

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

**Condensed Consolidated Statements of Earnings
(Unaudited)**

	For the three months ended		
	April 30, 2024	January 31, 2024	April 30, 2023
	In millions, except per share amounts		
Net revenue	\$ 7,204	\$ 6,755	\$ 6,973
Costs and Expenses:			
Cost of sales	4,828	4,298	4,461
Research and development	590	582	570
Selling, general and administrative	1,215	1,216	1,269
Amortization of intangible assets	67	71	71
Transformation costs	33	20	60
Disaster charges	—	—	3
Acquisition, disposition and other related charges	46	43	19
Total costs and expenses	6,779	6,230	6,453
Earnings from operations	425	525	520
Interest and other, net ⁽¹⁾	(22)	(88)	(47)
Earnings from equity interests	42	46	49
Earnings before provision for taxes	445	483	522
Provision for taxes	(131)	(96)	(104)
Net earnings	\$ 314	\$ 387	\$ 418
Net Earnings Per Share:			
Basic	\$ 0.24	\$ 0.30	\$ 0.32
Diluted	\$ 0.24	\$ 0.29	\$ 0.32
Cash dividends declared per share	\$ 0.13	\$ 0.13	\$ 0.12
Weighted-average Shares Used to Compute Net Earnings Per Share:			
Basic	1,311	1,301	1,304
Diluted	1,325	1,316	1,318

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES

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(Unaudited)**

	For the six months ended	
	April 30, 2024	April 30, 2023
	In millions, except per share amounts	
Net revenue	\$ 13,959	\$ 14,782
Costs and Expenses:		
Cost of sales	9,126	9,612
Research and development	1,172	1,193
Selling, general and administrative	2,431	2,526
Amortization of intangible assets	138	144
Transformation costs	53	162
Disaster charges	—	4
Acquisition, disposition and other related charges	89	30
Total costs and expenses	13,009	13,671
Earnings from operations	950	1,111
Interest and other, net	(110)	(73)
Earnings from equity interests	88	107
Earnings before provision for taxes	928	1,145
Provision for taxes	(227)	(226)
Net earnings	\$ 701	\$ 919
Net Earnings Per Share:		
Basic	\$ 0.54	\$ 0.71
Diluted	\$ 0.53	\$ 0.70
Cash dividends declared per share	\$ 0.26	\$ 0.24
Weighted-average Shares Used to Compute Net Earnings Per Share:		
Basic	1,306	1,301
Diluted	1,320	1,317

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Reconciliation of GAAP to Non-GAAP measures
(Unaudited)

	For the three months ended		
	April 30, 2024	January 31, 2024	April 30, 2023
	Dollars in millions		
GAAP net revenue	\$ 7,204	\$ 6,755	\$ 6,973
GAAP cost of sales	4,828	4,298	4,461
GAAP gross profit	2,376	2,457	2,512
Non-GAAP Adjustments			
Stock-based compensation expense	14	16	13
Disaster recovery	(7)	(25)	—
Non-GAAP gross profit	\$ 2,383	\$ 2,448	\$ 2,525
GAAP gross profit margin	33.0 %	36.4 %	36.0 %
Non-GAAP adjustments	0.1 %	(0.2)%	0.2 %
Non-GAAP gross profit margin	33.1 %	36.2 %	36.2 %

	For the six months ended	
	April 30, 2024	April 30, 2023
	Dollars in millions	
GAAP net revenue	\$ 13,959	\$ 14,782
GAAP cost of sales	9,126	9,612
GAAP gross profit	\$ 4,833	\$ 5,170
Non-GAAP Adjustments		
Stock-based compensation expense	30	29
Disaster recovery	(32)	—
Non-GAAP gross profit	\$ 4,831	\$ 5,199
GAAP gross profit margin	34.6 %	35.0 %
Non-GAAP adjustments	— %	0.2 %
Non-GAAP gross profit margin	34.6 %	35.2 %

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Reconciliation of GAAP to Non-GAAP measures
(Unaudited)

	For the three months ended		
	April 30, 2024	January 31, 2024	April 30, 2023
	Dollars in millions		
GAAP earnings from operations	\$ 425	\$ 525	\$ 520
Non-GAAP Adjustments			
Amortization of intangible assets	67	71	71
Transformation costs	33	20	60
Disaster (recovery) charges	(7)	(25)	3
Stock-based compensation expense	120	141	126
Acquisition, disposition and other related charges	46	43	19
Non-GAAP earnings from operations	<u>\$ 684</u>	<u>\$ 775</u>	<u>\$ 799</u>
GAAP operating profit margin	5.9 %	7.8%	7.5 %
Non-GAAP adjustments	3.6 %	3.7 %	4.0 %
Non-GAAP operating profit margin	<u>9.5 %</u>	<u>11.5 %</u>	<u>11.5 %</u>

