

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

	For the three months ended		
	July 31, 2024	April 30, 2024	July 31, 2023
	In millions, except per share amounts		
Net revenue	\$ 7,710	\$ 7,204	\$ 7,002
Costs and Expenses:			
Cost of sales	5,271	4,828	4,492
Research and development	547	590	578
Selling, general and administrative	1,229	1,215	1,302
Amortization of intangible assets	60	67	72
Transformation costs	14	33	65
Disaster charges	5	—	1
Acquisition, disposition and other related charges	37	46	21
Total costs and expenses	7,163	6,779	6,531
Earnings from operations	547	425	471
Interest and other, net ⁽¹⁾	(12)	(22)	(8)
Earnings from equity interests	73	42	73
Earnings before provision for taxes	608	445	536
Provision for taxes	(96)	(131)	(72)
Net earnings	\$ 512	\$ 314	\$ 464
Net Earnings Per Share:			
Basic	\$ 0.39	\$ 0.24	\$ 0.36
Diluted	\$ 0.38	\$ 0.24	\$ 0.35
Cash dividends declared per share	\$ 0.13	\$ 0.13	\$ 0.12
Weighted-average Shares Used to Compute Net Earnings Per Share:			
Basic	1,312	1,311	1,299
Diluted	1,332	1,325	1,316

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	For the nine months ended	
	July 31, 2024	July 31, 2023
	In millions, except per share amounts	
Net revenue	\$ 21,669	\$ 21,784
Costs and Expenses:		
Cost of sales	14,397	14,104
Research and development	1,719	1,771
Selling, general and administrative	3,660	3,828
Amortization of intangible assets	198	216
Transformation costs	67	227
Disaster charges	5	5
Acquisition, disposition and other related charges	126	51
Total costs and expenses	20,172	20,202
Earnings from operations	1,497	1,582
Interest and other, net ⁽¹⁾	(122)	(81)
Earnings from equity interests	161	180
Earnings before provision for taxes	1,536	1,681
Provision for taxes	(323)	(298)
Net earnings	\$ 1,213	\$ 1,383
Net Earnings Per Share:		
Basic	\$ 0.93	\$ 1.06
Diluted	\$ 0.92	\$ 1.05
Cash dividends declared per share	\$ 0.39	\$ 0.36
Weighted-average Shares Used to Compute Net Earnings Per Share:		
Basic	1,308	1,300
Diluted	1,325	1,317

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

	For the three months ended		
	July 31, 2024	April 30, 2024	July 31, 2023
	Dollars in millions		
GAAP net revenue	\$ 7,710	\$ 7,204	\$ 7,002
GAAP cost of sales	5,271	4,828	4,492
GAAP gross profit	2,439	2,376	2,510
Non-GAAP Adjustments			
Stock-based compensation expense	9	14	9
Disaster recovery	(7)	(7)	(3)
Divestiture related exit costs	9	—	—
Non-GAAP gross profit	\$ 2,450	\$ 2,383	\$ 2,516
GAAP gross profit margin	31.6 %	33.0 %	35.8 %
Non-GAAP adjustments	0.2 %	0.1 %	0.1 %
Non-GAAP gross profit margin	31.8 %	33.1 %	35.9 %

	For the nine months ended	
	July 31, 2024	July 31, 2023
	Dollars in millions	
GAAP net revenue	\$ 21,669	\$ 21,784
GAAP cost of sales	14,397	14,104
GAAP gross profit	\$ 7,272	\$ 7,680
Non-GAAP Adjustments		
Stock-based compensation expense	39	38
Disaster recovery	(39)	(3)
Divestiture related exit costs	9	—
Non-GAAP gross profit	\$ 7,281	\$ 7,715
GAAP gross profit margin	33.6 %	35.3 %
Non-GAAP adjustments	— %	0.1 %
Non-GAAP gross profit margin	33.6 %	35.4 %

