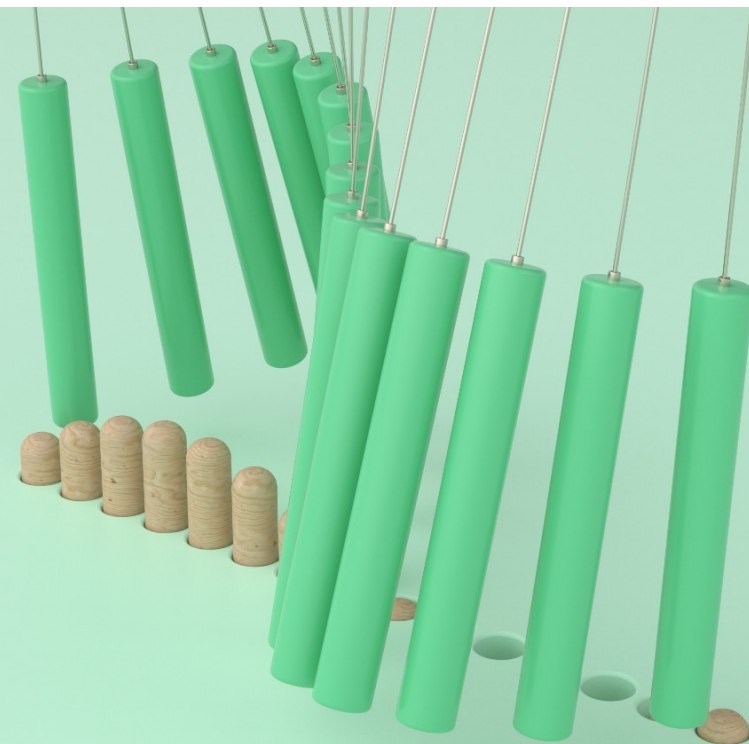


# Q2 FY23 Earnings Results

November 29, 2022



# Safe harbor

This presentation contains forward-looking statements and projections about our strategy, products and services, shareholder returns, and our future results, performance or achievements, financial and otherwise. These statements and projections reflect management's current expectations, estimates and assumptions based on the information currently available to us and are not guarantees of future performance.

Actual results may differ materially from our statements or projections for a variety of reasons, including, without limitation, our ability to keep pace with rapid industry, technological and market trends and changes in the markets in which we operate, our ability to execute our data fabric strategy and introduce and gain market acceptance for our products and services, our ability to maintain our customer, partner, supplier and contract manufacturer relationships on favorable terms and conditions, general global political, macroeconomic and market conditions, including inflation, rising interest rates and foreign exchange volatility, the impact of the COVID-19 pandemic, including supply chain disruptions, on our business operations, financial performance and results of operations, material cybersecurity and other security breaches, changes in U.S. government spending, revenue seasonality, changes in laws or regulations, including those relating to privacy, data protection and information security, and our ability to manage our gross profit margins. These and other equally important factors that may affect our future results are described in reports and documents we file from time to time with the SEC, including the factors described under the section titled “Risk Factors” in our most recent annual report on Form 10-K and quarterly report on Form 10-Q, each available at [www.sec.gov](http://www.sec.gov). The forward-looking statements made in these presentations are being made as of the time and date of the live presentation. If these presentations are reviewed after the time and date of the live presentation, even if subsequently made available by us, on our website or otherwise, these presentations may not contain current or accurate information. Except as required by law, we disclaim any obligation to update or revise any forward-looking statement based on new information, future events or otherwise.

This presentation includes non-GAAP financial measures. Reconciliations of these measures to the comparable GAAP measures are available in the appendix to this presentation.

NetApp’s Investor Relations website at <https://investors.netapp.com/investor-relations> contains a significant amount of information about NetApp, including financial and other information for investors. NetApp encourages investors to visit that website from time to time as information is updated and new information is posted. The content of NetApp's website is not incorporated by reference into this presentation, and any references to NetApp’s website are intended to be inactive textual references only.

# NetApp unlocks the best of cloud

We help customers build their data fabric so they can thrive during times of disruption by getting the most out of their data, whether on premises, in a hybrid environment, or entirely in the cloud.

# In the post-COVID business world, work and IT architectures are hybrid...

Physical is being replaced or complemented by digital



Physical: predictable, slow



Digital: resilient, agile

# The new rules of digital – and hybrid – business...

Speed and flexibility matter enormously: businesses will pay more for these capabilities



**Speed** is the  
new scale



**Flexibility** is the  
greatest strength



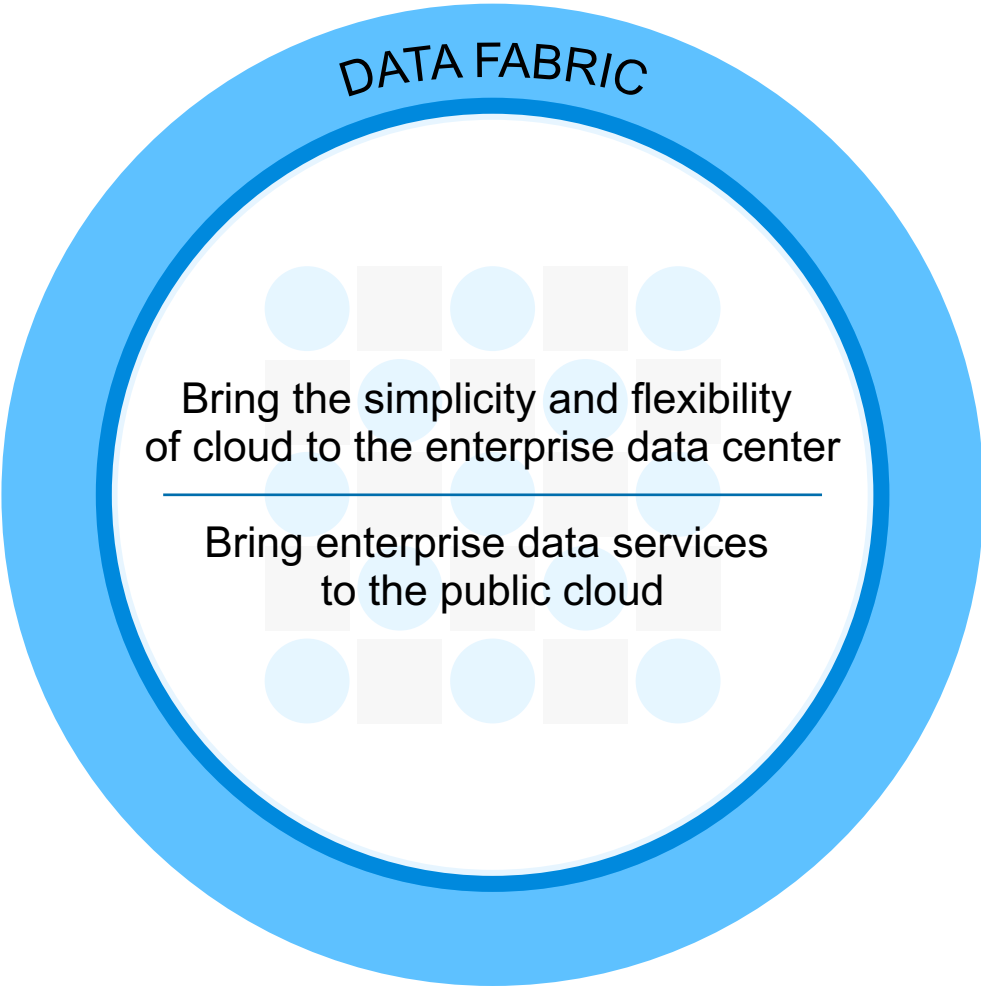
**Cloud** is the platform  
and **data** is the  
currency for digital



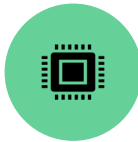
**Hybrid multi-cloud**  
is the de facto  
IT architecture

Cloud, software, and data-focused projects  
are resilient in the new normal economic environment

# Our solutions address crucial workloads in the cloud and on premises



Cloud storage



Compute operations



Cloud controls



Cloud services and analytics

**Enterprise workloads**

**Data protection**

**AI and data lakes**

**Virtualization/ Container**

**Cloud operations**

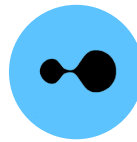
**Cost optimization**



Flash and hybrid storage



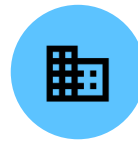
Object storage



Converged and hybrid cloud infrastructure



Protection and security



Enterprise solutions

## Strategic approach with focused execution for growth



Technology and innovation leadership



Aligned to customer imperatives



Strong business model

## Building on a strong foundation

- Data-centric software specialist
- Trusted by the world's leading organizations
- Unique partnerships with the biggest public clouds
- Differentiated data fabric strategy
- Strong business model
- Proven track record of turning market transitions into competitive advantage

