



HPE Q4 FY21 EARNINGS ANNOUNCEMENT

November 30, 2021

<http://www.investors.hpe.com>

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements that involve risks, uncertainties, and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of Hewlett Packard Enterprise and its consolidated subsidiaries (“Hewlett Packard Enterprise”) may differ materially from those expressed or implied by such forward-looking statements and assumptions. The words “believe”, “expect”, “anticipate”, “optimistic”, “intend”, “aim”, “will”, “should”, and similar expressions are intended to identify such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to the scope and duration of the novel coronavirus (“COVID-19”) pandemic and its impact on our business operations, liquidity and capital resources, employees, customers, partners, supply chain, financial results and the world economy, any projections of revenue, margins, expenses, investments, effective tax rates, interest rates, the impact of the U.S. Tax Cuts and Jobs Act of 2017 and related guidance or regulations, net earnings, net earnings per share, cash flows, liquidity and capital resources, inventory, goodwill, impairment charges, hedges and derivatives and related offsets, order backlog, benefit plan funding, deferred tax assets, share repurchases, currency exchange rates, repayments of debts including our asset-backed debt securities, or other financial items; any projections of the amount, execution, timing, and results of any transformation or impact of cost savings, restructuring plans, including estimates and assumptions related to the anticipated benefits, cost savings, or charges of implementing transformation and restructuring plans; any statements of the plans, strategies, and objectives of management for future operations, as well as the execution of corporate transactions or contemplated acquisitions, research and development expenditures, and any resulting benefit, cost savings, charges, or revenue or profitability improvements; any statements concerning the expected development, performance, market share or competitive performance relating to products or services; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on Hewlett Packard Enterprise and its financial performance; any statements regarding pending investigations, claims or disputes; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing.

Risks, uncertainties, and assumptions include the need to address the many challenges facing Hewlett Packard Enterprise’s businesses; the competitive pressures faced by Hewlett Packard Enterprise’s businesses; risks associated with executing Hewlett Packard Enterprise’s strategy; the impact of macroeconomic and geopolitical trends and events; the need to manage third-party suppliers, the distribution of Hewlett Packard Enterprise’s products, and the delivery of Hewlett Packard Enterprise’s services effectively; the protection of Hewlett Packard Enterprise’s intellectual property assets, including intellectual property licensed from third parties and intellectual property shared with its former Parent; risks associated with Hewlett Packard Enterprise’s international operations (including pandemics and public health problems, such as the outbreak of COVID-19); the development and transition of new products and services and the enhancement of existing products and services to meet customer needs and respond to emerging technological trends; the execution and performance of contracts by Hewlett Packard Enterprise and its suppliers, customers, clients, and partners, including any impact thereon resulting from events such as the COVID-19 pandemic; the hiring and retention of key employees; the execution, integration, and other risks associated with business combination and investment transactions; and the impact of changes to environmental, global trade, and other governmental regulations; changes in our product, lease, intellectual property, or real estate portfolio; the payment or non-payment of a dividend for any period; the efficacy of using non-GAAP, rather than GAAP, financial measures in business projections and planning; the judgments required in connection with determining revenue recognition; impact of company policies and related compliance; utility of segment realignments; allowances for recovery of receivables and warranty obligations; provisions for, and resolution of pending investigations, claims, and disputes; and other risks that are described in Hewlett Packard Enterprise’s Annual Report on Form 10-K for the fiscal year ended October 31, 2020, Current Reports on Form 8-K, and in other filings made by Hewlett Packard Enterprise from time to time with the Securities and Exchange Commission.

As in prior periods, the financial information set forth in this press release, including tax-related items, reflects estimates based on information available at this time. While Hewlett Packard Enterprise believes these estimates to be reasonable, these amounts could differ materially from reported amounts in the Hewlett Packard Enterprise’s Annual Report on Form 10-K for the period ended October 31, 2021. Hewlett Packard Enterprise assumes no obligation and does not intend to update these forward-looking statements, except as required by applicable law.



USE OF NON-GAAP FINANCIAL INFORMATION

Hewlett Packard Enterprise (HPE) has included non-GAAP financial measures in this presentation to supplement HPE's condensed consolidated financial statements presented on a GAAP basis. Definitions of these non-GAAP financial measures and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included elsewhere in this presentation.

HPE's management uses net revenue on a constant currency basis, non-GAAP gross profit, non-GAAP gross profit margin, non-GAAP operating profit, non-GAAP operating profit margin, non-GAAP income tax rate, non-GAAP net earnings, and non-GAAP diluted net earnings per share, to evaluate and forecast HPE's performance before gains, losses or other charges that are considered by HPE's management to be outside of HPE's business segment operating results. Gross cash, net cash, cash flow from operations and free cash flow, each excluding litigation judgment, net of taxes paid are liquidity measures that provide useful information to management about the amount of cash available for investment in HPE's businesses, funding acquisitions, repurchasing stock and other purposes. Net cash and net debt provide useful information to management about the state of HPE's condensed consolidated balance sheet. Operating company net cash and operating company net debt provide additional useful information to management about the state of HPE's condensed consolidated balance sheet by providing more transparency into the financial components of the operating company separate from HPE's financing business, which has different capital structure requirements and requires much greater leverage to run effectively.

These non-GAAP financial measures may have limitations as analytical tools, and these measures should not be considered in isolation or as a substitute for analysis of HPE's results as reported under GAAP. For example, items such as amortization of intangible assets, though not directly affecting HPE's cash position, represent the loss in value of intangible assets over time. The expense associated with this loss in value is not included in non-GAAP operating profit, non-GAAP operating profit as percentage of revenue (non-GAAP operating profit margin), non-GAAP income tax rate, non-GAAP net earnings, or non-GAAP diluted net earnings per share, and therefore does not reflect the full economic effect of the loss in value of those intangible assets. In addition, items such as transformation costs, disaster charges, amortization of purchased intangible assets, amortization of initial direct costs, stock-based compensation expenses, acquisition, disposition, litigation judgment, and early debt redemption costs and other related charges that are excluded from non-GAAP gross profit, non-GAAP gross profit margin, non-GAAP operating profit, non-GAAP operating profit as percentage of revenue (non-GAAP operating profit margin), non-GAAP tax rate, non-GAAP net earnings, and non-GAAP diluted net earnings per share can have a material impact on the equivalent GAAP earnings measures and cash flow. Items such as tax indemnification and related adjustments, adjustment to earnings from equity interests and non-service net periodic benefit credits that are excluded from non-GAAP net earnings and non-GAAP diluted net earnings per share can have a material impact on the equivalent GAAP earnings measure and cash flows. Items such as income tax valuation allowances and separation taxes, the impact of U.S. tax reform, excess tax benefits from stock-based compensation, structural rate adjustment and the related tax impact from other non-GAAP measures that are excluded from the non-GAAP tax rate, non-GAAP net earnings, and non-GAAP diluted net earnings per share can also have a material impact on the equivalent GAAP earnings measures and cash flow. HPE may not be able to liquidate the short-term and long-term investments included in gross cash immediately, which may limit the usefulness of gross cash as a liquidity measure. In addition, free cash flow does not represent the total increase or decrease in cash for the period. The non-GAAP financial information that we provide also may differ from the non-GAAP information provided by other companies.

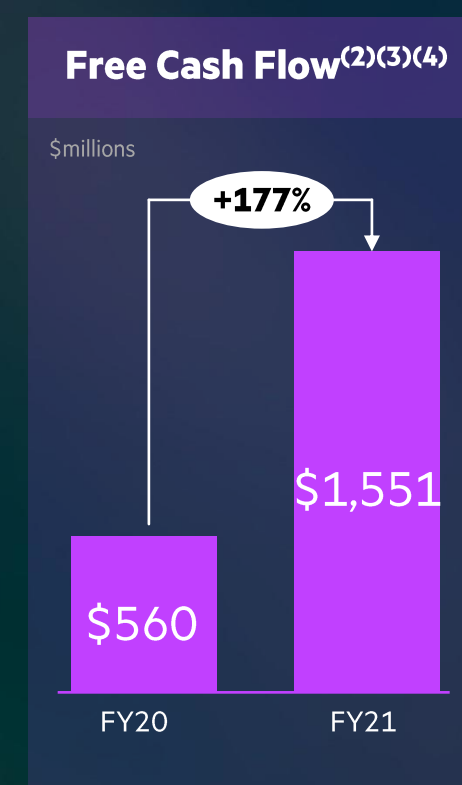
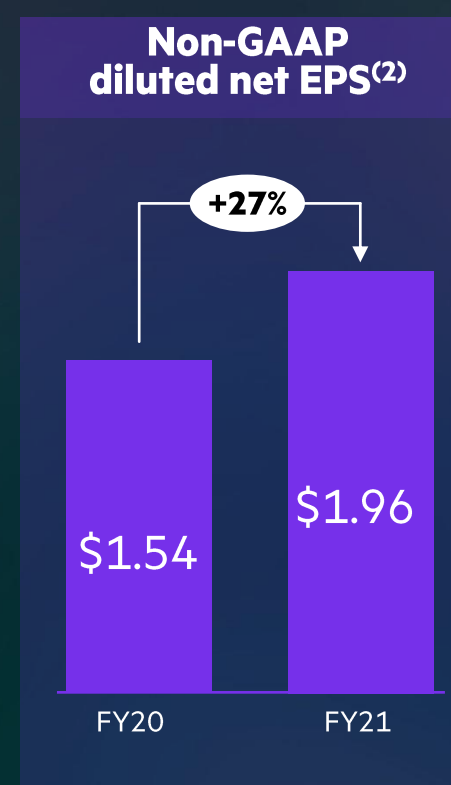
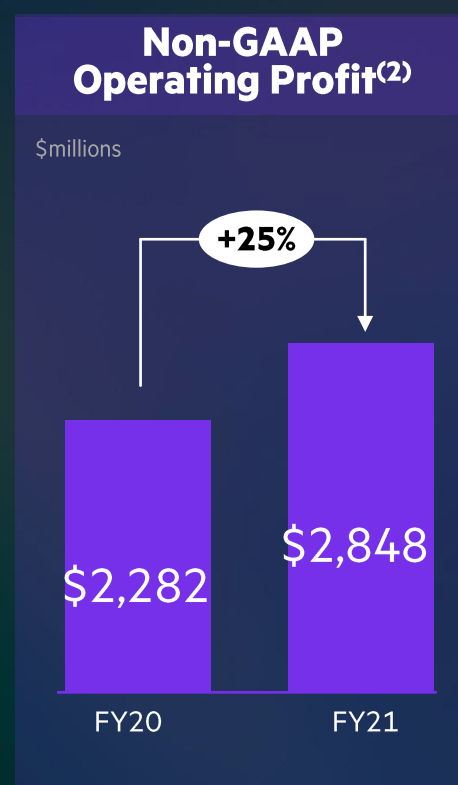
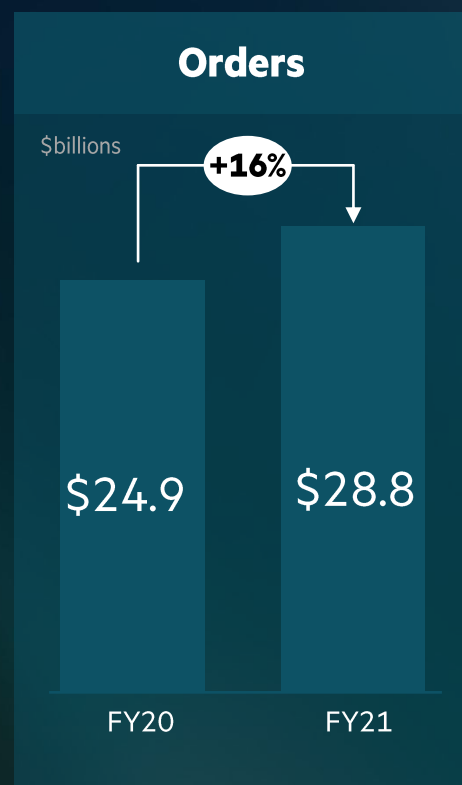
We compensate for the limitations on our use of these non-GAAP financial measures by relying primarily on our GAAP financial statements and using non-GAAP financial measures only supplementally. We also provide robust and detailed reconciliations of each non-GAAP financial measure to the most directly comparable GAAP measure, and we encourage investors to carefully review those reconciliations.

