

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

	<u>July 25, 2025</u>	<u>April 25, 2025</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash, cash equivalents and investments	\$ 3,324	\$ 3,846
Accounts receivable	787	1,246
Inventories	133	186
Other current assets	443	573
Total current assets	<u>4,687</u>	<u>5,851</u>
Property and equipment, net	570	563
Goodwill and purchased intangible assets, net	2,771	2,766
Other non-current assets	1,651	1,643
Total assets	<u>\$ 9,679</u>	<u>\$ 10,823</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 404	\$ 511
Accrued expenses	895	1,122
Current portion of long-term debt	—	750
Short-term deferred revenue and financed unearned services revenue	<u>2,270</u>	<u>2,279</u>
Total current liabilities	<u>3,569</u>	<u>4,662</u>
Long-term debt	2,485	2,485
Other long-term liabilities	394	379
Long-term deferred revenue and financed unearned services revenue	<u>2,256</u>	<u>2,257</u>
Total liabilities	<u>8,704</u>	<u>9,783</u>
Stockholders' equity	975	1,040
Total liabilities and stockholders' equity	<u>\$ 9,679</u>	<u>\$ 10,823</u>

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

	<b>Three Months Ended</b>	
	<b>July 25, 2025</b>	<b>July 26, 2024</b>
Revenues:		
Product	\$ 654	\$ 669
Services	905	872
Net revenues	<u>1,559</u>	<u>1,541</u>
Cost of revenues:		
Cost of product	302	269
Cost of services	159	174
Total cost of revenues	<u>461</u>	<u>443</u>
Gross profit	<u>1,098</u>	<u>1,098</u>
Operating expenses:		
Sales and marketing	461	471
Research and development	242	252
General and administrative	84	75
Restructuring charges	2	17
Acquisition-related expense	<u>—</u>	<u>1</u>
Total operating expenses	<u>789</u>	<u>816</u>
Income from operations	309	282
Other (expense) income, net	<u>(5)</u>	<u>17</u>
Income before income taxes	304	299
Provision for income taxes	<u>71</u>	<u>51</u>
Net income	<u>\$ 233</u>	<u>\$ 248</u>
Net income per share:		
Basic	<u>\$ 1.16</u>	<u>\$ 1.20</u>
Diluted	<u>\$ 1.15</u>	<u>\$ 1.17</u>
Shares used in net income per share calculations:		
Basic	<u>201</u>	<u>206</u>
Diluted	<u>203</u>	<u>212</u>

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

	<b>Three Months Ended</b>	
	<b>July 25, 2025</b>	<b>July 26, 2024</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 233	\$ 248
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	51	63
Non-cash operating lease cost	11	10
Stock-based compensation	83	85
Deferred income taxes	9	(17)
Other items, net	46	(19)
Changes in assets and liabilities, net of acquisitions of businesses:		
Accounts receivable	466	335
Inventories	54	(29)
Accounts payable	(107)	(77)
Accrued expenses	(240)	(221)
Deferred revenue and financed unearned services revenue	(48)	(92)
Long-term taxes payable	2	4
Changes in other operating assets and liabilities, net	113	51
Net cash provided by operating activities	<u>673</u>	<u>341</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments, net	(143)	(10)
Purchases of property and equipment	(53)	(41)
Other investing activities, net	15	—
Net cash used in investing activities	<u>(181)</u>	<u>(51)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of common stock under employee stock award plans	54	55
Payments for taxes related to net share settlement of stock awards	(57)	(97)
Repurchase of common stock	(300)	(400)
Repayments and extinguishment of debt	(750)	—
Dividends paid	(104)	(107)
Other financing activities, net	—	1
Net cash used in financing activities	<u>(1,157)</u>	<u>(548)</u>
<b>Effect of exchange rate changes on cash, cash equivalents and restricted cash</b>	<b>7</b>	<b>8</b>
<b>Net change in cash, cash equivalents and restricted cash</b>	<b>(658)</b>	<b>(250)</b>
<b>Cash, cash equivalents and restricted cash:</b>		
Beginning of period	<u>2,749</u>	<u>1,909</u>
End of period	<u>\$ 2,091</u>	<u>\$ 1,659</u>

