



## **HP Inc. Reports Fiscal 2024 Full Year and Fourth Quarter Results**

PALO ALTO, Calif. – Nov. 26, 2024 (GLOBE NEWSWIRE) – HP (NYSE: HPQ)

- Fiscal 2024 GAAP diluted net earnings per share ("EPS") of \$2.81, above the previously provided outlook of \$2.62 to \$2.72 per share
- Fiscal 2024 non-GAAP diluted net EPS of \$3.38, within the previously provided outlook of \$3.35 to \$3.45 per share
- Fiscal 2024 net revenue of \$53.6 billion, down 0.3% from the prior-year period
- Fiscal 2024 net cash provided by operating activities of \$3.7 billion, free cash flow of \$3.3 billion
- Fiscal 2024 returned \$3.2 billion to shareholders in the form of share repurchases and dividends
- Fourth quarter GAAP diluted net EPS of \$0.93, above the previously provided outlook of \$0.74 to \$0.84 per share
- Fourth quarter non-GAAP diluted net EPS of \$0.93, within the previously provided outlook of \$0.89 to \$0.99 per share
- Fourth quarter net revenue of \$14.1 billion, up 1.7% from the prior-year period
- Fourth quarter net cash provided by operating activities of \$1.6 billion, free cash flow of \$1.5 billion
- Fourth quarter returned \$1.2 billion to shareholders in the form of share repurchases and dividends
- HP Inc. announces dividend increase of 5%

### **HP Inc.'s fiscal 2024 full-year and fourth quarter financial performance**

	FY24	FY23	Y/Y	Q4 FY24	Q4 FY23	Y/Y
GAAP net revenue (\$B)	\$ 53.6	\$ 53.7	(0.3)%	\$ 14.1	\$ 13.8	1.7 %
GAAP operating margin	7.1 %	6.4 %	0.7 pts	7.1 %	7.3%	(0.2) pts
GAAP net earnings (\$B)	\$ 2.8	\$ 3.3	(15)%	\$ 0.9	\$ 1.0	(7)%
GAAP diluted net EPS	\$ 2.81	\$ 3.26	(14)%	\$ 0.93	\$ 0.97	(4)%
Non-GAAP operating margin	8.4 %	8.5 %	(0.1) pts	8.5 %	9.0 %	(0.5) pts
Non-GAAP net earnings (\$B)	\$ 3.3	\$ 3.3	2 %	\$ 0.9	\$ 0.9	— %
Non-GAAP diluted net EPS	\$ 3.38	\$ 3.28	3 %	\$ 0.93	\$ 0.90	3 %
Net cash provided by operating activities (\$B)	\$ 3.7	\$ 3.6	5 %	\$ 1.6	\$ 2.0	(18)%
Free cash flow (\$B)	\$ 3.3	\$ 3.1	8 %	\$ 1.5	\$ 1.9	(19)%

#### **Notes to table**

Information about HP Inc.'s use of non-GAAP financial information is provided under "Use of non-GAAP financial information" below.

## Net revenue and EPS results

HP Inc. and its subsidiaries (“HP”) announced fiscal 2024 net revenue of \$53.6 billion, down 0.3% (down 0.2% in constant currency) from the prior-year period.

Fiscal 2024 GAAP diluted net EPS was \$2.81, down from \$3.26 in the prior-year and above the previously provided outlook of \$2.62 to \$2.72. Fiscal 2024 non-GAAP diluted net EPS was \$3.38, up from \$3.28 in the prior-year period and within the previously provided outlook of \$3.35 to \$3.45. Fiscal 2024 non-GAAP net earnings and non-GAAP diluted net EPS exclude after-tax adjustments of \$564 million, or \$0.57 per diluted share, related to restructuring and other charges, acquisition and divestiture charges, amortization of intangible assets, debt extinguishment costs, non-operating retirement-related credits, tax adjustments, and the related tax impact on these items.

Fourth quarter net revenue was \$14.1 billion, up 1.7% (up 2.3% in constant currency) from the prior-year period.

Fourth quarter GAAP diluted net EPS was \$0.93, down from \$0.97 in the prior-year period and above the previously provided outlook of \$0.74 to \$0.84. Fourth quarter non-GAAP diluted net EPS was \$0.93, up from \$0.90 in the prior-year period and within the previously provided outlook of \$0.89 to \$0.99. Fourth quarter non-GAAP net earnings and non-GAAP diluted net EPS excludes after-tax adjustments of \$6 million, or nil per diluted share, related to restructuring and other charges, acquisition and divestiture charges, amortization of intangible assets, debt extinguishment costs, non-operating retirement-related credits, tax adjustments, and the related tax impact on these items.

“We are pleased with our Q4 performance where we saw revenue growth for the second consecutive quarter, driven by steady progress in Personal Systems and Print,” said Enrique Lores, HP President and CEO. “With momentum heading into FY25, we are well-positioned to capitalize on the commercial opportunity and lead the future of work.”

“In FY24 we drove non-GAAP EPS and free cash flow growth which allowed us to return approximately \$3.2 billion to shareholders,” said Karen Parkhill, HP CFO. “As we look ahead, we are well positioned to deliver solid growth across revenue, non-GAAP net earnings, EPS and free cash flow in FY25. And given our confidence in the future, we are raising our annual dividend by 5 percent.”

## Asset management

HP generated \$3.7 billion in net cash provided by operating activities and \$3.3 billion of free cash flow in fiscal 2024. Free cash flow includes net cash provided by operating activities of \$3.7 billion adjusted for net investments in leases from integrated financing of \$165 million and net investments in property, plant and equipment of \$592 million. HP utilized \$2.1 billion of cash during fiscal 2024 to repurchase approximately 62.7 million shares of common stock in the open market. When combined with the \$1.1 billion of cash used to pay dividends, HP returned 96% of its free cash flow to shareholders in fiscal 2024.

