NETAPP, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (In millions) (Unaudited)

	 etober 25, 2024	April 26, 2024
ASSETS		
Current assets:		
Cash, cash equivalents and investments	\$ 2,222	\$ 3,252
Accounts receivable	873	1,007
Inventories	317	186
Other current assets	527	452
Total current assets	3,939	 4,897
Property and equipment, net	593	604
Goodwill and purchased intangible assets, net	2,855	2,883
Other non-current assets	 1,617	 1,503
Total assets	\$ 9,004	\$ 9,887
		 _
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 554	\$ 517
Accrued expenses	969	1,013
Current portion of long-term debt	749	400
Short-term deferred revenue and financed unearned services revenue	2,045	 2,176
Total current liabilities	4,317	4,106
Long-term debt	1,244	1,992
Other long-term liabilities	496	585
Long-term deferred revenue and financed unearned services revenue	 2,055	2,058
Total liabilities	8,112	8,741
Stockholders' equity	 892	1,146
Total liabilities and stockholders' equity	\$ 9,004	\$ 9,887

NETAPP, INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (In millions, except per share amounts)

(Unaudited)

		Three Months Ended			Six Months Ended			
		ober 25, 2024	Oct	ober 27, 2023	Oct	tober 25, 2024		tober 27, 2023
Net revenues:				,				
Product	\$	768	\$	706	\$	1,437	\$	1,296
Services		890		856		1,762		1,698
Net revenues		1,658		1,562		3,199		2,994
Cost of revenues:								
Cost of product		307		276		576		541
Cost of services		174		176		348		347
Total cost of revenues		481		452		924		888
Gross profit		1,177		1,110		2,275		2,106
Operating expenses:								
Sales and marketing		485		461		956		929
Research and development		257		262		509		509
General and administrative		77		75		152		149
Restructuring charges		12		5		29		31
Acquisition-related expense		1		3		2		6
Total operating expenses		832		806		1,648		1,624
Income from operations		345		304		627		482
Other income, net		15		11		32		19
Income before income taxes		360		315		659		501
Provision for income taxes		61		82		112		119
Net income	\$	299	\$	233	\$	547	\$	382
Net income per share:	_		-				_	
Basic	\$	1.47	\$	1.12	\$	2.67	\$	1.82
Dasic	<u>Ф</u>	1.4/	<u> </u>	1.12	<u>. — — — — — — — — — — — — — — — — — — —</u>	2.07	<u>-</u>	1.02
Diluted	\$	1.42	\$	1.10	\$	2.59	\$	1.79
Shares used in net income per share calculations:								
Basic		204		208	-	205	-	210
Diluted		210		211		211		214

NETAPP, INC. CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (In millions) (Unaudited)