# Results highlights

- Company all-time highs for Q2 billings, revenue, gross profit dollars, operating income, and EPS
- Delivered significant innovation advancing our leadership position in cloud, AI, and sustainability
- Returned \$258M to shareholders in dividends and stock buybacks
- Named a leader in Gartner's 2022 Magic Quadrant for Primary Storage
- Spot named a FinOps leader and outperformer by GigaOm
- Awarded a gold ranking from EcoVadis



## Q2 FY23 summary

	Q2 guidance (as of Aug 24, 2022)	Q2 actual	
Revenue	\$1.595B – \$1.745B	\$1.66B +6.2% y/y	✓
Billings*		\$1.60B +3.3% y/y	
Non-GAAP gross margin	66% – 67%	66.3% -210 bps y/y	✓
Non-GAAP operating margin	~ 23%	23.6% -30 bps y/y	✓
Non-GAAP EPS	\$1.28 – \$1.38	\$1.48 +15.6% y/y	✓
Non-GAAP FCF margin		8.2%	
Capital returns*		\$258M	

\*Billings is a Non-GAAP measure. Refer to appendix for details on these Non-GAAP measures and a reconciliation between Non-GAAP and GAAP numbers.  
Capital returns are the sum of cash dividends and share repurchases.

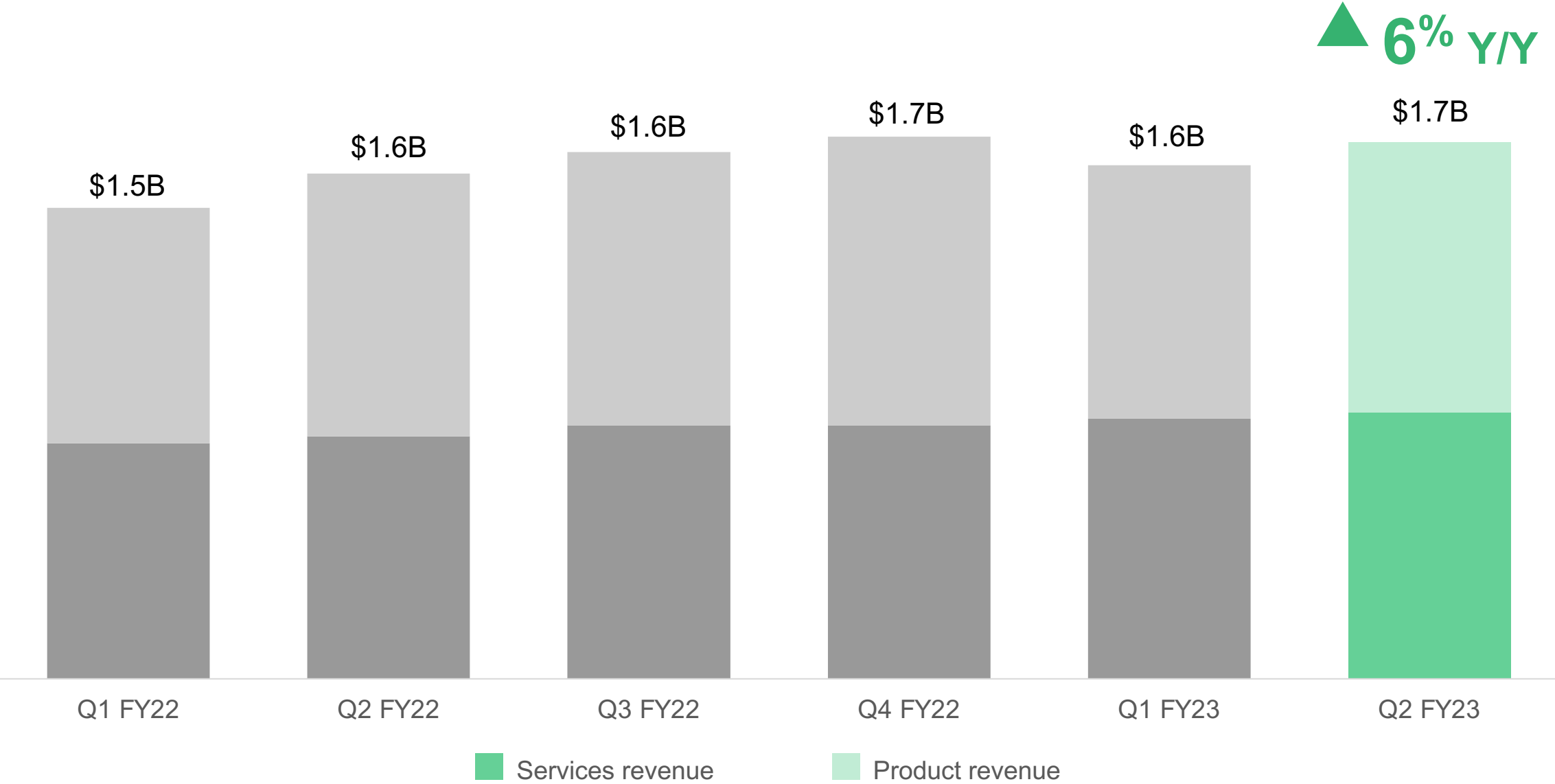
## FY23 summary

	Q1	Q2	1H FY23
Revenue	\$1.59B +9.2% y/y	\$1.66B +6.2% y/y	\$3.26B +7.6% y/y
Billings*	\$1.56B +13.4% y/y	\$1.60B +3.3% y/y	\$3.16B +8.0% y/y
Non-GAAP gross margin	66.7% -260 bps y/y	66.3% -210 bps y/y	66.5% -230 bps y/y
Non-GAAP operating margin	22.6% -40 bps y/y	23.6% -30 bps y/y	23.1% -40 bps y/y
Non-GAAP EPS	\$1.20 +4.3% y/y	\$1.48 +15.6% y/y	\$2.68 +10.7% y/y
Non-GAAP FCF margin	13.6%	8.2%	10.8%
Capital returns*	\$460M	\$258M	\$718M

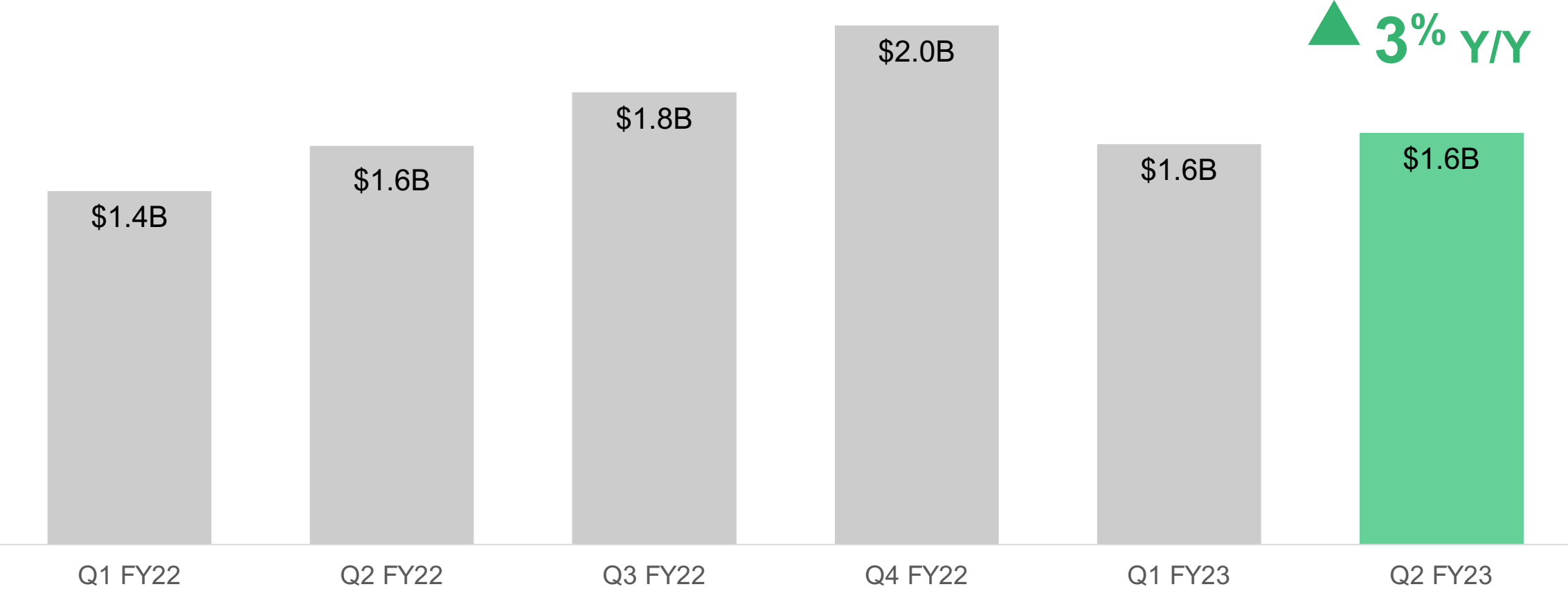
\*Billings is a Non-GAAP measure. Refer to appendix for details on these Non-GAAP measures and a reconciliation between Non-GAAP and GAAP numbers.

