



**Hewlett Packard
Enterprise**

HPE Q1 FY25 Earnings

March 6th, 2025

Forward-looking statements

This presentation contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements 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”, “guide”, “optimistic”, “intend”, “aim”, “will”, “estimates”, “may”, “could”, “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 any projections, estimations, or expectations of addressable markets and their sizes, revenue (including annualized revenue run rate), margins, expenses (including stock-based compensation expenses), investments, effective tax rates, interest rates, the impact of tax law changes and related guidance and regulations, the impact of changes in trade policies and restrictions, net earnings, net earnings per share, cash flows, liquidity and capital resources, inventory, order backlog, share repurchases, currency exchange rates, repayments of debts (including our asset-backed debt securities), or other financial items; recent amendments to accounting guidance and any related potential impacts on our financial reporting; any projections or estimations of orders, including as-a-service orders; any projections of the amount, timing, or impact of cost savings or restructuring charges; any statements of the plans, strategies, and objectives of management for future operations, as well as the execution and consummation of corporate transactions or contemplated acquisitions (including our proposed acquisition of Juniper Networks, Inc.) and dispositions (including disposition of our H3C shares and the receipt of proceeds therefrom), 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 our products or services; any statements concerning technological and market trends, the pace of technological innovation, and adoption of new technologies, including artificial intelligence-related and other products and services offered by Hewlett Packard Enterprise; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on Hewlett Packard Enterprise and our financial performance and our actions to mitigate such impacts to our business; any statements regarding future regulatory trends and the resulting legal and reputational exposure, including but not limited to those relating to environmental, social, and governance, cybersecurity, data privacy, and artificial intelligence issues, among others; any statements regarding pending investigations, claims, or disputes, including but not limited to the litigation enjoining the closing of the proposed acquisition of Juniper Networks, Inc.; any statements of expectation or belief, including those relating to future guidance and the financial performance of Hewlett Packard Enterprise; 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, including but not limited to supply chain constraints, heightening trade restrictions, the use and development of artificial intelligence, the uncertain inflationary environment, the ongoing conflicts between Russia and Ukraine and in the Middle East, and the relationship between China and the U.S.; the need to effectively manage third-party suppliers and distribute Hewlett Packard Enterprise’s products and services; 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 from public health crises, such as pandemics or epidemics, and geopolitical events, such as those mentioned above); 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 of Hewlett Packard Enterprise’s transformation and mix shift of its portfolio of offerings, the execution and performance of contracts by Hewlett Packard Enterprise and its suppliers, customers, clients, and partners, including any impact thereon resulting from macroeconomic or geopolitical events such as those mentioned above; the prospect of a shutdown of the U.S. federal government or dramatic shifts in public sector staffing and resources; the hiring and retention of key employees; the execution, consummation, integration, and other risks associated with business combination, disposition, and investment transactions, including but not limited to the risks associated with the disposition of H3C shares and the receipt of proceeds therefrom and completion of our proposed acquisition of Juniper Networks, Inc. and our ability to integrate and implement our plans, forecasts, and other expectations with respect to the consolidated business; the execution, timing, and results of any cost reduction programs, including estimates and assumptions related to the costs and anticipated benefits of implementing such plans; the impact of changes to privacy, cybersecurity, 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, including but not limited to the litigation enjoining the closing of the proposed acquisition of Juniper Networks, Inc.; the impacts of legal and regulatory changes and related guidance; and other risks that are described in Hewlett Packard Enterprise’s Annual Report on Form 10-K for the fiscal year ended October 31, 2024, subsequent Quarterly Reports on Form 10-Q, 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 presentation, 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 Quarterly Report on Form 10-Q for the fiscal year ended January 31, 2025. 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

HPE's management uses net revenue on a constant currency basis, including at the business segment level as more than half of HPE's revenue is generated outside of the U.S., non-GAAP gross profit, non-GAAP gross profit margin, non-GAAP operating profit, non-GAAP operating profit margin (non-GAAP operating profit as a percentage of revenue), 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 operating results. Cash flow from operations and free cash flow are liquidity measures that provide useful information to management about the amount of cash available for investments in HPE's businesses, funding acquisitions, repurchasing stock and other purposes.

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 provides investors with a supplemental view to understand our historical and prospective operating performance and to evaluate the efficacy of the methodology and information used by management to evaluate and measure such performance. Disclosure of these non-GAAP financial measures also facilitates the comparison of HPE's operating performance with performance of other companies in HPE's industry that supplement their GAAP results with non-GAAP financial measures that may be calculated in a similar manner.

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 stock-based compensation expense, acquisition, disposition and other charges, H3C divestiture related severance costs, and disaster charges (recovery) that are excluded from non-GAAP gross profit and non-GAAP gross profit margin can have a material impact on the equivalent GAAP earnings measure and cash flow. 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 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, and divestiture related exit costs that are excluded from 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 can have a material impact on the equivalent GAAP earnings measures and cash flow. Items such as, adjustment to non-service net periodic benefit cost/credit, tax indemnification and related adjustments, adjustments for equity interests, gain on sale of a business, and gain/loss on investments, net that are excluded from non-GAAP income tax rate, 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 flow. Items such as 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 income 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. In addition, free cash flow does not represent the total increase or decrease in cash for the period.

Some of the limitations in relying on these non-GAAP financial measures are that they may be calculated differently by other companies, limiting the usefulness of those measures for comparative purposes, can differ materially from the comparable GAAP measures due to exclusion of items mentioned above and may not reflect the full economic effect of the loss in value of certain assets. 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 as a supplemental. 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 review those reconciliations carefully.

HPE provides certain forward-looking guidance on a non-GAAP basis only. Hewlett Packard Enterprise is unable to provide a reconciliation to the most directly comparable GAAP financial measure without unreasonable efforts, as the Company cannot predict some elements that are included in such directly comparable GAAP financial measure. These elements could have a material impact on the Company's reported GAAP results for the guidance period. Refer to the discussion of non-GAAP financial measures below for more information.



Delivered year-over-year revenue and EPS growth

HPE

- Net revenue of \$7.9 billion, up 17%¹ year-over-year
- Orders up double-digits year-over-year, with AI systems orders up double-digits quarter-over-quarter
- Delivered GAAP and non-GAAP diluted net EPS² in-line with Q1 guidance

Server

- Server revenue up 30%¹ year-over-year
- Operating profit margin of 8.1% reflecting aggressive competitive discounting, execution challenges in inventory cost and transition
- \$1.6 billion of new AI systems orders reaching \$8.3 billion on a cumulative basis
- AI systems backlog increased 29% quarter-over-quarter to \$3.1 billion
- Shipped our first NVIDIA Blackwell family-based solution, the GB200 NVL72 rack scale system
- Launched HPE ProLiant Gen 12 portfolio with next-gen iLO quantum encryption and direct liquid cooling offering

Edge

- Intelligent Edge revenue up 2%¹ quarter-over-quarter, our third consecutive quarter of sequential growth
- Operating profit margin of 27.4% ahead of Q1 guidance
- Continued sequential market recovery with orders increasing double-digits year-over-year across all geographies and key product categories, including switching
- Introduced new intelligent edge solutions for the retail vertical to accelerate secure-first, AI powered IoT networks

Hybrid Cloud

- Strong business momentum in Hybrid Cloud, with revenue up 11%¹ year-over-year, driven by HPE Alletra Storage MP and HPE GreenLake cloud
- Operating profit margin of 7.0% slightly ahead of Q1 guidance
- HPE GreenLake cloud exited the quarter with over 41K customers, with ARR³ surpassing \$2 billion for the first time, up 46%¹ year-over-year
- Growing enterprise AI demand with orders up 40% year-over-year
- HPE Private Cloud AI pipeline up more than 2x quarter-over-quarter
- Strong VM Essentials product launch with hundreds of customers in trials

Expect to close the Juniper Networks acquisition by end of fiscal year 2025

1. In constant currency. A description of HPE's use of non-GAAP financial information is provided on the slide titled "Use of non-GAAP financial information"

2. A description of HPE's use of non-GAAP financial information is provided on the slide titled "Use of non-GAAP financial information". A reconciliation of specific adjustments to GAAP results for the current and prior periods are included in the "Appendix" section.