	Three Months Ended			Si	ix Mont	hs End	s Ended	
	Oct	ober 25, 2024	Octobe 202	r 27,	Octobe	October 25, 2024		ober 27, 2023
Cash flows from operating activities:								
Net income	\$	299	\$	233	\$	547	\$	382
Adjustments to reconcile net income to net cash provided by operating								
activities:								
Depreciation and amortization		63		64		126		128
Non-cash operating lease cost		11		12		21		23
Stock-based compensation		103		93		188		180
Deferred income taxes		(52)		(7)		(69)		(13)
Other items, net		54		(25)		35		(27)
Changes in assets and liabilities, net of acquisitions of businesses:								
Accounts receivable		(197)		(147)		138		185
Inventories		(103)		9		(132)		46
Accounts payable		113		70		36		14
Accrued expenses		137		137		(84)		48
Deferred revenue and financed unearned services revenue		(72)		(108)		(164)		(241)
Long-term taxes payable		(95)		(111)		(91)		(110)
Changes in other operating assets and liabilities, net		(156)		(85)		(105)		(27)
Net cash provided by operating activities		105		135		446		588
Cash flows from investing activities:								
Redemptions of investments, net		607		264		597		72
Purchases of property and equipment		(45)		(38)		(86)		(73)
Other investing activities, net		2		1		2		_
Net cash provided by (used in) investing activities		564		227		513		(1)
Cash flows from financing activities:						0.10		(1)
Proceeds from issuance of common stock under employee stock award								
plans		_		_		55		52
Payments for taxes related to net share settlement of stock awards		(35)		(20)		(132)		(85)
Repurchase of common stock		(300)		(300)		(700)		(700)
Repayments and extinguishment of debt		(400)		(300) —		(400)		(, oo)
Dividends paid		(106)		(103)		(213)		(209)
Other financing activities, net		(1)		2				(20)
Net cash used in financing activities		(842)		(421)		1,390)		(942)
The cash asea in maneing activities		(012)		(121)		1,570)		() 12)
Effect of exchange rate changes on cash, cash equivalents and restricted								
cash		1		(26)		9		(26)
Casii		1		(20)		,		(20)
Net change in cash, cash equivalents and restricted cash		(172)		(85)		(422)		(381)
Cash, cash equivalents and restricted cash:		(1/4)		(03)		(722)		(301)
Beginning of period		1,659	2	,026	1	1,909		2,322
End of period	\$	1,487		,941		1,487	\$	1,941
End of period	Φ	1,40/	φ 1	,7+1	Φ	1,40/	Ψ	1,341

NETAPP, INC. SUPPLEMENTAL DATA

(In millions except net income per share, percentages, DSO, DPO and Inventory Turns) (Unaudited)