Capital returns are the sum of cash dividends and share repurchases.

# Revenues



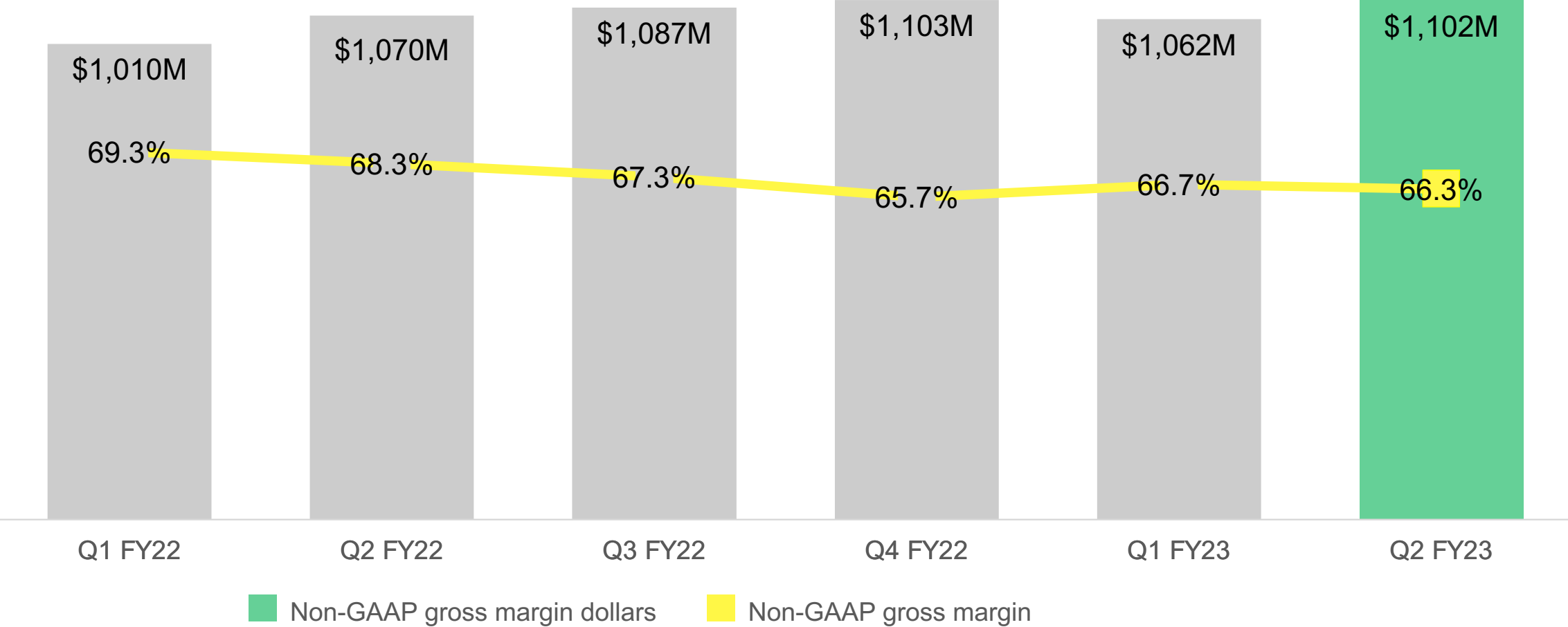
# Billings



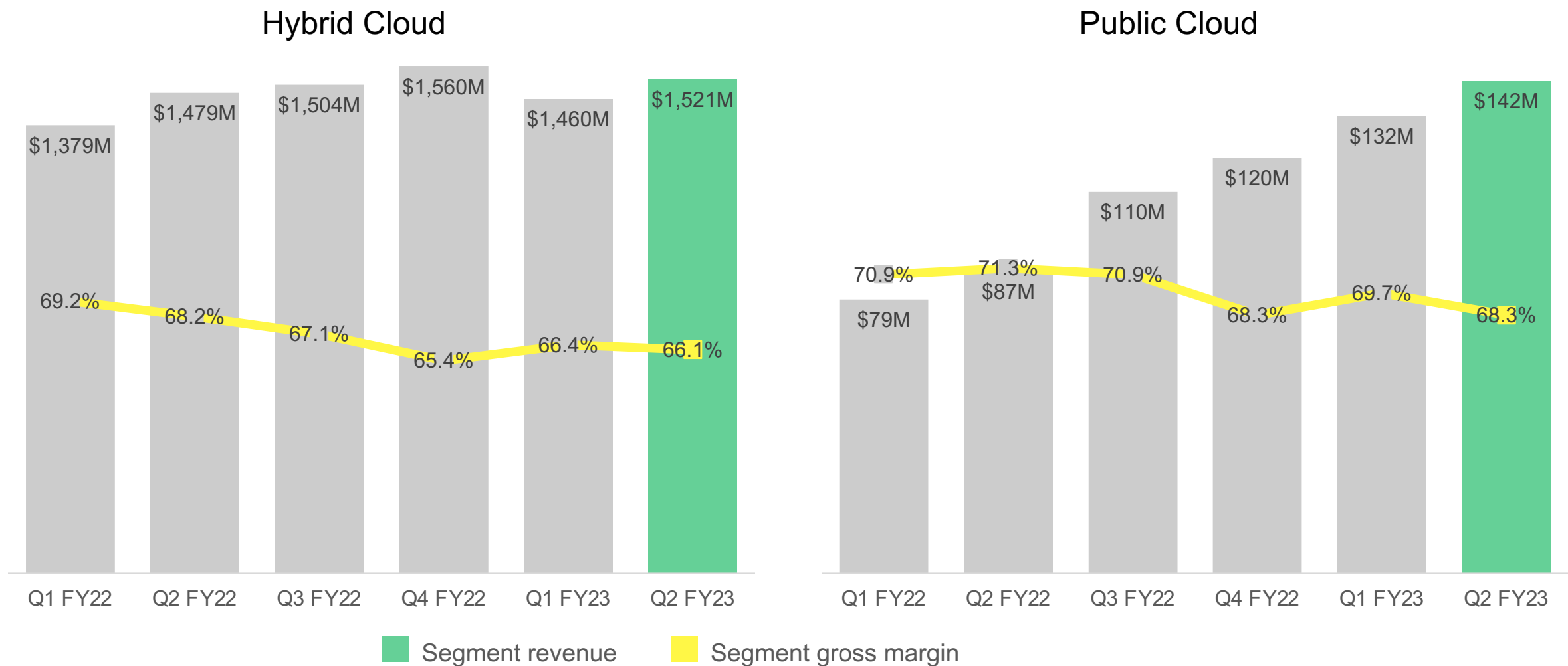
Billings

Billings is a Non-GAAP measure. Refer to appendix for details and a reconciliation between Non-GAAP and GAAP numbers.