3. For definition of ARR, please refer to footnote on slide 7.

Q1 FY25 financial highlights

- Net revenue of **\$7.9 billion** is up 17%¹ from the prior-year period, down 7%¹ sequentially and above the high end of our outlook range of mid-teens year-over year growth
- ARR² of **\$2.1 billion**, up 46%¹ from the prior-year period and up 7%¹ sequentially
- Non-GAAP gross margin³ of **29.4%** was down 6.8 pts from the prior-year period and down 1.5 pts sequentially
- Non-GAAP operating profit³ of **\$780 million** was up 1% from the prior-year period and down 17% sequentially
- GAAP diluted net earnings per share of **\$0.44**, up \$0.15 from the prior-year period
- Non-GAAP diluted net earnings per share³ of **\$0.49**, up \$0.01 from the prior-year period and consistent with our outlook range of \$0.47 to \$0.52
- Cash flow used in operations of **(\$390) million** and free cash flow^{3,4} of **(\$877) million**
- Returned **\$223 million** to common shareholders in Q1 in the form of dividends and share repurchases
 - Declared Q2 FY25 dividend of \$0.13 per share payable on April 18th, 2025

1. In constant currency. A description of HPE's use of non-GAAP financial information is provided on the slide titled "Use of non-GAAP financial information"

2. For definition of ARR, please refer to footnote on slide 7.

3. A reconciliation of specific adjustments to GAAP results for the current and prior periods are included in the "Appendix" section.

4. For the definition of free cash flow see slide 29

Q1 FY25 business segment results

	Net Revenue (in millions)	Year-over-Year Revenue Growth ¹	Operating Profit \$ (in millions)	Operating Profit % Revenue	Year-over-Year change in OP % Revenue
Server	\$4,290	30%	\$348	8.1%	(3.3) pts
Intelligent Edge	\$1,146	(4%)	\$314	27.4%	(2.0) pts
Hybrid Cloud	\$1,405	11%	\$99	7.0%	3.0 pts
HPEFS	\$873	2%	\$82	9.4%	0.9 pts
Corp. Inv. and Other	\$197	(16%)	(\$2)	(1.0%)	3.2 pts
Hewlett Packard Enterprise²	\$7,854	17%	\$780³	9.9%³	(1.6) pts³

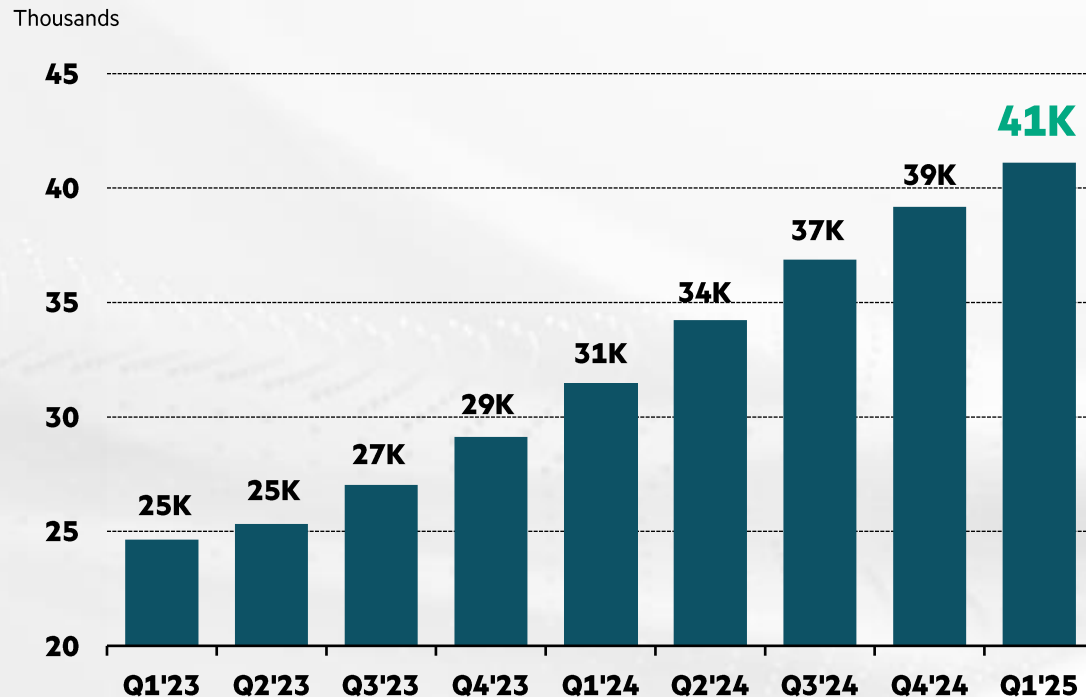
1. In constant currency. A description of HPE's use of non-GAAP financial information is provided on the slide titled "Use of non-GAAP financial information"

2. Includes adjustments for unallocated corporate operating costs (which are managed only at the HPE corporate level) and eliminations, including eliminations of intersegment net revenue. Segment results on this slide do not include or reflect these adjustments.

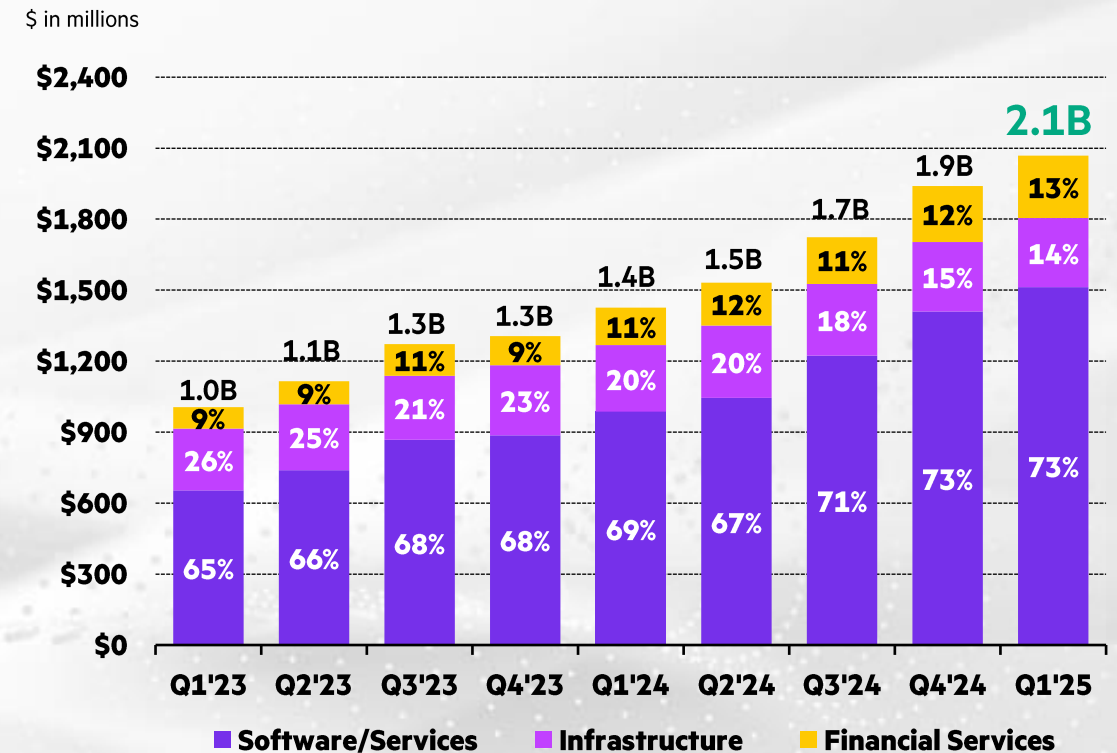
3. The Hewlett Packard Enterprise Operating Profit (OP) shown above is a non-GAAP measure, which is reconciled to our GAAP OP on slide 30. HPE OP as a percentage of net revenue and year-over-year change in OP as a percentage of revenue were calculated using non-GAAP OP. A description of HPE's use of non-GAAP financial information is provided on the slide titled "Use of non-GAAP financial information." A reconciliation of specific adjustments to GAAP results for the current and prior periods are included in the "Appendix" section.