Support 92.0% 92.1% 92.0% Professional and Other Services 26.4% 22.0% 24.1% Hybrid Cloud Segment Gross Margin 71.8% 72.4% 72.7% Public Cloud Segment Gross Margin 73.8% 71.1% 66.2% Geographic Mix Work Of Q2 FY'25 FY'25 FY'25 FY'24 FY'25 FY'25 FY'24 Revenue Revenue Revenue Revenue Americas 38% 39% 37% 37% LUS. Public Sector 14% 11% 13% EMEA 33% 33% 34% Asia Pacific 15% 17% 16% Pathways Mix Fy'25 FY'25 FY'25 FY'25 FY'24 Revenue	Revenues by Segment			
Support Sign Sign				
Professional and Other Services \$7		· ·		
Public Cloud Segment Net Revenues 1,490 1,382 1,408 158	• •			
Public Cloud Segment Net Revenues 168 159 154 Net Revenues 8 1,658 159 154 Gross Profit by Segment Q2'FY25 Q1FY25 Q2FY24 Product \$ 463 \$ 401 \$ 431 Support \$ 584 \$ 51 573 Professional and Other Services 23 18 19 Public Cloud Segment Gross Profit 1,07 1,00 1,023 Public Cloud Segment Gross Profit 1,19 1,113 1,125 Amortization of Intangible Assets (9) (8) (8) Stock-based Compensation (8) (7) (7) Unallocated Cost of Revenues (17) (15) (15) Gross Profit \$ 1,177 \$ 1,098 \$ 1,110 Gross Margin by Segment \$ 2,177 \$ 1,098 \$ 1,110 Product 60.33 \$ 5.99 \$ 61.098 Support \$ 2,008 \$ 2,008 \$ 2,008 Professional and Other Services \$ 2,408 \$ 2,008 \$ 2,008 <td></td> <td></td> <td></td> <td></td>				
Net Revenues 5.1658 1.541 1.552 Gross Profit by Segment Q2*FY25 Q1*FY25 Q1*FY25 Q2*FY28 Product \$463 \$401 \$431 Support \$58 \$58 \$573 Professional and Other Services \$23 \$18 \$19 Hybrid Cloud Segment Gross Profit \$1,07 \$1,00 \$1,02 Public Cloud Segment Gross Profit \$1,19 \$1,113 \$1,02 Amortization of Intangible Assets \$(9) \$(8) \$(8) \$(7) \$(7) Amortization of Intangible Assets \$(9) \$(8) \$(7) \$(7) \$(15) \$(15) \$(15) \$(15) \$(15) \$(8)				
Gross Profit by Segment Q2*FY25 Q1*FY25 Q2*FY24 Product \$ 463 \$ 401 \$ 431 Support \$84 \$81 573 Professional and Other Services 23 18 19 Hybrid Cloud Segment Gross Profit 1,070 1,000 1,023 Public Cloud Segment Gross Profit 1,194 1,113 1025 Amortization of Intangible Assets (9) (8) (8) Stock-based Compensation (8) (7) (7) Unallocated Cost of Revenue (17) (15) (15) Gross Profit \$ 1,177 \$ 1,098 \$ 1,110 Gross Profit \$ 2,177 \$ 1,098 \$ 1,110 Gross Profit \$ 2,177 \$ 2,098 \$ 2,109 Product \$ 60.3% \$ 9.99 \$ 61.0% Support	9			
Product Sa	Net Revenues	<u>\$ 1,658</u>	<u>\$ 1,541</u>	\$ 1,562
Product	Gross Profit by Segment	02/EV25	01/EV25	ONEV24
Support S84 S81 S73 Professional and Other Services 23 18 19 19 19 19 19 19 19	Draduat			
Professional and Other Services 23 18 19 19 19 19 19 19 10 10		· ·		
Hybrid Cloud Segment Gross Profit 1,070 1,000 1,023 1,025 124 113 102 1,025				
Public Cloud Segment Gross Profit 124 113 102 Total Segments Gross Profit 1,194 1,113 1,125 Amortization of Intangible Assets (9) (8) (8) Stock-based Compensation (8) (7) (7) Unallocated Cost of Revenues (17) (15) (15) Gross Profit \$1,177 \$1,098 \$1,110 Gross Margin by Segment Q2'FY25 Q1'FY25 Q2FY24 Product 60,3% 59,9% 61,0% Support 92,0% 92,1% 92,0% Professional and Other Services 26,4% 22,0% 22,1% Public Cloud Segment Gross Margin 71,8% 72,4% 72,7% Public Cloud Segment Gross Margin 71,8% 72,4 72,7% Public Cloud Segment Gross Margin 71,8% 72,4 72,7% Public Cloud Segment Gross Margin 71,8% 72,4 72,7% Public Cloud Segment Gross Margin 71,8% 72,5 FY25 FY25 FY25 FY25				
Total Segments Gross Profit				
Amortization of Intangible Assets 9 68 8 8 8 8 1 7 7 7 7 7 1 1 1 1				
Stock-based Compensation 10 11 11 11 11 11 11 1	Total Segments Gross Profit	1,194	1,113	1,125
Stock-based Compensation 10 11 11 11 11 11 11 1	Amortization of Intangible Assets	(9)	(8)	(8)
