

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

	<u>October 24, 2025</u>	<u>April 25, 2025</u>
ASSETS		
Current assets:		
Cash, cash equivalents and investments	\$ 3,014	\$ 3,846
Accounts receivable	988	1,246
Inventories	127	186
Other current assets	<u>525</u>	<u>573</u>
Total current assets	4,654	5,851
Property and equipment, net	568	563
Goodwill and purchased intangible assets, net	2,762	2,766
Other non-current assets	<u>1,646</u>	<u>1,643</u>
Total assets	<u>\$ 9,630</u>	<u>\$ 10,823</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 436	\$ 511
Accrued expenses	890	1,122
Current portion of long-term debt	—	750
Short-term deferred revenue and financed unearned services revenue	<u>2,144</u>	<u>2,279</u>
Total current liabilities	3,470	4,662
Long-term debt	2,486	2,485
Other long-term liabilities	387	379
Long-term deferred revenue and financed unearned services revenue	<u>2,301</u>	<u>2,257</u>
Total liabilities	8,644	9,783
Stockholders' equity	986	1,040
Total liabilities and stockholders' equity	<u>\$ 9,630</u>	<u>\$ 10,823</u>

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

	Three Months Ended		Six Months Ended	
	October 24, 2025	October 25, 2024	October 24, 2025	October 25, 2024
Revenues:				
Product	\$ 788	\$ 768	\$ 1,442	\$ 1,437
Services	917	890	1,822	1,762
Net revenues	1,705	1,658	3,264	3,199
Cost of revenues:				
Cost of product	321	307	623	576
Cost of services	157	174	316	348
Total cost of revenues	478	481	939	924
Gross profit	1,227	1,177	2,325	2,275
Operating expenses:				
Sales and marketing	465	485	926	956
Research and development	251	257	493	509
General and administrative	89	77	173	152
Restructuring charges	23	12	25	29
Acquisition-related expense	—	1	—	2
Total operating expenses	828	832	1,617	1,648
Income from operations	399	345	708	627
Other (expense) income, net	(6)	15	(11)	32
Income before income taxes	393	360	697	659
Provision for income taxes	88	61	159	112
Net income	\$ 305	\$ 299	\$ 538	\$ 547
Net income per share:				
Basic	\$ 1.53	\$ 1.47	\$ 2.69	\$ 2.67
Diluted	\$ 1.51	\$ 1.42	\$ 2.66	\$ 2.59
Shares used in net income per share calculations:				
Basic	199	204	200	205
Diluted	202	210	202	211

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

	Three Months Ended		Six Months Ended	
	October 24, 2025	October 25, 2024	October 24, 2025	October 25, 2024
Cash flows from operating activities:				
Net income	\$ 305	\$ 299	\$ 538	\$ 547
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	52	63	103	126
Non-cash operating lease cost	10	11	21	21
Stock-based compensation	102	103	185	188
Deferred income taxes	10	(52)	19	(69)
Other items, net	29	54	75	35
Changes in assets and liabilities, net of acquisitions of businesses:				
Accounts receivable	(205)	(197)	261	138
Inventories	6	(103)	60	(132)
Accounts payable	34	113	(73)	36
Accrued expenses	(37)	137	(277)	(84)
Deferred revenue and financed unearned services revenue	(59)	(72)	(107)	(164)
Long-term taxes payable	1	(95)	3	(91)
Changes in other operating assets and liabilities, net	(121)	(156)	(8)	(105)
Net cash provided by operating activities	<u>127</u>	<u>105</u>	<u>800</u>	<u>446</u>
Cash flows from investing activities:				
Redemptions of investments, net	298	607	155	597
Purchases of property and equipment	(49)	(45)	(102)	(86)
Other investing activities, net	—	2	15	2
Net cash provided by investing activities	<u>249</u>	<u>564</u>	<u>68</u>	<u>513</u>
Cash flows from financing activities:				
Proceeds from issuance of common stock under employee stock award plans	—	—	54	55
Payments for taxes related to net share settlement of stock awards	(30)	(35)	(87)	(132)
Repurchase of common stock	(250)	(300)	(550)	(700)
Repayments and extinguishment of debt	—	(400)	(750)	(400)
Dividends paid	(103)	(106)	(207)	(213)
Other financing activities, net	—	(1)	—	—
Net cash used in financing activities	<u>(383)</u>	<u>(842)</u>	<u>(1,540)</u>	<u>(1,390)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(5)	1	2	9
Net change in cash, cash equivalents and restricted cash	(12)	(172)	(670)	(422)
Cash, cash equivalents and restricted cash:				
Beginning of period	2,091	1,659	2,749	1,909
End of period	<u>\$ 2,079</u>	<u>\$ 1,487</u>	<u>\$ 2,079</u>	<u>\$ 1,487</u>