Continued HPE GreenLake Cloud customer adoption drives strong 46%¹ y/y growth in ARR²

GreenLake Customers



Annualized Revenue Run-Rate²

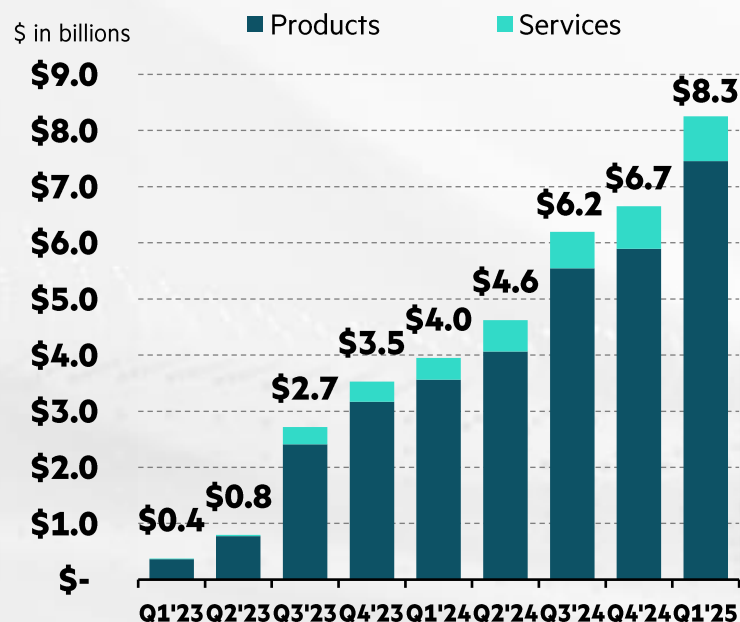


1. In constant currency. A description of HPE's use of non-GAAP financial information is provided on the slide titled "Use of non-GAAP financial information"

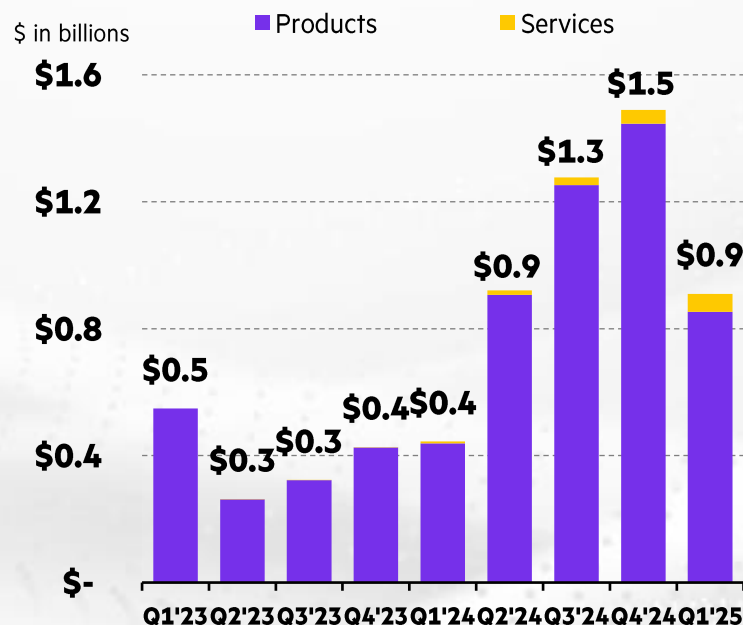
2. Annualized Revenue Run-Rate (ARR) is a financial metric used to assess the growth of the Consumption Services offerings. ARR represents the annualized revenue of all net HPE GreenLake cloud services revenue, related financial services revenue (which includes rental income from operating leases and interest income for finance leases), and software-as-a-service, software consumption revenue, 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 is not intended to be combined with it.

AI Systems orders doubled Q/Q, with backlog increasing 29%

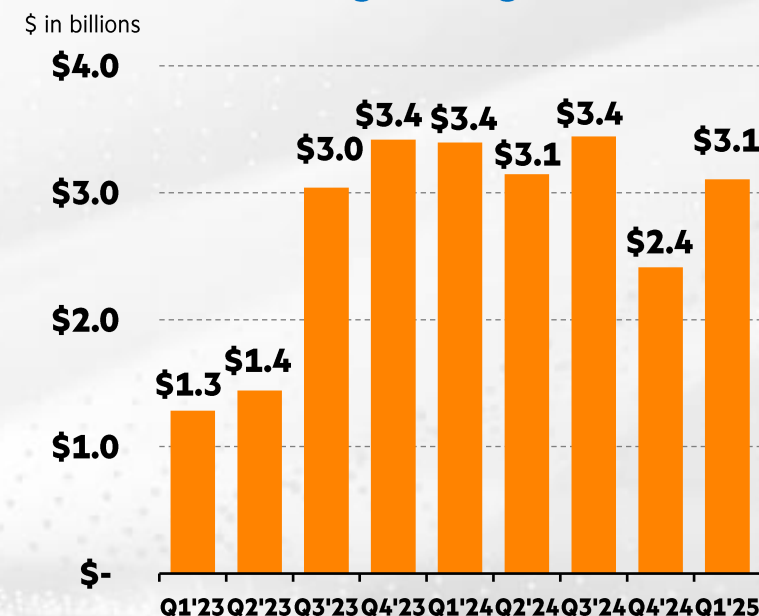
**Cumulative AI systems
Orders¹ since Q1'23**



Quarterly AI systems Revenues



**Quarterly AI systems
ending backlog^{1,2}**



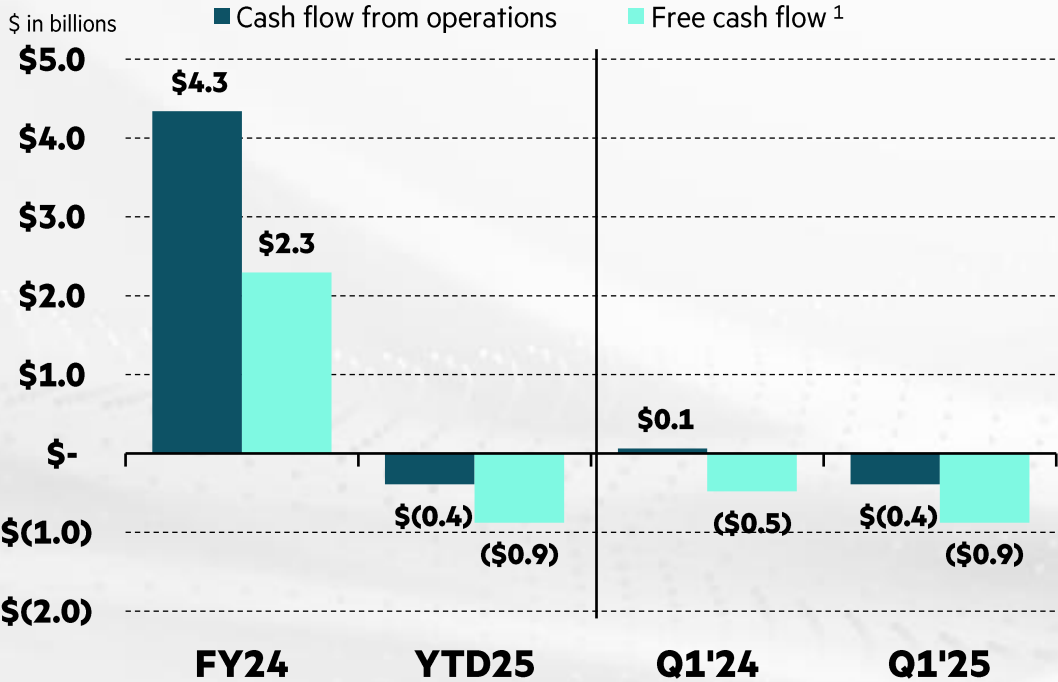
1. Orders and backlog figures presented on this slide are as of the ends of the quarterly periods presented and remain subject to ongoing adjustment for a variety of reasons (including but not limited to re-bookings, cancellations, and fulfillment issues).