HP's net cash provided by operating activities in the fourth quarter of fiscal 2024 was \$1.6 billion. Accounts receivable ended the quarter at \$5.1 billion, up 2 days quarter over quarter at 33 days. Inventory ended the quarter at \$7.7 billion, down 4 days quarter over quarter to 63 days. Accounts payable ended the quarter at \$16.9 billion, up 7 days quarter over quarter to 138 days.

HP generated \$1.5 billion of free cash flow in the fourth quarter. Free cash flow includes net cash provided by operating activities of \$1.6 billion adjusted for net investments in leases from integrated financing of \$42 million and net investments in property, plant and equipment of \$153 million.

HP's dividend payment of \$0.2756 per share in the fourth quarter resulted in cash usage of \$263 million. HP also utilized \$900 million of cash during the quarter to repurchase approximately 25.4 million shares of common stock in the open market. HP exited the quarter with \$3.3 billion in gross cash, which includes cash, cash equivalents and restricted cash and short-term investments of \$3 million included in other current assets. Cash, cash equivalents

and restricted cash includes \$15 million of restricted cash related to amounts collected and held on behalf of a third party for trade receivables previously sold.

The HP board of directors has declared a quarterly cash dividend of \$0.2894 per share on the company's common stock, payable on January 2, 2025 to stockholders of record as of the close of business on December 11, 2024. This is the first dividend of HP's 2025 fiscal year and represents an increase of 5% from the prior dividend.

#### **Fiscal 2024 fourth quarter segment results**

- Personal Systems net revenue was \$9.6 billion, up 2% year over year (up 3% in constant currency) with a 5.7% operating margin. Consumer PS net revenue was down 4% and Commercial PS net revenue was up 5%. Total units were up 1% with Consumer PS units down 3% and Commercial PS units up 4%.
- Printing net revenue was \$4.5 billion, up 1% year over year (up 2% in constant currency) with a 19.6% operating margin. Consumer Printing net revenue was up 3% and Commercial Printing net revenue was down 1%. Supplies net revenue was up 2% (up 3% in constant currency). Total hardware units were up 9.5%, with Consumer Printing units up 10% and Commercial Printing units up 9%.

**Outlook**

For the fiscal 2025 first quarter, HP estimates GAAP diluted net EPS to be in the range of \$0.57 to \$0.63 and non-GAAP diluted net EPS to be in the range of \$0.70 to \$0.76. Fiscal 2025 first quarter non-GAAP diluted net EPS estimates exclude \$0.13 per diluted share, primarily related to restructuring and other charges, acquisition and divestiture charges, amortization of intangible assets, non-operating retirement-related credits, tax adjustments, and the related tax impact on these items.

For fiscal 2025, HP estimates GAAP diluted net EPS to be in the range of \$3.06 to \$3.36 and non-GAAP diluted net EPS to be in the range of \$3.45 to \$3.75. Fiscal 2025 non-GAAP diluted net EPS estimates exclude \$0.39 per diluted share, primarily related to restructuring and other charges, acquisition and divestiture charges, amortization of intangible assets, non-operating retirement-related credits, tax adjustments, and the related tax impact on these items. For fiscal 2025, HP anticipates generating free cash flow in the range of \$3.2 to \$3.6 billion.

More information on HP's earnings, including additional financial analysis and an earnings overview presentation, is available on HP's Investor Relations website at [investor.hp.com](https://investor.hp.com).

HP's FY24 Q4 earnings conference call is accessible via audio webcast at [www.hp.com/investor/2024Q4Webcast](https://www.hp.com/investor/2024Q4Webcast).

## **About HP Inc.**

HP Inc. (NYSE: HPQ) is a global technology leader and creator of solutions that enable people to bring their ideas to life and connect to the things that matter most. Operating in more than 170 countries, HP delivers a wide range of innovative and sustainable devices, services and subscriptions for personal computing, printing, 3D printing, hybrid work, gaming, and more. For more information, please visit <http://www.hp.com>.

## **Use of non-GAAP financial information**

To supplement HP's consolidated condensed financial statements presented on a generally accepted accounting principles ("GAAP") basis, HP provides net revenue on a constant currency basis, non-GAAP total operating expense, non-GAAP operating profit, non-GAAP operating margin, non-GAAP other income and expenses, non-GAAP tax rate, non-GAAP net earnings, non-GAAP diluted net EPS, free cash flow, gross cash and net cash (debt) financial measures. HP also provides forecasts of non-GAAP diluted net EPS and free cash flow. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the tables below or elsewhere in the materials accompanying this news release. In addition, an explanation of the ways in which HP's management uses these non-GAAP measures to evaluate its business, the substance behind HP's decision to use these non-GAAP measures, the material limitations associated with the use of these non-GAAP measures, the manner in which HP's management compensates for those limitations, and the substantive reasons why HP's management believes that these non-GAAP measures provide useful information to investors is included under "Use of non-GAAP financial measures" after the tables below. This additional non-GAAP financial information is not meant to be considered in isolation or as a substitute for net revenue, operating expense, operating profit, operating margin, other income and expenses, tax rate, net earnings, diluted net EPS, cash provided by operating activities or cash, cash equivalents, and restricted cash prepared in accordance with GAAP.

## **Forward-looking statements**

This document contains forward-looking statements based on current expectations and assumptions that involve risks and uncertainties. If the risks or uncertainties ever materialize or the assumptions prove incorrect, they could affect the business and results of operations of HP Inc. and its consolidated subsidiaries which may differ materially from those expressed or implied by such forward-looking statements and assumptions.

