

HP Inc. and Subsidiaries

Consolidated Statements of Earnings

	FOR THE FISCAL YEARS ENDED OCTOBER 31		
	2019	2018	2017
	IN MILLIONS, EXCEPT PER SHARE AMOUNTS		
Net revenue	\$58,756	\$58,472	\$52,056
Costs and expenses:			
Cost of revenue	47,586	47,803	42,478
Research and development	1,499	1,404	1,190
Selling, general and administrative	5,368	5,099	4,532
Restructuring and other charges	275	132	362
Acquisition-related charges	35	123	125
Amortization of intangible assets	116	80	1
Total costs and expenses	54,879	54,641	48,688
Earnings from operations	3,877	3,831	3,368
Interest and other, net	(1,354)	(818)	(92)
Earnings before taxes	2,523	3,013	3,276
Benefit from (provision for) taxes	629	2,314	(750)
Net earnings	\$3,152	\$5,327	\$2,526
Net earnings per share:			
Basic	\$2.08	\$3.30	\$1.50
Diluted	\$2.07	\$3.26	\$1.48
Weighted-average shares used to compute net earnings per share:			
Basic	1,515	1,615	1,688
Diluted	1,524	1,634	1,702

The accompanying notes are an integral part of these Consolidated Financial Statements.

HP Inc. and Subsidiaries

Consolidated Balance Sheets

	AS OF OCTOBER 31	
	2019	2018
	IN MILLIONS, EXCEPT PAR VALUE	
ASSETS		
Current assets:		
Cash and cash equivalents	\$4,537	\$5,166
Accounts receivable, net	6,031	5,113
Inventory	5,734	6,062
Other current assets	3,875	5,046
Total current assets	20,177	21,387
Property, plant and equipment, net	2,794	2,198
Goodwill	6,372	5,968
Other non-current assets	4,124	5,069
Total assets	\$33,467	\$34,622
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Notes payable and short-term borrowings	\$357	\$1,463
Accounts payable	14,793	14,816
Other current liabilities	10,143	8,852
Total current liabilities	25,293	25,131
Long-term debt	4,780	4,524
Other non-current liabilities	4,587	5,606
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, \$0.01 par value (300 shares authorized; none issued)	—	—
Common stock, \$0.01 par value (9,600 shares authorized; 1,458 and 1,560 shares issued and outstanding at October 31, 2019, and 2018 respectively)	15	16
Additional paid-in capital	835	663
Accumulated deficit	(818)	(473)
Accumulated other comprehensive loss	(1,225)	(845)
Total stockholders' deficit	(1,193)	(639)
Total liabilities and stockholders' deficit	\$33,467	\$34,622

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HP Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	FOR THE FISCAL YEARS ENDED OCTOBER 31		
	2019	2018	2017
	IN MILLIONS		
Cash flows from operating activities:			
Net earnings	\$3,152	\$5,327	\$2,526
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	744	528	354
Stock-based compensation expense	297	268	224
Restructuring and other charges	275	132	362
Deferred taxes on earnings	133	(3,653)	238
Other, net	254	319	134
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	(761)	(491)	(453)
Inventory	(68)	(136)	(1,346)
Accounts payable	(53)	1,429	2,161
Taxes on earnings	(851)	389	73
Restructuring and other	(154)	(237)	(233)
Other assets and liabilities	1,686	653	(363)
Net cash provided by operating activities	<u>4,654</u>	<u>4,528</u>	<u>3,677</u>
Cash flows from investing activities:			
Investment in property, plant and equipment	(671)	(546)	(402)
Proceeds from sale of property, plant and equipment	—	172	69
Purchases of available-for-sale securities and other investments	(80)	(367)	(1,400)
Maturities and sales of available-for-sale securities and other investments	771	847	231
Collateral posted for derivative instruments	(32)	(1,165)	(1,170)
Collateral returned for derivative instruments	32	1,379	955
Payments made in connection with business acquisitions, net of cash acquired	(458)	(1,036)	—
Net cash used in investing activities	<u>(438)</u>	<u>(716)</u>	<u>(1,717)</u>

FOR THE FISCAL YEARS ENDED OCTOBER 31

2019 2018 2017

IN MILLIONS

Cash flows from financing activities:

(Payments of) Proceeds from short-term borrowings with original maturities less than 90 days, net.	(856)	743	202
Proceeds from short-term borrowings with original maturities greater than 90 days. . .	—	712	887
Proceeds from debt, net of issuance costs	127	—	5
Payment of short-term borrowings with original maturities greater than 90 days.	—	(1,596)	(3)
Payment of debt	(680)	(2,098)	(84)
Settlement of cash flow hedges	—	—	(9)
Stock-based award activities	(61)	52	57
Repurchase of common stock	(2,405)	(2,557)	(1,412)
Cash dividends paid.	(970)	(899)	(894)
Net cash used in financing activities	(4,845)	(5,643)	(1,251)
(Decrease) Increase in cash and cash equivalents.	(629)	(1,831)	709
Cash and cash equivalents at beginning of period	5,166	6,997	6,288
Cash and cash equivalents at end of period	<u>\$4,537</u>	<u>\$5,166</u>	<u>\$6,997</u>

Supplemental cash flow disclosures:

Income taxes paid, net of refunds.	\$89	\$951	\$438
Interest expense paid.	\$240	\$329	\$322

Supplemental schedule of non-cash activities:

Purchase of assets under capital leases	\$366	\$258	\$200
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