We believe that providing these non-GAAP financial measures, in addition to the related GAAP measures, provides investors with greater transparency to the information used by HPE's management in its financial and operational decision-making and allows investors to see HPE's results "through the eyes" of management. We further believe that providing this information better enables investors to understand HPE's operating performance and financial condition and to evaluate the efficacy of the methodology and information used by management to evaluate and measure such performance and financial condition.



EXCEEDED FY21 COMMITMENTS ACROSS ALL FINANCIAL METRICS

- Strong demand throughout the year accelerated in the second half with total FY21 order growth up 16% y/y
- Revenue of \$27.8 billion in FY21 grew in-line with our SAM 2020 long-term outlook up 1% y/y⁽¹⁾
- Significant improvements in gross and operating margins with FY21 non-GAAP operating profit⁽²⁾ up 25% y/y
- Delivered non-GAAP diluted net EPS⁽²⁾ of \$1.96, up 27% y/y and exceeded our original SAM 2020 outlook of \$1.56-1.76
- Generated FY21 free cash flow⁽²⁾⁽³⁾ of \$1.6 billion, up \$1.0 billion y/y and well above our original SAM 2020 outlook of \$0.9-1.1 billion



1. Adjusted to eliminate the effects of currency

2. A reconciliation of specific adjustments to GAAP results for the current and prior periods and a reconciliation of Cash flow from Operations to Free Cash Flow are included in the non-GAAP slide section that appears as part of the supplemental slides of this presentation on slides 20-36. A description of HPE's use of non-GAAP financial information is provided on slide (ii) under "Use of non-GAAP financial information"

3. Free cash flow = cash flow from operations less net capital expenditures; net capital expenditures = investments in property, plant and equipment less proceeds from the sale of property, plant and equipment

4. FY21 free cash flow does not include \$2.172 billion of after-tax impact from Oracle's satisfaction of the judgment in the Itanium litigation

OUR STRATEGY TO BECOME THE EDGE-TO-CLOUD COMPANY IS DRIVING IMPROVED MOMENTUM ACROSS ALL BUSINESSES

Growth Businesses

Record order levels

- Intelligent Edge orders grew strong double-digits and exceeded \$4 billion in FY21 with revenue growing 13% y/y⁽¹⁾
- HPC & AI orders grew strong double-digits in FY21 with order book of awarded contracts now at \$2.7 billion

Core Businesses

Robust orders & strong profitability

- Compute orders up 10%+ in FY21 with operating margin of 10.8%
- Storage orders up high single-digits in FY21 with operating margin of 16.3%
- Pointnext orders up mid single-digits in FY21 and book to bill above 1

As-a-Service Pivot

Accelerating ARR momentum

- aaS orders⁽³⁾ up 61% y/y in FY21
- aaS ARR⁽³⁾ up 36% y/y in FY21
- Added over 300 GreenLake enterprise customers during FY21 to 1,250+
- Added over \$1.5 billion of GreenLake Total Contract Value⁽⁴⁾ in FY21 to over \$5.7 billion

FY22
Outlook

3% to 4%
Revenue growth in CC⁽¹⁾

\$1.96 to \$2.10
non-GAAP diluted net EPS⁽²⁾⁽⁵⁾

\$1.8 to \$2.0 billion
Free Cash Flow⁽²⁾⁽⁶⁾

1. Adjusted to eliminate the effects of currency. 2. A description of HPE's use of non-GAAP financial information is provided on slide (ii) under Use of non-GAAP financial information. The adjustments to GAAP results do not impact the operating profit (loss) of the segments for any period presented. 3. For definition of as-a-Service orders and ARR, please refer to footnote on slide 4. 4. Total Contract Value (TCV) represents the total value of one-time and recurring revenue for the period defined by the contract. 5. For reconciliation of non-GAAP to GAAP diluted net EPS, please see slide 12. 6. Free cash flow = cash flow from operations less net capital expenditures; net capital expenditures = investments in property, plant and equipment less proceeds from the sale of property, plant and equipment.

Q4 FY21 FINANCIAL HIGHLIGHTS

- Order growth up 9% sequentially and up 28% from the prior-year period
- Net revenue of **\$7.4 billion**, up 7%⁽¹⁾ sequentially and up 0.4%⁽¹⁾ from the prior-year period
- As-a-Service ARR⁽²⁾ of \$796 million, up 36% from the prior-year period
- Non-GAAP Gross Margin⁽³⁾ of **33.0%**, down 1.7 pts sequentially and up 2.3 pts from the prior-year period
- Non-GAAP Operating Profit⁽³⁾ of **\$717 million**, up 7% sequentially and up 16% from the prior-year period
- GAAP diluted net earnings per share of **\$1.91**, up \$1.62 sequentially and up \$1.79 from the prior-year period
- Non-GAAP diluted net earnings per share⁽³⁾ of **\$0.52**, up 11% sequentially and up 27% from the prior-year period
- Cash flow from operations excluding litigation judgment⁽⁴⁾ of **\$784 million** and free cash flow⁽³⁾⁽⁴⁾⁽⁵⁾ of **\$94 million**
- Returned **\$370 million** to shareholders in the form of share repurchases and dividends
 - Declaring Q1 dividend of \$0.12 per share payable on January 7, 2022

1. Adjusted to eliminate the effects of currency

2. For definition of as-a-Service ARR, please refer to footnote on slide 4

3. A reconciliation of specific adjustments to GAAP results for the current and prior periods and a reconciliation of Cash flow from Operations to Free Cash Flow are included in the non-GAAP slide section that appears as part of the supplemental slides of this presentation on slides 20-36. A description of HPE's use of non-GAAP financial information is provided on slide (ii) under "Use of non-GAAP financial information".

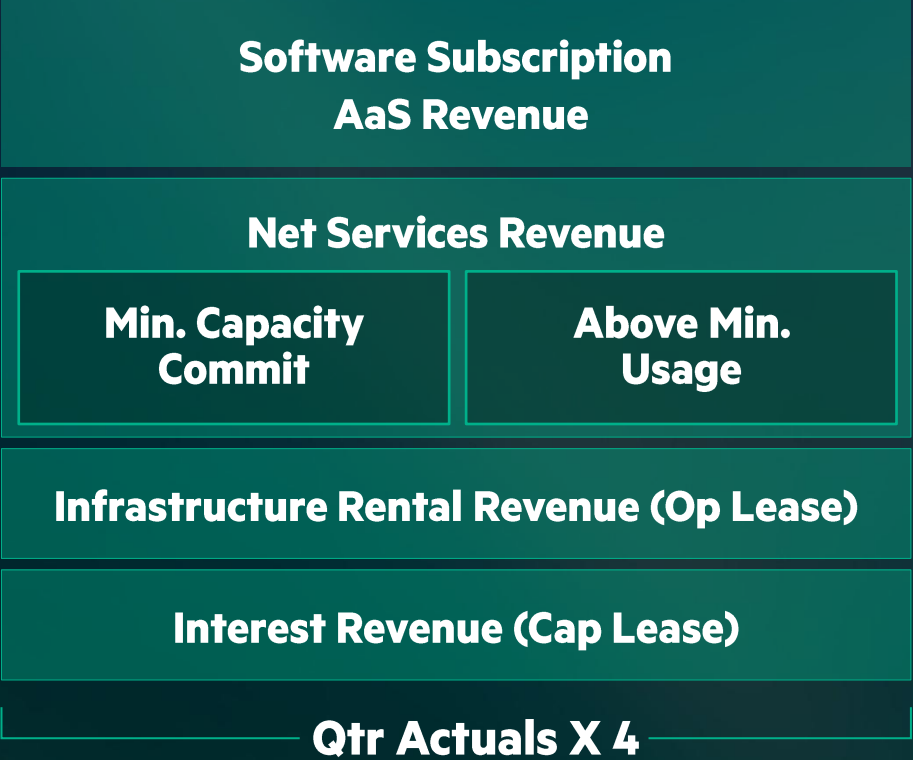
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MOMENTUM IN OUR AS-A-SERVICE PIVOT IS ACCELERATING ORDERS AND ARR

ARR⁽²⁾ =



Targeting 35-45% ARR⁽²⁾ CAGR [FY21-FY24]

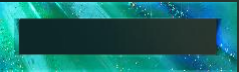
HPE AS-A-SERVICE ORDERS⁽¹⁾
+114% Y/Y

ANNUALIZED REVENUE
RUN-RATE (ARR)⁽²⁾

\$796M +36% Y/Y

1. As-a-Service (AAS) orders are an overlay across all business segments contributing to HPE's consumption-based services (both recurring and non-recurring), and includes hardware, as well as GreenLake as-a-Service, Aruba SaaS, CMS SaaS, and other Software assets.

2. Annualized Revenue Run-Rate ("ARR") is a financial metric used to assess the growth of the Consumption Services ("CS") offerings. ARR represents the annualized value of all recurring [net] Greenlake services revenue, related financial services revenue (which includes rental income for operating leases and interest income for capital leases), and Software-as-a-Service, subscription, and other as-a-Service offerings recognized during a quarter and multiplied by four. We use ARR as a performance metric. ARR should be viewed independently of net revenue and deferred revenue and is not intended to be combined with any of these items.