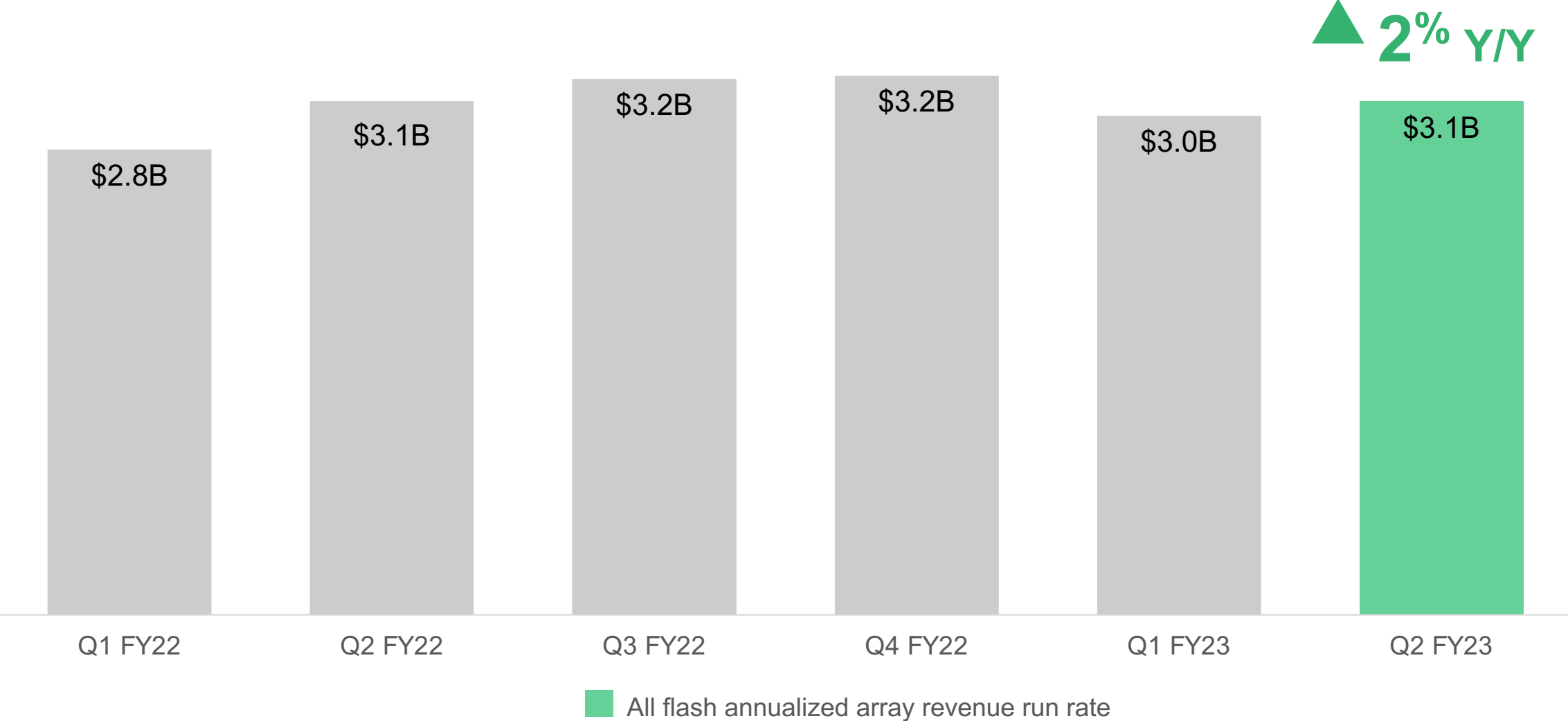
# Non-GAAP gross margin



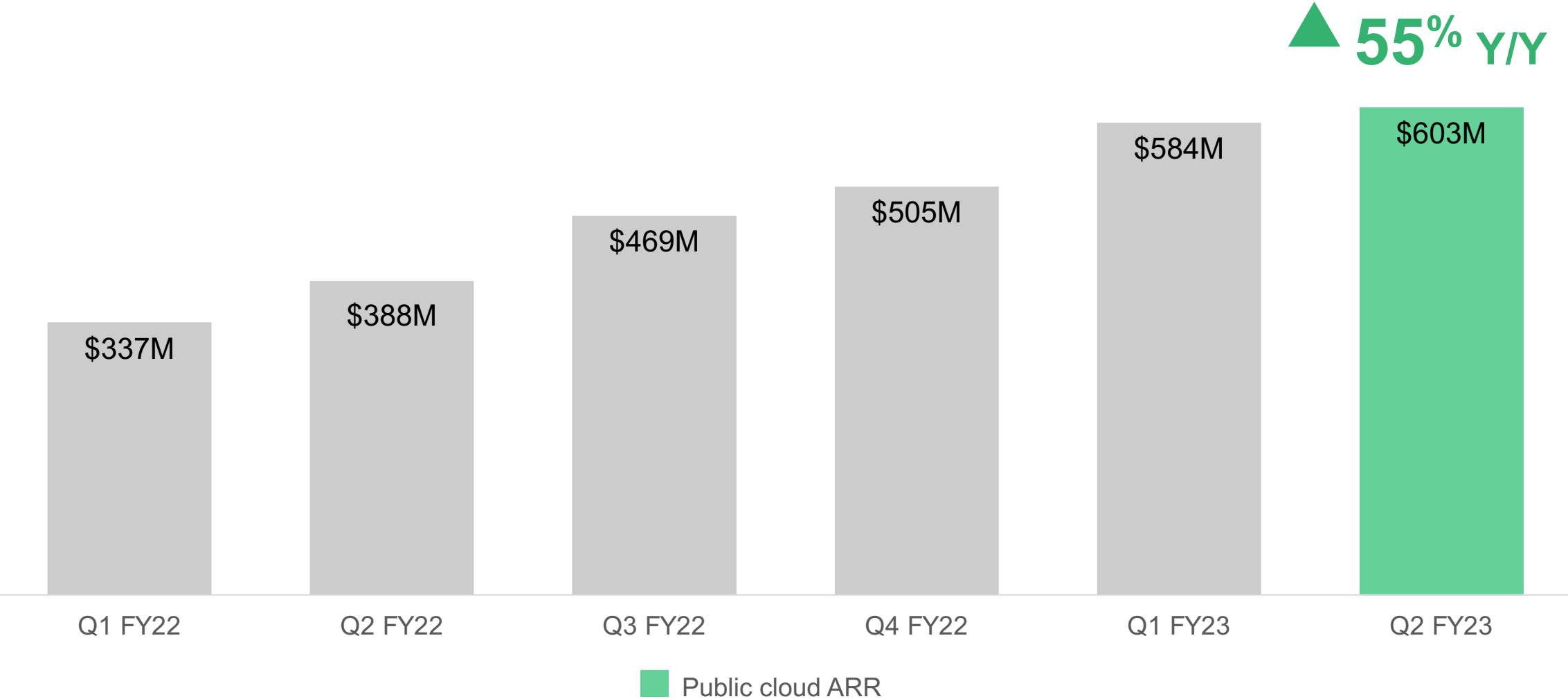
# Segment revenue and gross margin



# All flash array annualized revenue run rate

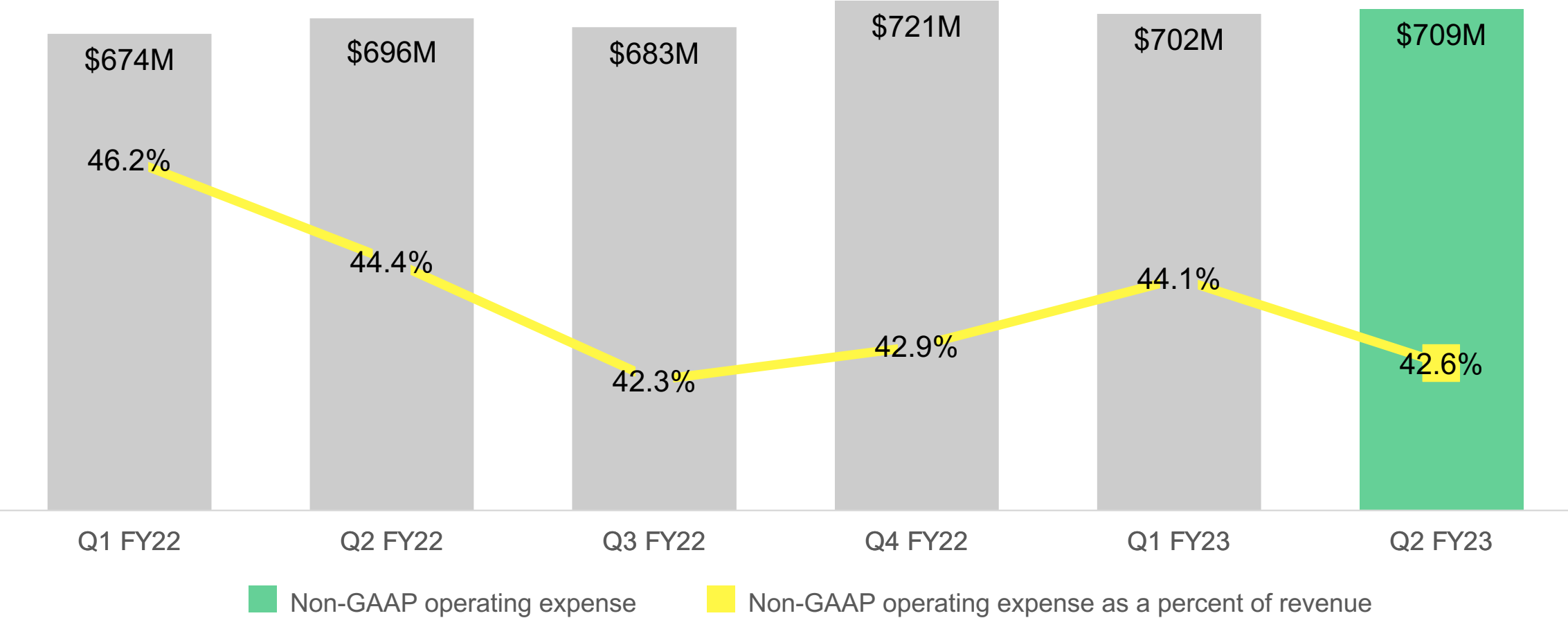


# Public cloud ARR

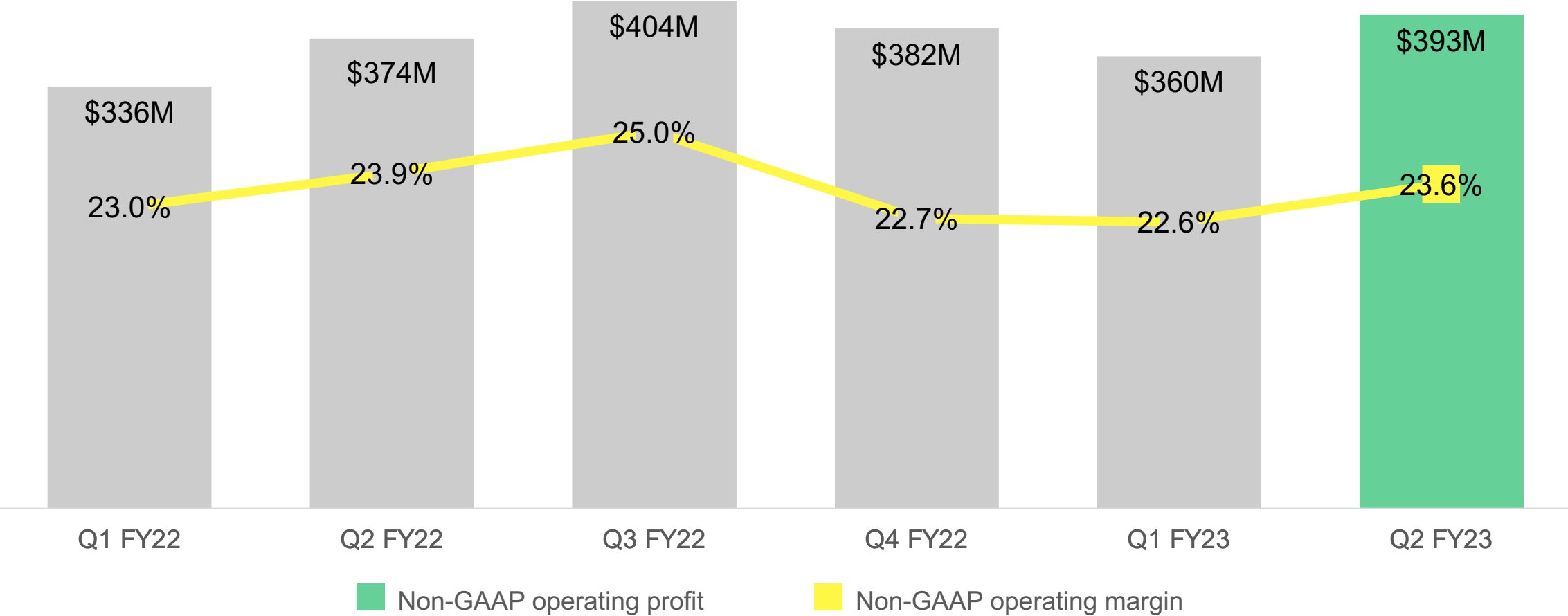




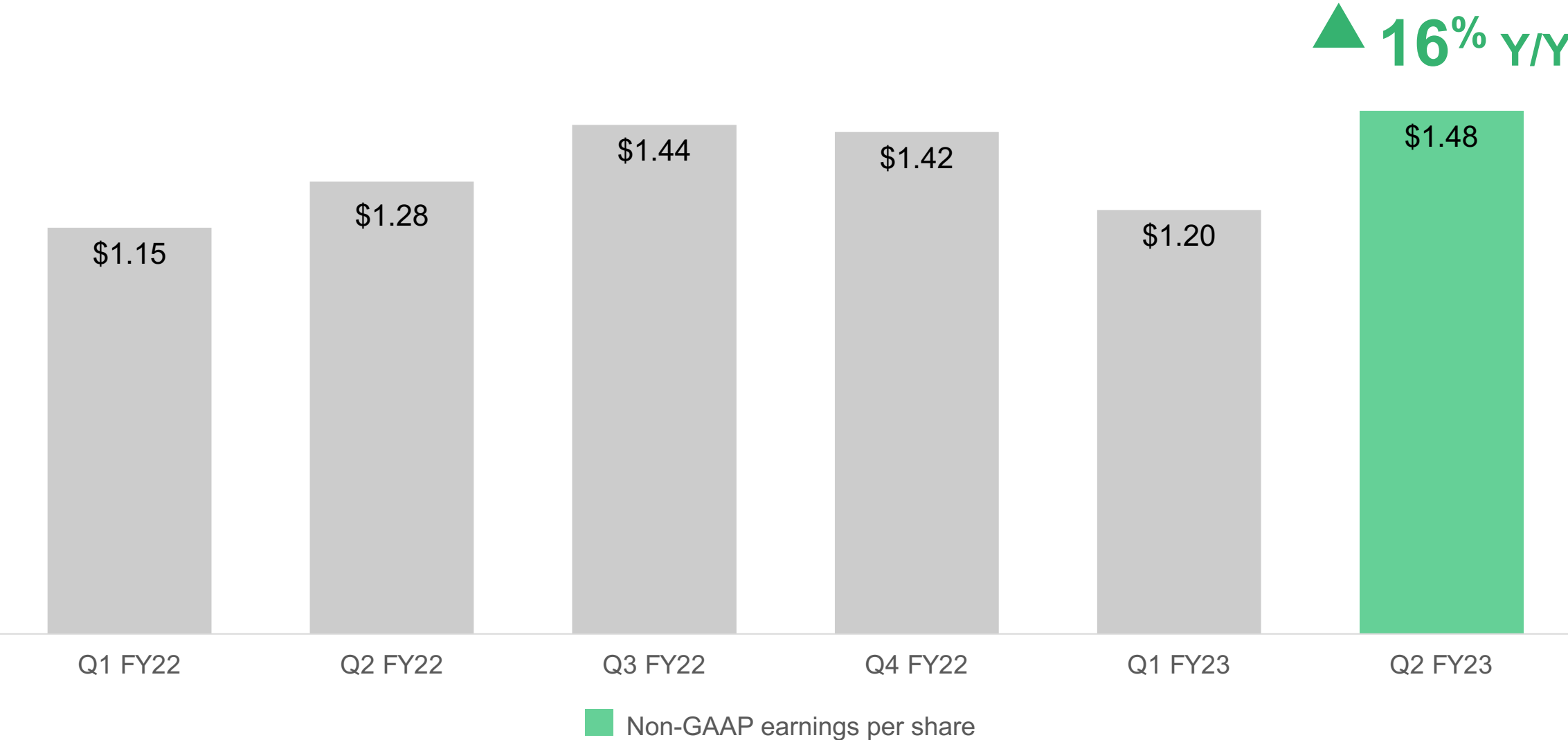
# Non-GAAP operating expense



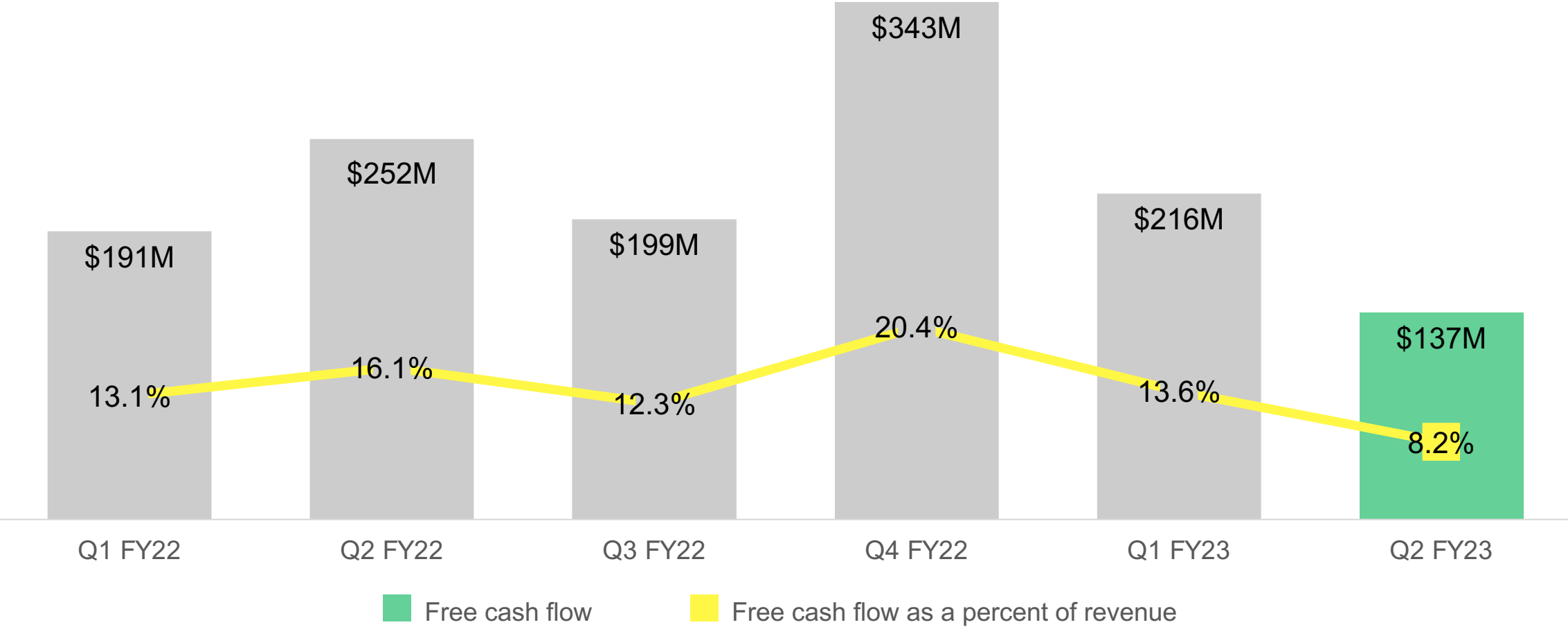
# Non-GAAP operating profit



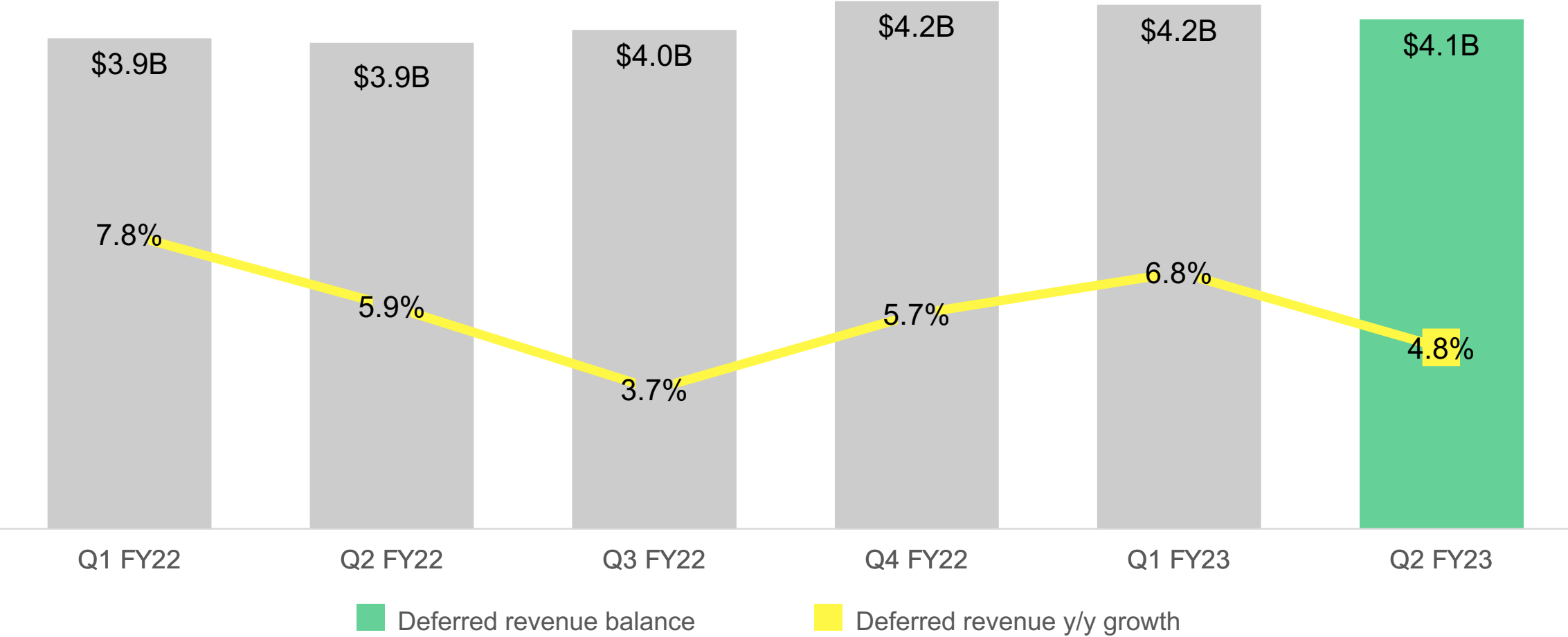
# Non-GAAP earnings per share



# Non-GAAP free cash flow



# Deferred revenue



# Q3 FY23 Guidance

as of Nov 29, 2022

	Q3 Guide
Revenue	\$1.525B – \$1.675B
Non-GAAP gross margin	~ 67%
Non-GAAP operating margin	22% – 23%
Earnings per share*	\$1.25 – \$1.35

## Additional modeling points

Net interest income	\$5M
Non-GAAP tax rate	21% – 22%
Share count	~ 220M

\*Earnings per share is presented on a Non-GAAP basis. Refer to appendix for a reconciliation between Non-GAAP and GAAP numbers.

# Updated FY23 Guidance

as of Nov 29, 2022

	FY23 Guide
Revenue	+ 2% – 4% y/y
Non-GAAP gross margin	66% – 67%
Non-GAAP operating margin	~ 23%
Earnings per share*	\$5.30 – \$5.50

## Additional modeling points

Public Cloud ARR	~ \$700M
Operating cash flow	\$1.4B
Free cash flow	\$1.1B