2. Includes products and services.

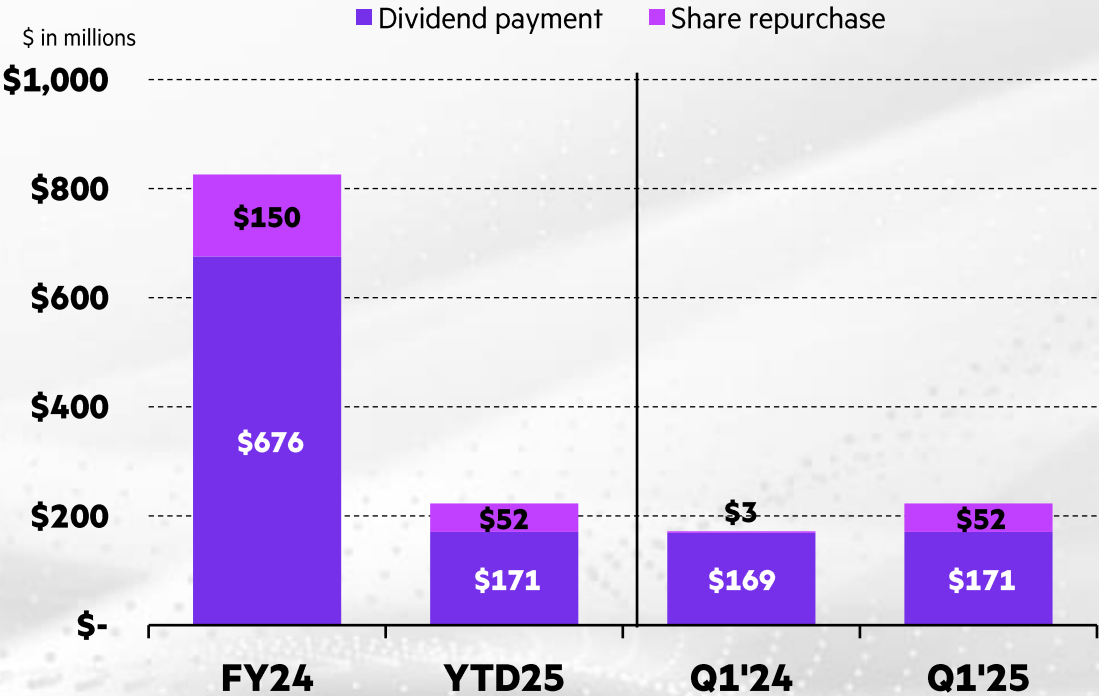
All figures presented on this slide have been rounded.

Expect to generate FY25 free cash flow¹ of ~\$1.0B²

Cash Flow



Common Shareholder Return



Returned \$223 million to common shareholders in Q1 FY25

1. For the definition of free cash flow see slide 29. A description of HPE's use of non-GAAP financial information is provided on the slide titled "use of non-GAAP financial information." Reconciliation of Cash Flow from Operations to Free Cash Flow is on slide 29.

2. FY25 outlook excludes Juniper Networks transaction completion costs at time of deal closing and future Juniper results. Hewlett Packard Enterprise provides certain guidance on a non-GAAP basis. The Company is unable to provide a reconciliation to the most directly comparable GAAP financial measure without unreasonable efforts, as it cannot predict some elements that are included in such directly comparable GAAP financial measure.

Outlook¹

Q2 FY25 outlook

Revenue	\$7.2 – \$7.6 billion
GAAP diluted net EPS	\$0.08 – \$0.14
Non-GAAP diluted net EPS ^{2,3}	\$0.28 – \$0.34

Full Year FY25 outlook

Revenue growth ^{2,7,8}	7 – 11% (in constant currency)
GAAP operating profit growth	(24) – (9)%
Non-GAAP operating profit growth ^{2,4}	(10) – 0%
GAAP diluted net EPS	\$1.15 – \$1.35
Non-GAAP diluted net EPS ^{2,5}	\$1.70 – \$1.90
Free Cash Flow ^{2,6,7}	~\$1.0 billion

1. FY25 outlook excludes Juniper Networks transaction completion costs at time of deal closing and future Juniper results.

2. A description of HPE's use of non-GAAP financial information is provided on the slide titled "Use of non-GAAP financial information"

3. Q2'25 non-GAAP diluted net EPS estimate excludes net after-tax adjustments of approximately \$0.20 per diluted share primarily related to the cost reduction program, stock-based compensation, acquisition, disposition and other charges, amortization of intangible assets, and H3C divestiture related severance costs.

4. FY25 non-GAAP operating profit excludes costs of approximately \$1.2 billion primarily related to stock-based compensation, the cost reduction program, acquisition, disposition and other charges, amortization of intangible assets, and H3C divestiture related severance costs.

5. FY25 non-GAAP diluted net EPS estimate excludes net after-tax adjustments of approximately \$0.55 per diluted share, primarily related to stock-based compensation expense, the cost reduction program, acquisition, disposition and other charges, amortization of intangible assets, and H3C divestiture related severance costs.

6. For the definition of free cash flow see slide 29. Hewlett Packard Enterprise provides certain guidance on a non-GAAP basis, as the Company cannot predict some elements that are included in reported GAAP results

7. Hewlett Packard Enterprise provides certain guidance on a non-GAAP basis. The Company is unable to provide a reconciliation to the most directly comparable GAAP financial measure without unreasonable efforts, as it cannot predict some elements that are included in such directly comparable GAAP financial measure.

8. Excludes foreign currency negative impact of 150 basis points.

Supplemental slides



Server – Q1 FY25

Revenue¹

\$4,290 million

↑ 29% y/y, ↓ 8% q/q CC²

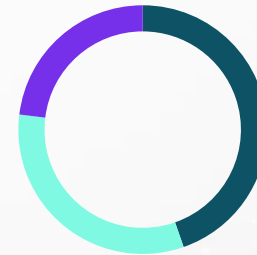
↑ 30% y/y CC²

Operating profit³

\$348 million

8.1% of revenue

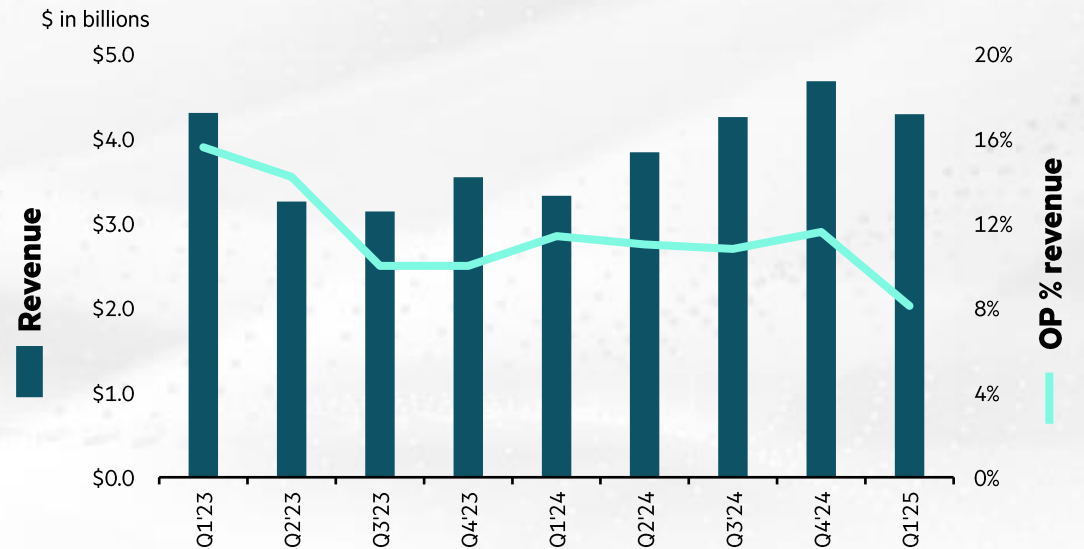
Revenue



Americas	40%
EMEA	34%
Asia Pacific	26%

Overview

- Revenue up 30% y/y CC² and down 8% q/q CC²
- Operating margin of 8.1% is down 330 bps y/y and down 350 bps q/q



1. Segment net revenue is calculated based on total segment revenue, which includes intersegment net revenue.

2. In constant currency. A description of HPE's use of non-GAAP financial information is provided on the slide titled "Use of non-GAAP financial information"

3. Segment operating profit is calculated based on total segment operating profit, which excludes unallocated corporate operating costs and other adjustments that are managed only at the HPE corporate level.