All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including, but not limited to, projections of net revenue, margins, expenses, effective tax rates, net earnings, net earnings per share, cash flows, benefit plan funding, deferred taxes, share repurchases, foreign currency exchange rates or other financial items; any projections of the amount, timing or impact of cost savings or restructuring and other charges, planned structural cost reductions and productivity initiatives; any statements of the plans, strategies and objectives of management for future operations, including, but not limited to, our business model and transformation, our sustainability goals, our go-to-market strategy, the execution of restructuring plans and any resulting cost savings (including the fiscal 2023 plan), net revenue or profitability improvements or other financial impacts; any statements concerning the expected development, demand, performance, market share or competitive performance relating to products or services; any statements concerning potential supply constraints, component shortages, manufacturing disruptions or logistics challenges; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on HP and its financial performance; any statements regarding pending investigations, claims, disputes or other litigation matters; any statements of expectation or belief as to the timing and expected benefits of acquisitions and other business combination and investment transactions; and any statements of assumptions underlying any of the foregoing. Forward-looking statements can also generally be identified by words such as "future," "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "will," "would," "could," "can," "may," and similar terms.

Risks, uncertainties and assumptions that could affect our business and results of operations include factors relating to HP's ability to execute on its strategic plans, including the previously announced initiatives, business model changes and transformation; the development and transition of new products and services and the enhancement of existing products and services to meet evolving customer needs and respond to emerging technological trends,

including artificial intelligence; the use of artificial intelligence; the impact of macroeconomic and geopolitical trends, changes and events, including the ongoing military conflicts in Ukraine and the Middle East or tensions in the Taiwan Strait and South China Sea and the regional and global ramifications of these events; volatility in global capital markets and foreign currency, increases in benchmark interest rates, the effects of inflation and instability of financial institutions; risks associated with HP's international operations and the effects of business disruption events, including those resulting from climate change; the need to manage (and reliance on) third-party suppliers, including with respect to supply constraints and component shortages, and the need to manage HP's global, multi-tier distribution network and potential misuse of pricing programs by HP's channel partners, adapt to new or changing marketplaces and effectively deliver HP's services; the execution and performance of contracts by HP and its suppliers, customers, clients and partners, including logistical challenges with respect to such execution and performance; the competitive pressures faced by HP's businesses; the impact of third-party claims of IP infringement; successfully innovating, developing and executing HP's go-to-market strategy, including online, omnichannel and contractual sales, in an evolving distribution, reseller and customer landscape; successfully competing and maintaining the value proposition of HP's products, including supplies and services; challenges to HP's ability to accurately forecast inventories, demand and pricing, which may be due to HP's multi-tiered channel, sales of HP's products to unauthorized resellers or unauthorized resale of HP's products or our uneven sales cycle; the hiring and retention of key employees; the results of our restructuring plans (including the fiscal 2023 plan), including estimates and assumptions related to the cost (including any possible disruption of HP's business) and the anticipated benefits of our restructuring plans; the protection of HP's intellectual property assets, including intellectual property licensed from third parties; disruptions in operations from system security risks, data protection breaches, or cyberattacks; HP's ability to maintain its credit rating, satisfy its debt obligations and complete any contemplated share repurchases, other capital return programs or other strategic transactions; changes in estimates and assumptions HP makes in connection with the preparation of its financial statements; the impact of changes to federal, state, local and foreign laws and regulations, including environmental regulations and tax laws; integration and other risks associated with business combination and investment transactions; our aspirations related to environmental, social and governance matters; potential impacts, liabilities and costs from pending or potential investigations, claims and disputes; the effectiveness of our internal control over financial reporting; and other risks that are described in HP's Annual Report on Form 10-K for the fiscal year ended October 31, 2023 and HP's other filings with the Securities and Exchange Commission ("SEC"). HP's fiscal 2023 plan includes HP's efforts to take advantage of future growth opportunities, including but not limited to, investments to drive growth, investments in our people, improving product mix, driving structural cost savings and other productivity measures. Structural cost savings represent gross reductions in costs driven by operational efficiency, digital transformation, and portfolio optimization. These initiatives include but are not limited to workforce reductions, platform simplification, programs consolidation and productivity measures undertaken by HP, which HP expects to be sustainable in the longer-term. These structural cost savings are net of any new recurring costs resulting from these initiatives and exclude one-time investments to generate such savings. HP's expectations on the longer-term sustainability of such structural cost savings are based on its current business operations and market dynamics and could be significantly impacted by various factors, including but not limited to HP's evolving business models, future investment decisions, market environment and technology landscape.

As in prior periods, the financial information set forth in this document, including any tax-related items, reflects estimates based on information available at this time. While HP believes these estimates to be reasonable, these amounts could differ materially from reported amounts in HP's Annual Report on Form 10-K for the fiscal years ending October 31, 2024 and October 31, 2025, Quarterly Report on Form 10-Q for the fiscal quarter ending January 31, 2025, and HP's other filings with the SEC. The forward-looking statements in this document are made as of the date of this document and HP assumes no obligation and does not intend to update these forward-looking statements.

HP's Investor Relations website at [investor.hp.com](http://investor.hp.com) contains a significant amount of information about HP, including financial and other information for investors. HP encourages investors to visit its website from time to time, as information is updated, and new information is posted. The content of HP's website is not incorporated by reference into this document or in any other report or document HP files with the SEC, and any references to HP's website are intended to be inactive textual references only.