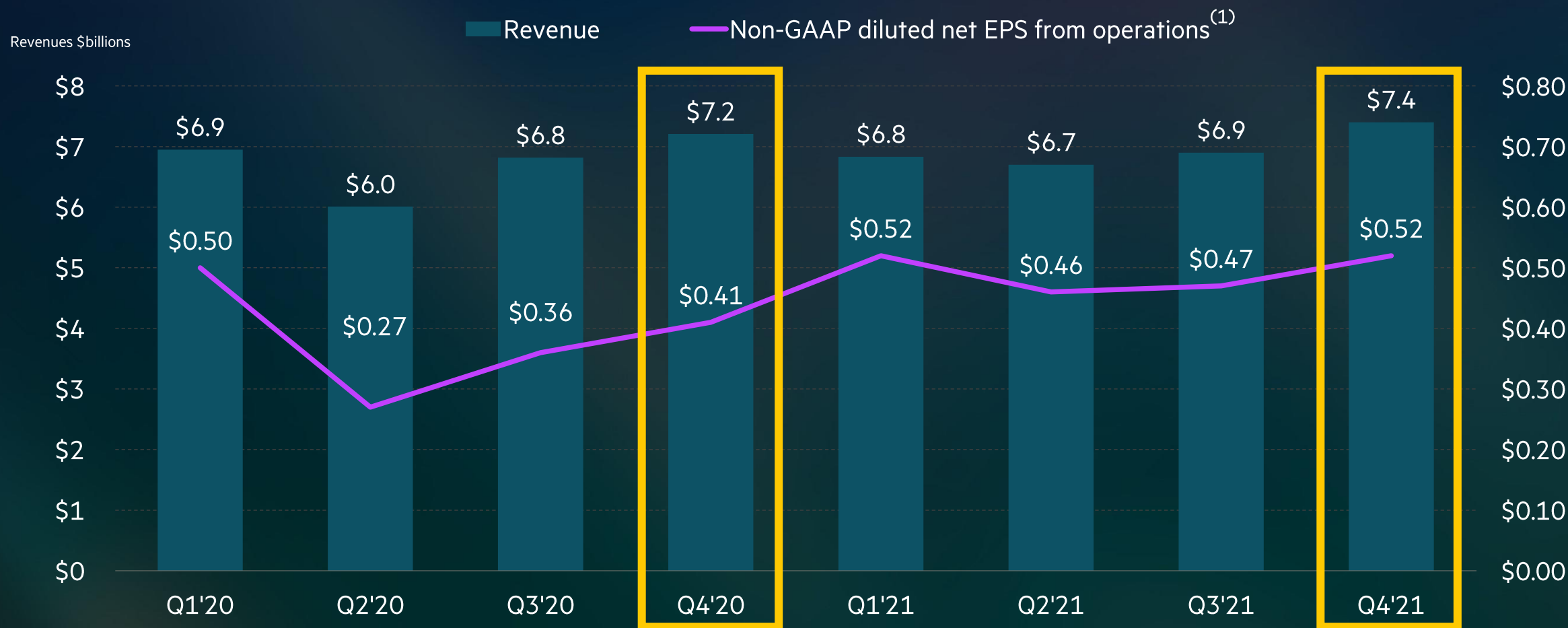


Q4 FY21 BUSINESS SEGMENT PERFORMANCE

		Net Revenue (in millions)	Qtr-over-Qtr Revenue Growth ⁽¹⁾	Year-over-Year Revenue Growth ⁽¹⁾	Operating Profit \$ (in millions)	Operating Profit % revenue	Year-over-Year OP % revenue
GROWTH	Intelligent Edge	\$815	(6%)	2%	\$87	10.7%	(1.6 pts)
	HPC & AI	\$1,000	35%	0%	\$143	14.3%	1.3 pts
CORE	Compute	\$3,226	4%	(1%)	\$302	9.4%	2.8 pts
	Storage	\$1,257	7%	2%	\$174	13.8%	(4.4 pts)
AAS ENABLERS	HPEFS	\$858	3%	0%	\$121	14.1%	6.3 pts
	Corp. Inv. and Other	\$353	7%	4%	(\$11)	(3.1%)	6.9 pts
TOTAL ⁽²⁾	Hewlett Packard Enterprise	\$7,354	7%	0%	\$717	9.7%	1.2 pts

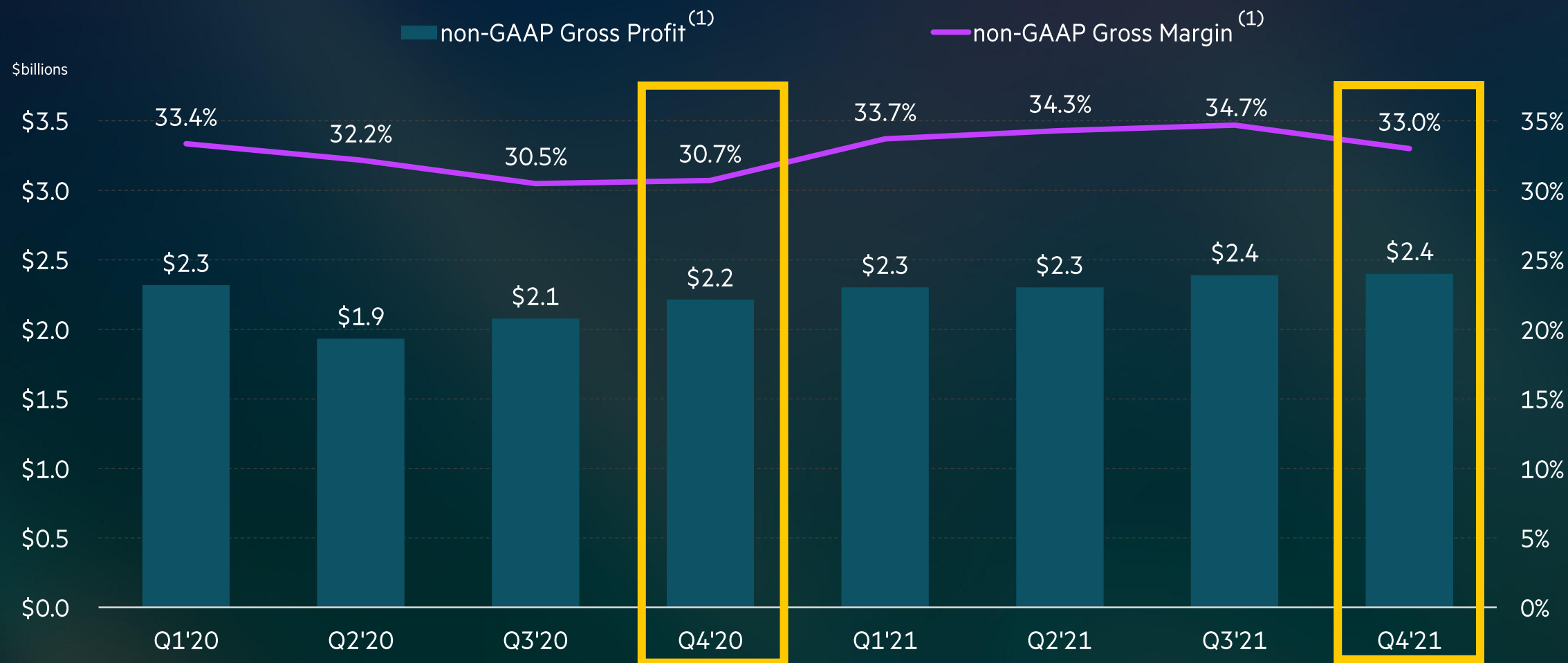
1. Adjusted to eliminate the effects of currency
2. Includes intercompany eliminations and other items not included in these segment results

REVENUE GROWTH AND BUSINESS MIX DELIVERING STRONG EPS EXPANSION ...



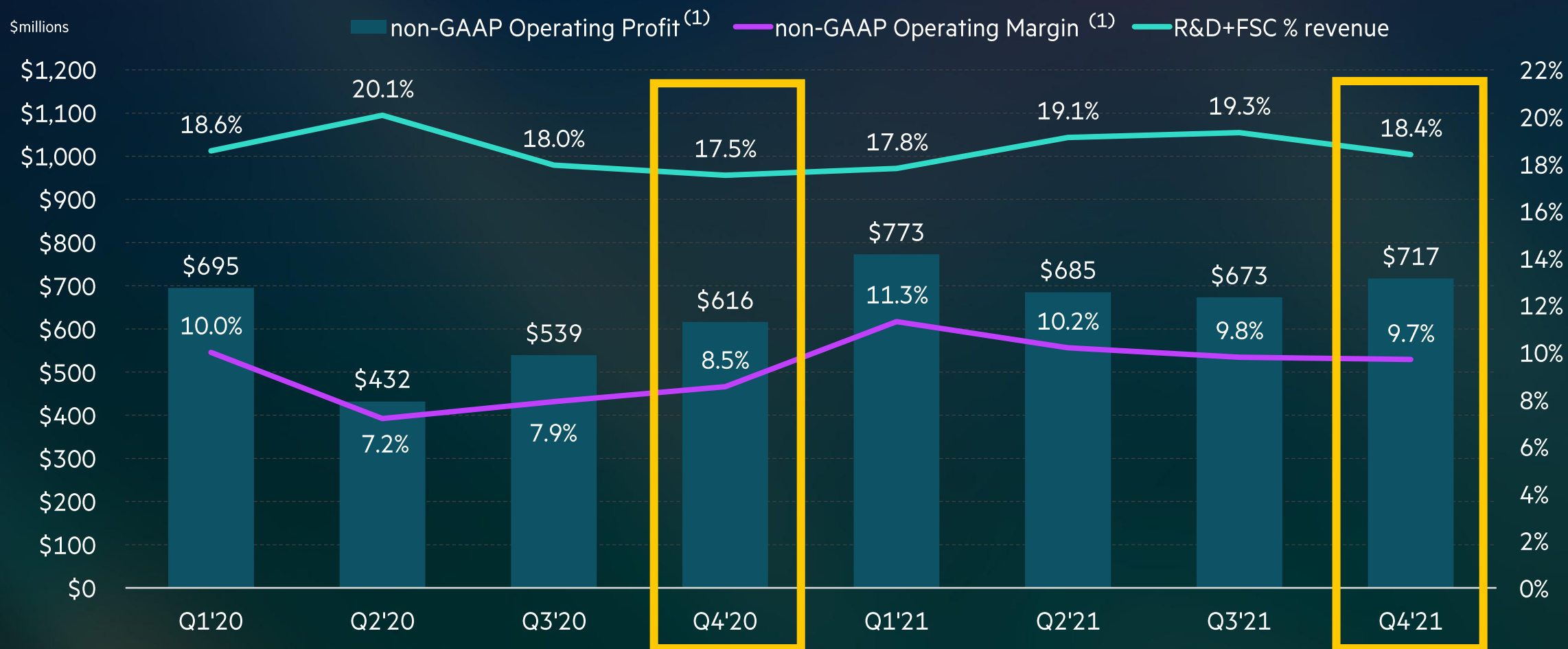
1. A reconciliation of specific adjustments to GAAP results for the current and prior periods is included in the non-GAAP slide section that appears as part of the supplemental slides of this presentation on slides 20-36
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... WITH STRUCTURAL GROSS MARGIN IMPROVEMENT ...