# **Appendix: Supplementary Tables and Non-GAAP to GAAP Reconciliations & Explanations**





# Supplemental revenue and gross margin data

## RECONCILIATION OF SEGMENTS GROSS PROFIT TO TOTAL GROSS PROFIT (\$ in millions)

	Q1 FY'22	Q2 FY'22	Q3 FY'22	Q4 FY'22	Q1 FY'23	Q2 FY'23	First Six Months of FY'22	First Six Months of FY'23
<b>Revenues by Segment</b>								
Product	\$ 730	\$ 814	\$ 846	\$ 894	\$ 786	\$ 837	\$ 1,544	\$ 1,623
Support	578	590	586	590	598	607	1,168	1,205
Professional and Other Services	71	75	72	76	76	77	146	153
<b>Hybrid Cloud Segment Net Revenues</b>	<b>1,379</b>	<b>1,479</b>	<b>1,504</b>	<b>1,560</b>	<b>1,460</b>	<b>1,521</b>	<b>2,858</b>	<b>2,981</b>
<b>Public Cloud Segment Net Revenues</b>	<b>79</b>	<b>87</b>	<b>110</b>	<b>120</b>	<b>132</b>	<b>142</b>	<b>166</b>	<b>274</b>
<b>Net Revenues</b>	<b>1,458</b>	<b>1,566</b>	<b>1,614</b>	<b>1,680</b>	<b>1,592</b>	<b>1,663</b>	<b>3,024</b>	<b>3,255</b>
<b>Hybrid cloud cost of revenues:</b>								
Product	326	369	404	442	395	417	695	812
Support	48	48	45	43	43	45	96	88
Professional and other services	51	54	46	54	52	54	105	106
<b>Hybrid cloud cost of revenues</b>	<b>425</b>	<b>471</b>	<b>495</b>	<b>539</b>	<b>490</b>	<b>516</b>	<b>896</b>	<b>1,006</b>
<b>Public cloud cost revenues</b>	<b>23</b>	<b>25</b>	<b>32</b>	<b>38</b>	<b>40</b>	<b>45</b>	<b>48</b>	<b>85</b>