HP INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS  
(Unaudited)  
(In millions, except per share amounts)

	Three months ended		
	October 31, 2024	July 31, 2024	October 31, 2023
<b>Net revenue:<sup>(a)</sup></b>			
Products	\$ 13,241	\$ 12,750	\$ 13,045
Services	814	769	772
Total net revenue	14,055	13,519	13,817
<b>Cost of net revenue:<sup>(a)</sup></b>			
Products	10,593	10,164	10,399
Services	461	449	433
Total cost of net revenue	11,054	10,613	10,832
Research and development	392	413	411
Selling, general and administrative	1,409	1,404	1,327
Restructuring and other charges	121	46	111
Acquisition and divestiture charges	12	22	34
Amortization of intangible assets	76	81	88
Total costs and expenses	13,064	12,579	12,803
Earnings from operations	991	940	1,014
Interest and other, net	(129)	(113)	(162)
Earnings before taxes	862	827	852
Benefit from (provision for) taxes	44	(187)	122
Net earnings	\$ 906	\$ 640	\$ 974
<b>Net earnings per share:</b>			
Basic	\$ 0.94	\$ 0.65	\$ 0.98
Diluted	\$ 0.93	\$ 0.65	\$ 0.97
Cash dividends declared per share	\$ —	\$ 0.55	\$ —
<b>Weighted-average shares used to compute net earnings per share:</b>			
Basic	959	979	994
Diluted	971	990	1,004

- (a) Effective first quarter of fiscal 2024, HP presents consolidated net revenue and cost of net revenue bifurcated between products and services. HP has reflected this change to its prior reporting periods on an as-if basis. The reporting change had no impact to previously reported segment net revenue, consolidated net revenue, earnings from operations, net earnings or net earnings per share ("EPS"). Services include revenues from support and maintenance contracts and other services, and excludes product hardware and supplies revenues associated with as-a-service offerings and instant ink subscriptions which are categorized within product revenues.



HP INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS  
(Unaudited)  
(In millions, except per share amounts)

	Twelve months ended	
	October 31, 2024	October 31, 2023
Net revenue: <sup>(a)</sup>		
Products	\$ 50,453	\$ 50,660
Services	3,106	3,058
Total net revenue	53,559	53,718
Cost of net revenue: <sup>(a)</sup>		
Products	39,952	40,484
Services	1,789	1,726
Total cost of net revenue	41,741	42,210
Research and development	1,640	1,578
Selling, general and administrative	5,658	5,357
Restructuring and other charges	301	527
Acquisition and divestiture charges	83	240
Amortization of intangible assets	318	350
Total costs and expenses	49,741	50,262
Earnings from operations	3,818	3,456
Interest and other, net	(539)	(519)
Earnings before taxes	3,279	2,937
(Provision for) benefit from taxes	(504)	326
Net earnings	\$ 2,775	\$ 3,263
Net earnings per share:		
Basic	\$ 2.83	\$ 3.29
Diluted	\$ 2.81	\$ 3.26
Cash dividends declared per share	\$ 1.10	\$ 1.05
Weighted-average shares used to compute net earnings per share:		
Basic	979	992
Diluted	989	1,000

- (a) Effective first quarter of fiscal 2024, HP presents consolidated net revenue and cost of net revenue bifurcated between products and services. HP has reflected this change to its prior reporting periods on an as-if basis. The reporting change had no impact to previously reported segment net revenue, consolidated net revenue, earnings from operations, net earnings or net EPS. Services include revenues from support and maintenance contracts and other services, and excludes product hardware and supplies revenues associated with as-a-service offerings and instant ink subscriptions which are categorized within product revenues.





HP INC. AND SUBSIDIARIES  
 ADJUSTMENTS TO GAAP NET EARNINGS, EARNINGS FROM OPERATIONS,  
 OPERATING MARGIN AND DILUTED NET EARNINGS PER SHARE  
 (Unaudited)

(In millions, except per share amounts)

	Three months ended					
	October 31, 2024		July 31, 2024		October 31, 2023	
	Amounts	Diluted net earnings per share	Amounts	Diluted net earnings per share	Amounts	Diluted net earnings per share
GAAP net earnings	\$ 906	\$ 0.93	\$ 640	\$ 0.65	\$ 974	\$ 0.97
Non-GAAP adjustments:						
Restructuring and other charges	121	0.13	46	0.05	111	0.11
Acquisition and divestiture charges	12	0.01	22	0.02	34	0.03
Amortization of intangible assets	76	0.08	81	0.08	88	0.09
Debt extinguishment costs	3	—	—	—	—	—
Non-operating retirement-related credits	(2)	—	(2)	—	(11)	(0.01)
Tax adjustments <sup>(a)</sup>	(216)	(0.22)	32	0.03	(294)	(0.29)
Non-GAAP net earnings	<u>\$ 900</u>	<u>\$ 0.93</u>	<u>\$ 819</u>	<u>\$ 0.83</u>	<u>\$ 902</u>	<u>\$ 0.90</u>
GAAP earnings from operations	\$ 991		\$ 940		\$ 1,014	
Non-GAAP adjustments:						
Restructuring and other charges	121		46		111	
Acquisition and divestiture charges	12		22		34	
Amortization of intangible assets	76		81		88	
Non-GAAP earnings from operations	<u>\$ 1,200</u>		<u>\$ 1,089</u>		<u>\$ 1,247</u>	
GAAP operating margin	7.1 %		7.0 %		7.3 %	
Non-GAAP adjustments	1.4 %		1.1 %		1.7 %	
Non-GAAP operating margin	<u>8.5 %</u>		<u>8.1 %</u>		<u>9.0 %</u>	

(a) Includes tax impact on non-GAAP adjustments.