	For the six months ended	
	April 30, 2024	April 30, 2023
	Dollars in millions	
GAAP earnings from operations	\$ 950	\$ 1,111
Non-GAAP Adjustments		
Amortization of intangible assets	138	144
Transformation costs	53	162
Disaster (recovery) charges	(32)	4
Stock-based compensation expense	261	266
Acquisition, disposition and other related charges	89	30
Non-GAAP earnings from operations	<u>\$ 1,459</u>	<u>\$ 1,717</u>
GAAP operating profit margin	6.8 %	7.5 %
Non-GAAP adjustments	3.7 %	4.1 %
Non-GAAP operating profit margin	<u>10.5 %</u>	<u>11.6 %</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Reconciliation of GAAP to Non-GAAP measures
(Unaudited)

	For the three months ended					
	April 30, 2024	Diluted net earnings per share	January 31, 2024	Diluted net earnings per share	April 30, 2023	Diluted net earnings per share
	Dollars in millions, except per share amounts					
GAAP net earnings	\$ 314	\$ 0.24	\$ 387	\$ 0.29	\$ 418	\$ 0.32
Non-GAAP Adjustments:						
Amortization of intangible assets	67	0.05	71	0.05	71	0.05
Transformation costs	33	0.03	20	0.02	60	0.05
Disaster (recovery) charges	(7)	(0.01)	(25)	(0.02)	3	—
Stock-based compensation expense	120	0.09	141	0.11	126	0.10
Acquisition, disposition and other related charges	46	0.04	43	0.03	19	0.01
Earnings from equity interests ⁽²⁾	(42)	(0.03)	(46)	(0.03)	2	—
Loss on equity investments, net	—	—	61	0.05	—	—
Adjustments for taxes	31	0.02	(16)	(0.02)	(7)	(0.01)
Other adjustments ⁽³⁾	(1)	(0.01)	2	—	(7)	—
Non-GAAP net earnings	<u>\$ 561</u>	<u>\$ 0.42</u>	<u>\$ 638</u>	<u>\$ 0.48</u>	<u>\$ 685</u>	<u>\$ 0.52</u>

	For the six months ended			
	April 30, 2024	Diluted net earnings per share	April 30, 2023	Diluted net earnings per share
	Dollars in millions, except per share amounts			
GAAP net earnings	\$ 701	\$ 0.53	\$ 919	\$ 0.70
Non-GAAP Adjustments:				
Amortization of intangible assets	138	0.10	144	0.11
Transformation costs	53	0.04	162	0.12
Disaster (recovery) charges	(32)	(0.02)	4	—
Stock-based compensation expense	261	0.20	266	0.21
Acquisition, disposition and other related charges	89	0.07	30	0.02
Earnings from equity interests ⁽²⁾	(88)	(0.07)	14	0.01
Loss on equity investments, net	61	0.05	—	—
Adjustments for taxes	15	0.01	(20)	(0.02)
Other adjustments ⁽³⁾	1	—	(6)	—
Non-GAAP net earnings	<u>\$ 1,199</u>	<u>\$ 0.91</u>	<u>\$ 1,513</u>	<u>\$ 1.15</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Reconciliation of GAAP to Non-GAAP measures
(Unaudited)

	For the three months ended		
	April 30, 2024	January 31, 2024	April 30, 2023
	In millions		
Net cash provided by operating activities	\$ 1,093	\$ 64	\$ 889
Investment in property, plant and equipment	(560)	(656)	(688)
Proceeds from sale of property, plant and equipment	122	96	86
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(45)	14	1
Free cash flow	<u>\$ 610</u>	<u>\$ (482)</u>	<u>\$ 288</u>