<b>Cost of revenues</b>	<b>448</b>	<b>496</b>	<b>527</b>	<b>577</b>	<b>530</b>	<b>561</b>	<b>944</b>	<b>1,091</b>
<b>Gross Profit by Segment</b>								
Product	404	445	442	452	391	420	849	811
Support	530	542	541	547	555	562	1,072	1,117
Professional and Other Services	20	21	26	22	24	23	41	47
<b>Hybrid Cloud Segment Gross Profit</b>	<b>954</b>	<b>1,008</b>	<b>1,009</b>	<b>1,021</b>	<b>970</b>	<b>1,005</b>	<b>1,962</b>	<b>1,975</b>
<b>Public Cloud Segment Gross Profit</b>	<b>56</b>	<b>62</b>	<b>78</b>	<b>82</b>	<b>92</b>	<b>97</b>	<b>118</b>	<b>189</b>
<b>Total Segments Gross Profit</b>	<b>1,010</b>	<b>1,070</b>	<b>1,087</b>	<b>1,103</b>	<b>1,062</b>	<b>1,102</b>	<b>2,080</b>	<b>2,164</b>
Amortization of Intangible Assets	(7)	(7)	(9)	(10)	(11)	(10)	(14)	(21)
Stock-based Compensation	(4)	(4)	(5)	(4)	(5)	(5)	(8)	(10)
<b>Unallocated Cost of Revenues</b>	<b>(11)</b>	<b>(11)</b>	<b>(14)</b>	<b>(14)</b>	<b>(16)</b>	<b>(15)</b>	<b>(22)</b>	<b>(31)</b>
<b>Gross Profit</b>	<b>\$ 999</b>	<b>\$ 1,059</b>	<b>\$ 1,073</b>	<b>\$ 1,089</b>	<b>\$ 1,046</b>	<b>\$ 1,087</b>	<b>\$ 2,058</b>	<b>\$ 2,133</b>
<b>Hybrid Cloud Segment Gross Margin</b>	<b>69.2%</b>	<b>68.2%</b>	<b>67.1%</b>	<b>65.4%</b>	<b>66.4%</b>	<b>66.1%</b>	<b>68.6%</b>	<b>66.3%</b>
<b>Public Cloud Segment Gross Margin</b>	<b>70.9%</b>	<b>71.3%</b>	<b>70.9%</b>	<b>68.3%</b>	<b>69.7%</b>	<b>68.3%</b>	<b>71.1%</b>	<b>69.0%</b>