Unallocated Cost of Revenues (17) (15) (15) Gross Profit \$ 1,177 \$ 1,098 \$ 1,110 Gross Margin by Segment Q2'FY25 Q1FY25 Q2FY24 Product 66.03% 59.9% 61.0% Support 92.0% 92.1% 92.0% Professional and Other Services 26.4% 22.0% 24.1% Hybrid Cloud Segment Gross Margin 71.8% 72.4% 72.7% Public Cloud Segment Gross Margin 73.8% 71.1% 66.2% Geographic Mix ** FY'25 FY25 FY25 FY25 FY24 Revenue				
Product 92.0% 59.9% 61.0% 59.9% 61.0% 59.9% 61.0% 59.9% 61.0% 60.3% 59.9% 61.0% 60.3% 60.0% 60				
Product 60.3% 59.9% 61.0% 50.9% 61.0% 50.9% 61.0% 50.9% 61.0% 50.9% 61.0% 50.9% 50.9% 61.0% 50.9% 50.0% 50	Gross Profit	<u>\$ 1,177</u>	\$ 1,098	\$ 1,110
Product Support 92.0% 59.9% 61.0% Support 92.0% 92.1% 92.0% 92.0% 92.1% 92.0%	Gross Margin by Segment	Q2'FY25	Q1'FY25	Q2'FY24
Professional and Other Services 26.4% 22.0% 24.1% Hybrid Cloud Segment Gross Margin 71.8% 72.4% 72.7% Public Cloud Segment Gross Margin 73.8% 71.1% 66.2% Geographic Mix	Product	60.3%	6 59.9%	61.0%
Professional and Other Services 26.4% 22.0% 24.1% Hybrid Cloud Segment Gross Margin 71.8% 72.4% 72.7% Public Cloud Segment Gross Margin 73.8% 71.1% 66.2% Geographic Mix	Support	92.0%	6 92.1%	92.0%
Public Cloud Segment Gross Margin 73.8% 71.1% 66.2% Geographic Mix % of Q2 FY'25 FY'25 FY'25 FY'24 % of Q2 FY'25 FY'25 FY'24 % of Q2 FY'25 FY'25 FY'24 Revenue Revenue Revenue Americas 52% 50% 50% 50% 50% Americas Commercial 38% 39% 37% 37% 37% 20% <t< td=""><td>Professional and Other Services</td><td>26.4%</td><td>6 22.0%</td><td>24.1%</td></t<>	Professional and Other Services	26.4%	6 22.0%	24.1%
Public Cloud Segment Gross Margin 73.8% 71.1% 66.2% Geographic Mix % of Q2 FY'25 FY'25 FY'25 FY'24 % of Q2 FY'25 FY'25 FY'24 % of Q2 FY'25 FY'25 FY'24 Revenue Revenue Revenue Americas 52% 50% 50% 50% 50% Americas Commercial 38% 39% 37% 37% 37% 20% <t< td=""><td>Hybrid Cloud Segment Gross Margin</td><td>71.8%</td><td>6 72.4%</td><td>72.7%</td></t<>	Hybrid Cloud Segment Gross Margin	71.8%	6 72.4%	72.7%
Wo of Q2 Wo of Q1 Wo of Q2 FY'25 FY'25 FY'24	Public Cloud Segment Gross Margin			
FY'25 FY'24 Revenue Revenue Revenue	Geographic Mix			
Americas S2% S0% S0% Americas Commercial 38% 39% 37% U.S. Public Sector 14% 11% 13% EMEA 33% 33% 34% Asia Pacific 15% 17% 16% Pathways Mix Fy'25 FY'25 FY'25 FY'25 FY'24 Revenue Revenue Revenue Revenue Direct 23% 22% 23%				
Americas 52% 50% 50% Americas Commercial 38% 39% 37% U.S. Public Sector 14% 11% 13% EMEA 33% 33% 34% Asia Pacific 15% 17% 16% Pathways Mix "o of Q2 % of Q1 % of Q2 FY'25 FY'25 FY'25 FY'24 Revenue Revenue Direct 23% 22% 23%		FY'25	FY'25	
Americas Commercial 38% 39% 37% U.S. Public Sector 14% 11% 13% EMEA 33% 33% 34% Asia Pacific 15% 17% 16% Pathways Mix " of Q2 % of Q1 % of Q2 FY'25 FY'25 FY'25 FY'24 FY'25 FY'24 FY'25 FY'24 FY'25 FY'24 FY'25 FY'24 FY'25 FY'24 FY'25 FY'25 FY'24 FY'25 FY'24 FY'25 FY'25 FY'24 FY'25 FY'25 FY'24 FY'25 FY'25 FY'25 FY'24 FY'25 FY'25 FY'25 FY'25 FY'24 FY'25		Revenue	Revenue	Revenue
U.S. Public Sector 14% 11% 13% EMEA 33% 33% 34% Asia Pacific 15% 17% 16% Pathways Mix " of Q2 % of Q1 % of Q2 FY'25 FY'25 FY'24 FY'25 FY'24 Revenue Revenu	Americas	52%	6 50%	50%
EMEA 33% 33% 34% Asia Pacific 15% 17% 16% Pathways Mix % of Q2 % of Q1 % of Q2 FY'25 FY'25 FY'24 FY'24 Revenue Revenue Revenue Revenue Revenue Revenue 23% 22% 23% 23% 22% 23% 23% 22% 23% 23% 22% 23% 23% 22% 23%				
Pathways Mix % of Q2 % of Q1 % of Q2 FY'25 FY'25 FY'25 FY'24 Revenue Revenue Revenue Direct 23% 22% 23%	U.S. Public Sector	14%	6 11%	13%
Pathways Mix % of Q2 % of Q1 % of Q2 FY'25 FY'25 FY'24 Revenue Revenue Revenue Direct 23% 22% 23%	EMEA	33%	6 33%	34%
% of Q2 % of Q1 % of Q2 FY'25 FY'25 FY'25 FY'24 Revenue Revenue Revenue Revenue Direct 23% 22% 23%	Asia Pacific	15%	6 17%	16%
FY'25 FY'25 FY'24 Revenue Revenue Revenue Direct 23% 22% 23%	Pathways Mix			
Revenue Revenue Revenue Direct 23% 22% 23%				
Direct 23% 22% 23%		FY'25	FY'25	FY'24
Direct 23% 22% 23%		Revenue	Revenue	Revenue
Indirect 77% 78% 77%	Direct	23%	6 22%	23%
	Indirect	77%	78% 78%	77%

