	6,138	
Impact of purchase accounting	112	190		411	820	
Transaction-related expenses	120	313		285	750	
Stock-based compensation expense	376	247		1,262	918	
Other corporate expenses	368	31		1,160	419	
Non-GAAP operating income	<u>\$ 2,767</u>	<u>\$ 2,656</u>	4%	<u>\$ 10,148</u>	<u>\$ 8,854</u>	15%

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

	Three Months Ended			Fiscal Year Ended		
	January 31, 2020	February 1, 2019	Change	January 31, 2020	February 1, 2019	Change
Net income (loss)	\$ 416	\$ (287)	245%	\$ 5,529	\$ (2,181)	354%
Non-GAAP adjustments:						
Amortization of intangibles	1,074	1,544		4,408	6,138	
Impact of purchase accounting	112	190		411	820	
Transaction-related expenses	120	387		285	824	
Stock-based compensation expense	376	247		1,262	918	
Other corporate expenses	368	31		1,160	419	
Fair value adjustments on equity investments	(34)	(113)		(194)	(342)	
Aggregate adjustment for income taxes	(748)	(407)		(6,772)	(1,369)	
Non-GAAP net income (a)	\$ 1,684	\$ 1,592	6%	\$ 6,089	\$ 5,227	16%
Net income (loss)	\$ 416	\$ (287)	245%	\$ 5,529	\$ (2,181)	354%
Adjustments:						
Interest and other, net	626	606		2,626	2,170	
Income tax provision (benefit)	(325)	12		(5,533)	(180)	
Depreciation and amortization	1,535	1,940		6,143	7,746	
EBITDA	\$ 2,252	\$ 2,271	(1)%	\$ 8,765	\$ 7,555	16%
EBITDA	\$ 2,252	\$ 2,271	(1)%	\$ 8,765	\$ 7,555	16%
Adjustments:						
Stock-based compensation expense	376	247		1,262	918	
Impact of purchase accounting	96	168		347	704	
Transaction-related expenses	120	313		285	722	
Other corporate expenses	357	29		1,128	397	
Adjusted EBITDA	\$ 3,201	\$ 3,028	6%	\$ 11,787	\$ 10,296	14%

DELL TECHNOLOGIES INC.
Reconciliation of Selected Non-GAAP Financial Measures
For the Three Months Ended January 31, 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	\$ 416	1,074	112	120	376	368	(34)	(748)	\$ 1,684
Less: Net income attributable to non-controlling interests (a)	8	76	6	32	65	45	—	(61)	171
Net income attributable to Dell Technologies Inc. - basic	408	998	106	88	311	323	(34)	(687)	1,513
Incremental dilution from VMware, Inc. attributable to Dell Technologies Inc. (b)	(3)								(8)
Net income attributable to Dell Technologies Inc. - diluted	<u>\$ 405</u>								<u>\$ 1,505</u>
Earnings per share - basic	\$ 0.56								\$ 2.06
Earnings per share - diluted	\$ 0.54								\$ 2.00
Weighted-average shares outstanding - basic	734								734
Weighted-average shares outstanding - diluted	754								754

(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.

DELL TECHNOLOGIES INC.
Reconciliation of Selected Non-GAAP Financial Measures
For the Fiscal Year Ended January 31, 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	\$ 5,529	4,408	411	285	1,262	1,160	(194)	(6,772)	\$ 6,089
Less: Net income attributable to non-controlling interests (a)	913	295	23	50	217	45	24	(1,032)	535
Net income attributable to Dell Technologies Inc. - basic	4,616	4,113	388	235	1,045	1,115	(218)	(5,740)	5,554
Incremental dilution from VMware, Inc. attributable to Dell Technologies Inc. (b)	(84)								(35)
Net income attributable to Dell Technologies Inc. - diluted	<u>\$ 4,532</u>								<u>\$ 5,519</u>
Earnings per share - basic	\$ 6.38								\$ 7.67
Earnings per share - diluted	\$ 6.03								\$ 7.35
Weighted-average shares outstanding - basic	724								724
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.