HP INC. AND SUBSIDIARIES  
ADJUSTMENTS TO GAAP NET EARNINGS, EARNINGS FROM OPERATIONS,  
OPERATING MARGIN AND DILUTED NET EARNINGS PER SHARE  
(Unaudited)  
(In millions, except per share amounts)

	Twelve months ended			
	October 31, 2024		October 31, 2023	
	Amounts	Diluted net earnings per share	Amounts	Diluted net earnings per share
GAAP net earnings	\$ 2,775	\$ 2.81	\$ 3,263	\$ 3.26
Non-GAAP adjustments:				
Restructuring and other charges	301	0.31	527	0.53
Acquisition and divestiture charges	83	0.08	240	0.24
Amortization of intangible assets	318	0.32	350	0.35
Debt extinguishment costs (benefit)	3	—	(107)	(0.11)
Non-operating retirement-related credits	(9)	(0.01)	(46)	(0.05)
Tax adjustments <sup>(a)</sup>	(132)	(0.13)	(950)	(0.94)
Non-GAAP net earnings	<u>\$ 3,339</u>	<u>\$ 3.38</u>	<u>\$ 3,277</u>	<u>\$ 3.28</u>
GAAP earnings from operations	\$ 3,818		\$ 3,456	
Non-GAAP adjustments:				
Restructuring and other charges	301		527	
Acquisition and divestiture charges	83		240	
Amortization of intangible assets	318		350	
Non-GAAP earnings from operations	<u>\$ 4,520</u>		<u>\$ 4,573</u>	
GAAP operating margin	7.1 %		6.4 %	
Non-GAAP adjustments	1.3 %		2.1 %	
Non-GAAP operating margin	<u>8.4 %</u>		<u>8.5 %</u>	

(a) Includes tax impact on non-GAAP adjustments.



HP INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED BALANCE SHEETS  
(Unaudited)  
(In millions)

	As of	
	October 31, 2024	October 31, 2023
<b>ASSETS</b>		
Current assets:		
Cash, cash equivalents and restricted cash	\$ 3,253	\$ 3,232
Accounts receivable, net	5,117	4,237
Inventory	7,720	6,862
Other current assets	4,670	3,646
Total current assets	20,760	17,977
Property, plant and equipment, net	2,914	2,827
Goodwill	8,627	8,591
Other non-current assets	7,608	7,609
Total assets	\$ 39,909	\$ 37,004
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Notes payable and short-term borrowings	\$ 1,406	\$ 230
Accounts payable	16,903	14,046
Other current liabilities	10,378	10,212
Total current liabilities	28,687	24,488
Long-term debt	8,263	9,254
Other non-current liabilities	4,282	4,331
Stockholders' deficit	(1,323)	(1,069)
Total liabilities and stockholders' deficit	\$ 39,909	\$ 37,004



HP INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS  
(Unaudited)  
(In millions)

	Three months ended	
	October 31, 2024	October 31, 2023
Cash flows from operating activities:		
Net earnings	\$ 906	\$ 974
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	208	212
Stock-based compensation expense	85	85
Restructuring and other charges	121	111
Deferred taxes on earnings	(191)	(149)
Other, net	(14)	51
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(482)	98
Inventory	101	304
Accounts payable	1,398	(107)
Net investment in leases from integrated financing	(42)	(28)
Taxes on earnings	65	(156)
Restructuring and other	(60)	(66)
Other assets and liabilities	(472)	646
Net cash provided by operating activities	1,623	1,975
Cash flows from investing activities:		
Investment in property, plant and equipment, net	(153)	(134)
Purchases of available-for-sale securities and other investments	(4)	(5)
Maturities and sales of available-for-sale securities and other investments	8	3
Collateral returned for derivative instruments	60	118
Payment made in connection with business acquisition, net of cash acquired	(43)	(2)
Net cash used in investing activities	(132)	(20)
Cash flows from financing activities:		
Payments of short-term borrowings with original maturities less than 90 days, net	—	(200)
Proceeds from debt, net of issuance costs	114	78
Payment of debt and associated costs	(60)	(46)
Stock-based award activities and others	(7)	(13)
Repurchase of common stock	(900)	—
Cash dividends paid	(263)	(260)
Net cash used in financing activities	(1,116)	(441)
Increase in cash, cash equivalents and restricted cash	375	1,514
Cash, cash equivalents and restricted cash at beginning of period	2,878	1,718
Cash, cash equivalents and restricted cash at end of period	\$ 3,253	\$ 3,232



HP INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS  
(Unaudited)  
(In millions)

	Twelve months ended	
	October 31, 2024	October 31, 2023
Cash flows from operating activities:		
Net earnings	\$ 2,775	\$ 3,263
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	830	850
Stock-based compensation expense	452	438
Restructuring and other charges	301	527
Deferred taxes on earnings	(122)	(923)
Other, net	(38)	(10)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(929)	278
Inventory	(852)	668
Accounts payable	2,840	(1,240)
Net investment in leases from integrated financing	(165)	(110)
Taxes on earnings	(24)	198
Restructuring and other	(264)	(310)
Other assets and liabilities	(1,055)	(58)
Net cash provided by operating activities	<u>3,749</u>	<u>3,571</u>
Cash flows from investing activities:		
Investment in property, plant and equipment, net	(592)	(593)
Purchases of available-for-sale securities and other investments	(4)	(11)
Maturities and sales of available-for-sale securities and other investments	8	21
Payment made in connection with business acquisitions, net of cash acquired	(58)	(7)
Net cash used in investing activities	<u>(646)</u>	<u>(590)</u>
Cash flows from financing activities:		
Payments of short-term borrowings with original maturities less than 90 days, net	—	(10)
Proceeds from debt, net of issuance costs	380	255
Payment of debt and associated costs	(213)	(1,700)
Stock-based award activities and others	(74)	(99)
Repurchase of common stock	(2,100)	(100)
Cash dividends paid	(1,075)	(1,037)
Collateral returned for derivative instruments	—	(200)
Settlement of cash flow hedges	—	(3)
Net cash used in financing activities	<u>(3,082)</u>	<u>(2,894)</u>
Increase in cash, cash equivalents and restricted cash	21	87
Cash, cash equivalents and restricted cash at beginning of period	3,232	3,145
Cash, cash equivalents and restricted cash at end of period	<u>\$ 3,253</u>	<u>\$ 3,232</u>