Intelligent Edge – Q1 FY25

Revenue¹

\$1,146 million

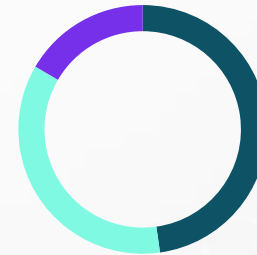
↓ 5% y/y, ↑ 2% q/q CC²
↓ 4% y/y CC²

Operating profit³

\$314 million

27.4% of revenue

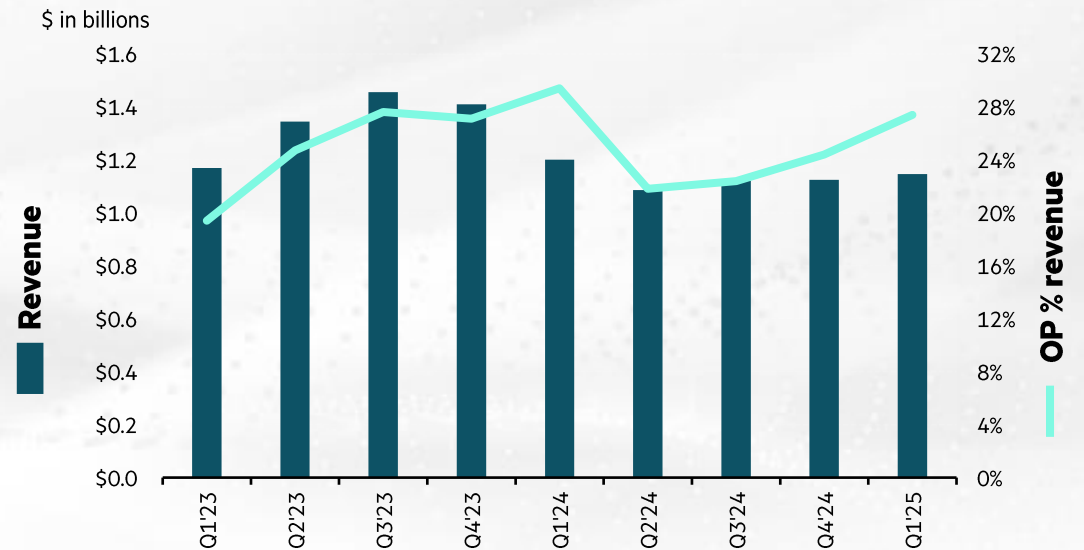
Revenue



Americas	45%
EMEA	39%
Asia Pacific	16%

Overview

- Revenue down 4% y/y CC² and up 2% q/q CC²
- Intelligent Edge ARR⁴ up 40% y/y
- Operating margin of 27.4%, down 200 bps y/y and up 300 bps q/q



1. Segment net revenue is calculated based on total segment revenue, which includes intersegment net revenue.
2. In constant currency. A description of HPE's use of non-GAAP financial information is provided on the slide titled "Use of non-GAAP financial information".
3. Segment operating profit is calculated based on total segment operating profit, which excludes unallocated corporate operating costs and other adjustments that are managed only at the HPE corporate level.
4. For definition of ARR, please refer to footnote 2 on slide 10.

Hybrid Cloud – Q1 FY25

Revenue¹

\$1,405 million

↑ 10% y/y, ↓ 12% q/q CC²

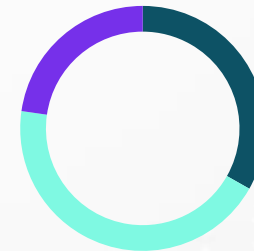
↑ 11% y/y CC²

Operating profit³

\$99 million

7.0% of revenue

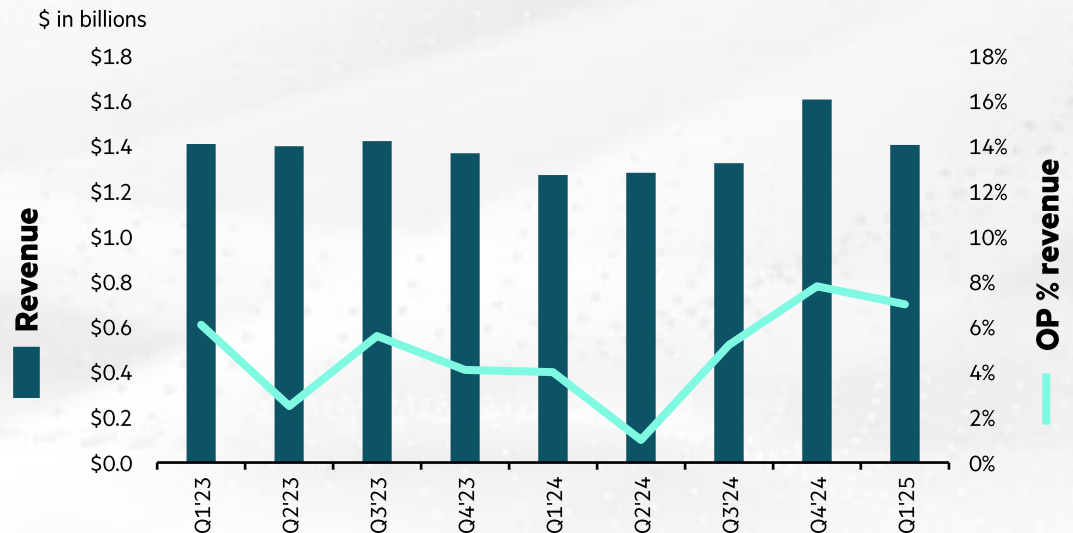
Revenue



Americas	36%
EMEA	42%
Asia Pacific	22%

Overview

- Revenue up 11% y/y CC² and down 12% q/q CC²
- Operating margin of 7.0%, up 300 bps y/y and down 80 bps q/q



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2. In constant currency. A description of HPE's use of non-GAAP financial information is provided on the slide titled "Use of non-GAAP financial information"

3. Segment operating profit is calculated based on total segment operating profit, which excludes unallocated corporate operating costs and other adjustments that are managed only at the HPE corporate level.

Financial Services – Q1 FY25

Revenue¹

\$873 million

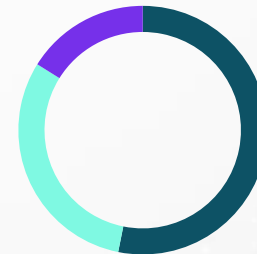
flat y/y, flat q/q CC²
 ↑ 2% y/y CC²

Operating profit³

\$82 million

9.4% of revenue

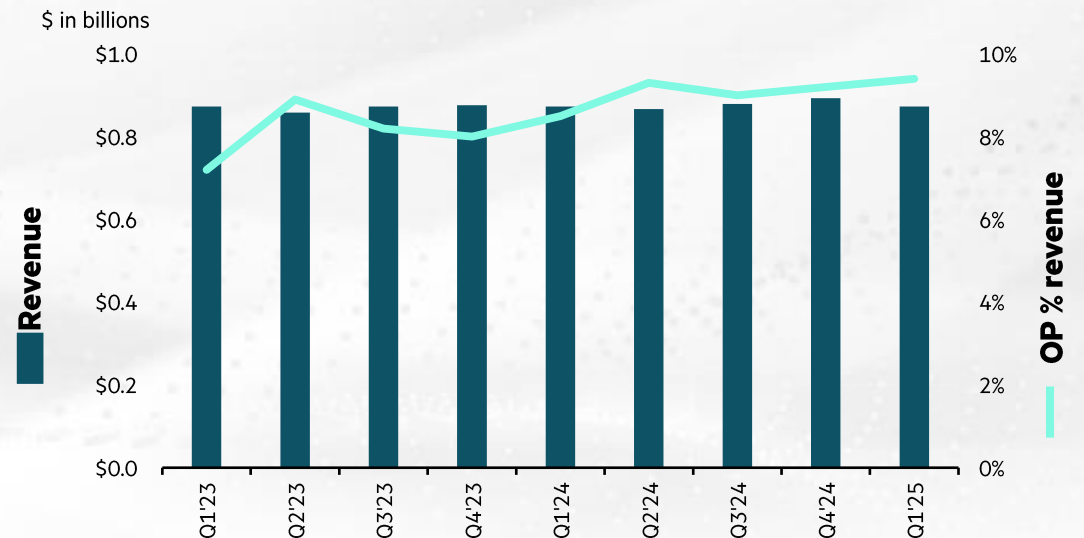
Revenue



Americas	53%
EMEA	30%
Asia Pacific	17%

Overview

- Financing volume was down 14% y/y CC² and revenue was up 2% y/y CC²
- Write-off % of assets held flat q/q at 0.6%, which remains below FY19 pre-pandemic levels
- Operating margin of 9.4%, up 90 bps y/y and up 20 bps q/q
- Net portfolio assets⁴ of \$13.0 billion, up 1% y/y CC²
- Return on equity 16.4%, up 1.0 pts y/y and down 0.6 pts q/q