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

	For the three months ended		
	July 31, 2024	April 30, 2024	July 31, 2023
	Dollars in millions		
GAAP earnings from operations	\$ 547	\$ 425	\$ 471
Non-GAAP Adjustments			
Amortization of intangible assets	60	67	72
Transformation costs	14	33	65
Disaster recovery	(2)	(7)	(2)
Stock-based compensation expense	80	120	91
Divestiture related exit costs	35	—	—
Acquisition, disposition and other related charges	37	46	21
Non-GAAP earnings from operations	<u>\$ 771</u>	<u>\$ 684</u>	<u>\$ 718</u>
GAAP operating profit margin	7.1 %	5.9%	6.7 %
Non-GAAP adjustments	2.9 %	3.6 %	3.6 %
Non-GAAP operating profit margin	<u>10.0 %</u>	<u>9.5 %</u>	<u>10.3 %</u>

	For the nine months ended	
	July 31, 2024	July 31, 2023
	Dollars in millions	
GAAP earnings from operations	\$ 1,497	\$ 1,582
Non-GAAP Adjustments		
Amortization of intangible assets	198	216
Transformation costs	67	227
Disaster (recovery) charges	(34)	2
Stock-based compensation expense	341	357
Divestiture related exit costs	35	—
Acquisition, disposition and other related charges	126	51
Non-GAAP earnings from operations	<u>\$ 2,230</u>	<u>\$ 2,435</u>
GAAP operating profit margin	6.9 %	7.3 %
Non-GAAP adjustments	3.4 %	3.9 %
Non-GAAP operating profit margin	<u>10.3 %</u>	<u>11.2 %</u>

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

	For the three months ended					
	July 31, 2024	Diluted net earnings per share	April 30, 2024	Diluted net earnings per share	July 31, 2023	Diluted net earnings per share
	Dollars in millions, except per share amounts					
GAAP net earnings	\$ 512	\$ 0.38	\$ 314	\$ 0.24	\$ 464	\$ 0.35
Non-GAAP Adjustments:						
Amortization of intangible assets	60	0.05	67	0.05	72	0.05
Transformation costs	14	0.01	33	0.03	65	0.05
Disaster recovery	(2)	—	(7)	(0.01)	(2)	—
Stock-based compensation expense	80	0.06	120	0.09	91	0.07
Divestiture related exit costs	35	0.03	—	—	—	—
Acquisition, disposition and other related charges	37	0.03	46	0.04	21	0.02
Earnings from equity interests	(44)	(0.04)	(42)	(0.03)	2	—
Gain on equity investments, net	(14)	(0.01)	—	—	—	—
Adjustments for taxes	(21)	(0.01)	31	0.02	(32)	(0.02)
Other adjustments ⁽²⁾	4	—	(1)	(0.01)	(42)	(0.03)
Non-GAAP net earnings	<u>\$ 661</u>	<u>\$ 0.50</u>	<u>\$ 561</u>	<u>\$ 0.42</u>	<u>\$ 639</u>	<u>\$ 0.49</u>

	For the nine months ended			
	July 31, 2024	Diluted net earnings per share	July 31, 2023	Diluted net earnings per share
	Dollars in millions, except per share amounts			
GAAP net earnings	\$ 1,213	\$ 0.92	\$ 1,383	\$ 1.05
Non-GAAP Adjustments:				
Amortization of intangible assets	198	0.15	216	0.16
Transformation costs	67	0.05	227	0.17
Disaster (recovery) charges	(34)	(0.03)	2	—
Stock-based compensation expense	341	0.26	357	0.28
Divestiture related exit costs	35	0.03	—	—
Acquisition, disposition and other related charges	126	0.10	51	0.04
Earnings from equity interests	(132)	(0.10)	16	0.01
Loss on equity investments, net	47	0.03	—	—
Adjustments for taxes	(6)	(0.01)	(52)	(0.04)
Other adjustments ⁽²⁾	5	—	(48)	(0.04)
Non-GAAP net earnings	<u>\$ 1,860</u>	<u>\$ 1.40</u>	<u>\$ 2,152</u>	<u>\$ 1.63</u>