HP INC. AND SUBSIDIARIES  
SEGMENT/BUSINESS UNIT INFORMATION  
(Unaudited)  
(In millions)

	Three months ended			Change (%)	
	October 31, 2024	July 31, 2024	October 31, 2023	Q/Q	Y/Y
<b>Net revenue:</b>					
Commercial PS	\$ 6,522	\$ 6,677	\$ 6,213	(2)%	5 %
Consumer PS	3,069	2,692	3,185	14 %	(4)%
Personal Systems	9,591	9,369	9,398	2 %	2 %
Supplies	2,865	2,703	2,821	6 %	2 %
Commercial Printing <sup>(a)</sup>	1,262	1,147	1,281	10 %	(1)%
Consumer Printing <sup>(a)</sup>	325	293	316	11 %	3 %
Printing	4,452	4,143	4,418	7 %	1 %
Corporate Investments <sup>(b)</sup>	11	7	2	NM	NM
Total segment net revenue	14,054	13,519	13,818	4 %	2 %
Other <sup>(b)</sup>	1	—	(1)	NM	NM
Total net revenue	<u>\$ 14,055</u>	<u>\$ 13,519</u>	<u>\$ 13,817</u>	<u>4 %</u>	<u>2 %</u>
<b>Earnings before taxes:</b>					
Personal Systems	\$ 550	\$ 599	\$ 631		
Printing	874	715	836		
Corporate Investments	(37)	(28)	(39)		
Total segment earnings from operations	1,387	1,286	1,428		
Corporate and unallocated cost and other	(102)	(101)	(96)		
Stock-based compensation expense	(85)	(96)	(85)		
Restructuring and other charges	(121)	(46)	(111)		
Acquisition and divestiture charges	(12)	(22)	(34)		
Amortization of intangible assets	(76)	(81)	(88)		
Interest and other, net	(129)	(113)	(162)		
Total earnings before taxes	<u>\$ 862</u>	<u>\$ 827</u>	<u>\$ 852</u>		

(a) Effective at the beginning of its first quarter of fiscal 2024, HP realigned its business unit financial reporting more closely with its customer market segmentation. The realignment resulted in the transfer of LaserJet printers net revenues from Consumer Printing to Commercial Printing. HP reflected this change to its business unit information in prior reporting periods on an as-if basis which resulted in the reclassification of net revenues from Consumer Printing to Commercial Printing. The reporting change had no impact to previously reported segment net revenue, consolidated net revenue, earnings from operations, net earnings or net earnings per share.

(b) "NM" represents not meaningful.



HP INC. AND SUBSIDIARIES  
SEGMENT/BUSINESS UNIT INFORMATION  
(Unaudited)  
(In millions)

	Twelve months ended		Change (%)
	October 31, 2024	October 31, 2023	Y/Y
<b>Net revenue:</b>			
Commercial PS	\$ 25,486	\$ 24,712	3 %
Consumer PS	10,709	10,972	(2)%
Personal Systems	36,195	35,684	1 %
Supplies	11,295	11,452	(1)%
Commercial Printing <sup>(a)</sup>	4,841	5,250	(8)%
Consumer Printing <sup>(a)</sup>	1,202	1,327	(9)%
Printing	17,338	18,029	(4)%
Corporate Investments <sup>(b)</sup>	25	7	NM
Total segment net revenue	53,558	53,720	— %
Other <sup>(b)</sup>	1	(2)	NM
Total net revenue	\$ 53,559	\$ 53,718	— %
<b>Earnings before taxes:</b>			
Personal Systems	\$ 2,194	\$ 2,129	
Printing	3,290	3,399	
Corporate Investments	(132)	(142)	
Total segment earnings from operations	5,352	5,386	
Corporate and unallocated cost and other	(380)	(375)	
Stock-based compensation expense	(452)	(438)	
Restructuring and other charges	(301)	(527)	
Acquisition and divestiture charges	(83)	(240)	
Amortization of intangible assets	(318)	(350)	
Interest and other, net	(539)	(519)	
Total earnings before taxes	\$ 3,279	\$ 2,937	

(a) Effective at the beginning of its first quarter of fiscal 2024, HP realigned its business unit financial reporting more closely with its customer market segmentation. The realignment resulted in the transfer of LaserJet printers net revenues from Consumer Printing to Commercial Printing. HP reflected this change to its business unit information in prior reporting periods on an as-if basis which resulted in the reclassification of net revenues from Consumer Printing to Commercial Printing. The reporting change had no impact to previously reported segment net revenue, consolidated net revenue, earnings from operations, net earnings or net earnings per share.

(b) "NM" represents not meaningful.



HP INC. AND SUBSIDIARIES  
SEGMENT OPERATING MARGIN SUMMARY  
(Unaudited)

	Three months ended			Change (pts)	
	October 31, 2024	July 31, 2024	October 31, 2023	Q/Q	Y/Y
Segment operating margin:					
Personal Systems	5.7 %	6.4 %	6.7 %	(0.7)pts	(1.0)pts
Printing	19.6 %	17.3 %	18.9 %	2.3 pts	0.7 pts
Corporate Investments <sup>(a)</sup>	NM	NM	NM	NM	NM
Total segment	9.9 %	9.5 %	10.3 %	0.4 pts	(0.4)pts

	Twelve months ended		Change (pts)	
	October 31, 2024	October 31, 2023	Y/Y	
Segment operating margin:				
Personal Systems		6.1 %	6.0 %	0.1 pts
Printing		19.0 %	18.9 %	0.1 pts
Corporate Investments <sup>(a)</sup>		NM	NM	NM
Total segment		10.0 %	10.0 %	— pts

(a) "NM" represents not meaningful.