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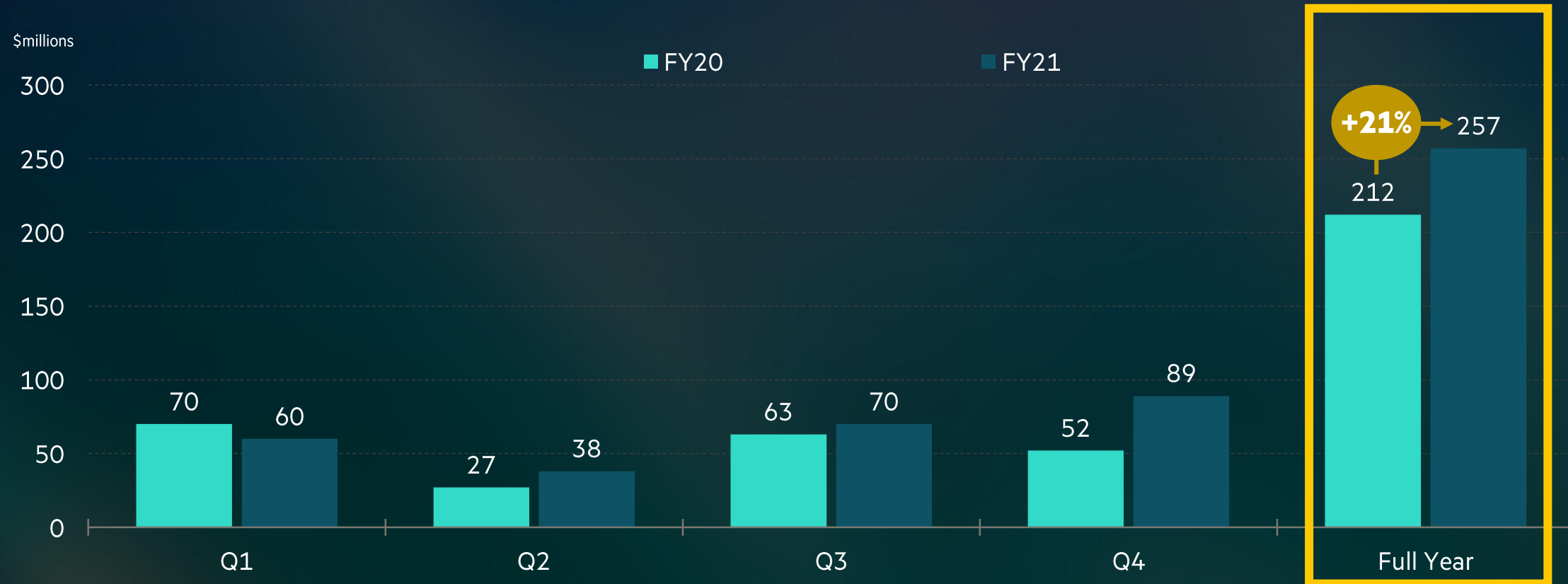
... ENABLING TARGETED INVESTMENTS WHILE EXPANDING OPERATING PROFIT



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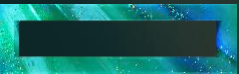
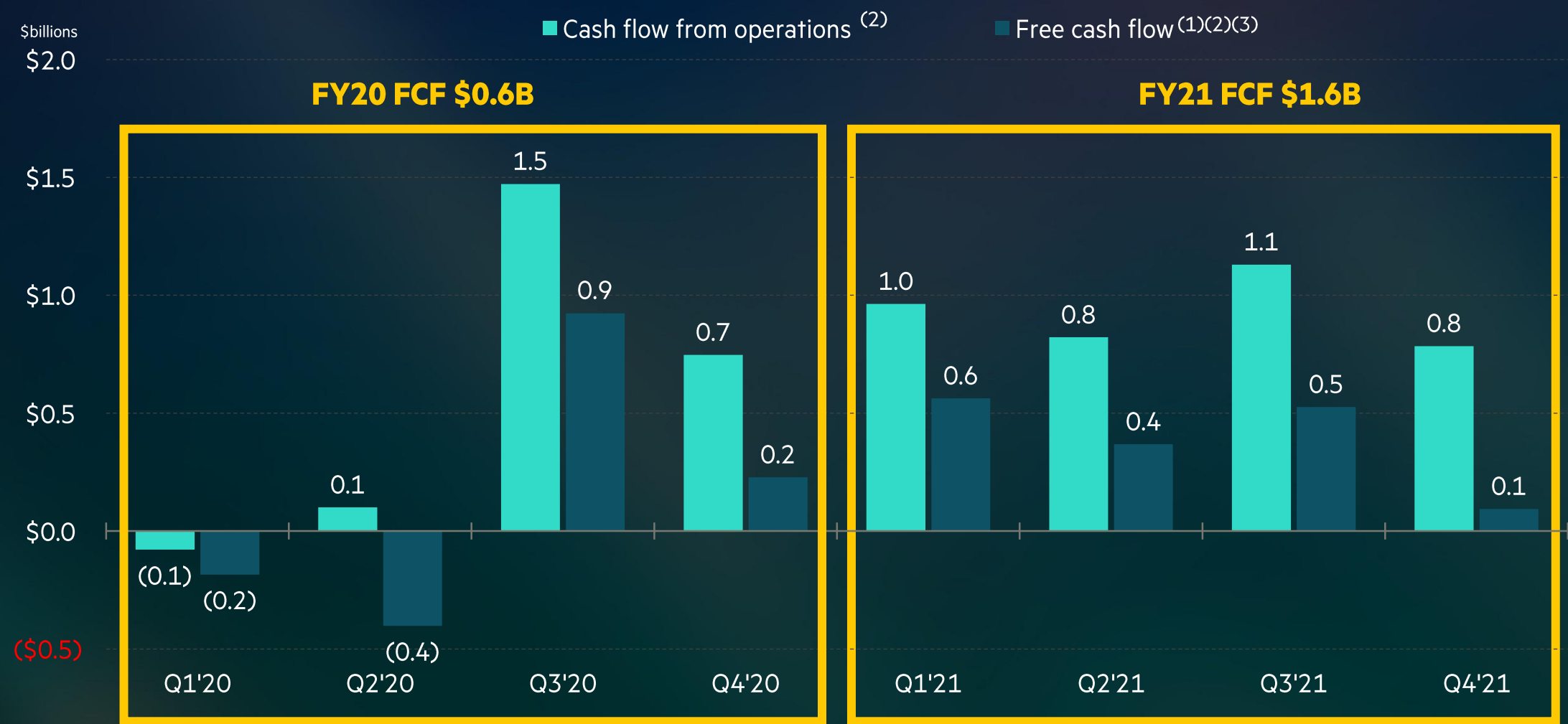
UNIQUE SETUP IN CHINA WITH H3C GENERATES GROWING VALUE TO SHAREHOLDERS

Non-GAAP H3C Equity Interest⁽¹⁾



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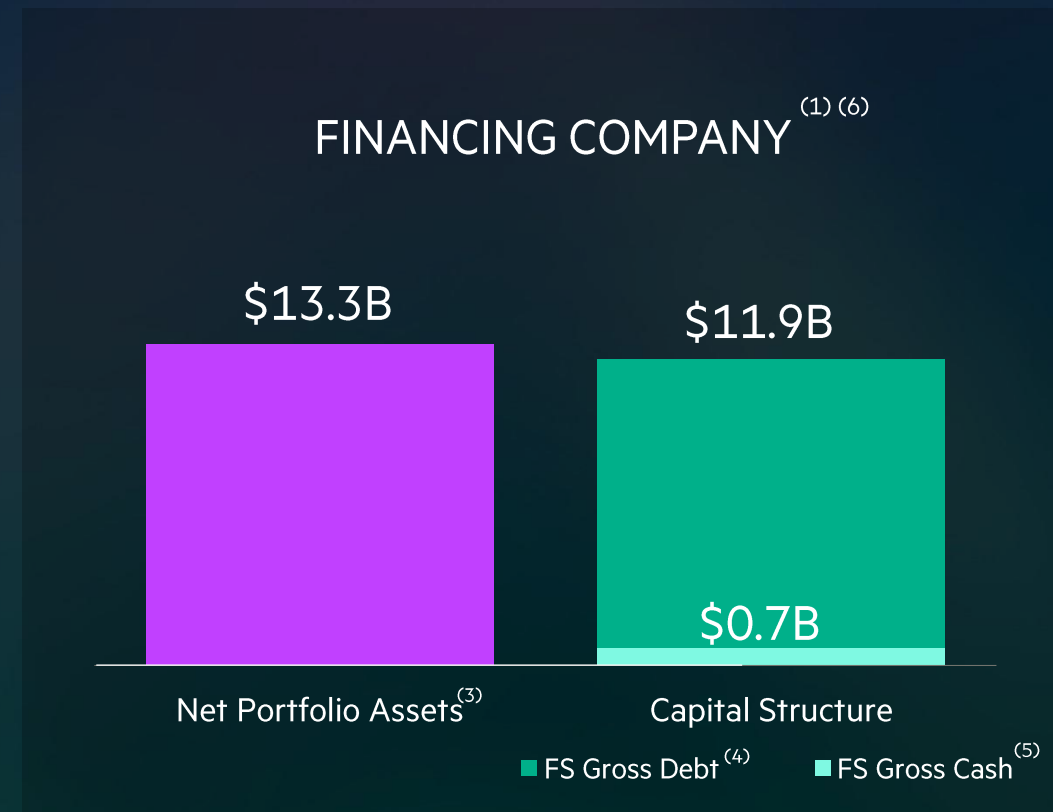
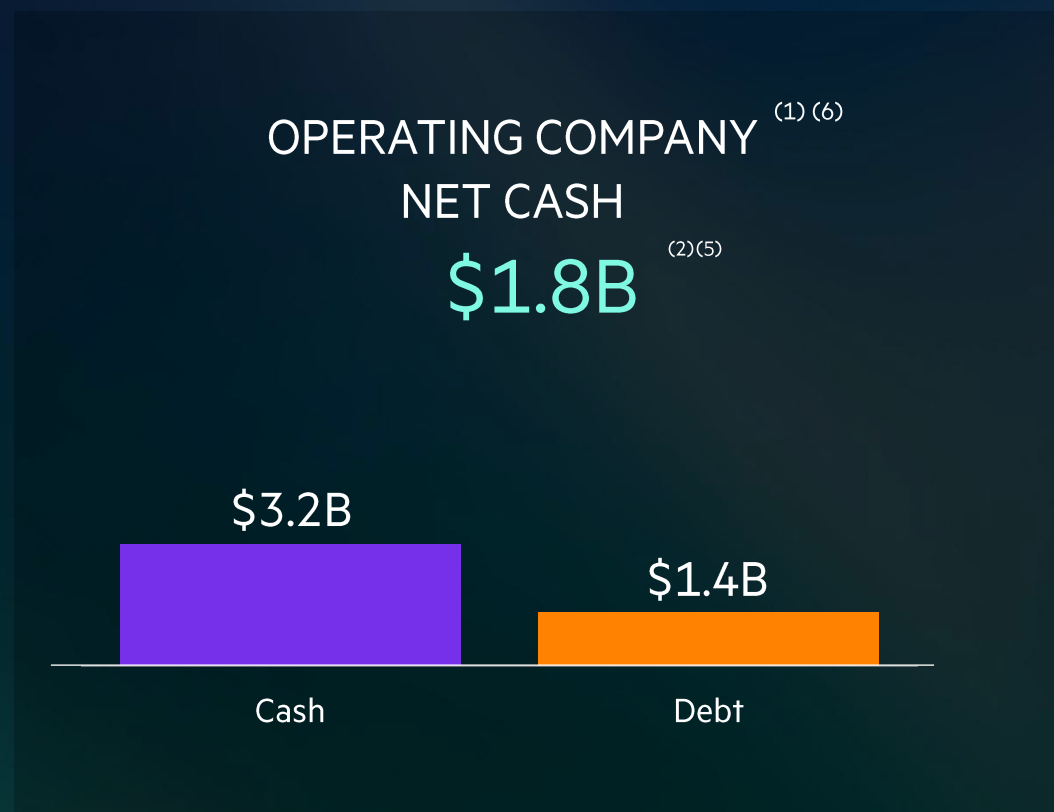
GENERATED FREE CASH FLOW WELL ABOVE INITIAL TARGETS...



