

4Q FY21 Performance Review

Feb 25, 2021

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 FY21

Delivering record results despite the unprecedented disruption, leveraging the depth and breadth of our portfolio to lean into areas of growth.

- **Record revenue and profitability**
Full year FY21 revenue was a record \$94.4B, up 2%. Operating income was up 6% to \$10.8B and adjusted EBITDA was \$12.7B, up 8%.
- **Record Client Solutions Group results**
CSG had an outstanding year, delivering record shipments, revenue and operating income. FY21 revenue was \$48.4B, up 5%, operating income was up 7% to \$3.4B, and a record 50.3M¹ units were shipped, up 8%.
- **Growing recurring revenue**
Q4 recurring revenue of approximately \$6B, up 8%, 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 APEX.

¹ For calendar year 2020 per IDC WW Quarterly PC Device Tracker CY20Q4

Shaping our customers' digital future

Customers are increasingly turning to Dell Technologies as a strategic partner to look beyond the COVID Era and leverage their investments as a springboard into the Data Era

Strategic Partner of Choice

Dell Technologies has never been stronger or more relevant

- Our unique direct sales engines touch more customers than anyone in technology, giving us leading insights as we build solutions.
- Our breadth from edge to core to cloud makes us relevant no matter the customer challenge.
- Our unmatched global services allows us to simplify IT complexity for our customers.
- Award winning products teams, a global supply chain with world-class scale and reach, and financing capabilities that make us trusted advisors to IT decisions makers at companies of all sizes.

Our Customers

University of Pisa in Italy

- Turned to PowerStore, PowerScale and PowerMax for core storage infrastructure to enable remote learning and accelerate their hybrid cloud and AI projects.

Swisscomm AG

- Using our as-a-Service and flexible consumption storage solutions for affordable, on-demand access to extra capacity when they need it.

Tech Mahindra and AlefEdge

- Dell Technologies is in the middle of the edge and telecom transformation - most recently with Tech Mahindra and AlefEdge in Brazil to offer edge computing as a service to local telecommunication service providers.

FY21 Results

Delivered record results despite the challenging environment; leveraging the depth and breath of our portfolio; and executing with discipline, speed, and precision

		\$ in billions	FY21	Y/Y
Dell Technologies	GAAP Revenue		94.2	2%
	GAAP Operating Income		5.1	96%
	Non-GAAP Revenue		94.4	2%
	Non-GAAP Operating Income		10.8	6%
Client Solutions Group	CSG Revenue		48.4	5%
	Operating Income		3.4	7%
	Commercial Revenue		35.4	3%
	Consumer Revenue		13.0	12%
Infrastructure Solutions Group	ISG Revenue		32.6	-4%
	Operating Income		3.8	-6%
	Servers & Networking Revenue		16.5	-4%
	Storage Revenue		16.1	-4%
VMware BU	Revenue		11.9	9%
	Operating Income		3.6	16%

7% CAGR

CSG revenue has grown at a 7% CAGR over the last five fiscal years

50.3M Units

Shipped 50.3M PC units, up 8% - the most ever in a year¹

+240 bps

Gained 240 bps of worldwide share in servers over the last three years²

#1

Have been #1 in mainstream server revenue over the last three years²

¹ For calendar year 2020 per IDC WW Quarterly PC Device Tracker CY20Q4

² Per IDC WW Quarterly Server Tracker CY20Q3, on a trailing twelve month basis

Leader in hybrid cloud solutions

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

Expanding Innovation and Partnerships

- **APEX**

Bringing together our as-a-Service and cloud strategy to deliver a simple, consistent as-a-Service experience for our customers. Starting in May, we will bring the first of the new APEX offers to market and add new offerings over the course of the year.

- **SK Telecom and VMware**

Collaborating with SK Telecom and VMware to deliver 5G-enabled edge computing solutions to help enterprises quickly act on data where it resides.

- **Innovating & Integrating**

We continue integrating and innovating with VMware across our leading capabilities and partner ecosystem, creating the automated, integrated infrastructure for 5G and the Data Era enabled with intrinsic security throughout.

#1 Public & Private
Cloud IT
Infrastructure

Dell EMC maintained the #1 position with 15.0% share (highest share of named vendors)

Per IDC WW Quarterly Cloud IT Infrastructure Tracker CY20Q3

#1 Storage
Platforms for
Private Cloud

Dell EMC maintained the #1 position with 25.1% revenue share

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 33.2% share

Per IDC WW Quarterly Converged Systems Tracker CY20Q3

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 28.8% share

Per IDC WW Quarterly Enterprise Storage Systems Tracker CY20Q3

#1 Storage
Software

Dell EMC maintained the #1 position with 13.2% share

Per IDC WW Storage Software and Cloud Services QView CY20Q3

#1 All Flash
Array

Dell EMC maintained the #1 position with 34.4% share

Per IDC WW Quarterly Enterprise Storage Systems Tracker CY20Q3

#1 Server
Units and
Revenue

Dell EMC is the leader in x86 server revenue and units

Per IDC WW Quarterly Server Tracker CY20Q3.