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

	For the three months ended		
	July 31, 2024	April 30, 2024	July 31, 2023
	In millions		
Net cash provided by operating activities	\$ 1,154	\$ 1,093	\$ 1,525
Investment in property, plant and equipment and software assets	(543)	(560)	(671)
Proceeds from sale of property, plant and equipment	62	122	102
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(4)	(45)	(1)
Free cash flow	<u>\$ 669</u>	<u>\$ 610</u>	<u>\$ 955</u>

	For the nine months ended	
	July 31, 2024	July 31, 2023
	In millions	
Net cash provided by operating activities	\$ 2,311	\$ 1,585
Investment in property, plant and equipment and software assets	(1,759)	(2,153)
Proceeds from sale of property, plant and equipment	280	347
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(35)	138
Free cash flow	<u>\$ 797</u>	<u>\$ (83)</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	As of	
	July 31, 2024	October 31, 2023
	(Unaudited)	(Audited)
	In millions, except par value	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,642	\$ 4,270
Accounts receivable, net of allowances	3,857	3,481
Financing receivables, net of allowances	3,705	3,543
Inventory	7,679	4,607
Assets held for sale	6	—
Other current assets	3,516	3,047
Total current assets	22,405	18,948
Property, plant and equipment, net	5,738	5,989
Long-term financing receivables and other assets	11,926	11,377
Investments in equity interests	2,318	2,197
Goodwill and intangible assets	18,465	18,642
Total assets	\$ 60,852	\$ 57,153
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable and short-term borrowings	\$ 3,864	\$ 4,868
Accounts payable	10,085	7,136
Employee compensation and benefits	1,166	1,724
Taxes on earnings	150	155
Deferred revenue	3,803	3,658
Accrued restructuring	86	180
Liabilities held for sale	59	—
Other accrued liabilities	4,652	4,161
Total current liabilities	23,865	21,882
Long-term debt	7,939	7,487
Other non-current liabilities	6,914	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 July 31, 2024 and October 31, 2023, respectively)	13	13
Additional paid-in capital	28,361	28,199
Accumulated deficit	(3,240)	(3,946)
Accumulated other comprehensive loss	(3,057)	(3,084)
Total HPE stockholders' equity	22,077	21,182
Non-controlling interests	57	56
Total stockholders' equity	22,134	21,238
Total liabilities and stockholders' equity	\$ 60,852	\$ 57,153

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

	For the nine months ended	
	July 31, 2024	July 31, 2023
In millions		
Cash Flows from Operating Activities:		
Net earnings	\$ 1,213	\$ 1,383
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities:		
Depreciation and amortization	1,924	1,961
Stock-based compensation expense	341	357
Provision for inventory and credit losses	125	189
Restructuring charges	20	133
Deferred taxes on earnings	16	(2)
Earnings from equity interests	(161)	(180)
Dividends received from equity investees	43	34
Other, net	160	(7)
Changes in Operating Assets and Liabilities, Net of Acquisitions:		
Accounts receivable	(383)	623
Financing receivables	(311)	(870)
Inventory	(3,195)	491
Accounts payable	3,002	(3,146)
Taxes on earnings	108	26
Restructuring	(144)	(201)
Other assets and liabilities	(447)	794
Net cash provided by operating activities	<u>2,311</u>	<u>1,585</u>
Cash Flows from Investing Activities:		
Investment in property, plant and equipment and software assets	(1,759)	(2,153)
Proceeds from sale of property, plant and equipment	280	347
Purchases of investments	(16)	(10)
Proceeds from maturities and sales of investments	5	8
Financial collateral posted	(728)	(1,410)
Financial collateral received	638	793
Payments made in connection with business acquisitions, net of cash acquired	—	(761)
Net cash used in investing activities	<u>(1,580)</u>	<u>(3,186)</u>
Cash Flows from Financing Activities:		
Short-term borrowings with original maturities less than 90 days, net	(50)	(54)
Proceeds from debt, net of issuance costs	2,156	3,886
Payment of debt	(2,794)	(3,062)
Cash settlement for derivative hedging debt	—	(7)
Net payments related to stock-based award activities	(69)	(100)
Repurchase of common stock	(100)	(366)
Cash dividends paid to non-controlling interests, net of contributions	(8)	—
Cash dividends paid to shareholders	(507)	(465)
Net cash (used in) provided by financing activities	<u>(1,372)</u>	<u>(168)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(35)	138
Decrease in cash, cash equivalents and restricted cash	(676)	(1,631)
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>\$ 3,905</u>	<u>\$ 3,132</u>

