

Areas of Further Diligence Report

HP Inc.

1. Introduction

Areas of Further Diligence refer to critical aspects of a company that require deeper investigation before making strategic, investment, or partnership decisions. While HP Inc. is a mature and well-established technology company, further diligence is necessary to evaluate sustainability, growth potential, and risk exposure in a rapidly evolving market environment.

2. Financial Performance and Cost Structure

Further analysis is required on:

- Long-term revenue growth sustainability
- Margin trends across Personal Systems and Printing segments
- Cost inflation pressures in components and logistics
- Capital allocation strategy, including dividends and share buybacks

Understanding these factors will help assess HP's ability to maintain profitability in competitive markets.

3. Revenue Mix and Business Model Evolution

HP's transition toward services and subscription-based revenue models warrants closer evaluation:

- Growth trajectory of recurring revenue streams such as Instant Ink and Managed Print Services
- Customer retention and churn rates
- Scalability of service-led business models compared to traditional hardware sales

This diligence area is critical to determining long-term revenue stability.

4. Technology Roadmap and Innovation Capability

Key diligence areas include:

- Investment levels in R&D and emerging technologies
- Competitive positioning in AI-enabled PCs and intelligent printing
- Speed of innovation compared to key competitors
- Dependence on third-party technology partners

A clear technology roadmap is essential for sustaining market relevance.

5. Supply Chain Resilience

Given global uncertainties, further diligence should focus on:

- Geographic concentration of suppliers and manufacturing facilities
- Exposure to geopolitical risks and trade restrictions
- Inventory management efficiency
- Supplier diversification strategies

Supply chain resilience directly impacts operational continuity and cost control.

6. Competitive Positioning and Market Share

Additional investigation is needed to assess:

- Market share trends across regions and product categories
- Competitive response strategies against low-cost and premium competitors
- Brand strength and customer loyalty in mature markets

This analysis helps evaluate HP's ability to defend and grow its market position.

7. Cybersecurity and Data Protection

As connected devices and digital services expand, diligence is required on:

- Effectiveness of hardware-level and firmware security measures
- History of security incidents or vulnerabilities
- Compliance with global data protection regulations

Cybersecurity performance is increasingly linked to enterprise customer trust.

8. ESG and Sustainability Commitments

Further diligence should assess:

- Progress toward environmental sustainability targets
- E-waste management and circular economy initiatives
- Social and governance practices
- Alignment with investor ESG expectations

Strong ESG execution is essential for long-term brand and investor confidence.

9. Leadership Succession and Talent Management

Key diligence questions include:

- Leadership succession planning
- Depth of senior management bench
- Talent retention in critical technology roles
- Organizational adaptability to industry disruption

Leadership continuity is crucial for executing long-term strategy.

10. Conclusion

While HP Inc. demonstrates strong market presence and operational maturity, further diligence across financial sustainability, innovation capability, supply chain resilience, cybersecurity, and ESG execution is essential. A comprehensive evaluation of these areas will enable informed decision-making regarding investment, partnership, or strategic engagement with the company.