#1 Converged
Systems

Dell EMC maintained the #1 position with 42.2% share

Per IDC WW Quarterly Converged Systems Tracker CY20Q3

#1 Purpose-Built
Backup
Appliance

Dell EMC maintained the #1 position with 48.7% share

Per IDC WW Quarterly Purpose-Built Backup Appliance Tracker CY20Q3

#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

	4Q20	3Q21	4Q21	Y/Y	Q/Q	FY20	FY21	Y/Y
Revenue	24,032	23,482	26,112	9%	11%	92,154	94,224	2%
Gross Margin	7,684	7,261	8,147	6%	12%	28,933	29,417	2%
SG&A	5,642	4,772	4,579	-19%	-4%	21,319	18,998	-11%
R&D	1,325	1,360	1,391	5%	2%	4,992	5,275	6%
Operating Expense	6,967	6,132	5,970	-14%	-3%	26,311	24,273	-8%
Operating Income (Loss)	717	1,129	2,177	204%	93%	2,622	5,144	96%
Interest and Other, Net	(626)	273	(545)	13%	-300%	(2,626)	(1,474)	44%
Income Tax	(325)	521	289	189%	-45%	(5,533)	165	103%
<i>Effective tax rate %</i>	<i>-357.1%</i>	<i>37.2%</i>	<i>17.7%</i>			<i>138325.0%</i>	<i>4.5%</i>	
Net Income (Loss)	416	881	1,343	223%	52%	5,529	3,505	-37%
Less: Net Income attributable to non-controlling interests	8	49	116	NM	137%	913	255	-72%
Net Income (loss) attributable to Dell Technologies Inc. - basic	408	832	1,227	201%	47%	4,616	3,250	-30%
Less: Incremental dilution from VMware, Inc.	3	3	5	67%	67%	84	13	-85%
Net Income attributable to Dell Technologies Inc. - diluted	405	829	1,222	202%	47%	4,532	3,237	-29%
Earnings Per Share - basic ²	0.56	1.11	1.64	193%	48%	6.38	4.37	-32%
Earnings Per Share - diluted ²	0.54	1.08	1.57	191%	45%	6.03	4.22	-30%

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

Record revenue, operating income, and cash generation; driven by the flexibility of our business model

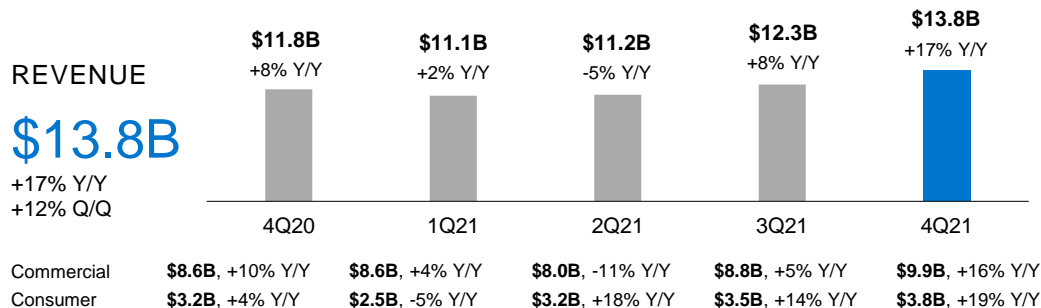
\$ in millions, except per share amounts	4Q20	3Q21	4Q21	Y/Y	Q/Q	FY20	FY21	Y/Y
Revenue	24,129	23,521	26,148	8%	11%	92,501	94,389	2%
Gross Margin	8,375	7,771	8,624	3%	11%	31,563	31,346	-1%
SG&A	4,460	3,895	4,120	-8%	6%	16,994	15,982	-6%
R&D	1,148	1,151	1,210	5%	5%	4,421	4,566	3%
Operating Expense	5,608	5,046	5,330	-5%	6%	21,415	20,548	-4%
Operating Income (Loss)	2,767	2,725	3,294	19%	21%	10,148	10,798	6%
Interest and Other, Net	(660)	(662)	(536)	19%	19%	(2,820)	(2,622)	7%
Income Tax	423	352	470	11%	34%	1,239	1,413	14%
<i>Effective tax rate %</i>	<i>20.1%</i>	<i>17.1%</i>	<i>17.0%</i>			<i>16.9%</i>	<i>17.3%</i>	
Net Income (Loss)	1,684	1,711	2,288	36%	34%	6,089	6,763	11%
Less: Net Income attributable to non-controlling interests	171	143	185	8%	29%	535	610	14%
Net Income attributable to Dell Technologies Inc. - basic	1,513	1,568	2,103	39%	34%	5,554	6,153	11%
Less: Incremental dilution from VMware, Inc.	8	4	5	-38%	25%	35	20	-43%
Net Income attributable to Dell Technologies Inc. - diluted	1,505	1,564	2,098	39%	34%	5,519	6,133	11%
Earnings Per Share - basic ²	2.06	2.10	2.80	36%	33%	7.67	8.27	8%
Earnings Per Share - diluted ²	2.00	2.03	2.70	35%	33%	7.35	8.00	9%

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.

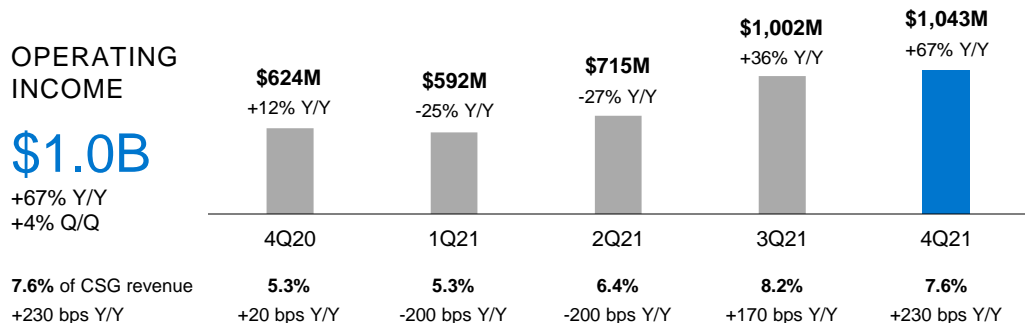
Client Solutions Group

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



Record-high Commercial revenue driven by strong growth in Latitude and Precision notebooks, and Commercial Chromebooks.