Non-GAAP Income from Operations, Income before Income Taxes & Effective Tax Rate

	Q2'	Q2'FY25		Q1'FY25		2'FY24
Non-GAAP Income from Operations	\$	475	\$	399	\$	419
% of Net Revenues		28.6%		25.9%)	26.8%
Non-GAAP Income before Income Taxes	\$	493	\$	416	\$	425
Non-GAAP Effective Tax Rate		20.5%		20.7%)	21.4%

Non-GAAP Net Income

	Q2'FY25		Q1FY25		Q2	2'F Y 24
Non-GAAP Net Income	\$	392	\$	330	\$	334
Non-GAAP Weighted Average Common Shares Outstanding, Diluted		210		212		211
Non-GAAP Net Income per Share, Diluted	\$	1.87	\$	1.56	\$	1.58

Select Balance Sheet Items

	Q2'FY25		Q1'FY25		Q2'I	FY24
Deferred Revenue and Financed Unearned Services Revenue	\$	4,100	\$	4,169	\$	4,002
DSO (days)		48		40		46
DPO (days)		105		90		83
Inventory Turns		6		8		15

Days sales outstanding (DSO) is defined as accounts receivable divided by net revenues, multiplied by the number of days in the quarter.

Days payables outstanding (DPO) is defined as accounts payable divided by cost of revenues, multiplied by the number of days in the quarter.

Inventory turns is defined as annualized cost of revenues divided by net inventories.

Select Cash Flow Statement Items

	Q2'FY25		Q	1'FY25	Ç	2'FY24
Net Cash Provided by Operating Activities	\$	105	\$	341	\$	135
Purchases of Property and Equipment	\$	45	\$	41	\$	38
Free Cash Flow	\$	60	\$	300	\$	97
Free Cash Flow as % of Net Revenues		3.6%	, D	19.5%)	6.2%

Free cash flow is a non-GAAP measure and is defined as net cash provided by operating activities less purchases of property and equipment.

Some items may not add or recalculate due to rounding.