## Dollar-based net revenue retention rate for public cloud services (Non-GAAP)

Dollar-based net revenue retention rate (DBNRR) for public cloud services is a Non-GAAP metric calculated by dividing the approximate total revenue from our public cloud customer base at the end of a period (“Cloud Current Period revenue”) by the approximate revenue of the same group of customers at the beginning of that 12-month period. Cloud Current Period revenue includes existing customer renewals and expansion, is net of existing customer contraction and churn, and excludes new customers. Amounts used in the calculation of DBNRR differ from revenues recognized in accordance with US GAAP as they are derived from contract values prior to the reallocation of total contract value across all performance obligations based on relative standalone selling price, as required by ASC 606.

# Reconciliation of net revenues to billings (Non-GAAP)

## RECONCILIATION OF NET REVENUES TO BILLINGS (NON-GAAP) (In millions)

	Q1 FY'22	Q2 FY'22	Q3 FY'22	Q4 FY'22	Q1 FY'23	Q2 FY'23	First Six Months of FY'22	First Six Months of FY'23
Net revenues	\$ 1,458	\$ 1,566	\$ 1,614	\$ 1,680	\$ 1,592	\$ 1,663	\$ 3,024	\$ 3,255
Change in deferred revenue and financed unearned services revenue*	(82)	(15)	143	338	(32)	(61)	(97)	(93)
Billings	\$ 1,376	\$ 1,551	\$ 1,757	\$ 2,018	\$ 1,560	\$ 1,602	\$ 2,927	\$ 3,162

\* As reported on our Condensed Consolidated Statements of Cash Flows

*Some items may not add or recalculate due to rounding*

Billings - NetApp approximates billings by adding net revenues as reported on our consolidated statements of operations for the period to the change in total deferred revenue and financed unearned services revenue as reported on our consolidated statements of cash flows.

# Reconciliation of Non-GAAP to GAAP gross profit and gross margin

## RECONCILIATION OF NON-GAAP TO GAAP GROSS PROFIT AND GROSS MARGIN (\$ in millions)

	Q1 FY'22	Q2 FY'22	Q3 FY'22	Q4 FY'22	Q1 FY'23	Q2 FY'23	First Six Months of FY'22	First Six Months of FY'23
NET REVENUES	\$ 1,458	\$ 1,566	\$ 1,614	\$ 1,680	\$ 1,592	\$ 1,663	\$ 3,024	\$ 3,255
<b>GROSS PROFIT</b>	<b>\$ 999</b>	<b>\$ 1,059</b>	<b>\$ 1,073</b>	<b>\$ 1,089</b>	<b>\$ 1,046</b>	<b>\$ 1,087</b>	<b>\$ 2,058</b>	<b>\$ 2,133</b>
Adjustments:								
Amortization of intangible assets	7	7	9	10	11	10	14	21
Stock-based compensation	4	4	5	4	5	5	8	10
<b>NON-GAAP GROSS PROFIT</b>	<b>\$ 1,010</b>	<b>\$ 1,070</b>	<b>\$ 1,087</b>	<b>\$ 1,103</b>	<b>\$ 1,062</b>	<b>\$ 1,102</b>	<b>\$ 2,080</b>	<b>\$ 2,164</b>
<b>Gross margin-GAAP</b>	<b>68.5%</b>	<b>67.6%</b>	<b>66.5%</b>	<b>64.8%</b>	<b>65.7%</b>	<b>65.4%</b>	<b>68.1%</b>	<b>65.5%</b>
Adjustments	0.8%	0.7%	0.9%	0.8%	1.0%	0.9%	0.7%	1.0%
<b>Gross margin-Non-GAAP</b>	<b>69.3%</b>	<b>68.3%</b>	<b>67.3%</b>	<b>65.7%</b>	<b>66.7%</b>	<b>66.3%</b>	<b>68.8%</b>	<b>66.5%</b>

# Reconciliation of Non-GAAP to GAAP operating expenses

## RECONCILIATION OF NON-GAAP TO GAAP OPERATING EXPENSES (\$ in millions)

	Q1 FY'22	Q2 FY'22	Q3 FY'22	Q4 FY'22	Q1 FY'23	Q2 FY'23	First Six Months of FY'22	First Six Months of FY'23
<b>OPERATING EXPENSES</b>	<b>\$ 750</b>	<b>\$ 765</b>	<b>\$ 752</b>	<b>\$ 796</b>	<b>\$ 791</b>	<b>\$ 805</b>	<b>\$ 1,515</b>	<b>\$ 1,596</b>
Adjustments:								
Amortization of intangible assets	(2)	(3)	(4)	(4)	(6)	(7)	(5)	(13)
Stock-based compensation	(49)	(58)	(59)	(62)	(62)	(73)	(107)	(135)
Litigation settlements	(2)	-	-	-	-	-	(2)	-
Restructuring charges	(22)	(7)	-	(4)	(11)	(11)	(29)	(22)
Acquisition-related expense	(1)	(1)	(6)	(5)	(10)	(5)	(2)	(15)
<b>NON-GAAP OPERATING EXPENSES</b>	<b>\$ 674</b>	<b>\$ 696</b>	<b>\$ 683</b>	<b>\$ 721</b>	<b>\$ 702</b>	<b>\$ 709</b>	<b>\$ 1,370</b>	<b>\$ 1,411</b>
 NET REVENUES	 \$ 1,458	 \$ 1,566	 \$ 1,614	 \$ 1,680	 \$ 1,592	 \$ 1,663	 \$ 3,024	 \$ 3,255
 <b>GAAP OPERATING EXPENSES AS A PERCENTAGE OF NET REVENUES</b>	 <b>51.4%</b>	 <b>48.9%</b>	 <b>46.6%</b>	 <b>47.4%</b>	 <b>49.7%</b>	 <b>48.4%</b>	 <b>50.1%</b>	 <b>49.0%</b>
Adjustments	(5.2%)	(4.4%)	(4.3%)	-4.5%	(5.6%)	(5.8%)	(4.8%)	(5.7%)
<b>NON-GAAP OPERATING EXPENSES AS A PERCENTAGE OF NET REVENUES</b>	<b>46.2%</b>	<b>44.4%</b>	<b>42.3%</b>	<b>42.9%</b>	<b>44.1%</b>	<b>42.6%</b>	<b>45.3%</b>	<b>43.3%</b>

# Reconciliation of Non-GAAP to GAAP income from operations

## RECONCILIATION OF NON-GAAP TO GAAP INCOME FROM OPERATIONS (\$ in millions)

	Q1 FY'22	Q2 FY'22	Q3 FY'22	Q4 FY'22	Q1 FY'23	Q2 FY'23	First Six Months of FY'22	First Six Months of FY'23
<b>INCOME FROM OPERATIONS</b>	<b>\$ 249</b>	<b>\$ 294</b>	<b>\$ 321</b>	<b>\$ 293</b>	<b>\$ 255</b>	<b>\$ 282</b>	<b>\$ 543</b>	<b>\$ 537</b>
Adjustments:								
Amortization of intangible assets	9	10	13	14	17	17	19	34
Stock-based compensation	53	62	64	66	67	78	115	145
Litigation settlements	2	-	-	-	-	-	2	-
Restructuring charges	22	7	-	4	11	11	29	22
Acquisition-related expense	1	1	6	5	10	5	2	15
<b>NON-GAAP INCOME FROM OPERATIONS</b>	<b>\$ 336</b>	<b>\$ 374</b>	<b>\$ 404</b>	<b>\$ 382</b>	<b>\$ 360</b>	<b>\$ 393</b>	<b>\$ 710</b>	<b>\$ 753</b>
 NET REVENUES	 \$ 1,458	 \$ 1,566	 \$ 1,614	 \$ 1,680	 \$ 1,592	 \$ 1,663	 \$ 3,024	 \$ 3,255
 <b>GAAP INCOME FROM OPERATIONS AS A PERCENTAGE OF NET REVENUES</b>	 <b>17.1%</b>	 <b>18.8%</b>	 <b>19.9%</b>	 <b>17.4%</b>	 <b>16.0%</b>	 <b>17.0%</b>	 <b>18.0%</b>	 <b>16.5%</b>
Adjustments	6.0%	5.1%	5.1%	5.3%	6.6%	6.7%	5.5%	6.6%
<b>NON-GAAP INCOME FROM OPERATIONS AS A PERCENTAGE OF NET REVENUES</b>	<b>23.0%</b>	<b>23.9%</b>	<b>25.0%</b>	<b>22.7%</b>	<b>22.6%</b>	<b>23.6%</b>	<b>23.5%</b>	<b>23.1%</b>