Record-high Consumer revenue driven by strength across all of our consumer notebooks and gaming systems.



Only big 3 vendor to gain Commercial PC share in calendar year 2020¹.

Strong profitability driven by record shipments, favorable component costs, improved profitability in Consumer, and operating expense controls.

¹ Results Market Sources: Per IDC WW Personal Computing Device Tracker CY20Q4, WW commercial PC, on a Y/Y basis.

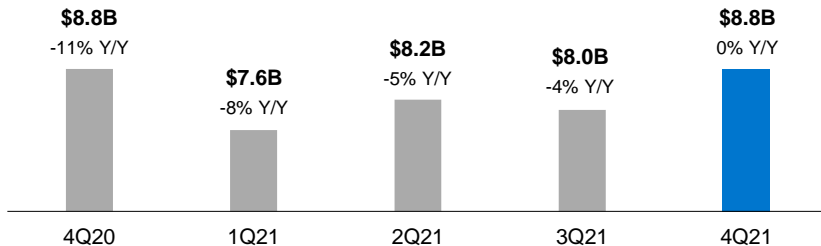
Infrastructure Solutions Group

Delivering record profitability as the business continues to improve

REVENUE

\$8.8B

0% Y/Y
+10% Q/Q



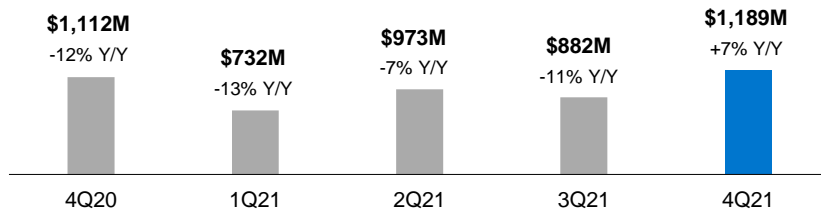
Servers & Networking
Storage

Category	4Q20	1Q21	2Q21	3Q21	4Q21
Servers & Networking	\$4.3B, -19% Y/Y	\$3.8B, -10% Y/Y	\$4.2B, -5% Y/Y	\$4.2B, -2% Y/Y	\$4.4B, +3% Y/Y
Storage	\$4.5B, -3% Y/Y	\$3.8B, -5% Y/Y	\$4.0B, -4% Y/Y	\$3.9B, -7% Y/Y	\$4.4B, -2% Y/Y

OPERATING INCOME

\$1.2B

+7% Y/Y
+35% Q/Q



13.5% of ISG revenue
+80 bps Y/Y

Quarter	Operating Income %	bps Change
4Q20	12.7%	-10 bps
1Q21	9.7%	-60 bps
2Q21	11.9%	-30 bps
3Q21	11.0%	-90 bps
4Q21	13.5%	+80 bps

Solid orders growth in Midrange, PowerProtect Data Domain, and VxRail.

PowerStore is gaining momentum as orders grew 4x quarter-over-quarter.

Pleased with improvement in mainstream servers with orders growing 11% sequentially.

Record operating income up 80 basis points benefiting from lower operating expense.

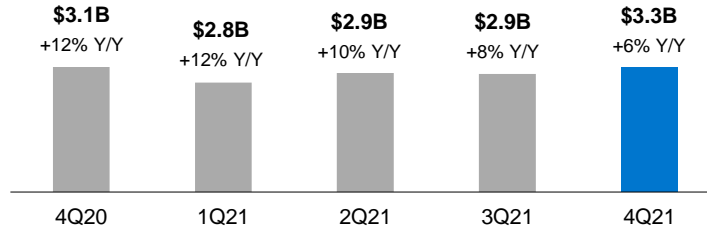
VMware

VMware business unit record quarter, delivering \$3.3B of revenue, up 6% Y/Y, driven by broad-based strength

REVENUE

\$3.3B

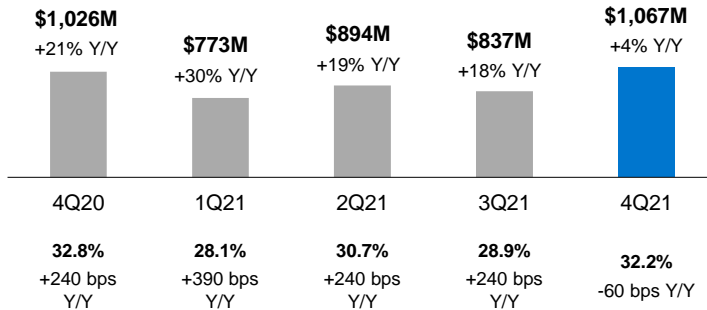
+6% Y/Y
+15% Q/Q



OPERATING INCOME

\$1.1B

+4% Y/Y
+27% Q/Q



32.2% of VMware revenue
-60 bps Y/Y

Quarter	Operating Margin	Change
4Q20	32.8%	+240 bps Y/Y
1Q21	28.1%	+390 bps Y/Y
2Q21	30.7%	+240 bps Y/Y
3Q21	28.9%	+240 bps Y/Y
4Q21	32.2%	-60 bps Y/Y

Subscription and SaaS revenue grew 27% Y/Y¹.

Strong growth in the VMware Cloud Provider Program, EUC, Carbon Black, and VMware Cloud on AWS¹.