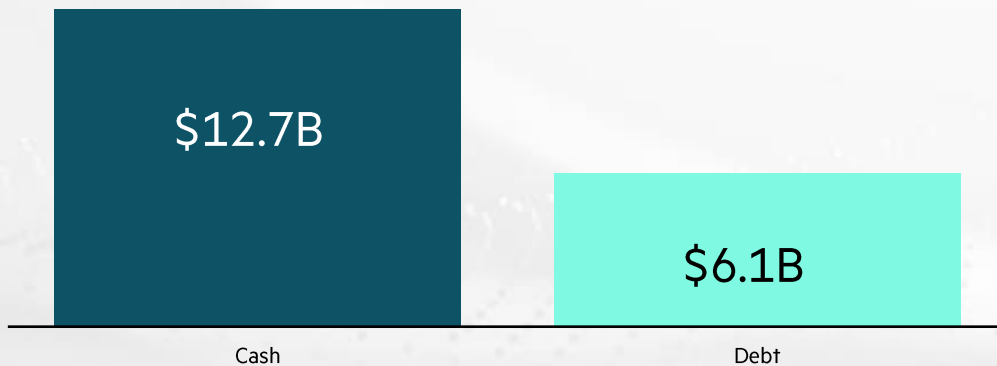


1. Segment net revenue is calculated based on total segment revenue, which includes intersegment net revenue.
 2. In constant currency. A description of HPE's use of non-GAAP financial information is provided on the slide titled "Use of non-GAAP financial information"
 3. Segment operating profit is calculated based on total segment operating profit, which excludes unallocated corporate operating costs and other adjustments that are managed only at the HPE corporate level.
 4. 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

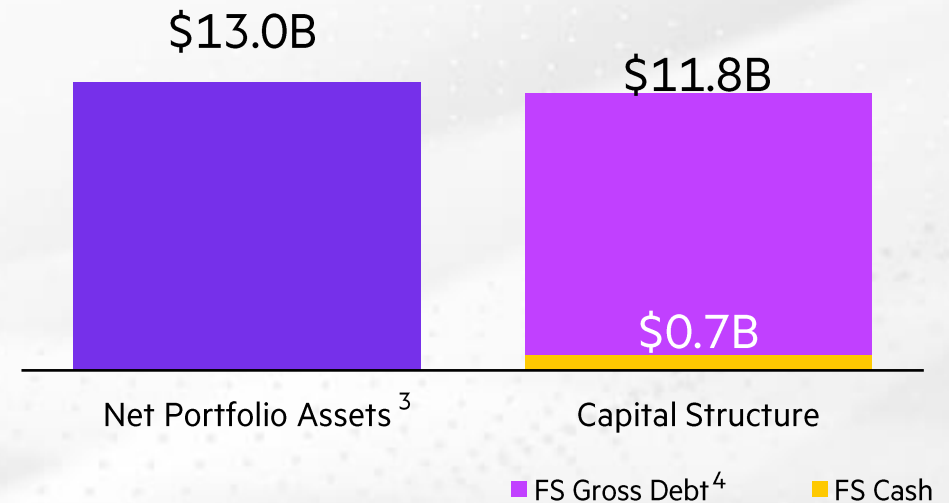
Q1 FY25 balance sheet

Operating Company^{1,5}

Net Cash
\$6.6B²



Financing Company^{1,5}



Committed to investment grade rating and healthy balance sheet

1. Operating Company = Total HPE excluding Financial Services (FS); Financing Company = HPE Financial Services (FS)
2. Operating company net cash is defined as total company net cash excluding the cash and debt associated with Financial Services
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. As of January 31, 2025, we have outstanding securitized debt of approximately \$2.0 billion from ABS issuances in the US market.

Appendix



Q1 FY25 GAAP to non-GAAP bridge¹

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Acquisition, disposition, and other charges	Stock-based compensation expense	Amortization of intangible assets	H3C divestiture related severance costs	Gain on sale of a business	Gain on investments net	Other ²	Non-GAAP
Revenue	\$ 7,854									\$ 7,854
Cost of sales	5,559		3	(17)		(1)				5,544
Gross profit	2,295		(3)	17		1				2,310
Total operating expenses	1,862	(15)	(66)	(137)	(38)	(76)				1,530
R&D	475			(54)		(8)				413
SG&A	1,268			(83)		(68)				1,117
Others ³	119	(15)	(66)		(38)	—				—
Operating profit	433	15	63	154	38	77				780
Interest & other, net	39							(2)	(29)	8
Gain on sale of a business	244						(244)			—
Earnings from equity interests	17									17
Pre-tax earnings	733	15	63	154	38	77	(244)	(2)	(29)	805
Income tax	\$ (106)	(3)	(10)	(29)	(6)	(3)	22	—	14	\$ (121)
Tax rate	14.5%									15.0%
Net earnings attributable to HPE	\$ 627	12	53	125	32	74	(222)	(2)	(15)	\$ 684
Preferred stock dividends	(29)									(29)
Net earnings attributable to common stockholders	\$ 598									\$ 655
Diluted net EPS ⁴	\$ 0.44									\$ 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 and other adjustments, and the impact of tax on the above non-GAAP adjustments

2. Other non-recurring adjustments include non-service net periodic benefit cost and tax indemnification and other adjustments.

3. Other operating expenses include amortization of intangible assets, acquisition, disposition, and other charges, and transformation costs.

4. For purposes of calculating Non-GAAP diluted net EPS, the preferred stock dividends are added back to the Non-GAAP net earnings attributable to common stockholders and the diluted weighted average share calculation assumes the preferred stock was converted at issuance or as of the beginning of the reporting period.

FY24 GAAP to non-GAAP bridge¹

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Disaster recovery	Acquisition, disposition, and other related charges	Stock-based compensation expense	Divestiture related exit cost	Amortization of intangible assets	Loss on investments net ²	Adjustments for equity interests ³	Other ⁴	Non-GAAP
Revenue	\$ 30,127										\$ 30,127
Cost of sales	20,249		43		(49)	(9)					20,234
Gross profit	9,878		(43)		49	9					9,893
Total operating expenses	7,688	(93)	8	(204)	(381)	(26)	(267)				6,725
R&D	2,246				(158)						2,088
SG&A	4,871		15		(223)	(26)					4,637
Others ⁵	571	(93)	(7)	(204)			(267)				—
Operating profit	2,190	93	(51)	204	430	35	267				3,168
Interest & other, net	(117)							13		20	(84)
Gain on sale of equity interest	733								(733)		—
Earnings from equity interests	147								(107)		40
Pre-tax earnings	2,953	93	(51)	204	430	35	267	13	(840)	20	3,124
Income tax	\$ (374)	(17)	(4)	(33)	(96)	(2)	(49)	(3)	103	6	\$ (469)
Tax rate	12.7%										15.0%
Net earnings attributable to HPE	\$ 2,579	76	(55)	171	334	33	218	10	(737)	26	\$ 2,655
Preferred stock dividends	(25)										(25)
Net earnings attributable to common stockholders	\$ 2,554										\$ 2,630
Diluted net EPS ⁶	\$ 1.93										\$ 1.99

- 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 and other adjustments, and the impact of tax on the above non-GAAP adjustments
- Beginning with the first quarter of fiscal 2024, we exclude gains and losses (including impairments) on our non-marketable equity investments.
- Represents earnings and amortization of basis difference for our investment in H3C, and the gain on sale of equity interest.
- Other non-recurring adjustments include non-service net periodic benefit cost /credit and tax indemnification and other adjustments.
- Other operating expenses include amortization of intangible assets, acquisition, disposition, and other related charges, and transformation costs.
- For purposes of calculating Non-GAAP diluted net EPS, the preferred stock dividends are added back to the Non-GAAP net earnings attributable to common stockholders and the diluted weighted average share calculation assumes the preferred stock was converted at issuance or as of the beginning of the reporting period.