1. Free cash flow = cash flow from operations less net capital expenditures; net capital expenditures = investments in property, plant and equipment less proceeds from the sale of property, plant and equipment
2. Q4'21 and FY21 cash flow from operations and free cash flow does not include \$2.172 billion of after-tax impact from Oracle's satisfaction of the judgment in the Itanium litigation
3. A description of HPE's use of non-GAAP financial information is provided on slide (ii) under "Use of non-GAAP financial information". Reconciliation of Cash Flow from Operations to Free Cash Flow is on slide 36

... RESULTING IN A HEALTHY BALANCE SHEET

Q4 FY21 Balance Sheet



1. Operating Company = Total HPE excluding Financial Services (FS); Financing Company = HPE Financial Services (FS)

2. This is the Operating Company Net Cash. Operating company net cash is total HPE net cash (debt) less FS net cash (debt)

3. Net Portfolio Assets represents the total amount of Financing Receivables and Operating Lease Assets recorded on the balance sheet, net of reserves against those assets.

4. FS gross debt includes primarily intercompany equity that is treated as debt for segment reporting purposes, intercompany debt, and borrowing and funding related activity associated with Financial Services and its subsidiaries. Debt excludes impact of interest rate swaps.

5. Net cash (debt) is defined as gross cash less gross debt including the effect of hedging; gross cash includes cash and cash equivalents, short-term investments, and certain liquid long-term investments. Cash excludes restricted cash.

6. As of October 31, 2021, we have outstanding securitized debt of approximately \$2.2 billion from ABS issuances in the US market. Total combined issuances of approximately \$4.3B were completed in September 2019, February and June 2020, and March and June 2021.



WELL POSITIONED TO DELIVER Q1 AND FY22 OUTLOOK

Q1 FY22 outlook

GAAP diluted net EPS	\$0.19 – \$0.27
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Non-GAAP diluted net EPS ⁽¹⁾⁽⁴⁾	\$0.42 – \$0.50
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Full year FY22 outlook

GAAP diluted net EPS	\$1.24 – \$1.38
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Non-GAAP diluted net EPS ⁽²⁾⁽⁴⁾	\$1.96 – \$2.10
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Free Cash Flow ⁽³⁾⁽⁴⁾	\$1.8 – \$2.0 billion
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Targeting share repurchases of at least \$500 million in FY22

1. Q122 non-GAAP diluted net EPS excludes after-tax costs of approximately \$0.23 per share primarily related to transformation costs, stock-based compensation and amortization of intangible assets
2. FY22 non-GAAP diluted net EPS excludes after-tax costs of approximately \$0.72 per share primarily related to transformation costs, stock-based compensation and amortization of intangible assets
3. Free cash flow = cash flow from operations less net capital expenditures; net capital expenditures = investments in property, plant and equipment less proceeds from the sale of property, plant and equipment
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SUPPLEMENTAL SLIDES

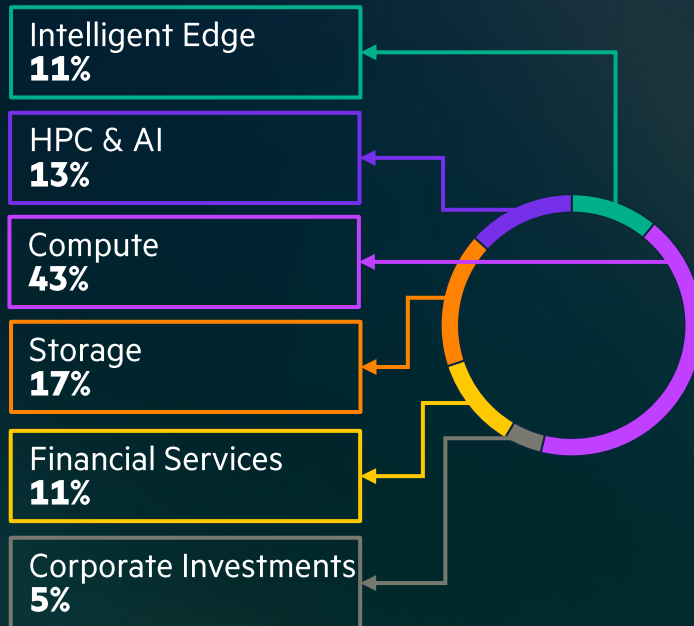


HPE IS CAPITALIZING ON DATA, CLOUD, AND CONNECTIVITY MEGA TRENDS WITH A DIFFERENTIATED EDGE-TO-CLOUD STRATEGY AND PORTFOLIO

HPE Q4'21 net revenue

\$7.4 billion

Segment net revenue mix⁽¹⁾

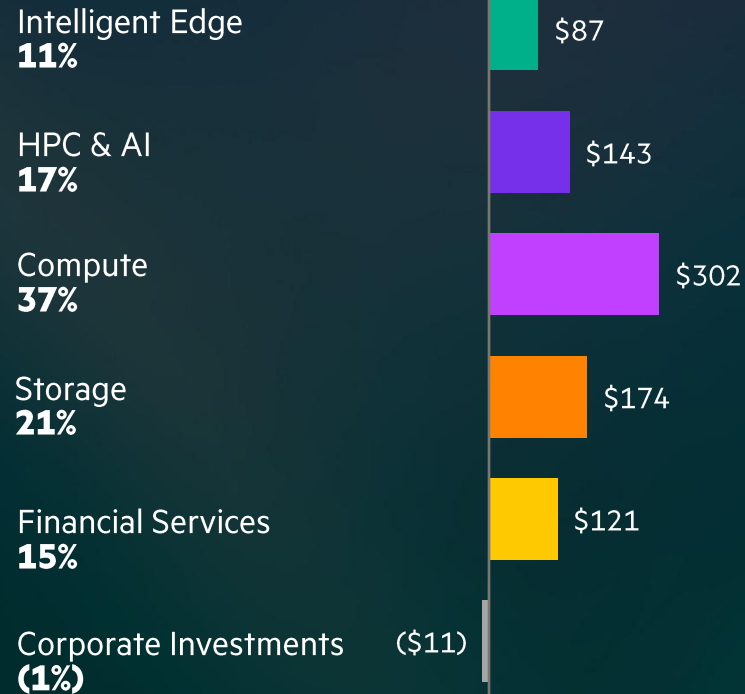


HPE Q4'21 non-GAAP operating profit⁽²⁾

\$0.7 billion

Segment operating profit and mix⁽³⁾

In millions



Q4'21 Net revenue by region



Americas
39%

US: 33%
Canada/LA: 6%

EMEA
36%

APJ
25%

Non-US net revenue 67% of total net revenue

1. Segment net revenue mix calculated is based on total segment revenue, which is not adjusted for intercompany eliminations

2. A reconciliation of specific adjustments to GAAP results for the current and prior periods is included in the non-GAAP slide section that appears as part of the supplemental slides of this presentation on slides 20-36. A description of HPE's use of non-GAAP financial information is provided on slide (ii) under "Use of non-GAAP financial information"

3. Segment operating profit (in millions) and mix calculated based on total segment operating profit, which is not adjusted for intercompany eliminations

INTELLIGENT EDGE

Q4 FY21

Revenue

\$815 million

↑ 4% y/y, ↓ (6%) q/q CC⁽¹⁾
↑ 2% y/y CC⁽¹⁾

Operating profit

\$87 million

10.7% of revenue

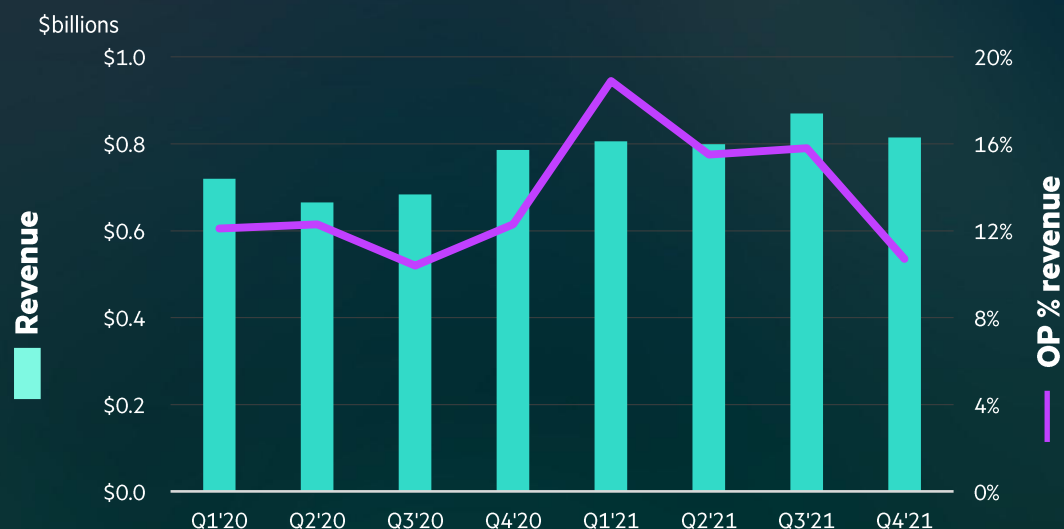
Overview

- Record level of orders with Q4 growth up strong double-digits y/y and total orders in FY21 exceeding \$4 billion
- Revenue growth of 2% y/y CC⁽¹⁾ with increasing supply chain impact
 - Aruba Services up high-single digits y/y CC⁽¹⁾
 - Intelligent Edge aaS ARR up triple-digits y/y
- Operating profit margin of 10.7%, down 160 bps y/y