VMware Cloud on AWS once again had a great quarter with both workloads and revenue nearly doubling Y/Y¹.

Strong operating income of \$1.1B, or 32.2% of revenue.

¹ Based on VMware's stand-alone results.

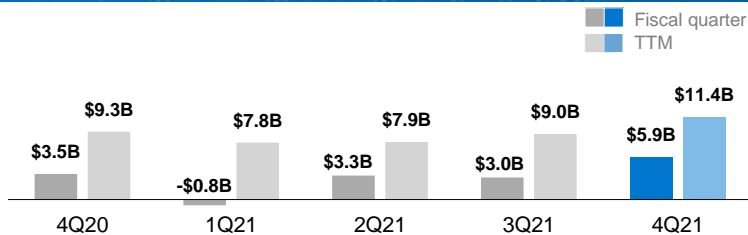
Select financial metrics

Record year and a record fourth quarter for cash flow from operations

CASH FLOW FROM OPERATIONS

\$5.9B

+68% Y/Y

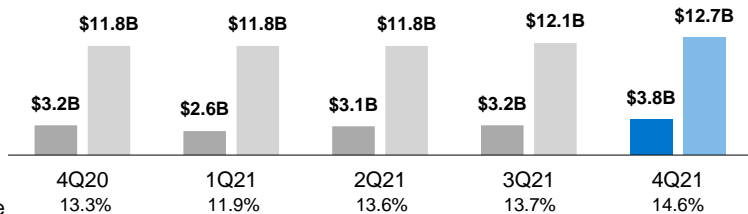


ADJUSTED EBITDA¹

\$3.8B

+19% Y/Y

14.6% of non-GAAP revenue

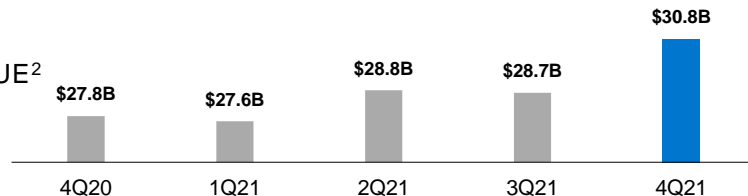


DEFERRED REVENUE²

\$30.8B

+11% Y/Y

+7% Q/Q



Record cash flow from operations driven by strong profitability, sequential growth, and diligent working capital management.

Strong liquidity position with \$15.8B C&I and approximately \$10.6B at core Dell. Delivered on FY21 core debt pay-down of \$5.5B.

Deferred revenue up 11% Y/Y, adding revenue stability². Recurring revenue is approximately \$6B for the quarter, up 8% Y/Y³.

Adjusted free cash flow was \$5.5B up 46%, full year adjusted free cash flow was \$10.5B⁴.

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

² Total 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.

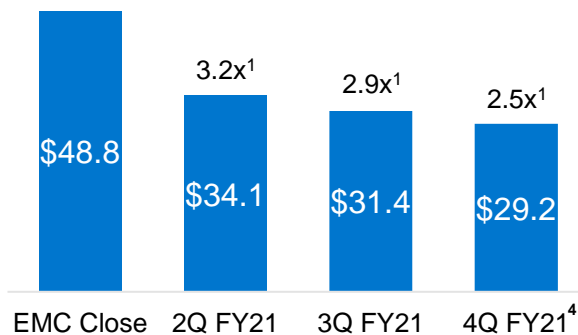
⁴ See supplemental slides in Appendix B for reconciliation of cash flow from operations to adjusted free cash flow.

Debt & capital structure

Focused on paying down core debt while efficiently supporting DFS growth

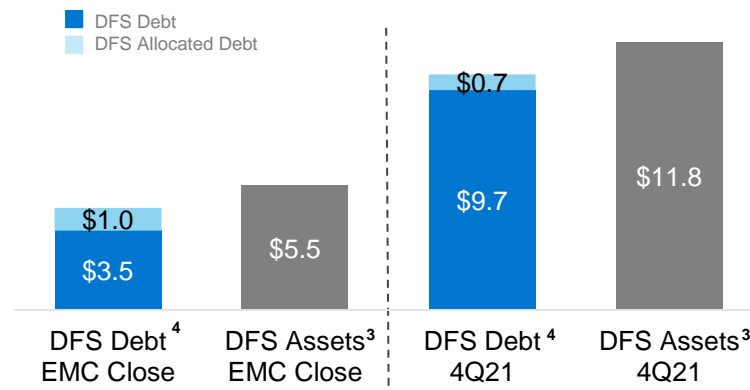
CORE DEBT

- \$19.7B reduction to date since EMC close
- Interest expense down \$0.3B Y/Y from debt paydown and lower interest rates
- Core leverage down to 2.5x due to strong profitability and debt paydown
- S&P and Fitch revised rating outlook from negative to stable for both Dell Technologies and VMware
- Targeting \$5B+ paydown in FY22, including \$1B in Q1



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 0.7% of our financing receivables.

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

⁴ See supplemental slides in Appendix A for debt summary.

Value Creation

Maximizing Dell Technologies' equity value for all aligned shareholders through five distinct levers



CURRENT OPERATIONS

Outperform in a consolidating environment through ongoing share gains

Improve margins with scale optimization and product mix shift



SYNERGIES

Tightly integrated software and solutions

Cross-sell and go-to-market opportunities



NEW OPPORTUNITIES

R&D investments in emerging areas of technology

M&A

Partnerships, including public cloud providers and telecommunications



CORPORATE STRUCTURE

Intellectual property realignment

Simplification of operations

Asset divestitures



CAPITAL STRUCTURE

Reduce core leverage and interest expense

Refinancing to smooth maturity stacks

Aligned shareholder interests

Guidance

For FY22, while the exact timing is still fluid, we expect the global economy to improve as we move through the year, which should benefit ISG and VMware as the year progresses.