## Reconciliation of Non-GAAP to GAAP net income per share

## RECONCILIATION OF NON-GAAP TO GAAP NET INCOME PER SHARE

	Q1 FY'22	Q2 FY'22	Q3 FY'22	Q4 FY'22	Q1 FY'23	Q2 FY'23	First Six Months of FY'22	First Six Months of FY'23
<b>NET INCOME PER SHARE</b>	\$ 0.88	\$ 0.98	\$ 1.10	\$ 1.14	\$ 0.96	\$ 3.41	\$ 1.86	\$ 4.34
Adjustments:								
Amortization of intangible assets	0.04	0.04	0.06	0.06	0.08	0.08	0.08	0.15
Stock-based compensation	0.23	0.27	0.28	0.29	0.30	0.35	0.50	0.65
Litigation settlements	0.01	-	-	-	-	-	0.01	-
Restructuring charges	0.10	0.03	-	0.02	0.05	0.05	0.13	0.10
Acquisition-related expense	-	-	0.03	0.02	0.04	0.02	0.01	0.07
Gain on sale of equity investment	-	-	-	-	(0.14)	-	-	(0.14)
Income tax effects	(0.11)	(0.06)	(0.02)	(0.11)	(0.08)	(0.05)	(0.17)	(0.13)
Income tax benefit from intra-entity intellectual property transfer	-	-	-	-	-	(2.38)	-	(2.36)
<b>NON-GAAP NET INCOME PER SHARE</b>	<b>\$ 1.15</b>	<b>\$ 1.28</b>	<b>\$ 1.44</b>	<b>\$ 1.42</b>	<b>\$ 1.20</b>	<b>\$ 1.48</b>	<b>\$ 2.42</b>	<b>\$ 2.68</b>
Diluted Shares	224	220						

**Note: GAAP and Non-GAAP Net Income Per Share were computed using the Diluted number of shares**  
**Some items may not add or recalculate due to rounding**

# Reconciliation of net cash provided by (used in) operating activities to free cash flow (Non-GAAP)

## RECONCILIATION OF NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES TO FREE CASH FLOW (NON-GAAP) (In millions)

	Q1 FY'22	Q2 FY'22	Q3 FY'22	Q4 FY'22	Q1 FY'23	Q2 FY'23	First Six Months of FY'22	First Six Months of FY'23
Net cash provided by (used in) operating activities	\$ 242	\$ 298	\$ 260	\$ 411	\$ 281	\$ 214	\$ 540	\$ 495
Purchases of property and equipment	(51)	(46)	(61)	(68)	(65)	(77)	(97)	(142)
Free cash flow	\$ 191	\$ 252	\$ 199	\$ 343	\$ 216	\$ 137	\$ 443	\$ 353
NET REVENUES	\$ 1,458	\$ 1,566	\$ 1,614	\$ 1,680	\$ 1,592	\$ 1,663	\$ 3,024	\$ 3,255
FREE CASH FLOWS AS A PERCENTAGE OF NET REVENUES	13.1%	16.1%	12.3%	20.4%	13.6%	8.2%	14.6%	10.8%

Free cash flow is calculated as net cash provided by operating activities less purchases of property and equipment.



# Reconciliation of Non-GAAP guidance to GAAP - third quarter fiscal 2023

NETAPP, INC.  
RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP  
THIRD QUARTER FISCAL 2023  
(Unaudited)

Third Quarter Fiscal 2023

Gross Margin - Non-GAAP Guidance	~67%
Adjustment:	
Cost of revenues adjustments	(1)%
Gross Margin - GAAP Guidance	~66%

Third Quarter Fiscal 2023

Operating Margin - Non-GAAP Guidance	22% - 23%
Adjustments:	
Amortization of intangible assets	(1)%
Stock-based compensation expense	(5)%
Operating Margin - GAAP Guidance	16% - 17%

# Reconciliation of Non-GAAP guidance to GAAP - third quarter fiscal 2023, continued

NETAPP, INC.  
RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP  
THIRD QUARTER FISCAL 2022  
(Unaudited)

	Third Quarter Fiscal 2023
Net Income Per Share - Non-GAAP Guidance	\$1.25 - \$1.35
Adjustments:	
Amortization of intangible assets	(\$0.08)
Stock-based compensation expense	(\$0.35)
Income tax effects	\$0.06
Net Income Per Share - GAAP Guidance	\$0.88 - \$0.98

	Third Quarter Fiscal 2023
Effective Tax Rate - Non-GAAP Guidance	21% - 22%
Adjustment:	
Income tax effects	3%
Effective Tax Rate - GAAP Guidance	24% - 25%

*Some items may not add or recalculate due to rounding*

# Reconciliation of Non-GAAP guidance to GAAP – fiscal 2023

NETAPP, INC.  
RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP  
FISCAL 2023  
(Unaudited)

	<b>Fiscal 2023</b>
Gross Margin - Non-GAAP Guidance	66% - 67%
Adjustment:	
Cost of revenues adjustments	(1)%
Gross Margin - GAAP Guidance	65% - 66%
	<b>Fiscal 2023</b>
Operating Margin - Non-GAAP Guidance	~23%
Adjustments:	
Amortization of intangible assets	(1)%
Stock-based compensation expense	(5)%
Operating Margin - GAAP Guidance	~17%

# Reconciliation of Non-GAAP guidance to GAAP – fiscal 2023, continued

NETAPP, INC.  
RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP  
FISCAL 2023  
(Unaudited)

	<u>Fiscal 2023</u>
Net Income Per Share - Non-GAAP Guidance	\$5.30 - \$5.50
Adjustments:	
Amortization of intangible assets	(\$0.31)
Stock-based compensation expense	(\$1.37)
Restructuring charges	(\$0.10)
Acquisition-related expenses	(\$0.07)
Gain on sale of equity investment	\$0.14
Income tax benefit from intra-entity intellectual property transfer	\$2.37
Income tax effects	\$0.33
Net Income Per Share - GAAP Guidance	<u>\$6.29 - \$6.49</u>

	<u>Fiscal 2023</u>
Net cash provided by operating activities	> \$1,400
Adjustment:	
Purchases of property and equipment	~ 300
Free cash flow	<u>&gt; \$1,100</u>

# Reconciliation of Non-GAAP guidance to GAAP - second quarter fiscal 2023

NETAPP, INC.  
RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP  
SECOND QUARTER FISCAL 2023  
(Unaudited)

	Second Quarter Fiscal 2023
Gross Margin - Non-GAAP Guidance	66% - 67%
Adjustment:	
Cost of revenues adjustments	(1)%
Gross Margin - GAAP Guidance	65% - 66%

	Second Quarter Fiscal 2023
Operating Margin - Non-GAAP Guidance	~23%
Adjustments:	
Amortization of intangible assets	(1)%
Stock-based compensation expense	(4)%
Operating Margin - GAAP Guidance	~18%

# Reconciliation of Non-GAAP guidance to GAAP - second quarter fiscal 2023, continued

NETAPP, INC.  
RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP  
SECOND QUARTER FISCAL 2022  
(Unaudited)

	Second Quarter Fiscal 2023
Net Income Per Share - Non-GAAP Guidance	\$1.28 - \$1.38
Adjustments:	
Amortization of intangible assets	(\$0.08)
Stock-based compensation expense	(\$0.33)
Income tax effects	\$0.06
Net Income Per Share - GAAP Guidance	\$0.93 - \$1.03

	Second Quarter Fiscal 2023
Effective Tax Rate - Non-GAAP Guidance	21% - 22%
Adjustment:	
Income tax effects	2%
Effective Tax Rate - GAAP Guidance	23% - 24%

*Some items may not add or recalculate due to rounding*

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