Revenue



Americas	43%
EMEA	40%
Asia Pacific	17%



1. Adjusted to eliminate the effects of currency.

HIGH PERFORMANCE COMPUTING & ARTIFICIAL INTELLIGENCE

Q4 FY21

Revenue

\$1,000 million

↑ 1% y/y, ↑ 35% q/q CC⁽¹⁾
Flat y/y CC⁽¹⁾

Operating profit

\$143 million

14.3% of revenue

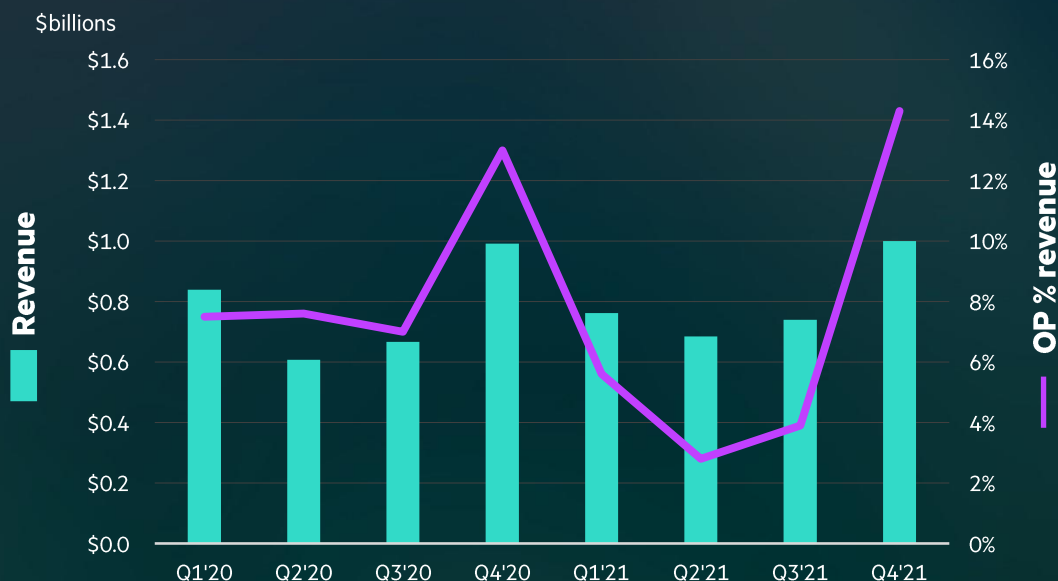
Revenue



Americas	52%
EMEA	29%
Asia Pacific	19%

Overview

- Record level of orders with total book of \$2.7 billion of awarded contracts to be delivered
- Revenue flat y/y CC⁽¹⁾ and remain on track to achieve 8-12% CAGR outlook from FY20 to FY22 despite FY21 pushouts of acceptances
- Record operating profit with margins of 14.3%, up 130 bps y/y driven by favorable Cray and mission-critical mix



1. Adjusted to eliminate the effects of currency.

COMPUTE

Q4 FY21

Revenue

\$3,226 million

↑ 1% y/y, ↑ 4% q/q CC⁽¹⁾

↓ 1% y/y CC⁽¹⁾

Operating profit

\$302 million

9.4% of revenue

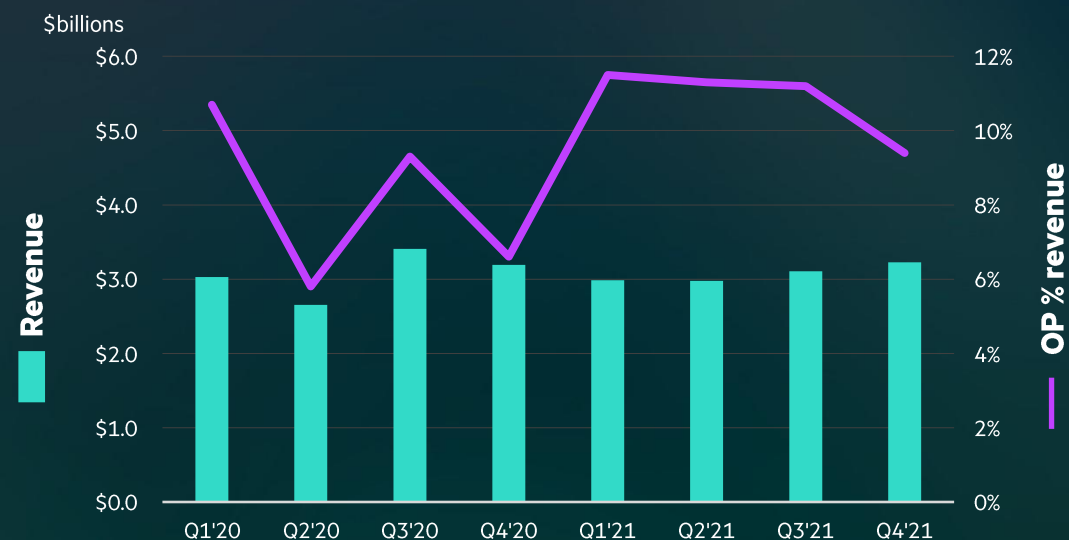
Overview

- Orders growth up strong double-digits y/y
- Revenue up 4% q/q CC⁽¹⁾ above normal sequential seasonality and up double-digits y/y when normalized for backlog
 - Units up 1% q/q with expected supply chain constraints
 - AUPs up mid single-digits q/q
- Operating profit margin of 9.4%, up 280 bps y/y

Revenue



Americas	34%
EMEA	37%
Asia Pacific	29%



1. Adjusted to eliminate the effects of currency.

STORAGE

Q4 FY21

Revenue

\$1,257 million

↑ 3% y/y, ↑ 7% q/q CC⁽¹⁾

↑ 2% y/y CC⁽¹⁾

Operating profit

\$174 million

13.8% of revenue

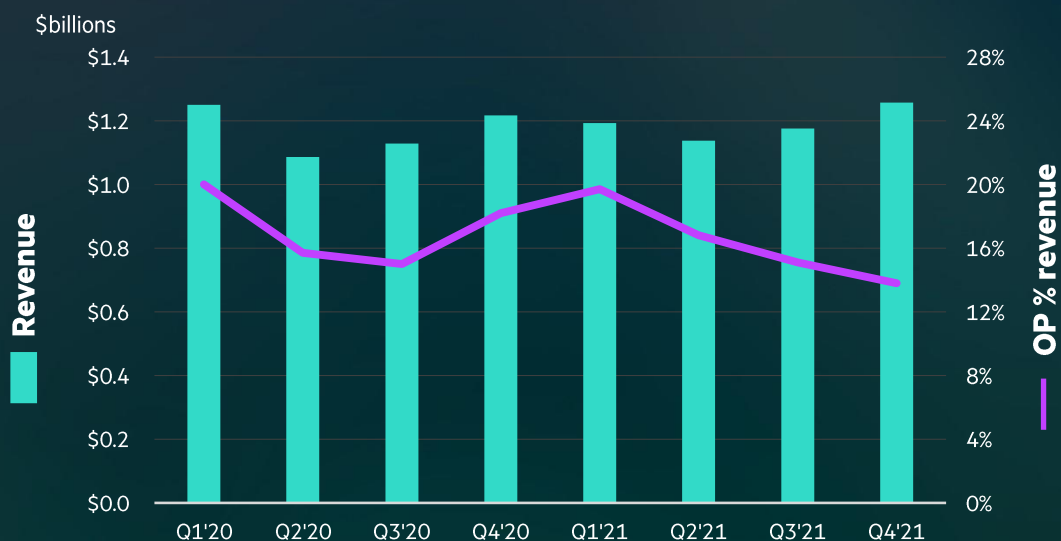
Overview

- Orders growth up strong double-digits y/y
- Revenue up 7% q/q CC⁽¹⁾ above normal sequential seasonality
 - AFA up 7% y/y and sixth consecutive quarter of y/y growth led by Primera, up strong double-digits y/y
 - Nimble up 4% y/y with ongoing double-digit y/y dHCI growth
- Operating profit margin of 13.8%, down 440 bps y/y driven by traditional storage mix and opex investments

Revenue



Americas	35%
EMEA	43%
Asia Pacific	22%



1. Adjusted to eliminate the effects of currency.

FINANCIAL SERVICES

Q4 FY21

Revenue

\$858 million

↑ 1% y/y ↑ 3% q/q CC⁽¹⁾
Flat y/y CC⁽¹⁾

Operating profit

\$121 million

14.1% of revenue

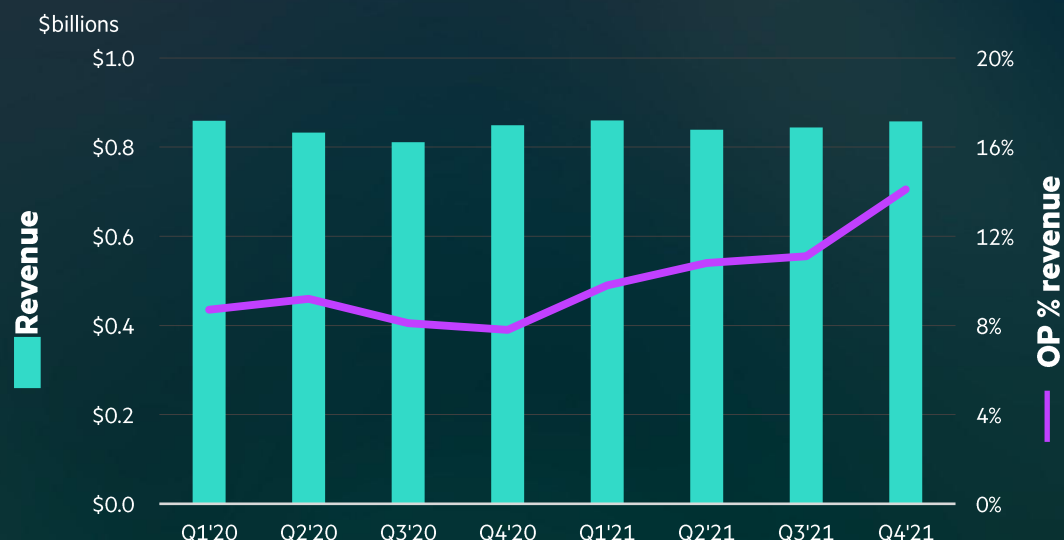
Overview

- Volume increased 18% y/y with GreenLake up strong double-digits y/y
- Revenue up 3% q/q CC⁽¹⁾ and flat y/y CC⁽¹⁾
- Write-off % of assets⁽²⁾ of 0.78% includes one-time likely fraud expense
- excluding one-time expense, write-off % of assets was 0.60%
- Operating profit margin increased 630 bps y/y to **14.1%**
- Net portfolio assets⁽³⁾ of approximately **\$13.3 billion**, flat y/y
- Return on equity 23.8% up 10.9 pts y/y, well above pre-pandemic levels

Revenue



Americas	53%
EMEA	31%
Asia Pacific	16%



1. Adjusted to eliminate the effects of currency.

2. Includes one-time bad debt expense of \$6M in connection with a likely fraud scheme involving a partner in the APJ region, which increases bad debt write off % of assets by 18 bps.

3. Net Portfolio Assets represents the total amount of Financing Receivables and Operating Lease Assets recorded on the balance sheet, net of reserves against those assets.