Q4 FY24 GAAP to non-GAAP bridge¹

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Disaster recovery	Acquisition, disposition, and other related charges	Stock-based compensation expense	Amortization of intangible assets	Gain on investments net ²	Adjustments for equity interests ³	Other ⁴	Non-GAAP
Revenue	\$ 8,458								\$	8,458
Cost of sales	5,852		4		(10)					5,846
Gross profit	2,606		(4)		10					2,612
Total operating expenses	1,913	(26)	13	(78)	(79)	(69)				1,674
R&D	527				(35)					492
SG&A	1,211		15		(44)					1,182
Others ⁵	175	(26)	(2)	(78)		(69)				—
Operating profit	693	26	(17)	78	89	69				938
Interest & other, net	5						(34)		15	(14)
Gain on sale of equity interest	733							(733)		—
(Loss) earnings from equity interests	(14)							25		11
Pre-tax earnings	1,417	26	(17)	78	89	69	(34)	(708)	15	935
Income tax	\$ (51)	(6)	(3)	(15)	(29)	(13)	7	104	(134)	\$ (140)
Tax rate	3.6%									15.0%
Net earnings attributable to HPE	\$ 1,366	20	(20)	63	60	56	(27)	(604)	(119)	\$ 795
Preferred stock dividends	(25)									(25)
Net earnings attributable to common stockholders	\$ 1,341								\$	770
Diluted net EPS ⁶	\$ 0.99								\$	0.58

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 and other adjustments, and the impact of tax on the above non-GAAP adjustments

2. Beginning with the first quarter of fiscal 2024, we exclude gains and losses (including impairments) on our non-marketable equity investments.

3. Represents earnings and amortization of basis difference for our investment in H3C, and the gain on sale of equity interest.

4. Other non-recurring adjustments include non-service net periodic benefit cost /credit and tax indemnification and other adjustments.

5. Other operating expenses include amortization of intangible assets, acquisition, disposition, and other related charges, and transformation costs.

6. For purposes of calculating Non-GAAP diluted net EPS, the preferred stock dividends are added back to the Non-GAAP net earnings attributable to common stockholders and the diluted weighted average share calculation assumes the preferred stock was converted at issuance or as of the beginning of the reporting period.

Q3 FY24 GAAP to non-GAAP bridge¹

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Disaster recovery	Acquisition, disposition, and other related charges	Stock-based compensation expense	Divestiture related exit cost	Amortization of intangible assets	Gain on investments net ²	Earnings from equity interests ³	Other ⁴	Non-GAAP
Revenue	\$7,710										\$7,710
Cost of sales	5,271		7		(9)	(9)					5,260
Gross profit	2,439		(7)		9	9					2,450
Total operating expenses	1,892	(14)	(5)	(37)	(71)	(26)	(60)				1,679
R&D	547	-	-	-	(29)	-	-				518
SG&A	1,229	-	-	-	(42)	(26)	-				1,161
Others ⁵	116	(14)	(5)	(37)	-	-	(60)				-
Operating profit	547	14	(2)	37	80	35	60				771
Interest expense	(12)							(14)		4	(22)
Earnings from equity interests	73								(44)		29
Pre-tax earnings	608	14	(2)	37	80	35	60	(14)	(44)	4	778
Income tax	(96)	(4)	-	(5)	(16)	(2)	(10)	3	-	13	(117)
Tax rate	15.8%										15.0%
Net earnings	\$512	10	(2)	32	64	33	50	(11)	(44)	17	\$661
Diluted net EPS	\$0.38										\$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 and other adjustments, and the impact of tax on the above non-GAAP adjustments
2. Beginning with the first quarter of fiscal 2024, we exclude gains and losses (including impairments) on our non-marketable equity investments.
3. Represents earnings and amortization of basis difference for our investment in H3C.
4. Other non-recurring adjustments include non-service net periodic benefit cost /credit and tax indemnification and other adjustments.
5. Other operating expenses include amortization of intangible assets, acquisition, disposition, and other related charges, and transformation costs.

Q2 FY24 GAAP to non-GAAP bridge¹

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Disaster recovery	Acquisition, disposition, and other related charges	Stock-based compensation expense	Amortization of intangible assets	Earnings from equity interests ²	Other ³	Non-GAAP
Revenue	\$7,204								\$7,204
Cost of sales	4,828		7		(14)				4,821
Gross profit	2,376		(7)		14				2,383
Total operating expenses	1,951	(33)	-	(46)	(106)	(67)			1,699
R&D	590	-	-	-	(42)	-			548
SG&A	1,215	-	-	-	(64)	-			1,151
Others ⁴	146	(33)	-	(46)	-	(67)			-
Operating profit	425	33	(7)	46	120	67			684
Interest expense	(22)							(1)	(23)
Earnings from equity interests	42						(42)		-
Pre-tax earnings	445	33	(7)	46	120	67	(42)	(1)	661
Income tax	(131)	(4)	-	(9)	(23)	(13)	(1)	81	(100)
Tax rate	29.4%								15.0%
Net earnings	\$314	29	(7)	37	97	54	(43)	80	\$561
Diluted net EPS	\$0.24								\$0.42

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 and other adjustments, and the impact of tax on the above non-GAAP adjustments

2. Represents earnings and amortization of basis difference for our investment in H3C.

3. Other non-recurring adjustments include non-service net periodic benefit cost /credit and tax indemnification and other adjustments.

4. Other operating expenses include amortization of intangible assets, acquisition, disposition, and other related charges, and transformation costs.

Q1 FY24 GAAP to non-GAAP bridge¹

In millions, except tax rate and per share amounts	GAAP	Transformation costs	Disaster (recovery) charges	Acquisition, disposition, and other related charges	Stock-based compensation expense	Amortization of intangible assets	Loss on investments net ²	Earnings from equity interests ³	Other ⁴	Non-GAAP
Revenue	\$6,755									\$6,755
Cost of sales	4,298		25		(16)					4,307
Gross profit	2,457		(25)		16					2,448
Total operating expenses	1,932	(20)	-	(43)	(125)	(71)				1,673
R&D	582	-	-	-	(52)	-				530
SG&A	1,216	-	-	-	(73)	-				1,143
Others ⁵	134	(20)	-	(43)	-	(71)				-
Operating profit	525	20	(25)	43	141	71				775
Interest (expense) income & other, net	(88)						61		2	(25)
Earnings from equity interests	46							(46)		-
Pre-tax earnings	483	20	(25)	43	141	71	61	(46)	2	750
Income tax	(96)	(3)	(1)	(4)	(28)	(13)	(13)	-	46	(112)
Tax rate	19.9%									15.0%
Net earnings	\$387	17	(26)	39	113	58	48	(46)	48	\$638
Diluted net EPS	\$0.29									\$0.48

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 and other adjustments, and the impact of tax on the above non-GAAP adjustments
2. Beginning with the first quarter of fiscal 2024, we exclude gains and losses (including impairments) on our non-marketable equity investments.
3. Represents earnings and amortization of basis difference for our investment in H3C.
4. Other non-recurring adjustments include non-service net periodic benefit cost /credit and tax indemnification and other adjustments.
5. Other operating expenses include amortization of intangible assets, acquisition, disposition, and other related charges, and transformation costs.

FY23 GAAP to non-GAAP bridge¹

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 intangible assets	Non-service net periodic benefit cost (credit)	Earnings in equity interest	Impairment of investment	Tax indemnification and related adjustments	Structural rate adjustment	Excess tax benefits from stock-based compensation	Non-GAAP
Revenue	\$29,135												\$29,135
Cost of sales	18,896		13		(47)								18,862
Gross profit	10,239		(13)		47								10,273
Total operating expenses	8,150	(283)	(1)	(69)	(381)	(288)							7,128
<i>R&D</i>	2,349				(161)								2,188
<i>SG&A</i>	5,160				(220)								4,940
<i>Others²</i>	641	(283)	(1)	(69)	-	(288)							-
Operating profit	2,089	283	(12)	69	428	288							3,145
Interest & other, net	(104)						3		40	(55)			(116)
Earnings from equity interests	245							18					263
Pre-tax earnings	2,230	283	(12)	69	428	288	3	18	40	(55)	-	-	3,292
Income tax	(205)	(92)	(3)	(12)	(91)	(54)	(6)	-	(9)	13	18	(19)	(460)
Tax rate	9.2%												14.0%
Net earnings	\$2,025	191	(15)	57	337	234	(3)	18	31	(42)	18	(19)	\$2,832
Diluted net EPS	\$1.54												\$2.15

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, and the impact of Tax on the above non-GAAP adjustments
2. Other operating expenses include amortization of intangible assets, transformation costs, acquisition, disposition, and other related charges, and disaster charges which include Russia/Ukraine Conflict charges.