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

Revenues by Segment

	Q2'FY26	Q2'FY25
Product	\$ 788	\$ 768
Support	647	635
Professional and Other Services	99	87
Hybrid Cloud Segment Net Revenues	1,534	1,490
Public Cloud Segment Net Revenues	171	168
Net Revenues	\$ 1,705	\$ 1,658

Gross Profit by Segment

	Q2'FY26	Q2'FY25
Product	\$ 469	\$ 463
Support	596	584
Professional and Other Services	30	23
Hybrid Cloud Segment Gross Profit	1,095	1,070
Public Cloud Segment Gross Profit	142	124
Total Segments Gross Profit	1,237	1,194
Amortization of Intangible Assets	(3)	(9)
Stock-based Compensation	(7)	(8)
Unallocated Cost of Revenues	(10)	(17)
Gross Profit	\$ 1,227	\$ 1,177

Gross Margin by Segment

	Q2'FY26	Q2'FY25
Product	59.5%	60.3%
Support	92.1%	92.0%
Professional and Other Services	30.3%	26.4%
Hybrid Cloud Segment Gross Margin	71.4%	71.8%
Public Cloud Segment Gross Margin	83.0%	73.8%

Geographic Mix

	% of Q2 FY'26 Revenue	% of Q2 FY'25 Revenue
Americas	51%	52%
<i>Americas Commercial</i>	39%	38%
<i>U.S. Public Sector*</i>	12%	14%
EMEA	33%	33%
Asia Pacific	16%	15%

* 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").

Pathways Mix

	% of Q2 FY'26 Revenue	% of Q2 FY'25 Revenue
Direct	23%	23%
Indirect	77%	77%

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

	Q2'FY26	Q2'FY25
Non-GAAP Income from Operations	\$ 530	\$ 475
% of Net Revenues	31.1 %	28.6 %
Non-GAAP Income before Income Taxes	\$ 524	\$ 493
Non-GAAP Effective Tax Rate	20.8 %	20.5 %

Non-GAAP Net Income

	Q2'FY26	Q2'FY25
Non-GAAP Net Income	\$ 415	\$ 392
Non-GAAP Weighted Average Common Shares Outstanding, Diluted	202	210
Non-GAAP Net Income per Share, Diluted	\$ 2.05	\$ 1.87

Select Balance Sheet Items

	Q2'FY26	Q2'FY25
Deferred Revenue and Financed Unearned Services Revenue	\$ 4,445	\$ 4,100
DSO (days)	53	48
DPO (days)	83	105
Inventory Turns	15	6

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'FY26	Q2'FY25
Net Cash Provided by Operating Activities	\$ 127	\$ 105
Purchases of Property and Equipment	\$ 49	\$ 45
Free Cash Flow	\$ 78	\$ 60
Free Cash Flow as % of Net Revenues	4.6 %	3.6 %

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'FY26	Q2'FY25
NET INCOME	\$ 305	\$ 299
Adjustments:		
Amortization of intangible assets	6	14
Stock-based compensation	102	103
Restructuring charges	23	12
Acquisition-related expense	—	1
Gains/losses on the sale or derecognition of assets	—	3
Income tax effects	(21)	(40)
NON-GAAP NET INCOME	<u>\$ 415</u>	<u>\$ 392</u>
COST OF REVENUES	\$ 478	\$ 481
Adjustments:		
Amortization of intangible assets	(3)	(9)
Stock-based compensation	(7)	(8)
NON-GAAP COST OF REVENUES	<u>\$ 468</u>	<u>\$ 464</u>
COST OF PRODUCT REVENUES	\$ 321	\$ 307
Adjustments:		
Stock-based compensation	(2)	(2)
NON-GAAP COST OF PRODUCT REVENUES	<u>\$ 319</u>	<u>\$ 305</u>
COST OF SERVICES REVENUES	\$ 157	\$ 174
Adjustments:		
Amortization of intangible assets	(3)	(9)
Stock-based compensation	(5)	(6)
NON-GAAP COST OF SERVICES REVENUES	<u>\$ 149</u>	<u>\$ 159</u>
GROSS PROFIT	\$ 1,227	\$ 1,177
Adjustments:		
Amortization of intangible assets	3	9
Stock-based compensation	7	8
NON-GAAP GROSS PROFIT	<u>\$ 1,237</u>	<u>\$ 1,194</u>