FY22 Guidance

Revenue: Expect CSG strength to continue through the first half with tougher compares in the second half. Factoring in VMware standalone guidance, the divestiture of RSA and ongoing risks associated with the macro environment, **we currently expect revenue to grow in the low to mid-single-digit range.**

OPEX: Expect to see costs come back into the P&L, though not fully back to pre-pandemic OPEX levels. We have reinstated a number of employee-related benefits: most notably merit; promotions and 401k; and VMware and Dell core businesses are investing for long-term growth.

Operating Income: These expense additions and their full-year impact, combined with VMware guidance for operating income of 28% for their standalone P&L, should be factored in. Remember Dell Technologies VMware BU results include additional OPEX that we recognize related to combined solutions selling expenses.

F&O and Tax: We will benefit from lower interest expenses and a stable tax rate of 18% +/- 100bps.

Share count: Expect a higher weighted average share count driven by the absence of an active share repurchase program.

Debt paydown: Expect to pay down at least \$5B paydown in FY22, including \$1B in Q1.

Q1 FY22 Guidance

Revenue: For CSG, expect continued solid industry demand in Q1 with industry demand potentially outpacing supply. As a result, we currently expect strong CSG revenue growth in the mid-teens year-over-year. For VMware, factor in VMware standalone revenue guidance, which is in line with normal seasonality. We also expect typical revenue seasonality for ISG. **Given this, we expect Q1 YoY revenue growth in the mid-single-digit range.**

Operating Income: The full-year operating expense and operating income dynamics shared for FY22 should also be contemplated for Q1, we expect operating income dollars to be down slightly year-over-year.

Key Takeaways

4Q FY21

We have a strong operating heritage with focused execution in our core businesses and unwavering focus on value creation over time. Our model delivers top-line growth, solid profitability and generates strong cash flow through various economic cycles and environments.

- **Client Solutions Group record quarter**
CSG had another outstanding quarter, delivering record shipments, revenue and operating income. Revenue for Q4 was \$13.8 billion, up 17%, and operating income was \$1.0B, up 67%.
- **Record cash flow generation**
Generated a record \$5.9B of cash flow from operations in Q4, up 68%. Q4 adjusted free cash flow was \$5.5B up 46%, full year adjusted free cash flow was \$10.5B, up 19%, driven by strong profitability and strong working capital management¹.
- **Strong profitability**
Delivered Non-GAAP operating income of \$3.3B, up 19% or 12.6% of Non-GAAP revenue, driven primarily by operating expense controls, revenue growth in CSG and improved Consumer gross margins¹.
- **Excellent progress paying down debt**
Delivered on our FY21 core debt pay-down target of \$5.5 billion. We have now paid \$19.7B of core debt since the EMC transaction and our core debt is now \$29.2B. S&P and Fitch upgraded rating outlook to Stable².

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

² See supplemental slides in Appendix A for debt summary.

Progress Made Real 2030 – By the Numbers

A few highlights from our latest Social Impact reporting and external recognition

-19%

reduction Y/Y in Scopes 1 & 2 market-based greenhouse gas emissions in FY20^{1,2}

Score of “A”

on our 2020 Climate Disclosure Project (CDP), Climate Change Report³

13M

pounds of sustainable materials used in FY20^{1,4}

\$3B+

annual spend with diverse suppliers in FY20^{1,5}



100%

higher % of those who identify as women, Hispanic/Latino, and Black/African Americans in our workforce and in leadership during FY20^{1,6}

on the Human Rights Campaign Foundation’s Corporate Equality Index for the 16th year in a row⁷

93%

of team members rate their job as meaningful^{1,8}

7 Years

in a row receiving World’s Most Ethical Company Award from Ethisphere Institute⁹

¹ This metric is for Dell Technologies; excluding Secureworks; and excluding VMware (including Pivotal), which publishes its own annual Global Impact Progress Report.

² Measured in metric tons of carbon dioxide equivalent (MTCO2e). All facilities globally, including leased spaces.

³ Based on the Climate Disclosure Project “A List” for 2020.

⁴ Includes only recycled materials used in new Dell-branded products.

⁵ Dell Technologies’ commitment is to spend \$3 billion USD or more annually with diverse suppliers. Diverse spend certificates are validated on an annual basis.

⁶ Women employees (as percentage of global workforce), Black/African American and Hispanic/Latino employees (as percentage of U.S. employees).

⁷ Human Rights Campaign Foundation’s Corporate Equality Index is the national benchmarking tool on corporate policies and practices pertinent to lesbian, gay, bisexual, transgender and queer employees.

⁸ This goal’s metric is based on the percent favorable responses received during our annual, internal and optional employee opinion survey of Dell Technologies full- and part-time employees.

⁹ Based on Ethisphere Institute 2020 report.