**NETAPP, INC.**  
**SUPPLEMENTAL DATA**  
**(In millions except net income per share, percentages, DSO, DPO and Inventory Turns)**  
**(Unaudited)**

**Revenues by Segment**

	<b>Q1'FY26</b>	<b>Q1'FY25</b>
Product	\$ 654	\$ 669
Support	647	631
Professional and Other Services	97	82
<b>Hybrid Cloud Segment Net Revenues</b>	<b>1,398</b>	1,382
<b>Public Cloud Segment Net Revenues</b>	<b>161</b>	159
<b>Net Revenues</b>	<b>\$ 1,559</b>	<b>\$ 1,541</b>

**Gross Profit by Segment**

	<b>Q1'FY26</b>	<b>Q1'FY25</b>
Product	\$ 353	\$ 401
Support	597	581
Professional and Other Services	29	18
<b>Hybrid Cloud Segment Gross Profit</b>	<b>979</b>	1,000
<b>Public Cloud Segment Gross Profit</b>	<b>129</b>	113
<b>Total Segments Gross Profit</b>	<b>1,108</b>	1,113
Amortization of Intangible Assets	(3)	(8)
Stock-based Compensation	(7)	(7)
<b>Unallocated Cost of Revenues</b>	<b>(10)</b>	(15)
<b>Gross Profit</b>	<b>\$ 1,098</b>	<b>\$ 1,098</b>

**Gross Margin by Segment**

	<b>Q1'FY26</b>	<b>Q1'FY25</b>
Product	54.0%	59.9%
Support	92.3%	92.1%
Professional and Other Services	29.9%	22.0%
<b>Hybrid Cloud Segment Gross Margin</b>	<b>70.0%</b>	72.4%
<b>Public Cloud Segment Gross Margin</b>	<b>80.1%</b>	71.1%

**Geographic Mix**

	<b>% of Q1 FY'26</b>	<b>% of Q1 FY'25</b>
	<b>Revenue</b>	<b>Revenue</b>
Americas	51%	50%
<i>Americas Commercial*</i>	43%	39%
<i>U.S. Public Sector*</i>	8%	11%
EMEA	32%	33%
Asia Pacific	17%	17%

\* For Q1 FY'25, U.S. Public Sector includes revenue from both 1) the U.S. federal government ("U.S. Fed") and 2) U.S. state governments, local municipalities and education institutions ("U.S. SLED"). For Q1 FY'26, U.S. Public Sector only includes U.S. Fed revenue, while U.S. SLED revenue is included in Americas Commercial. For Q1 FY'26, had U.S. SLED revenue been included in U.S. Public Sector revenue, U.S. Public Sector would have accounted for 10.7% of Q1 FY'26 revenue. In comparison, U.S. Public Sector accounted for 11.3% of Q1 FY'25 revenue.

## Pathways Mix

	% of Q1 FY'26 Revenue	% of Q1 FY'25 Revenue
Direct	24%	22%
Indirect	76%	78%

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

	Q1'FY26	Q1'FY25
Non-GAAP Income from Operations	\$ 401	\$ 399
% of Net Revenues	25.7%	25.9%
Non-GAAP Income before Income Taxes	\$ 396	\$ 416
Non-GAAP Effective Tax Rate	20.7%	20.7%

## Non-GAAP Net Income

	Q1'FY26	Q1'FY25
Non-GAAP Net Income	\$ 314	\$ 330
Non-GAAP Weighted Average Common Shares Outstanding, Diluted	203	212
Non-GAAP Net Income per Share, Diluted	\$ 1.55	\$ 1.56

## Select Balance Sheet Items

	Q1'FY26	Q1'FY25
Deferred Revenue and Financed Unearned Services Revenue	\$ 4,526	\$ 4,169
DSO (days)	46	40
DPO (days)	80	90
Inventory Turns	14	8

*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

	Q1'FY26	Q1'FY25
Net Cash Provided by Operating Activities	\$ 673	\$ 341
Purchases of Property and Equipment	\$ 53	\$ 41
Free Cash Flow	\$ 620	\$ 300
Free Cash Flow as % of Net Revenues	39.8%	19.5%