	For the six months ended	
	April 30, 2024	April 30, 2023
	In millions	
Net cash provided by operating activities	\$ 1,157	\$ 60
Investment in property, plant and equipment	(1,216)	(1,482)
Proceeds from sale of property, plant and equipment	218	245
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(31)	139
Free cash flow	<u>\$ 128</u>	<u>\$ (1,038)</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	As of	
	April 30, 2024	October 31, 2023
	(Unaudited)	(Audited)
	In millions, except par value	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,676	\$ 4,270
Accounts receivable, net of allowances	3,840	3,481
Financing receivables, net of allowances	3,646	3,543
Inventory	7,326	4,607
Other current assets	3,939	3,047
Total current assets	21,427	18,948
Property, plant and equipment, net	5,817	5,989
Long-term financing receivables and other assets	11,673	11,377
Investments in equity interests	2,291	2,197
Goodwill and intangible assets	18,503	18,642
Total assets	\$ 59,711	\$ 57,153
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable and short-term borrowings	\$ 3,767	\$ 4,868
Accounts payable	10,119	7,136
Employee compensation and benefits	1,084	1,724
Taxes on earnings	181	155
Deferred revenue	3,783	3,658
Accrued restructuring	97	180
Other accrued liabilities	4,719	4,161
Total current liabilities	23,750	21,882
Long-term debt	7,490	7,487
Other non-current liabilities	6,737	6,546
Stockholders' Equity		
Common stock, \$0.01 par value (9,600 shares authorized; 1,298 and 1,283 shares issued and outstanding as of April 30, 2024 and October 31, 2023, respectively)	13	13
Additional paid-in capital	28,308	28,199
Accumulated deficit	(3,583)	(3,946)
Accumulated other comprehensive loss	(3,058)	(3,084)
Total HPE stockholders' equity	21,680	21,182
Non-controlling interests	54	56
Total stockholders' equity	21,734	21,238
Total liabilities and stockholders' equity	\$ 59,711	\$ 57,153

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the six months ended	
	April 30, 2024	April 30, 2023
	In millions	
Cash Flows from Operating Activities:		
Net earnings	\$ 701	\$ 919
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities:		
Depreciation and amortization	1,299	1,307
Stock-based compensation expense	261	266
Provision for inventory and credit losses	113	97
Restructuring charges	18	95
Deferred taxes on earnings	—	69
Earnings from equity interests	(88)	(107)
Other, net	128	(11)
Changes in Operating Assets and Liabilities, Net of Acquisitions:		
Accounts receivable	(376)	370
Financing receivables	(327)	(666)
Inventory	(2,808)	782
Accounts payable	3,026	(3,220)
Taxes on earnings	95	(1)
Restructuring	(121)	(147)
Other assets and liabilities	(764)	307
Net cash provided by operating activities	<u>1,157</u>	<u>60</u>
Cash Flows from Investing Activities:		
Investment in property, plant and equipment	(1,216)	(1,482)
Proceeds from sale of property, plant and equipment	218	245
Purchases of investments	(16)	(5)
Proceeds from maturities and sales of investments	5	4
Financial collateral posted	(499)	(1,009)
Financial collateral received	401	483
Payments made in connection with business acquisitions, net of cash acquired	—	(406)
Net cash used in investing activities	<u>(1,107)</u>	<u>(2,170)</u>
Cash Flows from Financing Activities:		
Short-term borrowings with original maturities less than 90 days, net	(45)	344
Proceeds from debt, net of issuance costs	1,075	2,845
Payment of debt	(2,218)	(2,428)
Cash settlement for derivative hedging debt	—	(2)
Net payments related to stock-based award activities	(94)	(106)
Repurchase of common stock	(48)	(179)
Cash dividends paid to non-controlling interests, net of contributions	(8)	—
Cash dividends paid to shareholders	(338)	(311)
Net cash (used in) provided by financing activities	<u>(1,676)</u>	<u>163</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(31)	139
Decrease in cash, cash equivalents and restricted cash	(1,657)	(1,808)
Cash, cash equivalents and restricted cash at beginning of period	4,581	4,763
Cash, cash equivalents and restricted cash at end of period	<u>\$ 2,924</u>	<u>\$ 2,955</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Segment Information
(Unaudited)