Appendix A

Debt and DFS summary

Debt summary

\$ in billions ^{1,2}	EMC Close	4Q20	1Q21	2Q21	3Q21	4Q21
Revolver	2.0	-	-	-	-	-
Term Loan A	9.4	4.2	4.1	4.0	4.0	3.1
Term Loan B	5.0	4.7	4.7	4.7	4.7	3.1
Investment Grade Notes	20.0	20.8	23.0	21.6	18.5	18.5
DFS Allocated Debt	(1.0)	(1.5)	(0.9)	(1.2)	(0.9)	(0.7)
Total Core Secured Debt ³	35.4	28.2	31.0	29.1	26.3	24.1
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	1.6	1.6	1.0	1.0	1.0
Total Unsecured Core Debt	13.4	5.7	5.7	5.1	5.1	5.1
Total Core Debt ⁴	48.8	33.8	36.6	34.1	31.4	29.2
Margin Loan and Other	4.0	4.0	4.0	4.1	4.2	4.2
DFS Debt	3.5	7.8	8.3	8.8	9.2	9.7
DFS Allocated Debt	1.0	1.5	0.9	1.2	0.9	0.7
Total DFS Related Debt	4.5	9.3	9.1	10.0	10.1	10.3
Total Debt, Excluding Public Subsidiaries ⁵	57.3	47.1	49.8	48.2	45.6	43.7
Total Public Subsidiary Debt	-	5.6	7.6	6.3	4.8	4.8
Total Debt, Including Public Subsidiaries ⁵	57.3	52.7	57.3	54.5	50.4	48.5

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	4Q20	1Q21	2Q21	3Q21	4Q21
Originations ¹	2.8	1.8	2.6	2.1	2.4
Trailing twelve months	8.5	8.6	9.2	9.3	8.9
Financing Receivables ²	9.7	9.5	10.2	10.2	10.5
Operating Leases ³	0.8	1.0	1.2	1.3	1.3
Total Managed Assets ⁴	11.6	11.3	12.5	12.6	13.1

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	4Q20	1Q21	2Q21	3Q21	4Q21	FY20	FY21
GAAP revenue	24,032	21,897	22,733	23,482	26,112	92,154	94,224
Impact of purchase accounting ¹	97	48	42	39	36	347	165
Non-GAAP revenue	24,129	21,945	22,775	23,521	26,148	92,501	94,389
GAAP gross margin	7,684	6,853	7,156	7,261	8,147	28,933	29,417
Amortization of intangibles	526	372	375	375	380	2,081	1,502
Impact of purchase accounting ¹	98	51	43	40	37	353	171
Stock-based compensation	38	40	50	51	53	129	194
Other corporate expenses ²	29	9	2	44	7	72	62
Total adjustments to gross margin	691	472	470	510	477	2,630	1,929
Non-GAAP gross margin	8,375	7,325	7,626	7,771	8,624	31,563	31,346
<i>GM % of non-GAAP revenue</i>	<i>34.7%</i>	<i>33.4%</i>	<i>33.5%</i>	<i>33.0%</i>	<i>33.0%</i>	<i>34.1%</i>	<i>33.2%</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. 4Q21 includes derecognition of a \$237 million previously accrued litigation loss as a result of a jury verdict in January 2020 against VMware, Inc. in a patent litigation matter. On December 21, 2020, the United States District Court of the District of Delaware set aside the jury verdict and ordered a new trial.

Supplemental non-GAAP measures

SG&A, R&D and operating expense

\$ in millions	4Q20	1Q21	2Q21	3Q21	4Q21	FY20	FY21
GAAP SG&A	5,642	4,886	4,761	4,772	4,579	21,319	18,998
Amortization of intangibles	(548)	(483)	(472)	(470)	(466)	(2,327)	(1,891)
Impact of purchase accounting ¹	(12)	(12)	(10)	(9)	(11)	(56)	(42)
Transaction costs ²	(119)	(76)	(82)	(52)	(46)	(288)	(256)
Stock based compensation	(190)	(182)	(202)	(215)	(177)	(619)	(776)
Other corporate expenses ³	(313)	(78)	(83)	(132)	241	(1,035)	(52)
Non-GAAP SG&A	4,460	4,055	3,912	3,895	4,120	16,994	15,982
GAAP R&D	1,325	1,265	1,259	1,360	1,391	4,992	5,275
Impact of purchase accounting ¹	(2)	-	-	-	-	(2)	-
Transaction costs ²	(1)	-	(1)	-	-	(2)	(1)
Stock based compensation	(148)	(148)	(161)	(170)	(160)	(514)	(639)
Other corporate expenses ³	(26)	(8)	(1)	(39)	(21)	(53)	(69)
Non-GAAP R&D	1,148	1,109	1,096	1,151	1,210	4,421	4,566
GAAP operating expenses	6,967	6,151	6,020	6,132	5,970	26,311	24,273
Amortization of intangibles	(548)	(483)	(472)	(470)	(466)	(2,327)	(1,891)
Impact of purchase accounting ¹	(14)	(12)	(10)	(9)	(11)	(58)	(42)
Transaction costs ²	(120)	(76)	(83)	(52)	(46)	(290)	(257)
Stock based compensation	(338)	(330)	(363)	(385)	(337)	(1,133)	(1,415)
Other corporate expenses ³	(339)	(86)	(84)	(170)	220	(1,088)	(120)
Total adjustments to operating expenses	(1,359)	(987)	(1,012)	(1,086)	(640)	(4,896)	(3,725)
Non-GAAP operating expenses	5,608	5,164	5,008	5,046	5,330	21,415	20,548
<i>OpEx % of non-GAAP revenue</i>	<i>23.2%</i>	<i>23.6%</i>	<i>22.0%</i>	<i>21.4%</i>	<i>20.4%</i>	<i>23.2%</i>	<i>21.8%</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, and other costs. 4Q21 includes derecognition of a \$237 million previously accrued litigation loss as a result of a jury verdict in January 2020 against VMware, Inc. in a patent litigation matter. On December 21, 2020, the United States District Court of the District of Delaware set aside the jury verdict and ordered a new trial.