*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)**

	<b>Q1'FY26</b>	<b>Q1'FY25</b>
<b>NET INCOME</b>	\$ 233	\$ 248
Adjustments:		
Amortization of intangible assets	6	14
Stock-based compensation	83	85
Restructuring charges	2	17
Acquisition-related expense	—	1
Gains/losses on the sale or derecognition of assets	1	—
Income tax effects	(11)	(35)
<b>NON-GAAP NET INCOME</b>	<u><u>\$ 314</u></u>	<u><u>\$ 330</u></u>
<b>COST OF REVENUES</b>	\$ 461	\$ 443
Adjustments:		
Amortization of intangible assets	(3)	(8)
Stock-based compensation	(7)	(7)
<b>NON-GAAP COST OF REVENUES</b>	<u><u>\$ 451</u></u>	<u><u>\$ 428</u></u>
<b>COST OF PRODUCT REVENUES</b>	\$ 302	\$ 269
Adjustments:		
Stock-based compensation	(1)	(1)
<b>NON-GAAP COST OF PRODUCT REVENUES</b>	<u><u>\$ 301</u></u>	<u><u>\$ 268</u></u>
<b>COST OF SERVICES REVENUES</b>	\$ 159	\$ 174
Adjustments:		
Amortization of intangible assets	(3)	(8)
Stock-based compensation	(6)	(6)
<b>NON-GAAP COST OF SERVICES REVENUES</b>	<u><u>\$ 150</u></u>	<u><u>\$ 160</u></u>
<b>GROSS PROFIT</b>	\$ 1,098	\$ 1,098
Adjustments:		
Amortization of intangible assets	3	8
Stock-based compensation	7	7
<b>NON-GAAP GROSS PROFIT</b>	<u><u>\$ 1,108</u></u>	<u><u>\$ 1,113</u></u>

**NETAPP, INC.**  
**RECONCILIATION OF GAAP TO NON-GAAP**  
**INCOME STATEMENT INFORMATION**  
**(In millions, except net income per share amounts)**

	<b>Q1'FY26</b>	<b>Q1'FY25</b>
<b>SALES AND MARKETING EXPENSES</b>	\$ 461	\$ 471
Adjustments:		
Amortization of intangible assets	(3)	(6)
Stock-based compensation	(34)	(35)
<b>NON-GAAP SALES AND MARKETING EXPENSES</b>	<u><u>\$ 424</u></u>	<u><u>\$ 430</u></u>
<b>RESEARCH AND DEVELOPMENT EXPENSES</b>	\$ 242	\$ 252
Adjustments:		
Stock-based compensation	(25)	(31)
<b>NON-GAAP RESEARCH AND DEVELOPMENT EXPENSES</b>	<u><u>\$ 217</u></u>	<u><u>\$ 221</u></u>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	\$ 84	\$ 75
Adjustments:		
Stock-based compensation	(17)	(12)
Gains/losses on the sale or derecognition of assets	(1)	—
<b>NON-GAAP GENERAL AND ADMINISTRATIVE EXPENSES</b>	<u><u>\$ 66</u></u>	<u><u>\$ 63</u></u>
<b>RESTRUCTURING CHARGES</b>	\$ 2	\$ 17
Adjustments:		
Restructuring charges	(2)	(17)
<b>NON-GAAP RESTRUCTURING CHARGES</b>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>
<b>ACQUISITION-RELATED EXPENSE</b>	\$ —	\$ 1
Adjustments:		
Acquisition-related expense	—	(1)
<b>NON-GAAP ACQUISITION-RELATED EXPENSE</b>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>
<b>OPERATING EXPENSES</b>	\$ 789	\$ 816
Adjustments:		
Amortization of intangible assets	(3)	(6)
Stock-based compensation	(76)	(78)
Restructuring charges	(2)	(17)
Acquisition-related expense	—	(1)
Gains/losses on the sale or derecognition of assets	(1)	—
<b>NON-GAAP OPERATING EXPENSES</b>	<u><u>\$ 707</u></u>	<u><u>\$ 714</u></u>