NETAPP, INC. RECONCILIATION OF GAAP TO NON-GAAP INCOME STATEMENT INFORMATION

(In millions, except net income per share amounts)

	Q2'FY25		Q1'FY25	Q2'FY24
NET INCOME	\$ 2	99	\$ 248	\$ 233
Adjustments:				
Amortization of intangible assets		14	14	14
Stock-based compensation]	03	85	93
Restructuring charges		12	17	5
Acquisition-related expense		1	1	3
Gains/losses on the sale or derecognition of assets		3	_	_
Litigation settlements			_	(5)
Income tax effects		40)	(35)	(9)
NON-GAAP NET INCOME	\$	92	\$ 330	\$ 334
	-			
COST OF REVENUES	\$	81	\$ 443	\$ 452
Adjustments:				
Amortization of intangible assets		(9)	(8)	(8)
Stock-based compensation		(8)	(7)	(7)
NON-GAAP COST OF REVENUES	\$	64	\$ 428	\$ 437
COST OF PRODUCT REVENUES	\$	07	\$ 269	\$ 276
Adjustments:				
Stock-based compensation		(2)	(1)	(1)
NON-GAAP COST OF PRODUCT REVENUES	\$ 3	05	\$ 268	\$ 275
	-		-	
COST OF SERVICES REVENUES	\$	74	\$ 174	\$ 176
Adjustments:				
Amortization of intangible assets		(9)	(8)	(8)
Stock-based compensation		(6)	(6)	(6)
NON-GAAP COST OF SERVICES REVENUES	\$	59	\$ 160	\$ 162
GROSS PROFIT	\$ 1,1	77	\$ 1,098	\$ 1,110
Adjustments:				
Amortization of intangible assets		9	8	8
Stock-based compensation		8	7	7
NON-GAAP GROSS PROFIT	\$ 1,1	94	\$ 1,113	\$ 1,125
		_		

NETAPP, INC. RECONCILIATION OF GAAP TO NON-GAAP INCOME STATEMENT INFORMATION

(In millions, except net income per share amounts)

	Q2'F	Y25	Q	1'FY25	(Q2'FY24
SALES AND MARKETING EXPENSES	\$	485	\$	471	\$	461
Adjustments:						
Amortization of intangible assets		(5)		(6)		(6)
Stock-based compensation		(43)		(35)		(37)
NON-GAAP SALES AND MARKETING EXPENSES	\$	437	\$	430	\$	418
RESEARCH AND DEVELOPMENT EXPENSES	\$	257	\$	252	\$	262
Adjustments:						
Stock-based compensation		(37)		(31)		(35)
NON-GAAP RESEARCH AND DEVELOPMENT EXPENSES	\$	220	\$	221	\$	227
GENERAL AND ADMINISTRATIVE EXPENSES	\$	77	\$	75	\$	75
Adjustments:						
Stock-based compensation		(15)		(12)		(14)
NON-GAAP GENERAL AND ADMINISTRATIVE EXPENSES	\$	62	\$	63	\$	61
RESTRUCTURING CHARGES	\$	12	\$	17	\$	5
Adjustments:		(4.5)		(1 -)		/-×
Restructuring charges	<u> </u>	(12)	<u></u>	(17)	_	(5)
NON-GAAP RESTRUCTURING CHARGES	\$		\$		\$	
			Φ.			
ACQUISITION-RELATED EXPENSE	\$	1	\$	1	\$	3
Adjustments: Acquisition-related expense		(1)		(1)		(2)
NON-GAAP ACQUISITION-RELATED EXPENSE	¢.	(1)	<u></u>	(1)	\$	(3)
NON-GAAP ACQUISITION-RELATED EXPENSE	\$		\$		D	
OPERATING EXPENSES	\$	832	\$	816	\$	806
Adjustments:	Ф	832	Ф	810	Ф	800
Amortization of intangible assets		(5)		(6)		(6)
Stock-based compensation		(95)		(78)		(86)
Restructuring charges		(12)		(17)		(5)
Acquisition-related expense		(12)		(1)		(3)
NON-GAAP OPERATING EXPENSES	\$	719	\$	714	\$	706
	*	, , , ,	*	, - 1	*	, 50

NETAPP, INC. RECONCILIATION OF GAAP TO NON-GAAP INCOME STATEMENT INFORMATION

(In millions, except net income per share amounts)