HP INC. AND SUBSIDIARIES  
CALCULATION OF DILUTED NET EARNINGS PER SHARE  
(Unaudited)  
(In millions, except per share amounts)

	Three months ended		
	October 31, 2024	July 31, 2024	October 31, 2023
<b>Numerator:</b>			
GAAP net earnings	\$ 906	\$ 640	\$ 974
Non-GAAP net earnings	\$ 900	\$ 819	\$ 902
<b>Denominator:</b>			
Weighted-average shares used to compute basic net earnings per share	959	979	994
Dilutive effect of employee stock plans <sup>(a)</sup>	12	11	10
Weighted-average shares used to compute diluted net earnings per share	971	990	1,004
GAAP diluted net earnings per share	\$ 0.93	\$ 0.65	\$ 0.97
Non-GAAP diluted net earnings per share	\$ 0.93	\$ 0.83	\$ 0.90

(a) Includes any dilutive effect of restricted stock units, stock options and performance-based awards.



HP INC. AND SUBSIDIARIES  
CALCULATION OF DILUTED NET EARNINGS PER SHARE  
(Unaudited)  
(In millions, except per share amounts)

	Twelve months ended	
	October 31, 2024	October 31, 2023
<b>Numerator:</b>		
GAAP net earnings	\$ 2,775	\$ 3,263
Non-GAAP net earnings	\$ 3,339	\$ 3,277
<b>Denominator:</b>		
Weighted-average shares used to compute basic net earnings per share	979	992
Dilutive effect of employee stock plans <sup>(a)</sup>	10	8
Weighted-average shares used to compute diluted net earnings per share	989	1,000
GAAP diluted net earnings per share	\$ 2.81	\$ 3.26
Non-GAAP diluted net earnings per share	\$ 3.38	\$ 3.28

(a) Includes any dilutive effect of restricted stock units, stock options and performance-based awards.

## **Use of non-GAAP financial measures**

To supplement HP's consolidated condensed financial statements presented on a GAAP basis, HP provides net revenue on a constant currency basis, non-GAAP total operating expense, non-GAAP operating profit, non-GAAP operating margin, non-GAAP other income and expenses, non-GAAP tax rate, non-GAAP net earnings, non-GAAP diluted net EPS, free cash flow, gross cash and net cash (debt). HP also provides forecasts of non-GAAP diluted net EPS and free cash flow.

These non-GAAP financial measures are not computed in accordance with, or as an alternative to, GAAP in the United States. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the tables above or elsewhere in the materials accompanying this news release.

## ***Use and economic substance of non-GAAP financial measures***

Net revenue on a constant currency basis excludes the effect of foreign currency exchange fluctuations calculated by translating current period revenues using monthly exchange rates from the comparative period and excluding any hedging impact recognized in the current period. Non-GAAP operating margin is defined to exclude the effects of any amounts relating to restructuring and other charges, acquisition and divestiture charges, amortization of intangible assets. Non-GAAP net earnings and non-GAAP diluted net EPS consist of net earnings or diluted net EPS excluding those same charges, non-operating retirement related (credits)/charges, debt extinguishment costs (benefit), tax adjustments and the amount of additional taxes or tax benefits associated with each non-GAAP item.

HP's management uses these non-GAAP financial measures for purposes of evaluating HP's historical and prospective financial performance, as well as HP's performance relative to its competitors. HP's management also uses these non-GAAP measures to further its own understanding of HP's segment operating performance. HP believes that excluding the items mentioned above for these non-GAAP financial measures allows HP's management to better understand HP's consolidated financial performance in relation to the operating results of HP's segments, as HP's management does not believe that the excluded items are reflective of ongoing operating results. More specifically, HP's management excludes each of those items mentioned above for the following reasons:

- Restructuring and other charges are (i) costs associated with a formal restructuring plan and are primarily related to employee separation from service and early retirement costs and related benefits, costs of real estate consolidation and other non-labor charges; and (ii) other charges, which includes non-recurring costs including those as a result of information technology rationalization efforts and transformation program management and are distinct from ongoing operational costs. HP excludes these restructuring and other charges (and any reversals of charges recorded in prior periods) for purposes of calculating these non-GAAP measures because HP believes that these costs do not reflect expected future operating expenses and do not contribute to a meaningful evaluation of HP's current operating performance or comparisons to operating performance in other periods.
- HP incurs cost related to its acquisitions and divestitures, which it would not have otherwise incurred as part of its operations. The charges are direct expenses such as third-party professional and legal fees, integration and divestiture-related costs, as well as non-cash adjustments to the fair value of certain acquired assets such as inventory and certain compensation charges related to cash settlement of restricted stock units and performance-based restricted stock units towards acquisitions. These charges related to acquisitions and divestitures are inconsistent in amount and frequency and are significantly impacted by the timing and nature of HP's acquisitions or divestitures. HP believes that eliminating such expenses for purposes of calculating these non-GAAP measures facilitates a more meaningful evaluation of HP's current operating performance and comparisons to operating performance in other periods.