	For the three months ended		
	April 30, 2024	January 31, 2024	April 30, 2023
	In millions		
Net Revenue:			
Server ⁽⁴⁾	\$ 3,867	\$ 3,352	\$ 3,287
Hybrid Cloud ⁽⁴⁾	1,256	1,248	1,371
Intelligent Edge ⁽⁴⁾	1,086	1,201	1,344
Financial Services	867	873	858
Corporate Investments and other ⁽⁴⁾	252	238	242
Total segment net revenue	7,328	6,912	7,102
Elimination of intersegment net revenue	(124)	(157)	(129)
Total consolidated net revenue	\$ 7,204	\$ 6,755	\$ 6,973
Earnings Before Taxes⁽⁴⁾:			
Server	\$ 426	\$ 383	\$ 473
Hybrid Cloud	10	47	26
Intelligent Edge	237	353	332
Financial Services	81	74	76
Corporate Investments and other	(9)	(10)	(19)
Total segment earnings from operations	745	847	888
Unallocated corporate costs and eliminations	(61)	(72)	(89)
Stock-based compensation expense	(120)	(141)	(126)
Amortization of intangible assets	(67)	(71)	(71)
Transformation costs	(33)	(20)	(60)
Disaster recovery (charges)	7	25	(3)
Acquisition, disposition and other related charges	(46)	(43)	(19)
Interest and other, net ⁽¹⁾	(22)	(88)	(47)
Earnings from equity interests	42	46	49
Total pretax earnings	\$ 445	\$ 483	\$ 522

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Segment Information
(Unaudited)

	For the six months ended	
	April 30, 2024	April 30, 2023
In millions		
Net Revenue:		
Server ⁽⁴⁾	\$ 7,219	\$ 7,619
Hybrid Cloud ⁽⁴⁾	2,504	2,755
Intelligent Edge ⁽⁴⁾	2,287	2,513
Financial Services	1,740	1,731
Corporate Investments and other ⁽⁴⁾	490	476
Total segment net revenue	14,240	15,094
Elimination of intersegment net revenue	(281)	(312)
Total consolidated net revenue	\$ 13,959	\$ 14,782
Earnings Before Taxes⁽⁴⁾:		
Server	\$ 809	\$ 1,151
Hybrid Cloud	57	106
Intelligent Edge	590	559
Financial Services	155	139
Corporate Investments and other	(19)	(41)
Total segment earnings from operations	1,592	1,914
Unallocated corporate costs and eliminations	(133)	(197)
Stock-based compensation expense	(261)	(266)
Amortization of intangible assets	(138)	(144)
Transformation costs	(53)	(162)
Disaster recovery (charges)	32	(4)
Acquisition, disposition and other related charges	(89)	(30)
Interest and other, net ⁽¹⁾	(110)	(73)
Earnings from equity interests	88	107
Total consolidated earnings before taxes	\$ 928	\$ 1,145

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Segment Information
(Unaudited)

	For the three months ended			Change (%)	
	April 30, 2024	January 31, 2024	April 30, 2023	Q/Q	Y/Y
Dollars in millions					
Net Revenue:					
Server ⁽⁴⁾	\$ 3,867	\$ 3,352	\$ 3,287	15%	18%
Hybrid Cloud ⁽⁴⁾	1,256	1,248	1,371	1	(8)
Intelligent Edge ⁽⁴⁾	1,086	1,201	1,344	(10)	(19)
Financial Services	867	873	858	(1)	1
Corporate Investments and other ⁽⁴⁾	252	238	242	6	4
Total segment net revenue	<u>7,328</u>	<u>6,912</u>	<u>7,102</u>	6	3
Elimination of intersegment net revenue	(124)	(157)	(129)	(21)	(4)
Total consolidated net revenue	<u>\$ 7,204</u>	<u>\$ 6,755</u>	<u>\$ 6,973</u>	7%	3%

	For the six months ended		
	April 30, 2024	April 30, 2023	Y/Y
Dollars in millions			
Net Revenue:			
Server ⁽⁴⁾	\$ 7,219	\$ 7,619	(5%)
Hybrid Cloud ⁽⁴⁾	2,504	2,755	(9)
Intelligent Edge ⁽⁴⁾	2,287	2,513	(9)
Financial Services	1,740	1,731	1
Corporate Investments and other ⁽⁴⁾	490	476	3
Total segment net revenue	<u>14,240</u>	<u>15,094</u>	(6)
Elimination of intersegment net revenue	(281)	(312)	(10)
Total consolidated net revenue	<u>\$ 13,959</u>	<u>\$ 14,782</u>	(6%)

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Segment Operating Margin Summary Data
(Unaudited)

	For the three months ended			Change in operating profit margin (pts)	
	April 30, 2024	January 31, 2024	April 30, 2023	Q/Q	Y/Y
Segment Operating Profit Margin⁽⁴⁾:					
Server	11.0 %	11.4 %	14.4 %	(0.4)	(3.4)
Hybrid Cloud	0.8 %	3.8 %	1.9 %	(3.0)	(1.1)
Intelligent Edge	21.8 %	29.4 %	24.7 %	(7.6)	(2.9)
Financial Services	9.3 %	8.5 %	8.9 %	0.8	0.4
Corporate Investments and other	(3.6%)	(4.2%)	(7.9%)	0.6	4.3
Total segment operating profit margin	10.2 %	12.3 %	12.5 %	(2.1)	(2.3)