		Q2'FY25		Q1'FY25		Q2'FY24
INCOME FROM OPERATIONS	\$	345	\$	282	\$	304
Adjustments:						
Amortization of intangible assets		14		14		14
Stock-based compensation		103		85		93
Restructuring charges		12		17		5
Acquisition-related expense		1		1		3
NON-GAAP INCOME FROM OPERATIONS	\$	475	\$	399	\$	419
	-		_		_	
OTHER INCOME, NET	\$	15	\$	17	\$	11
Adjustments:						
Gains/losses on the sale or derecognition of assets		3		_		_
Litigation settlements		_		_		(5)
NON-GAAP OTHER INCOME, NET	\$	18	\$	17	\$	6
	-				_	
INCOME BEFORE INCOME TAXES	\$	360	\$	299	\$	315
Adjustments:	·					
Amortization of intangible assets		14		14		14
Stock-based compensation		103		85		93
Restructuring charges		12		17		5
Acquisition-related expense		1		1		3
Litigation settlements		_		_		(5)
Gains/losses on the sale or derecognition of assets		3		_		
NON-GAAP INCOME BEFORE INCOME TAXES	\$	493	\$	416	\$	425
	<u> </u>		<u> </u>		÷	
PROVISION FOR INCOME TAXES	\$	61	\$	51	\$	82
Adjustments:	•			-	•	-
Income tax effects		40		35		9
NON-GAAP PROVISION FOR INCOME TAXES	\$	101	\$	86	\$	91
	<u> </u>				÷	
NET INCOME PER SHARE	\$	1.42	\$	1.17	\$	1.10
Adjustments:	Ψ	12	Ψ	1.1,	Ψ	1.10
Amortization of intangible assets		0.07		0.07		0.07
Stock-based compensation		0.49		0.40		0.44
Restructuring charges		0.06		0.08		0.02
Acquisition-related expense		_		_		0.01
Gains/losses on the sale or derecognition of assets		0.01		_		
Litigation settlements				_		(0.02)
Income tax effects		(0.19)		(0.17)		(0.04)
NON-GAAP NET INCOME PER SHARE	\$	1.87	\$	1.56	\$	1.58
The state of the s	<u> </u>	1.07	—	1.50	Ψ	1.50

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

		Q2'FY25	Q1'FY25		Q2'FY24
Gross margin-GAAP		71.0%	71.3%	о́	71.1%
Cost of revenues adjustments		1.0%	0.9%	о́	1.0%
Gross margin-Non-GAAP		72.0%	72.2%	о́	72.0%
GAAP cost of revenues	\$	481	\$ 443	\$	452
Cost of revenues adjustments:					
Amortization of intangible assets		(9)	(8)		(8)
Stock-based compensation		(8)	(7)		(7)
Non-GAAP cost of revenues	\$	464	\$ 428	\$	437
	·				
Net revenues	\$	1,658	\$ 1,541	\$	1,562

RECONCILIATION OF GAAP TO NON-GAAP PRODUCT GROSS MARGIN (\$ in millions)

	Q2'FY25	(Q1'FY25	Q2'FY24
Product gross margin-GAAP	60	0%	59.8%	60.9%
Cost of product revenues adjustments	0	.3%	0.1%	0.1%
Product gross margin-Non-GAAP	60	.3%	59.9%	61.0%
GAAP cost of product revenues	\$ 30	7 \$	269	\$ 276
Cost of product revenues adjustments:				
Stock-based compensation	((2)	(1)	(1)
Non-GAAP cost of product revenues	\$ 30	5 \$	268	\$ 275
Product revenues	\$ 76	8 \$	669	\$ 706

RECONCILIATION OF GAAP TO NON-GAAP SERVICES GROSS MARGIN (\$ in millions)

	Q2	'FY25	Q1'FY25	Q2'FY24
Services gross margin-GAAP		80.4%	80.0%	79.4%
Cost of services revenues adjustments		1.7%	1.7%	1.6%
Services gross margin-Non-GAAP		82.1%	81.7%	81.1%
GAAP cost of services revenues	\$	174 \$	174	\$ 176
Cost of services revenues adjustments:				
Amortization of intangible assets		(9)	(8)	(8)
Stock-based compensation		(6)	(6)	(6)
Non-GAAP cost of services revenues	\$	159 \$	160	\$ 162
				·
Services revenues	\$	890 \$	872	\$ 856