Q4 FY23 GAAP to non-GAAP bridge¹

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 intangible assets	Non-service net periodic benefit cost (credit)	Earnings in equity interest	Impairment of investment	Tax indemnification and related adjustments	Structural rate adjustment	Excess tax benefits from stock-based compensation	Non-GAAP
Revenue	\$7,351												\$7,351
Cost of sales	4,792		10		(9)								4,793
Gross profit	2,559		(10)		9								2,558
Total operating expenses	2,052	(56)	4	(18)	(62)	(72)							1,848
<i>R&D</i>	578				(33)								545
<i>SG&A</i>	1,332				(29)								1,303
<i>Others²</i>	142	(56)	4	(18)	-	(72)							-
Operating profit	507	56	(14)	18	71	72							710
Interest & other, net	(23)						1		40	(5)			13
Earnings from equity interests	65							2					67
Pre-tax earnings	549	56	(14)	18	71	72	1	2	40	(5)	-	-	790
Income tax	93	(47)	-	(2)	(22)	(15)	(1)	-	(9)	-	(103)	(4)	(110)
Tax rate	(16.9)%												14.0%
Net earnings	\$642	9	(14)	16	49	57	-	2	31	(5)	(103)	(4)	\$680
Diluted net EPS	\$0.49												\$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, and the impact of Tax on the above non-GAAP adjustments
2. Other operating expenses include amortization of intangible assets, transformation costs, acquisition, disposition, and other related charges, and disaster charges which include Russia/Ukraine Conflict charges.

Q3 FY23 GAAP to non-GAAP bridge¹

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 intangible assets	Non-service net periodic benefit cost (credit)	Earnings in equity interest	Tax indemnification and related adjustments	Structural rate adjustment	Excess tax benefits from stock-based compensation	Non-GAAP
Revenue	\$7,002											\$7,002
Cost of sales	4,492		3		(9)							4,486
Gross profit	2,510		(3)		9							2,516
Total operating expenses	2,039	(65)	(1)	(21)	(82)	(72)						1,798
R&D	578				(36)							542
SG&A	1,302				(46)							1,256
Others ²	159	(65)	(1)	(21)	-	(72)						-
Operating profit	471	65	(2)	21	91	72						718
Interest & other, net	(8)						3		(45)			(50)
Earnings from equity interests	73							2				75
Pre-tax earnings	536	65	(2)	21	91	72	3	2	(45)	-	-	743
Income tax	(72)	(15)	-	(4)	(18)	(14)	(2)	-	9	13	(1)	(104)
Tax rate	13.4%											14.0%
Net earnings	\$464	50	(2)	17	73	58	1	2	(36)	13	(1)	\$639
Diluted net EPS	\$0.35											\$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, and the impact of Tax on the above non-GAAP adjustments
2. Other operating expenses include amortization of intangible assets, transformation costs, acquisition, disposition, and other related charges, and disaster charges which include Russia/Ukraine Conflict charges.

Q2 FY23 GAAP to non-GAAP bridge¹

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 intangible assets	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	\$6,973											\$6,973
Cost of sales	4,461				(13)							4,448
Gross profit	2,512				13							2,525
Total operating expenses	1,992	(60)	(3)	(19)	(113)	(71)						1,726
R&D	570				(44)							526
SG&A	1,269				(69)							1,200
Others ²	153	(60)	(3)	(19)	-	(71)						-
Operating profit	520	60	3	19	126	71						799
Interest & other, net	(47)						(1)		(6)			(54)
Earnings from equity interests	49							2				51
Pre-tax earnings	522	60	3	19	126	71	(1)	2	(6)	-	-	796
Income tax	(104)	(10)	(2)	(4)	(24)	(13)	(2)	-	4	45	(1)	(111)
Tax rate	19.9%											14.0%
Net earnings	\$418	50	1	15	102	58	(3)	2	(2)	45	(1)	\$685
Diluted net EPS	\$0.32											\$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, and the impact of Tax on the above non-GAAP adjustments
2. Other operating expenses include transformation costs, disaster charges which include Russia/Ukraine Conflict charges, acquisition, disposition, and other related charges, and amortization of intangible assets

Q1 FY23 GAAP to non-GAAP bridge¹

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 intangible assets	Non-service net periodic benefit credit	Earnings in equity interest ²	Tax indemnification and related adjustments	Structural rate adjustment	Excess tax benefits from stock-based compensation	Non-GAAP
Revenue	\$7,809											\$7,809
Cost of sales	5,151				(16)							5,135
Gross profit	2,658				16							2,674
Total operating expenses	2,067	(102)	(1)	(11)	(124)	(73)						1,756
R&D	623				(48)							575
SG&A	1,257				(76)							1,181
Others ³	187	(102)	(1)	(11)	-	(73)						-
Operating profit	591	102	1	11	140	73						918
Interest & other, net	(26)						-		1			(25)
Earnings from equity interests	58							12				70
Pre-tax earnings	623	102	1	11	140	73	-	12	1	-	-	963
Income tax	(122)	(20)	(1)	(2)	(27)	(12)	(1)	-	-	63	(13)	(135)
Tax rate	19.6%											14.0%
Net earnings	\$501	82	-	9	113	61	(1)	12	1	63	(13)	\$828
Diluted net EPS	\$0.38											\$0.63

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, and the impact of Tax on the above non-GAAP adjustments

2. Represents the amortization of basis difference adjustments related to H3C and the Company's portion of intangible asset impairment charges from H3C of \$8 million

3. Other operating expenses include transformation costs, disaster charges which include Russia/Ukraine Conflict charges, acquisition, disposition, and other related charges, and amortization of intangible assets

Reconciliation of Operating Cash Flow to Free Cash Flow¹

	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Net cash provided by (used in) operating activities	\$64	\$1,093	\$1,154	\$2,030	(\$390)
Investment in property, plant and equipment and software assets	(656)	(560)	(543)	(608)	(528)
Proceeds from sale of property, plant and equipment	96	122	62	90	84
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	14	(45)	(4)	(12)	(43)
Free cash flow¹	(\$482)	\$610	\$669	\$1,500	(\$877)

1. Free cash flow represents cash flow from operations, less net capital expenditures (investments in property, plant & equipment ("PP&E") and software assets less proceeds from the sale of PP&E), and adjusted for the effect of exchange rate fluctuations on cash, cash equivalents, and restricted cash.

Reconciliation of Segment Operating Profit to GAAP & Non-GAAP Operating Profit

	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Intelligent Edge	\$227	\$332	\$402	\$382	\$353	\$237	\$251	\$274	\$314
Server ⁽¹⁾	672	464	315	355	379	423	461	541	348
Hybrid Cloud ⁽¹⁾	86	35	79	56	51	13	69	126	99
HPEFS	63	76	72	70	74	81	79	82	82
Corporate Investments and other	(22)	(19)	(20)	(16)	(10)	(9)	(4)	(2)	(2)
Total Segment Operating Profit	1,026	888	848	847	847	745	856	1,021	841
Unallocated corporate costs and eliminations	(108)	(89)	(130)	(137)	(72)	(61)	(85)	(83)	(61)
Non-GAAP Operating Profit	918	799	718	710	775	684	771	938	780
Amortization of intangible assets	(73)	(71)	(72)	(72)	(71)	(67)	(60)	(69)	(38)
Impairment of goodwill	—	—	—	—	—	—	—	—	—
Transformation costs	(102)	(60)	(65)	(56)	(20)	(33)	(14)	(26)	(15)
Stock-based compensation expense	(140)	(126)	(91)	(71)	(141)	(120)	(80)	(89)	(154)
Divestiture related exit costs	—	—	—	—	—	—	(35)	—	—
Acquisition, disposition and other charges	(12)	(22)	(19)	(4)	(18)	(39)	(35)	(61)	(63)
GAAP Operating Profit	\$591	\$520	\$471	\$507	\$525	\$425	\$547	\$693	\$510

1. Effective at the beginning of the first quarter of fiscal 2025, in order to align its segment financial reporting more closely with its current business structure, HPE implemented an organizational change with the transfer of certain managed services, previously reported within the Server reportable segment, to the Hybrid Cloud reportable segment. FY23 and FY24 segment operating profit has been revised for this organizational change.