	For the six months ended		Change in operating profit margin (pts)
	April 30, 2024	April 30, 2023	Y/Y
Segment Operating Profit Margin⁽⁴⁾:			
Server	11.2 %	15.1 %	(3.9)
Hybrid Cloud	2.3 %	3.8 %	(1.5)
Intelligent Edge	25.8 %	22.2 %	3.6
Financial Services	8.9%	8.0%	0.9
Corporate Investments and other	(3.9 %)	(8.6 %)	4.7
Total segment operating profit margin	11.2 %	12.7 %	(1.5)

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Calculation of Diluted Net Earnings Per Share
(Unaudited)

	For the three months ended		
	April 30, 2024	January 31, 2024	April 30, 2023
In millions, except per share amounts			
Numerator:			
GAAP net earnings	\$ 314	\$ 387	\$ 418
Non-GAAP net earnings	\$ 561	\$ 638	\$ 685
Denominator:			
Weighted-average shares used to compute basic net earnings per share	1,311	1,301	1,304
Dilutive effect of employee stock plans	14	15	14
Weighted-average shares used to compute diluted net earnings per share	<u>1,325</u>	<u>1,316</u>	<u>1,318</u>
GAAP Net Earnings Per Share			
Basic	\$ 0.24	\$ 0.30	\$ 0.32
Diluted	\$ 0.24	\$ 0.29	\$ 0.32
Non-GAAP Net Earnings Per Share			
Basic	\$ 0.43	\$ 0.49	\$ 0.53
Diluted	\$ 0.42	\$ 0.48	\$ 0.52

	For the six months ended	
	April 30, 2024	April 30, 2023
In millions, except per share amounts		
Numerator:		
GAAP net earnings	\$ 701	\$ 919
Non-GAAP net earnings	\$ 1,199	\$ 1,513
Denominator:		
Weighted-average shares used to compute basic net earnings per share	1,306	1,301
Dilutive effect of employee stock plans	14	16
Weighted-average shares used to compute diluted net earnings per share	<u>1,320</u>	<u>1,317</u>
GAAP Net Earnings Per Share		
Basic	\$ 0.54	\$ 0.71
Diluted	\$ 0.53	\$ 0.70
Non-GAAP Net Earnings Per Share		
Basic	\$ 0.92	\$ 1.16
Diluted	\$ 0.91	\$ 1.15

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- (1) Interest and other, net includes tax indemnification and other adjustments, non-service net periodic benefit cost, and interest and other, net.
 - (2) For the three and six months ended April 30, 2024, includes the equity in earnings from H3C equity method investment and all periods include the amortization of the basis difference in the Company's investment.
 - (3) Other adjustments includes non-service net periodic benefit cost and tax indemnification and other adjustments.
 - (4) As previously disclosed, effective as of the beginning of the first quarter of fiscal 2024, in order to align the segment financial reporting more closely with its business structure, the Company established two new reportable segments, Hybrid Cloud and Server. Hybrid Cloud includes the historical Storage segment, HPE GreenLake Flex Solutions (which provides flexible as-a-service IT infrastructure through the HPE GreenLake edge-to-cloud platform and was previously reported under the Compute and the High Performance Computing & Artificial Intelligence ("HPC & AI") segments), Private Cloud, and Software (previously reported under the Corporate Investments and Other segment). The Server segment combines the previously separately reported Compute and HPC & AI segments, with adjustments for certain product lines that are now reported in Hybrid Cloud. Additionally, certain products and services previously reported in the financial results for the HPC & AI segment were moved to be reported in the Hybrid Cloud segment, and the Athonet business and certain components of the Communications and Media Solutions business, both previously reported in the financial results for Corporate Investments and Other, moved to be reported in the Intelligent Edge segment.

As a result, the Company's new organizational structure consists of the following segments: (i) Server; (ii) Hybrid Cloud; (iii) Intelligent Edge; (iv) Financial Services; and (v) Corporate Investments and Other. The Company began reporting under this re-aligned segment structure beginning with the results of the first quarter of fiscal 2024.

The Company has reflected these changes to its segment information retrospectively to the earliest period presented, which primarily resulted in the realignment of net revenue and operating profit for each of the segments as described above. These changes had no impact on Hewlett Packard Enterprise's previously reported consolidated net revenue, net earnings, net earnings per share or total assets.