GAAP TO NON-GAAP BRIDGES



FY21 GAAP TO NON-GAAP BRIDGE⁽¹⁾

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Disaster charges	Acquisition, disposition, and other related charges	Stock-based compensation expense	Amortization of purchased intangible assets	Amortization of initial direct costs	Non-service net periodic benefit credit	Earnings in equity interest	Litigation judgment	Early debt redemption costs	Tax indemnification and related adjustments	Structural rate adjustment	Tax on separation & divestitures	Excess tax benefits from stock-based compensation	Non-GAAP
Revenue	\$27,784															\$27,784
Cost of sales	18,408				(40)		(8)									18,360
Gross profit	9,376				40		8									9,424
Total operating expenses	8,244	(930)	(17)	(35)	(332)	(354)										6,576
Operating profit	1,132	930	17	35	372	354	8									2,848
Interest & other, net	2,275							(70)		(2,351)	100	(65)				(111)
Earnings from equity interests	180								109							289
Pre-tax (loss) earnings	3,587	930	17	35	372	354	8	(70)	109	(2,351)	100	(65)	-	-	-	3,026
Income tax	(160)	(172)	(4)	(8)	(70)	(68)	(2)	9	-	114	(21)	(20)	(33)	12	(1)	(424)
Tax rate	4.5%															14.0%
Net earnings (loss)	\$3,427	758	13	27	302	286	6	(61)	109	(2,237)	79	(85)	(33)	12	(1)	\$2,602
Diluted net EPS	\$2.58															\$1.96

1. For the purposes of determining Non-GAAP Net Earnings, the Company uses a long term planning tax rate and excludes adjustments related to Tax indemnifications, Tax on separation & divestitures, and the impact of Tax on the above non-GAAP adjustments.

Q4 FY21 GAAP TO NON-GAAP BRIDGE⁽¹⁾

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Disaster charges	Acquisition, disposition, and other related charges	Stock-based compensation expense	Amortization of purchased intangible assets	Amortization of initial direct costs	Non-service net periodic benefit credit	Earnings in equity interest	Litigation judgment	Early debt redemption costs	Tax indemnificati on and related adjustments	Structural rate adjustment	Tax on separation & divestitures	Excess tax benefits from stock-based compensation	Non-GAAP
Revenue	\$7,354															\$7,354
Cost of sales	4,935				(7)		(2)									4,926
Gross profit	2,419				7		2									2,428
Total operating expenses	2,069	(197)	(10)	(2)	(71)	(78)										1,711
Operating profit	350	197	10	2	78	78	2									717
Interest & other, net	2,267							(17)		(2,351)	100	(5)				(6)
Earnings from equity interests	71								18							89
Pre-tax (loss) earnings	2,688	197	10	2	78	78	2	(17)	18	(2,351)	100	(5)	-	-	-	800
Income tax	(135)	(42)	(3)	-	(32)	(20)	(1)	2	-	114	(21)	(9)	29	8	(2)	(112)
Tax rate	5.0%															14.0%
Net earnings (loss)	\$2,553	155	7	2	46	58	1	(15)	18	(2,237)	79	(14)	29	8	(2)	\$688
Diluted net EPS	\$1.91															\$0.52

1. For the purposes of determining Non-GAAP Net Earnings, the Company uses a long term planning tax rate and excludes adjustments related to Tax indemnifications, Tax on separation & divestitures, and the impact of Tax on the above non-GAAP adjustments.

Q3 FY21 GAAP TO NON-GAAP BRIDGE⁽¹⁾

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Disaster charges	Acquisition, disposition, and other related charges	Stock-based compensation expense	Amortization of purchased intangible assets	Amortization of initial direct costs	Non-service net periodic benefit credit	Earnings in equity interest	tax indemnification and related adjustments	Structural rate adjustment	Excess tax benefits from stock-based compensation	Non-GAAP
Revenue	\$6,897												\$6,897
Cost of sales	4,515				(9)		(2)						4,504
Gross profit	2,382				9		2						2,393
Total operating expenses	2,100	(213)	(5)	(3)	(77)	(82)							1,720
Operating profit	282	213	5	3	86	82	2						673
Interest & other, net	45							(19)		(76)			(50)
Earnings from equity interests	79								23				102
Pre-tax (loss) earnings	406	213	5	3	86	82	2	(19)	23	(76)	-	-	725
Income tax	(14)	(30)	(1)	(1)	(6)	(17)	1	3	-	19	(55)	(1)	(102)
Tax rate	3.4%												14.1%
Net earnings (loss)	\$392	183	4	2	80	65	3	(16)	23	(57)	(55)	(1)	\$623
Diluted net EPS	\$0.29												\$0.47

1. For the purposes of determining Non-GAAP Net Earnings, the Company uses a long term planning tax rate and excludes adjustments related to Tax indemnifications, Tax on separation & divestitures, and the impact of Tax on the above non-GAAP adjustments.

Q2 FY21 GAAP TO NON-GAAP BRIDGE⁽¹⁾

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Disaster charges	Acquisition, disposition, and other related charges	Stock-based compensation expense	Amortization of purchased intangible assets	Amortization of initial direct costs	Non-service net periodic benefit credit	Earnings in equity interest	Tax on separation & divestitures	Structural rate adjustment	Excess tax benefits from stock-based compensation	Non-GAAP
Revenue	\$6,700												\$6,700
Cost of sales	4,413				(11)		(2)						4,400
Gross profit	2,287				11		2						2,300
Total operating expenses	2,009	(209)	(1)	(13)	(87)	(84)							1,615
Operating profit	278	209	1	13	98	84	2						685
Interest & other, net	6							(17)					(11)
Earnings from equity interests	4								34				38
Pre-tax earnings	288	209	1	13	98	84	2	(17)	34	-	-	-	712
Income tax	(29)	(39)	-	(3)	(14)	(14)	(1)	2	-	4	(4)	(2)	(100)
Tax rate	10.1%												14.0%
Net earnings (loss)	\$259	170	1	10	84	70	1	(15)	34	4	(4)	(2)	\$612
Diluted net EPS	\$0.19												\$0.46

1. For the purposes of determining Non-GAAP Net Earnings, the Company uses a long term planning tax rate and excludes adjustments related to Tax indemnifications, Tax on separation & divestitures, and the impact of Tax on the above non-GAAP adjustments.

Q1 FY21 GAAP TO NON-GAAP BRIDGE⁽¹⁾

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Disaster charges	Acquisition, disposition, and other related charges	Stock-based compensation expense	Amortization of purchased intangible assets	Amortization of initial direct costs	Non-service net periodic benefit credit	Earnings in equity interest	tax indemnification and related adjustments	Structural rate adjustment	Excess tax benefits from stock-based compensation	Non-GAAP
Revenue	\$6,833												\$6,833
Cost of sales	4,545				(13)		(2)						4,530
Gross profit	2,288				13		2						2,303
Total operating expenses	2,066	(311)	(1)	(17)	(97)	(110)							1,530
Operating profit	222	311	1	17	110	110	2						773
Interest & other, net	(43)							(17)		16			(44)
Earnings from equity interests	26								34				60
Pre-tax (loss) earnings	205	311	1	17	110	110	2	(17)	34	16	-	-	789
Income tax	18	(61)	-	(4)	(18)	(17)	(1)	2	-	(30)	(3)	4	(110)
Tax rate	-8.8%												13.9%
Net earnings (loss)	\$223	250	1	13	92	93	1	(15)	34	(14)	(3)	4	\$679
Diluted net EPS	\$0.17												\$0.52

1. For the purposes of determining Non-GAAP Net Earnings, the Company uses a long term planning tax rate and excludes adjustments related to Tax indemnifications, Tax on separation & divestitures, and the impact of Tax on the above non-GAAP adjustments.

FY20 GAAP TO NON-GAAP BRIDGE⁽¹⁾

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Disaster charges	Acquisition, disposition, and other related charges	Stock- based compens- ation expense	Amortization of purchased intangible assets	Amortiza- tion of initial direct costs	Impairment of goodwill	Non-service net periodic benefit credit	Earnings in equity interest	Tax indemnification and related adjustments	Tax reform	Tax on separation & divestitures	Structural rate adjustment	Excess tax benefits from stock-based compensation	Non-GAAP	
Revenue	\$26,982																\$26,982
Cost of sales	18,513			(27)	(37)		(10)										18,439
Gross profit	8,469			27	37		10										8,543
Total operating expenses	8,798	(950)	(26)	(80)	(237)	(379)		(865)									6,261
Operating profit	(329)	950	26	107	274	379	10	865									\$2,282
Interest & other, net	(180)								(136)		101						(215)
Earnings from equity interests	67									145							212
Pre-tax earnings	(442)	950	26	107	274	379	10	865	(136)	145	101	-	-	-	-	-	2,279
Income tax	120	(151)	(5)	(23)	(50)	(58)	(2)	-	15	-	(66)	(18)	(2)	(32)	(2)	(2)	(274)
Tax rate	27.1%																12.0%
Net earnings (loss)	(322)	799	21	84	224	321	8	865	(121)	145	35	(18)	(2)	(32)	(2)	(2)	\$2,005
Diluted net EPS	(\$0.25)																\$1.54

1. For the purposes of determining Non-GAAP Net Earnings, the Company uses a long term planning tax rate and excludes adjustments related to Tax indemnifications, Tax on separation & divestitures, and the impact of Tax on the above non-GAAP adjustments.

Q4 FY20 GAAP TO NON-GAAP BRIDGE⁽¹⁾

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Disaster charges	Acquisition, disposition, and other related charges	Stock-based compensation expense	Amortization of purchased intangible assets	Amortization of initial direct costs	Non-service net periodic benefit credit	Earnings in equity interest	tax indemnification and related adjustments	Structural rate adjustment	Non-GAAP
Revenue	\$7,208											\$7,208
Cost of sales	5,002				(7)		(1)					4,994
Gross profit	2,206				7		1					2,214
Total operating expenses	2,061	(304)	(2)	(25)	(52)	(80)						1,598
Operating profit	145	304	2	25	59	80	1					616
Interest & other, net	(37)							(35)		15		(57)
Earnings from equity interests	17								35			52
Pre-tax (loss) earnings	125	304	2	25	59	80	1	(35)	35	15	-	611
Income tax	32	(48)	-	(6)	(11)	(12)	-	3	-	(15)	(17)	(74)
Tax rate	-25.6%											12.1%
Net earnings (loss)	\$157	256	2	19	48	68	1	(32)	35	-	(17)	\$537
Diluted net EPS	\$0.12											\$0.41

1. For the purposes of determining Non-GAAP Net Earnings, the Company uses a long term planning tax rate and excludes adjustments related to Tax indemnifications, Tax on separation & divestitures, and the impact of Tax on the above non-GAAP adjustments.

Q3 FY20 GAAP TO NON-GAAP BRIDGE⁽¹⁾

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Disaster charges	Acquisition, disposition, and other related charges	Stock-based compensatio n expense	Amortization of purchased intangible assets	Amortization of initial direct costs	Non-service net periodic benefit credit	Earnings in equity interest	tax indemnification and related adjustments	Tax reform	Structural rate adjustment	Excess tax benefits from stock-based compensation	Non-GAAP
Revenue	\$6,816													\$6,816
Cost of sales	4,749				(8)		(3)							4,738
Gross profit	2,067				8		3							2,078
Total operating expenses	2,055	(357)	(2)	(15)	(47)	(95)								1,539
Operating profit	12	357	2	15	55	95	3							539
Interest & other, net	(73)							(28)		30				(71)
Earnings from equity interests	27								36					63
Pre-tax (loss) earnings	(34)	357	2	15	55	95	3	(28)	36	30	-	-		531
Income tax	43	(68)	-	(4)	(11)	(18)	-	4	-	5	(14)	(4)	3	(64)
Tax rate	126.5%													12.1%
Net earnings (loss)	\$9	289	2	11	44	77	3	(24)	36	35	(14)	(4)	3	\$467
Diluted net EPS	\$0.01													\$0.36

1. For the purposes of determining Non-GAAP Net Earnings, the Company uses a long term planning tax rate and excludes adjustments related to Tax indemnifications, Tax on separation & divestitures, and the impact of Tax on the above non-GAAP adjustments.