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

	Q2'FY26	Q2'FY25
SALES AND MARKETING EXPENSES	\$ 465	\$ 485
Adjustments:		
Amortization of intangible assets	(3)	(5)
Stock-based compensation	(42)	(43)
NON-GAAP SALES AND MARKETING EXPENSES	<u>\$ 420</u>	<u>\$ 437</u>
RESEARCH AND DEVELOPMENT EXPENSES	\$ 251	\$ 257
Adjustments:		
Stock-based compensation	(34)	(37)
NON-GAAP RESEARCH AND DEVELOPMENT EXPENSES	<u>\$ 217</u>	<u>\$ 220</u>
GENERAL AND ADMINISTRATIVE EXPENSES	\$ 89	\$ 77
Adjustments:		
Stock-based compensation	(19)	(15)
NON-GAAP GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 70</u>	<u>\$ 62</u>
RESTRUCTURING CHARGES	\$ 23	\$ 12
Adjustments:		
Restructuring charges	(23)	(12)
NON-GAAP RESTRUCTURING CHARGES	<u>\$ —</u>	<u>\$ —</u>
ACQUISITION-RELATED EXPENSE	\$ —	\$ 1
Adjustments:		
Acquisition-related expense	—	(1)
NON-GAAP ACQUISITION-RELATED EXPENSE	<u>\$ —</u>	<u>\$ —</u>
OPERATING EXPENSES	\$ 828	\$ 832
Adjustments:		
Amortization of intangible assets	(3)	(5)
Stock-based compensation	(95)	(95)
Restructuring charges	(23)	(12)
Acquisition-related expense	—	(1)
NON-GAAP OPERATING EXPENSES	<u>\$ 707</u>	<u>\$ 719</u>

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

	Q2'FY26	Q2'FY25
INCOME FROM OPERATIONS	\$ 399	\$ 345
Adjustments:		
Amortization of intangible assets	6	14
Stock-based compensation	102	103
Restructuring charges	23	12
Acquisition-related expense	—	1
NON-GAAP INCOME FROM OPERATIONS	<u>\$ 530</u>	<u>\$ 475</u>
OTHER INCOME (EXPENSE), NET	\$ (6)	\$ 15
Adjustments:		
Gains/losses on the sale or derecognition of assets	—	3
NON-GAAP OTHER INCOME (EXPENSE), NET	<u>\$ (6)</u>	<u>\$ 18</u>
INCOME BEFORE INCOME TAXES	\$ 393	\$ 360
Adjustments:		
Amortization of intangible assets	6	14
Stock-based compensation	102	103
Restructuring charges	23	12
Acquisition-related expense	—	1
Gains/losses on the sale or derecognition of assets	—	3
NON-GAAP INCOME BEFORE INCOME TAXES	<u>\$ 524</u>	<u>\$ 493</u>
PROVISION FOR INCOME TAXES	\$ 88	\$ 61
Adjustments:		
Income tax effects	21	40
NON-GAAP PROVISION FOR INCOME TAXES	<u>\$ 109</u>	<u>\$ 101</u>
NET INCOME PER SHARE	\$ 1.51	\$ 1.42
Adjustments:		
Amortization of intangible assets	0.03	0.07
Stock-based compensation	0.50	0.49
Restructuring charges	0.11	0.06
Gains/losses on the sale or derecognition of assets	—	0.01
Income tax effects	(0.10)	(0.19)
NON-GAAP NET INCOME PER SHARE	<u>\$ 2.05</u>	<u>\$ 1.87</u>

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

	Q2'FY26	Q2'FY25
Gross margin-GAAP	72.0%	71.0%
Cost of revenues adjustments	0.6%	1.0%
Gross margin-Non-GAAP	72.6%	72.0%
 GAAP cost of revenues	 \$ 478	 \$ 481
Cost of revenues adjustments:		
Amortization of intangible assets	(3)	(9)
Stock-based compensation	(7)	(8)
Non-GAAP cost of revenues	\$ 468	\$ 464
 Net revenues	 \$ 1,705	 \$ 1,658