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Segment Information
(Unaudited)

	For the three months ended		
	July 31, 2024	April 30, 2024	July 31, 2023
	In millions		
Net Revenue:			
Server ⁽³⁾	\$ 4,280	\$ 3,867	\$ 3,168
Hybrid Cloud ⁽³⁾	1,300	1,256	1,397
Intelligent Edge ⁽³⁾	1,121	1,086	1,456
Financial Services	879	867	873
Corporate Investments and other ⁽³⁾	262	252	246
Total segment net revenue	7,842	7,328	7,140
Elimination of intersegment net revenue	(132)	(124)	(138)
Total consolidated net revenue	\$ 7,710	\$ 7,204	\$ 7,002
Earnings Before Taxes⁽³⁾:			
Server	\$ 464	\$ 426	\$ 319
Hybrid Cloud	66	10	75
Intelligent Edge	251	237	402
Financial Services	79	81	72
Corporate Investments and other	(4)	(9)	(20)
Total segment earnings from operations	856	745	848
Unallocated corporate costs and eliminations	(85)	(61)	(130)
Stock-based compensation expense	(80)	(120)	(91)
Amortization of intangible assets	(60)	(67)	(72)
Transformation costs	(14)	(33)	(65)
Disaster recovery	2	7	2
Divestiture related exit costs	(35)	—	—
Acquisition, disposition and other related charges	(37)	(46)	(21)
Interest and other, net ⁽¹⁾	(12)	(22)	(8)
Earnings from equity interests	73	42	73
Total pretax earnings	\$ 608	\$ 445	\$ 536

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Segment Information
(Unaudited)

	For the nine months ended	
	July 31, 2024	July 31, 2023
	In millions	
Net Revenue:		
Server ⁽³⁾	\$ 11,499	\$ 10,787
Hybrid Cloud ⁽³⁾	3,804	4,152
Intelligent Edge ⁽³⁾	3,408	3,969
Financial Services	2,619	2,604
Corporate Investments and other ⁽³⁾	752	722
Total segment net revenue	22,082	22,234
Elimination of intersegment net revenue	(413)	(450)
Total consolidated net revenue	\$ 21,669	\$ 21,784
Earnings Before Taxes⁽³⁾:		
Server	\$ 1,273	\$ 1,470
Hybrid Cloud	123	181
Intelligent Edge	841	961
Financial Services	234	211
Corporate Investments and other	(23)	(61)
Total segment earnings from operations	2,448	2,762
Unallocated corporate costs and eliminations	(218)	(327)
Stock-based compensation expense	(341)	(357)
Amortization of intangible assets	(198)	(216)
Transformation costs	(67)	(227)
Disaster recovery (charges)	34	(2)
Divestiture related exit costs	(35)	—
Acquisition, disposition and other related charges	(126)	(51)
Interest and other, net ⁽¹⁾	(122)	(81)
Earnings from equity interests	161	180
Total consolidated earnings before taxes	\$ 1,536	\$ 1,681

HEWLETT PACKARD ENTERPRISE COMPANY AND SUBSIDIARIES
Segment Information
(Unaudited)

	For the three months ended			Change (%)	
	July 31, 2024	April 30, 2024	July 31, 2023	Q/Q	Y/Y
	Dollars in millions				
Net Revenue:					
Server ⁽³⁾	\$ 4,280	\$ 3,867	\$ 3,168	11%	35%
Hybrid Cloud ⁽³⁾	1,300	1,256	1,397	4	(7)
Intelligent Edge ⁽³⁾	1,121	1,086	1,456	3	(23)
Financial Services	879	867	873	1	1
Corporate Investments and other ⁽³⁾	262	252	246	4	7
Total segment net revenue	7,842	7,328	7,140	7	10
Elimination of intersegment net revenue	(132)	(124)	(138)	7	(4)
Total consolidated net revenue	\$ 7,710	\$ 7,204	\$ 7,002	7%	10%