- HP incurs charges relating to the amortization of intangible assets. Those charges are included in HP's GAAP earnings, operating margin, net earnings and diluted net EPS. Such charges are significantly impacted by the timing and magnitude of HP's acquisitions and any related impairment charges. Consequently, HP excludes these charges for purposes of calculating these non-GAAP measures to facilitate a more meaningful evaluation of HP's current operating performance and comparisons to operating performance in other periods.
- HP incurs debt extinguishment (benefit)/costs includes certain (gain)/loss related to repurchase of certain of its outstanding U.S. dollar global notes or termination of commitments under revolving credit facilities. These (gain)/loss resulting from debt redemption transactions are partially or more than offset by costs such as bond repurchase premiums, bank fees, unpaid accrued interests, etc. HP excludes these (benefit)/costs for the purposes of calculating these non-GAAP measures to facilitate a more meaningful evaluation of HP's current operating performance and comparisons to operating performance in other periods.
- Non-operating retirement-related (credits)/charges includes certain market-related factors such as interest cost, expected return on plan assets, amortized actuarial gains or losses, associated with HP's defined benefit pension and post-retirement benefit plans. The market-driven retirement-related adjustments are primarily due to the changes in the value of pension plan assets and liabilities which are tied to financial market performance and HP considers these adjustments to be outside the operational performance of the business. Non-operating retirement-related (credits)/charges also include certain plan curtailments, settlements and special termination benefits related to HP's defined benefit pension and post-retirement benefit plans. HP believes that eliminating such adjustments for purposes of calculating non-GAAP measures facilitates a more meaningful evaluation of HP's current operating performance and comparisons to operating performance in other periods.
- HP recorded tax adjustments including tax expenses and benefits from internal reorganizations, realizability of certain deferred tax assets, various tax rate and regulatory changes, and tax settlements across various jurisdictions. HP excludes these adjustments for the purposes of calculating these non-GAAP measures to facilitate a more meaningful evaluation of HP's current operating performance and comparisons to operating performance in other periods.

Free cash flow is a non-GAAP measure that is defined as cash flow provided by (used in) operating activities adjusted for net investment in leases from integrated financing and net investments in property, plant, and equipment. Gross cash is a non-GAAP measure that is defined as cash, cash equivalents and restricted cash plus short-term investments and certain long-term investments that may be liquidated within 90 days pursuant to the terms of existing put options or similar rights. HP's management uses free cash flow and gross cash for the purpose of determining the amount of cash available for investment in HP's businesses, repurchasing stock and other purposes. HP's management also uses free cash flow and gross cash to evaluate HP's historical and prospective liquidity. Because gross cash includes liquid assets that are not included in cash, cash equivalents and restricted cash, HP believes that gross cash provides a helpful assessment of HP's liquidity. Because free cash flow includes net cash provided by (used in) operating activities adjusted for net investment in leases from integrated financing and net investments in property, plant and equipment. HP believes that free cash flow provides a more accurate and complete assessment of HP's liquidity and capital resources. Net cash (debt) is defined as gross cash less gross debt after adjusting the effect of unamortized premium/discount on debt issuance, debt issuance costs and gains/losses on interest rate swaps.

### **Key Growth Areas**

Key Growth Areas represent HP's businesses which management expects to grow at a rate faster than HP's core business with accretive margins in the longer term. HP's Key Growth Areas are comprised of:

*Hybrid Systems:* Video conferencing solutions, cameras, headsets, voice, and related software capabilities

*Gaming:* Gaming PCs (Omen, Victus, etc.), HyperX and gaming accessories

*Workforce Solutions:* Managed services (Managed Print Service and Device-as-a-Service), digital services and lifecycle services

*Consumer Subscriptions:* Instant Ink, other consumer subscriptions and consumer digital services

*Industrial Graphics:* Large Format Industrial, Page Wide Press (PWP), Indigo and Page Wide Industrial packaging solutions and supplies

*3D & Personalization:* Portfolio of additive manufacturing solutions and supplies including end-to-end solutions such as molded fiber, footwear and orthotics

***Material limitations associated with use of non-GAAP financial measures***

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 HP's results as reported under GAAP. Some of the limitations in relying on these non-GAAP financial measures are:

- Items such as amortization of intangible assets, though not directly affecting HP's cash position, represent the loss in value of intangible assets over time. The expense associated with this change in value is not included in non-GAAP operating margin, non-GAAP net earnings and non-GAAP diluted net EPS, and therefore does not reflect the full economic effect of the change in value of those intangible assets.
- Items such as restructuring and other charges, acquisition and divestiture charges, amortization of intangible assets are excluded from non-GAAP operating margin. In addition, non-operating retirement-related (credits)/charges, debt extinguishment costs (benefit) and tax adjustments are excluded from non-GAAP other income and expenses, non-GAAP tax rate, non-GAAP net earnings and non-GAAP diluted net EPS. These items can have a material impact on the equivalent GAAP earnings measure and cash flows.
- HP may not be able to immediately liquidate the short-term and certain long-term investments included in gross cash, which may limit the usefulness of gross cash as a liquidity measure.

Other companies may calculate the non-GAAP financial measures differently than HP, limiting the usefulness of those measures for comparative purposes.

***Compensation for limitations associated with use of non-GAAP financial measures***

HP accounts for the limitations on its use of non-GAAP financial measures by relying primarily on its GAAP results and using non-GAAP financial measures only supplementally. HP also provides reconciliations of each non-GAAP financial measure to its most directly comparable GAAP measure within this news release and in other written materials that include these non-GAAP financial measures, and HP encourages investors to review those reconciliations carefully.

***Usefulness of non-GAAP financial measures to investors***

HP believes that providing net revenue on a constant currency basis, non-GAAP total operating expense, non-GAAP operating profit, non-GAAP operating margin, non-GAAP other income and expenses, non-GAAP tax rate, non-GAAP net earnings, non-GAAP diluted net EPS, free cash flow, gross cash and net cash (debt) to investors in addition to the related GAAP financial measures provides investors with greater insight to the information used by HP's management in its financial and operational decision making and allows investors to see HP's results "through the eyes" of management. HP further believes that providing this information better enables HP's investors to understand HP's operating performance and financial condition and to evaluate the efficacy of the methodology and information used by HP's management to evaluate and measure such performance and financial condition. Disclosure of these non-GAAP financial measures also facilitates comparisons of HP's operating performance with

the performance of other companies in HP's industry that supplement their GAAP results with non-GAAP financial measures that may be calculated in a similar manner.