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

	Q2'FY26	Q2'FY25
Product gross margin-GAAP	59.3%	60.0%
Cost of product revenues adjustments	0.2%	0.3%
Product gross margin-Non-GAAP	59.5%	60.3%
 GAAP cost of product revenues	 \$ 321	 \$ 307
Cost of product revenues adjustments:		
Stock-based compensation	(2)	(2)
Non-GAAP cost of product revenues	\$ 319	\$ 305
 Product revenues	 \$ 788	 \$ 768

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

	Q2'FY26	Q2'FY25
Services gross margin-GAAP	82.9%	80.4%
Cost of services revenues adjustments	0.9%	1.7%
Services gross margin-Non-GAAP	83.8%	82.1%
 GAAP cost of services revenues	 \$ 157	 \$ 174
Cost of services revenues adjustments:		
Amortization of intangible assets	(3)	(9)
Stock-based compensation	(5)	(6)
Non-GAAP cost of services revenues	\$ 149	\$ 159
 Services revenues	 \$ 917	 \$ 890

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

	Q2'FY26	Q2'FY25
Operating margin-GAAP	23.4%	20.8%
Adjustments	7.7%	7.8%
Operating margin-Non-GAAP	31.1%	28.6%
 GAAP income from operations	 \$ 399	 \$ 345
Income from operations adjustments:		
Amortization of intangible assets	6	14
Stock-based compensation	102	103
Restructuring charges	23	12
Acquisition-related expense	—	1
Non-GAAP income from operations	\$ 530	\$ 475
 Net revenues	 \$ 1,705	 \$ 1,658

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

	Q2'FY26	Q2'FY25
GAAP effective tax rate	22.4%	16.9%
Adjustments:		
Income tax effects	(1.6)%	3.6%
Non-GAAP effective tax rate	20.8%	20.5%

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

	Q2'FY26	Q2'FY25
Net cash provided by operating activities	\$ 127	\$ 105
Purchases of property and equipment	(49)	(45)
Free cash flow	\$ 78	\$ 60

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

	Q2'FY26	Q2'FY25
Net revenues	\$ 1,705	\$ 1,658
Change in deferred revenue and financed unearned services revenue*	(59)	(72)
Billings	\$ 1,646	\$ 1,586

* As reported on our Condensed Consolidated Statements of Cash Flows

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

	Third Quarter Fiscal 2026
Gross Margin - GAAP Guidance	71.3% - 72.3%
Adjustments:	
Cost of revenues adjustments	1%
Gross Margin - Non-GAAP Guidance	72.3% - 73.3%
	Third Quarter Fiscal 2026
Operating Margin - GAAP Guidance	24.5% - 25.5%
Adjustments:	
Stock-based compensation expense	6%
Operating Margin - Non-GAAP Guidance	30.5% - 31.5%

Some items may not add or recalculate due to rounding.

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

	Third Quarter Fiscal 2026
GAAP Guidance - Net Income Per Share	\$1.52 - \$1.62
Adjustments of Specific Items to Net Income	
Per Share for the Third Quarter Fiscal 2026:	
Amortization of intangible assets	\$0.02
Stock-based compensation expense	\$0.51
Income tax effects	(\$0.04)
Total Adjustments	\$0.49
Non-GAAP Guidance - Net Income Per Share	\$2.01 - \$2.11

Some items may not add or recalculate due to rounding.

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

	Fiscal 2026
Gross Margin - GAAP Guidance	70.7% - 71.7%
Adjustments:	
Cost of revenues adjustments	1%
Gross Margin - Non-GAAP Guidance	71.7% - 72.7%
	Fiscal 2026
Operating Margin - GAAP Guidance	23.5% - 24.5%
Adjustments:	
Stock-based compensation expense	6%
Operating Margin - Non-GAAP Guidance	29.5% - 30.5%

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 2026

	Fiscal 2026
GAAP Guidance - Net Income Per Share	\$5.82 - \$6.12
Adjustments of Specific Items to Net Income	
Per Share for Fiscal 2026:	
Amortization of intangible assets	\$0.11
Stock-based compensation expense	\$1.92
Restructuring charges	\$0.12
Income tax effects	(\$0.22)
Total Adjustments	\$1.93
Non-GAAP Guidance - Net Income Per Share	\$7.75 - \$8.05

Some items may not add or recalculate due to rounding.

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