Supplemental non-GAAP measures

Operating Income

\$ in millions	4Q20	1Q21	2Q21	3Q21	4Q21	FY20	FY21
GAAP operating income (loss)	717	702	1,136	1,129	2,177	2,622	5,144
Non-GAAP adjustments:							
Amortization of intangibles	1,074	855	847	845	846	4,408	3,393
Impact of purchase accounting ¹	112	63	53	49	48	411	213
Transaction costs ²	120	76	83	52	46	285	257
Stock based compensation	376	370	413	436	390	1,262	1,609
Other corporate expenses ³	368	95	86	214	(213)	1,160	182
Total adjustments to operating income	2,050	1,459	1,482	1,596	1,117	7,526	5,654
Non-GAAP operating income	2,767	2,161	2,618	2,725	3,294	10,148	10,798
<i>OpInc % of non-GAAP revenue</i>	<i>11.5%</i>	<i>9.8%</i>	<i>11.5%</i>	<i>11.6%</i>	<i>12.6%</i>	<i>11.0%</i>	<i>11.4%</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, and other costs. 4Q21 includes derecognition of a \$237 million previously accrued litigation loss as a result of a jury verdict in January 2020 against VMware, Inc. in a patent litigation matter. On December 21, 2020, the United States District Court of the District of Delaware set aside the jury verdict and ordered a new trial.

Supplemental non-GAAP measures

Interest and other

\$ in millions	4Q20	1Q21	2Q21	3Q21	4Q21	FY20	FY21
GAAP interest and other, net:							
Investment income, primarily interest	33	24	12	11	7	160	54
Gain on investments, net	34	94	8	489	(9)	194	582
Interest expense	(630)	(672)	(617)	(566)	(534)	(2,675)	(2,389)
Foreign exchange	(39)	(99)	-	(31)	3	(162)	(127)
Other	(24)	87	(39)	370	(12)	(143)	406
GAAP interest and other, net	(626)	(566)	(636)	273	(545)	(2,626)	(1,474)
Adjustments:							
Non-GAAP adjustments ¹	34	214	8	935	(9)	194	1,148
Non-GAAP interest and other, net	(660)	(780)	(644)	(662)	(536)	(2,820)	(2,622)
<i>I&O as a % of non-GAAP revenue</i>	-2.7%	-3.5%	-2.8%	-2.8%	-2.1%	-3.0%	-2.7%

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	4Q20	1Q21	2Q21	3Q21	4Q21	FY20	FY21
GAAP net income (loss)	416	182	1,099	881	1,343	5,529	3,505
Non-GAAP adjustments:							
Amortization of intangibles	1,074	855	847	845	846	4,408	3,393
Impact of purchase accounting ¹	112	63	53	49	48	411	213
Transaction costs ²	120	(44)	83	(286)	46	285	(201)
Stock based compensation	376	370	413	436	390	1,262	1,609
Other corporate expenses ³	368	95	86	106	(213)	1,160	74
Fair value adjustments on equity investments ⁴	(34)	(94)	(8)	(489)	9	(194)	(582)
Aggregate adjustment for income taxes ⁵	(748)	(284)	(952)	169	(181)	(6,772)	(1,248)
Total adjustments to net income	1,268	961	522	830	945	560	3,258
Non-GAAP net income	1,684	1,143	1,621	1,711	2,288	6,089	6,763
<i>NI % of non-GAAP revenue</i>	<i>7.0%</i>	<i>5.2%</i>	<i>7.1%</i>	<i>7.3%</i>	<i>8.8%</i>	<i>6.6%</i>	<i>7.2%</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, and other costs. 4Q21 includes derecognition of a \$237 million previously accrued litigation loss as a result of a jury verdict in January 2020 against VMware, Inc. in a patent litigation matter. On December 21, 2020, the United States District Court of the District of Delaware set aside the jury verdict and ordered a new trial.

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	4Q20	1Q21	2Q21	3Q21	4Q21	FY20	FY21
GAAP net income attributable to non-controlling interests	8	39	51	49	116	913	255
Amortization of intangibles ¹	76	60	64	63	62	295	249
Impact of purchase accounting ²	6	3	4	3	3	23	13
Transaction costs ³	32	7	8	5	6	50	26
Stock based compensation	65	54	57	61	51	217	223
Other corporate expenses ⁴	45	-	-	9	(47)	45	(38)
Fair value adjustments on equity investments ⁵	-	(1)	-	(34)	4	24	(31)
Aggregate adjustment for income taxes ⁶	(61)	(35)	(29)	(13)	(10)	(1,032)	(87)
Total adjustments to net income attributable to non-controlling interests	163	88	104	94	69	(378)	355
Non-GAAP net income attributable to non-controlling interests	171	127	155	143	185	535	610

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 Consists of severance, facility action, and other costs. 4Q21 includes derecognition of a \$237 million previously accrued litigation loss as a result of a jury verdict in January 2020 against VMware, Inc. in a patent litigation matter. On December 21, 2020, the United States District Court of the District of Delaware set aside the jury verdict and ordered a new trial.