**NETAPP, INC.**  
**RECONCILIATION OF GAAP TO NON-GAAP**  
**INCOME STATEMENT INFORMATION**  
**(In millions, except net income per share amounts)**

	<b>Q1'FY26</b>	<b>Q1'FY25</b>
<b>INCOME FROM OPERATIONS</b>	\$ 309	\$ 282
Adjustments:		
Amortization of intangible assets	6	14
Stock-based compensation	83	85
Restructuring charges	2	17
Acquisition-related expense	—	1
Gains/losses on the sale or derecognition of assets	1	—
<b>NON-GAAP INCOME FROM OPERATIONS</b>	<u><u>\$ 401</u></u>	<u><u>\$ 399</u></u>
<b>INCOME BEFORE INCOME TAXES</b>	\$ 304	\$ 299
Adjustments:		
Amortization of intangible assets	6	14
Stock-based compensation	83	85
Restructuring charges	2	17
Acquisition-related expense	—	1
Gains/losses on the sale or derecognition of assets	1	—
<b>NON-GAAP INCOME BEFORE INCOME TAXES</b>	<u><u>\$ 396</u></u>	<u><u>\$ 416</u></u>
<b>PROVISION FOR INCOME TAXES</b>	\$ 71	\$ 51
Adjustments:		
Income tax effects	11	35
<b>NON-GAAP PROVISION FOR INCOME TAXES</b>	<u><u>\$ 82</u></u>	<u><u>\$ 86</u></u>
<b>NET INCOME PER SHARE</b>	\$ 1.15	\$ 1.17
Adjustments:		
Amortization of intangible assets	0.03	0.07
Stock-based compensation	0.41	0.40
Restructuring charges	0.01	0.08
Income tax effects	(0.05)	(0.17)
<b>NON-GAAP NET INCOME PER SHARE</b>	<u><u>\$ 1.55</u></u>	<u><u>\$ 1.56</u></u>

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

	<b>Q1'FY26</b>	<b>Q1'FY25</b>
<b>Gross margin-GAAP</b>	70.4%	71.3%
Cost of revenues adjustments	0.7%	0.9%
<b>Gross margin-Non-GAAP</b>	71.1%	72.2%
GAAP cost of revenues	\$ 461	\$ 443
Cost of revenues adjustments:		
Amortization of intangible assets	(3)	(8)
Stock-based compensation	(7)	(7)
Non-GAAP cost of revenues	<u><u>\$ 451</u></u>	<u><u>\$ 428</u></u>
Net revenues	\$ 1,559	\$ 1,541

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

	<b>Q1'FY26</b>	<b>Q1'FY25</b>
<b>Product gross margin-GAAP</b>	53.8%	59.8%
Cost of product revenues adjustments	0.2%	0.1%
<b>Product gross margin-Non-GAAP</b>	<b>54.0%</b>	<b>59.9%</b>
GAAP cost of product revenues	\$ 302	\$ 269
Cost of product revenues adjustments:		
Stock-based compensation	(1)	(1)
Non-GAAP cost of product revenues	<u>\$ 301</u>	<u>\$ 268</u>
Product revenues	\$ 654	\$ 669

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

	<b>Q1'FY26</b>	<b>Q1'FY25</b>
<b>Services gross margin-GAAP</b>	82.4%	80.0%
Cost of services revenues adjustments	1.0%	1.7%
<b>Services gross margin-Non-GAAP</b>	<b>83.4%</b>	<b>81.7%</b>
GAAP cost of services revenues	\$ 159	\$ 174
Cost of services revenues adjustments:		
Amortization of intangible assets	(3)	(8)
Stock-based compensation	(6)	(6)
Non-GAAP cost of services revenues	<u>\$ 150</u>	<u>\$ 160</u>
Services revenues	\$ 905	\$ 872

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

	<b>Q1'FY26</b>	<b>Q1'FY25</b>
<b>Operating margin-GAAP</b>	19.8%	18.3%
Adjustments:	5.9%	7.6%
<b>Operating margin-Non-GAAP</b>	<b>25.7%</b>	<b>25.9%</b>
GAAP income from operations	\$ 309	\$ 282
Income from operations adjustments:		
Amortization of intangible assets	6	14
Stock-based compensation	83	85
Restructuring charges	2	17
Acquisition-related expense	—	1
Gains/losses on the sale or derecognition of assets	1	—
Non-GAAP income from operations	<u>\$ 401</u>	<u>\$ 399</u>
Net revenues	\$ 1,559	\$ 1,541