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

	Q2'	'FY25	(Q1'FY25	(Q2'FY24
Operating margin-GAAP		20.8%		18.3%		19.5%
Adjustments:		7.8%		7.6%		7.4%
Operating margin-Non-GAAP		28.6%		25.9%		26.8%
GAAP income from operations	\$	345	\$	282	\$	304
Income from operations adjustments:						
Amortization of intangible assets		14		14		14
Stock-based compensation		103		85		93
Restructuring charges		12		17		5
Acquisition-related expense		1		1		3
Non-GAAP income from operations	\$	475	\$	399	\$	419
Net revenues	\$	1,658	\$	1,541	\$	1,562

RECONCILIATION OF GAAP TO NON-GAAP EFFECTIVE TAX RATE

	Q2'FY25	Q1'FY25	Q2'FY24
GAAP effective tax rate	16.9%	17.1%	26.0%
Adjustments:			
Income tax effects	3.6%	3.6%	(4.6)%
Non-GAAP effective tax rate	20.5%	20.7%	21.4%

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

	(Q2'FY25	Q1'FY25	Q2'FY24
Net cash provided by operating activities	\$	105	\$ 341	\$ 135
Purchases of property and equipment		(45)	(41)	(38)
Free cash flow	\$	60	\$ 300	\$ 97

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

	Q2	'FY25	Q	1'FY25	(Q2'FY24
Net revenues	\$	1,658	\$	1,541	\$	1,562
Change in deferred revenue and financed unearned services revenue*		(72)		(92)		(108)
Billings	\$	1,586	\$	1,449	\$	1,454

^{*} As reported on our Condensed Consolidated Statements of Cash Flows

NETAPP, INC. RECONCILIATION OF GAAP GUIDANCE TO NON-GAAP EXPRESSED AS EARNINGS PER SHARE THIRD QUARTER FISCAL 2025

	Third Quarter Fiscal 2025
GAAP Guidance - Net Income Per Share	\$1.41 - \$1.51
Adjustments of Specific Items to Net Income	
Per Share for the Third Quarter Fiscal 2025:	
Amortization of intangible assets	\$0.07
Stock-based compensation expense	\$0.48
Income tax effects	(\$0.11)
Total Adjustments	\$0.44
Non-GAAP Guidance - Net Income Per Share	\$1.85 - \$1.95

Some items may not add or recalculate due to rounding.

NETAPP, INC. RECONCILIATION OF GAAP GUIDANCE TO NON-GAAP Fiscal 2025

	Fiscal 2025
Gross Margin - GAAP Guidance	70% - 71%
Adjustment:	
Cost of revenues adjustments	1%
Gross Margin - Non-GAAP Guidance	71% - 72%
Operating Margin - GAAP Guidance	21% - 21.5%
Adjustments:	
Amortization of intangible assets	1%
Stock-based compensation expense	6%
Operating Margin - Non-GAAP Guidance	28% - 28.5%

Some items may not add or recalculate due to rounding.

NETAPP, INC. RECONCILIATION OF GAAP GUIDANCE TO NON-GAAP EXPRESSED AS EARNINGS PER SHARE Fiscal 2025

	Fiscal 2025
GAAP Guidance - Net Income Per Share	\$5.48 - \$5.68
Adjustments of Specific Items to Net Income	
Per Share for Fiscal 2025:	
Amortization of intangible assets	\$0.26
Stock-based compensation expense	\$1.87
Restructuring charges	\$0.14
Acquisition-related expenses	\$0.01
Gains/losses on the sale or derecognition of assets	\$0.01
Income tax effects	(\$0.57)
Total Adjustments	\$1.72
Non-GAAP Guidance - Net Income Per Share	\$7.20 - \$7.40

Some items may not add or recalculate due to rounding.

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