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						
	4Q20	1Q21	2Q21	3Q21	4Q21	FY20	FY21
GAAP net income (loss) attributable to Dell Technologies Inc.	408	143	1,048	832	1,227	4,616	3,250
Amortization of intangibles	1,074	855	847	845	846	4,408	3,393
Impact of purchase accounting ¹	112	63	53	49	48	411	213
Transaction costs ²	120	(44)	83	(286)	46	285	(201)
Stock based compensation	376	370	413	436	390	1,262	1,609
Other corporate expenses ³	368	95	86	106	(213)	1,160	74
Fair value adjustments on equity investments ⁴	(34)	(94)	(8)	(489)	9	(194)	(582)
Aggregate adjustment for income taxes ⁵	(748)	(284)	(952)	169	(181)	(6,772)	(1,248)
Total non-GAAP adjustments attributable to non-controlling interests	(163)	(88)	(104)	(94)	(69)	378	(355)
Total adjustments to net income attributable to Dell Technologies Inc.	1,105	873	418	736	876	938	2,903
Non-GAAP net income attributable to Dell Technologies Inc. - basic	1,513	1,016	1,466	1,568	2,103	5,554	6,153
Incremental dilution from VMware, Inc. ⁶	(8)	(4)	(5)	(4)	(5)	(35)	(20)
Non-GAAP net income attributable to Dell Technologies Inc. - diluted	1,505	1,012	1,461	1,564	2,098	5,519	6,133

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, and other costs. 4Q21 includes derecognition of a \$237 million previously accrued litigation loss as a result of a jury verdict in January 2020 against VMware, Inc. in a patent litigation matter. On December 21, 2020, the United States District Court of the District of Delaware set aside the jury verdict and ordered a new trial.

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	4Q20	1Q21	2Q21	3Q21	4Q21	FY20	FY21
GAAP net income attributable to Dell Technologies Inc.	408	143	1,048	832	1,227	4,616	3,250
Weighted-average shares outstanding - basic	734	740	741	747	750	724	744
GAAP EPS attributable to Dell Technologies Inc. - basic	0.56	0.19	1.41	1.11	1.64	6.38	4.37
Incremental dilution from VMware Inc. ¹	(3)	(2)	(3)	(3)	(5)	(84)	(13)
GAAP net income attributable to Dell Technologies Inc. - diluted	405	141	1,045	829	1,222	4,532	3,237
Weighted-average shares outstanding - diluted	754	755	761	771	776	751	767
GAAP EPS attributable to Dell Technologies Inc. - diluted	0.54	0.19	1.37	1.08	1.57	6.03	4.22
Non-GAAP net income attributable to Dell Technologies Inc.	1,513	1,016	1,466	1,568	2,103	5,554	6,153
Weighted-average shares outstanding - basic	734	740	741	747	750	724	744
Non-GAAP EPS attributable to Dell Technologies Inc. - basic	2.06	1.37	1.98	2.10	2.80	7.67	8.27
Incremental dilution from VMware Inc. ¹	(8)	(4)	(5)	(4)	(5)	(35)	(20)
Non-GAAP net income attributable to Dell Technologies Inc. - diluted	1,505	1,012	1,461	1,564	2,098	5,519	6,133
Weighted-average shares outstanding - diluted	754	755	761	771	776	751	767
Non-GAAP EPS attributable to Dell Technologies Inc. - diluted	2.00	1.34	1.92	2.03	2.70	7.35	8.00

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	4Q20	1Q21	2Q21	3Q21	4Q21	FY20	FY21
GAAP net income (loss)	416	182	1,099	881	1,343	5,529	3,505
Adjustments:							
Interest and other, net	626	566	636	(273)	545	2,626	1,474
Income tax provision (benefit)	(325)	(46)	(599)	521	289	(5,533)	165
Depreciation and amortization	1,535	1,316	1,340	1,361	1,373	6,143	5,390
EBITDA	2,252	2,018	2,476	2,490	3,550	8,765	10,534
Adjustments:							
Impact of purchase accounting ¹	96	48	42	39	36	347	165
Transaction costs ²	120	76	83	52	46	285	257
Stock based compensation	376	370	413	436	390	1,262	1,609
Other corporate expenses ³	357	95	86	214	(213)	1,128	182
Adjusted EBITDA	3,201	2,607	3,100	3,231	3,809	11,787	12,747
<i>Adj EBITDA % of non-GAAP revenue</i>	<i>13.3%</i>	<i>11.9%</i>	<i>13.6%</i>	<i>13.7%</i>	<i>14.6%</i>	<i>12.7%</i>	<i>13.5%</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, and other costs. 4Q21 includes derecognition of a \$237 million previously accrued litigation loss as a result of a jury verdict in January 2020 against VMware, Inc. in a patent litigation matter. On December 21, 2020, the United States District Court of the District of Delaware set aside the jury verdict and ordered a new trial..

Supplemental non-GAAP measures

Free cash flow

\$ in millions	4Q20	1Q21	2Q21	3Q21	4Q21	FY20	FY21
Cash flow from operations	3,508	(796)	3,332	2,994	5,877	9,291	11,407
Adjustments:							
Capital expenditures and capitalized software development costs, net	(689)	(552)	(544)	(468)	(498)	(2,553)	(2,062)
Free cash flow	2,819	(1,348)	2,788	2,526	5,379	6,738	9,345
Adjustments:							
DFS financing receivables	737	14	530	80	104	1,329	728
DFS operating leases ¹	223	135	245	44	50	819	474
Free cash flow before impact from DFS related items	3,779	(1,199)	3,563	2,650	5,533	8,886	10,547
VMware cash flow from operations	1,085	1,374	719	992	1,324	3,872	4,409
Adjustments:							
VMware capital expenditures	(64)	(87)	(76)	(84)	(82)	(279)	(329)
VMware free cash flow	1,021	1,287	643	908	1,242	3,593	4,080
Free cash flow, excluding VMware, before impact from DFS related items	2,758	(2,486)	2,920	1,742	4,291	5,293	6,467

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

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