**RECONCILIATION OF GAAP TO NON-GAAP  
EFFECTIVE TAX RATE**

	<b>Q1'FY26</b>	<b>Q1'FY25</b>
<b>GAAP effective tax rate</b>	23.4%	17.1%
Adjustments:		
Income tax effects	(2.7)%	3.6%
<b>Non-GAAP effective tax rate</b>	20.7%	20.7%

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

	<b>Q1'FY26</b>	<b>Q1'FY25</b>
Net cash provided by operating activities	\$ 673	\$ 341
Purchases of property and equipment	(53)	(41)
<b>Free cash flow</b>	<b>\$ 620</b>	<b>\$ 300</b>

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

	<b>Q1'FY26</b>	<b>Q1'FY25</b>
Net revenues	\$ 1,559	\$ 1,541
Change in deferred revenue and financed unearned services revenue*	(48)	(92)
<b>Billings</b>	<b>\$ 1,511</b>	<b>\$ 1,449</b>

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

**NETAPP, INC.**  
**RECONCILIATION OF GAAP GUIDANCE TO NON-GAAP**  
**SECOND QUARTER FISCAL 2026**

	<b>Second Quarter Fiscal 2026</b>
Gross Margin - GAAP Guidance	69.5% - 70.5%
Adjustments:	
Cost of revenues adjustments	1%
Gross Margin - Non-GAAP Guidance	70.5% - 71.5%
	<b>Second Quarter Fiscal 2026</b>
Operating Margin - GAAP Guidance	22% - 23%
Adjustments:	
Stock-based compensation expense	6%
Operating Margin - Non-GAAP Guidance	28% - 29%

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

**NETAPP, INC.**  
**RECONCILIATION OF GAAP GUIDANCE TO NON-GAAP**  
**EXPRESSED AS EARNINGS PER SHARE**  
**SECOND QUARTER FISCAL 2026**

	<b>Second Quarter Fiscal 2026</b>
GAAP Guidance - Net Income Per Share	\$1.35 - \$1.45
Adjustments of Specific Items to Net Income Per Share for the Second Quarter Fiscal 2026:	
Amortization of intangible assets	\$0.03
Stock-based compensation expense	\$0.49
Income tax effects	(\$0.03)
Total Adjustments	\$0.49
Non-GAAP Guidance - Net Income Per Share	\$1.84 - \$1.94

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

**NETAPP, INC.**  
**RECONCILIATION OF GAAP GUIDANCE TO NON-GAAP**  
**FISCAL 2026**

	<b>Fiscal 2026</b>
Gross Margin - GAAP Guidance	70% - 71%
Adjustments:	
Cost of revenues adjustments	1%
Gross Margin - Non-GAAP Guidance	71% - 72%
	<b>Fiscal 2026</b>
Operating Margin - GAAP Guidance	22.8% - 23.8%
Adjustments:	
Stock-based compensation expense	6%
Operating Margin - Non-GAAP Guidance	28.8% - 29.8%

*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 2026**

	<b>Fiscal 2026</b>
GAAP Guidance - Net Income Per Share	\$5.72 - \$6.02
Adjustments of Specific Items to Net Income	
Per Share for Fiscal 2026:	
Amortization of intangible assets	\$0.10
Stock-based compensation expense	\$1.87
Restructuring charges	\$0.01
Income tax effects	(\$0.10)
Total Adjustments	\$1.88
Non-GAAP Guidance - Net Income Per Share	\$7.60 - \$7.90

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

**Contacts:**

(Press)  
Kenya Hayes  
1 703 589 7595  
[kenya.hayes@netapp.com](mailto:kenya.hayes@netapp.com)

(Investors)  
Kris Newton  
1 408 822 3312  
[kris.newton@netapp.com](mailto:kris.newton@netapp.com)