Q2 FY20 GAAP TO NON-GAAP BRIDGE⁽¹⁾

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Disaster charges	Acquisition, disposition, and other related charges	Stock-based compensatio n expense	Amortization of purchased intangible assets	Amortization of initial direct costs	Impairment of goodwill	Non-service net periodic benefit credit	Earnings in equity interest	tax indemnification and related adjustments	Tax on separation & divestitures	Structural rate adjustment	Non-GAAP
Revenue	\$6,009													\$6,009
Cost of sales	4,095			(7)	(9)		(3)							4,076
Gross profit	1,914			7	9		3							1,933
Total operating expenses	2,748	(200)	(22)	(18)	(58)	(84)		(865)						1,501
Operating (loss) profit	(834)	200	22	25	67	84	3	865						432
Interest & other, net	(67)								(36)		35			(68)
Earnings from equity interests	(10)									37				27
Pre-tax (loss) earnings	(911)	200	22	25	67	84	3	865	(36)	37	35	-		391
Income tax	90	(44)	(5)	(5)	(14)	(12)	(1)	-	4	-	(35)	(2)	(23)	(47)
Tax rate	9.9%													12.0%
Net (loss) earnings	(\$821)	156	17	20	53	72	2	865	(32)	37	-	(2)	(23)	\$344
Diluted net EPS	(\$0.64)													\$0.27

1. For the purposes of determining Non-GAAP Net Earnings, the Company uses a long term planning tax rate and excludes adjustments related to Tax indemnifications, Tax on separation & divestitures, and the impact of Tax on the above non-GAAP adjustments.

Q1 FY20 GAAP TO NON-GAAP BRIDGE⁽¹⁾

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Acquisition, disposition, and other related charges	Stock-based compensation expense	Amortization of purchased intangible assets	Amortization of initial direct costs	Non-service net periodic benefit credit	Earnings in equity interest	tax indemnification and related adjustments	Tax reform	Structural rate adjustment	Excess tax benefits from stock-based compensation	Non-GAAP
Revenue	\$6,949												\$6,949
Cost of sales	4,667		(20)	(13)		(3)							4,631
Gross profit	2,282		20	13		3							2,318
Total operating expenses	1,934	(89)	(22)	(80)	(120)								1,623
Operating profit	348	89	42	93	120	3							695
Interest & other, net	(3)						(37)		21				(19)
Earnings from equity interests	33							37					70
Pre-tax earnings	378	89	42	93	120	3	(37)	37	21	-			746
Income tax	(45)	9	(8)	(14)	(16)	(1)	4	-	(21)	(4)	12	(5)	(89)
Tax rate	12.0%												11.9%
Net earnings	\$333	98	34	79	104	2	(33)	37	-	(4)	12	(5)	\$657
Diluted net EPS	\$0.25												\$0.50

1. For the purposes of determining Non-GAAP Net Earnings, the Company uses a long term planning tax rate and excludes adjustments related to Tax indemnifications, Tax on separation & divestitures, and the impact of Tax on the above non-GAAP adjustments.

FY19 GAAP TO NON-GAAP BRIDGE⁽¹⁾

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Disaster charges	Acquisition, disposition, and other related charges	Stock-based compensation expense	Amortization of purchased intangible assets	Non-service net periodic benefit credit	Earnings (loss) in equity interest	tax indemnification and related adjustments	Tax reform	Structural rate adjustment	Valuation allowances, net, and separation taxes	Tax related to legal entity restructuring	Excess tax benefits from stock-based compensation	Non-GAAP
Revenue	\$29,135														\$29,135
Cost of sales	19,642			(7)	(37)										19,598
Gross profit	9,493			7	37										9,537
Total operating expenses	8,219	(453)	7	(757)	(231)	(267)									6,518
Operating profit	1,274	453	(7)	764	268	267									3,019
Interest & other, net	259						(59)		(377)						(177)
Earnings (loss) from equity interests	20							152							172
Pre-tax earnings	1,553	453	(7)	764	268	267	(59)	152	(377)	-		-			3,014
Income tax	(504)	(79)	2	(25)	(48)	(34)	6		(274)	540	50	17	(7)	(6)	(362)
Tax rate	32.5%														12.0%
Net earnings (loss)	\$1,049	374	(5)	739	220	233	(53)	152	(651)	540	50	17	(7)	(6)	\$2,652
Diluted net EPS	\$0.77														\$1.94

1. For the purposes of determining Non-GAAP Net Earnings, the Company uses a long term planning tax rate and excludes adjustments related to Tax indemnifications, Tax on separation & divestitures, and the impact of Tax on the above non-GAAP adjustments.

Q4 FY19 GAAP TO NON-GAAP BRIDGE⁽¹⁾

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Acquisition, disposition, and other related charges	Stock-based compensation expense	Amortization of purchased intangible assets	Non-service net periodic benefit credit	Earnings (loss) in equity interest	tax indemnification and related adjustments	Tax reform	Structural rate adjustment	Excess tax benefits from stock-based compensation	Non-GAAP
Revenue	\$7,215											\$7,215
Cost of sales	4,822		(7)	(7)								4,808
Gross profit	2,393		7	7								2,407
Total operating expenses	1,933	(151)	(47)	(54)	(68)							1,613
Operating profit	460	151	54	61	68							794
Interest & other, net	264					(14)		(288)				(38)
Earnings (loss) from equity interests	(1)						38					37
Pre-tax earnings	723	151	54	61	68	(14)	38	(288)	-	-	-	793
Income tax	(243)	3	(11)	(10)	(10)	2		(10)	123	62	(1)	(95)
Tax rate	34%											12.0%
Net earnings (loss)	\$480	154	43	51	58	(12)	38	(298)	123	62	(1)	\$698
Diluted net EPS	\$0.36											\$0.53

1. For the purposes of determining Non-GAAP Net Earnings, the Company uses a long term planning tax rate and excludes adjustments related to Tax indemnifications, Tax on separation & divestitures, and the impact of Tax on the above non-GAAP adjustments.

Q3 FY19 GAAP TO NON-GAAP BRIDGE⁽¹⁾

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Acquisition, disposition, and other related charges	Stock-based compensation expense	Amortization of purchased intangible assets	Non-service net periodic benefit credit	Earnings (loss) in equity interest	tax indemnification and related adjustments	Tax reform	Structural rate adjustment	Valuation allowances, net, and separation taxes	Non-GAAP
Revenue	\$7,217											\$7,217
Cost of sales	4,768			(7)								4,761
Gross profit	2,449			7								2,456
Total operating expenses	2,525	(170)	(563)	(51)	(58)							1,683
Operating profit	(76)	170	563	58	58							773
Interest & other, net	(192)					(12)		134				(70)
Earnings (loss) from equity interests	3						38					41
Pre-tax earnings	(265)	170	563	58	58	(12)	38	134	-		-	744
Income tax	238	(37)	17	(13)	(6)	1		(308)	12	(11)	17	(90)
Tax rate	89.8%											12.1%
Net earnings (loss)	(\$27)	133	580	45	52	(11)	38	(174)	12	(11)	17	\$654
Diluted net EPS	(\$0.02)											\$0.49

1. For the purposes of determining Non-GAAP Net Earnings, the Company uses a long term planning tax rate and excludes adjustments related to Tax indemnifications, Tax on separation & divestitures, and the impact of Tax on the above non-GAAP adjustments.

Q2 FY19 GAAP TO NON-GAAP BRIDGE⁽¹⁾

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Disaster charges	Acquisition, disposition, and other related charges	Stock-based compensatio n expense	Amortization of purchased intangible assets	Non-service net periodic benefit credit	Earnings (loss) in equity interest	tax indemnification and related adjustments	Tax reform	Structural rate adjustment	Excess tax benefit from stock-based compensation	Non-GAAP
Revenue	\$7,150												\$7,150
Cost of sales	4,845				(11)								4,834
Gross profit	2,305				11								2,316
Total operating expenses	1,871	(54)	7	(84)	(63)	(69)							1,608
Operating profit	434	54	(7)	84	74	69							708
Interest & other, net	3						(17)		(4)				(18)
Earnings (loss) from equity interests	3							38					41
Pre-tax earnings	440	54	(7)	84	74	69	(17)	38	(4)	-		-	731
Income tax	(21)	(17)	2	(18)	(11)	(8)	4		10	(21)	(4)	(3)	(87)
Tax rate	4.8%												11.9%
Net earnings (loss)	\$419	37	(5)	66	63	61	(13)	38	6	(21)	(4)	(3)	\$644
Diluted net EPS	\$0.30												\$0.47

1. For the purposes of determining Non-GAAP Net Earnings, the Company uses a long term planning tax rate and excludes adjustments related to Tax indemnifications, Tax on separation & divestitures, and the impact of Tax on the above non-GAAP adjustments.

Q1 FY19 GAAP TO NON-GAAP BRIDGE⁽¹⁾

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Acquisition, disposition, and other related charges	Stock-based compensation expense	Amortization of purchased intangible assets	Non-service net periodic benefit credit	Earnings (loss) in equity interest	tax indemnification and related adjustments	Tax reform	Excess tax benefit from stock-based compensation	Structural rate adjustment	Tax related to legal entity restructuring	Non-GAAP
Revenue	\$7,553												\$7,553
Cost of sales	5,207			(12)									5,195
Gross profit	2,346			12									2,358
Total operating expenses	1,890	(78)	(63)	(63)	(72)								1,614
Operating profit	456	78	63	75	72								744
Interest & other, net	184					(16)		(219)					(51)
Earnings (loss) from equity interests	15						38						53
Pre-tax earnings	655	78	63	75	72	(16)	38	(219)	-		-		746
Income tax	(478)	(28)	(13)	(14)	(10)	(1)		34	426	(2)	3	(7)	(90)
Tax rate	73.0%												12.1%
Net earnings (loss)	\$177	50	50	61	62	(17)	38	(185)	426	(2)	3	(7)	\$656
Diluted net EPS	\$0.13												\$0.46

1. For the purposes of determining Non-GAAP Net Earnings, the Company uses a long term planning tax rate and excludes adjustments related to Tax indemnifications, Tax on separation & divestitures, and the impact of Tax on the above non-GAAP adjustments.

RECONCILIATION OF OPERATING CASH FLOW TO FREE CASH FLOW

	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21
Net cash provided by operating activities	\$(79)	\$100	\$1,472	\$747	\$963	\$822	\$1,130	\$2,956
Litigation judgment, net of taxes paid	-	-	-	-	-	-	-	(2,172)
Net cash provided by operating activities, excluding litigation judgment, net of taxes paid	\$(79)	\$100	\$1,472	\$747	\$963	\$822	\$1,130	784
Investment in property, plant and equipment	(568)	(591)	(620)	(604)	(513)	(535)	(684)	(770)
Proceeds from sale of property, plant and equipment	462	89	72	80	113	81	80	80
Free cash flow	\$(185)	\$(402)	\$924	\$223	\$563	\$368	\$526	\$94