	For the nine months ended		
	July 31, 2024	July 31, 2023	Y/Y
	Dollars in millions		
Net Revenue:			
Server ⁽³⁾	\$ 11,499	\$ 10,787	7%
Hybrid Cloud ⁽³⁾	3,804	4,152	(8)
Intelligent Edge ⁽³⁾	3,408	3,969	(14)
Financial Services	2,619	2,604	1
Corporate Investments and other ⁽³⁾	752	722	4
Total segment net revenue	22,082	22,234	(1)
Elimination of intersegment net revenue	(413)	(450)	(8)
Total consolidated net revenue	\$ 21,669	\$ 21,784	(1%)

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

	For the three months ended			Change in operating profit margin (pts)	
	July 31, 2024	April 30, 2024	July 31, 2023	Q/Q	Y/Y
Segment Operating Profit Margin⁽³⁾:					
Server	10.8 %	11.0 %	10.1 %	(0.2)	0.7
Hybrid Cloud	5.1 %	0.8 %	5.4 %	4.3	(0.3)
Intelligent Edge	22.4 %	21.8 %	27.6 %	0.6	(5.2)
Financial Services	9.0 %	9.3 %	8.2 %	(0.3)	0.8
Corporate Investments and other	(1.5%)	(3.6%)	(8.1%)	2.1	6.6
Total segment operating profit margin	10.9 %	10.2 %	11.9 %	0.7	(1.0)

	For the nine months ended		Change in operating profit margin (pts)
	July 31, 2024	July 31, 2023	Y/Y
Segment Operating Profit Margin⁽³⁾:			
Server	11.1 %	13.6 %	(2.5)
Hybrid Cloud	3.2 %	4.4 %	(1.2)
Intelligent Edge	24.7 %	24.2 %	0.5
Financial Services	8.9%	8.1%	0.8
Corporate Investments and other	(3.1 %)	(8.4 %)	5.3
Total segment operating profit margin	11.1 %	12.4 %	(1.3)

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

	For the three months ended		
	July 31, 2024	April 30, 2024	July 31, 2023
In millions, except per share amounts			
Numerator:			
GAAP net earnings	\$ 512	\$ 314	\$ 464
Non-GAAP net earnings	\$ 661	\$ 561	\$ 639
Denominator:			
Weighted-average shares used to compute basic net earnings per share	1,312	1,311	1,299
Dilutive effect of employee stock plans	20	14	17
Weighted-average shares used to compute diluted net earnings per share	<u>1,332</u>	<u>1,325</u>	<u>1,316</u>
GAAP Net Earnings Per Share			
Basic	\$ 0.39	\$ 0.24	\$ 0.36
Diluted	\$ 0.38	\$ 0.24	\$ 0.35
Non-GAAP Net Earnings Per Share			
Basic	\$ 0.50	\$ 0.43	\$ 0.49
Diluted	\$ 0.50	\$ 0.42	\$ 0.49

	For the nine months ended	
	July 31, 2024	July 31, 2023
In millions, except per share amounts		
Numerator:		
GAAP net earnings	\$ 1,213	\$ 1,383
Non-GAAP net earnings	\$ 1,860	\$ 2,152
Denominator:		
Weighted-average shares used to compute basic net earnings per share	1,308	1,300
Dilutive effect of employee stock plans	17	17
Weighted-average shares used to compute diluted net earnings per share	<u>1,325</u>	<u>1,317</u>
GAAP Net Earnings Per Share		
Basic	\$ 0.93	\$ 1.06
Diluted	\$ 0.92	\$ 1.05
Non-GAAP Net Earnings Per Share		
Basic	\$ 1.42	\$ 1.66
Diluted	\$ 1.40	\$ 1.63

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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) Other adjustments includes non-service net periodic benefit cost and tax indemnification and other adjustments.
 - (3) 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.