

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

	<u>April 28, 2023</u>	<u>April 29, 2022</u>
ASSETS		
Current assets:		
Cash, cash equivalents and investments	\$ 3,070	\$ 4,134
Accounts receivable	987	1,230
Inventories	167	204
Other current assets	456	377
Total current assets	4,680	5,945
Property and equipment, net	650	602
Goodwill and purchased intangible assets, net	2,940	2,488
Other non-current assets	1,548	991
Total assets	\$ 9,818	\$ 10,026
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 392	\$ 607
Accrued expenses	857	925
Current portion of long-term debt	—	250
Short-term deferred revenue and financed unearned services revenue	2,218	2,171
Total current liabilities	3,467	3,953
Long-term debt	2,389	2,386
Other long-term liabilities	708	788
Long-term deferred revenue and financed unearned services revenue	2,095	2,061
Total liabilities	8,659	9,188
Stockholders' equity	1,159	838
Total liabilities and stockholders' equity	\$ 9,818	\$ 10,026

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

	Three Months Ended		Year Ended	
	<u>April 28, 2023</u>	<u>April 29, 2022</u>	<u>April 28, 2023</u>	<u>April 29, 2022</u>
Revenues:				
Product	\$ 744	\$ 894	\$ 3,049	\$ 3,284
Services	837	786	3,313	3,034
Net revenues	<u>1,581</u>	<u>1,680</u>	<u>6,362</u>	<u>6,318</u>
Cost of revenues:				
Cost of product	335	446	1,517	1,554
Cost of services	171	145	636	544
Total cost of revenues	<u>506</u>	<u>591</u>	<u>2,153</u>	<u>2,098</u>
Gross profit	<u>1,075</u>	<u>1,089</u>	<u>4,209</u>	<u>4,220</u>
Operating expenses:				
Sales and marketing	442	480	1,829	1,857
Research and development	243	235	956	881
General and administrative	67	72	265	279
Restructuring charges	11	4	120	33
Acquisition-related expense	3	5	21	13
Total operating expenses	<u>766</u>	<u>796</u>	<u>3,191</u>	<u>3,063</u>
Income from operations	309	293	1,018	1,157
Other income (expense), net	5	(21)	48	(62)
Income before income taxes	314	272	1,066	1,095
Provision (benefit) for income taxes	69	13	(208)	158
Net income	<u>\$ 245</u>	<u>\$ 259</u>	<u>\$ 1,274</u>	<u>\$ 937</u>
Net income per share:				
Basic	<u>\$ 1.15</u>	<u>\$ 1.17</u>	<u>\$ 5.87</u>	<u>\$ 4.20</u>
Diluted	<u>\$ 1.13</u>	<u>\$ 1.14</u>	<u>\$ 5.79</u>	<u>\$ 4.09</u>
Shares used in net income per share calculations:				
Basic	<u>213</u>	<u>222</u>	<u>217</u>	<u>223</u>
Diluted	<u>217</u>	<u>228</u>	<u>220</u>	<u>229</u>

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

	Three Months Ended		Year Ended	
	April 28, 2023	April 29, 2022	April 28, 2023	April 29, 2022
Cash flows from operating activities:				
Net income	\$ 245	\$ 259	\$ 1,274	\$ 937
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	66	51	248	194
Non-cash operating lease cost	12	15	52	55
Stock-based compensation	74	66	312	245
Deferred income taxes	(29)	(78)	(606)	(144)
Other items, net	2	(19)	(67)	(54)
Changes in assets and liabilities, net of acquisitions of businesses:				
Accounts receivable	(165)	(450)	260	(313)
Inventories	8	(37)	37	(90)
Accounts payable	(34)	171	(207)	181
Accrued expenses	14	96	(103)	(111)
Deferred revenue and financed unearned services revenue	93	338	46	384
Long-term taxes payable	6	21	(76)	(45)
Changes in other operating assets and liabilities, net	(57)	(22)	(63)	(28)
Net cash provided by operating activities	<u>235</u>	<u>411</u>	<u>1,107</u>	<u>1,211</u>
Cash flows from investing activities:				
(Purchases) redemptions of investments, net	(245)	9	(719)	45
Purchases of property and equipment	(39)	(68)	(239)	(226)
Acquisitions of businesses, net of cash acquired	—	(21)	(491)	(380)
Other investing activities, net	(1)	—	59	—
Net cash used in investing activities	<u>(285)</u>	<u>(80)</u>	<u>(1,390)</u>	<u>(561)</u>
Cash flows from financing activities:				
Proceeds from issuance of common stock under employee stock award plans	—	—	108	105
Payments for taxes related to net share settlement of stock awards	(10)	(5)	(84)	(74)
Repurchase of common stock	(150)	(250)	(850)	(600)
Repayments and extinguishment of debt	—	—	(250)	—
Dividends paid	(106)	(111)	(432)	(446)
Other financing activities, net	(3)	—	(5)	(2)
Net cash used in financing activities	<u>(269)</u>	<u>(366)</u>	<u>(1,513)</u>	<u>(1,017)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash				
	(5)	(23)	(1)	(49)
Net change in cash, cash equivalents and restricted cash	(324)	(58)	(1,797)	(416)
Cash, cash equivalents and restricted cash:				
Beginning of period	2,646	4,177	4,119	4,535
End of period	<u>\$ 2,322</u>	<u>\$ 4,119</u>	<u>\$ 2,322</u>	<u>\$ 4,119</u>

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

Revenues by Segment

	<u>Q4'FY23</u>	<u>Q3'FY23</u>	<u>Q4'FY22</u>	<u>FY2023</u>	<u>FY2022</u>
Product	\$ 744	\$ 682	\$ 894	\$ 3,049	\$ 3,284
Support	598	616	590	2,419	2,344
Professional and Other Services	88	78	76	319	294
Hybrid Cloud Segment Net Revenues	1,430	1,376	1,560	5,787	5,922
Public Cloud Segment Net Revenues	151	150	120	575	396
Net Revenues	\$ 1,581	\$ 1,526	\$ 1,680	\$ 6,362	\$ 6,318

Gross Profit by Segment

	<u>Q4'FY23</u>	<u>Q3'FY23</u>	<u>Q4'FY22</u>	<u>FY2023</u>	<u>FY2022</u>
Product	\$ 410	\$ 317	\$ 452	\$ 1,538	\$ 1,743
Support	549	572	547	2,238	2,160
Professional and Other Services	33	28	22	108	89
Hybrid Cloud Segment Gross Profit	992	917	1,021	3,884	3,992
Public Cloud Segment Gross Profit	99	103	82	391	278
Total Segments Gross Profit	1,091	1,020	1,103	4,275	4,270
Amortization of Intangible Assets	(10)	(11)	(10)	(42)	(33)
Stock-based Compensation	(6)	(8)	(4)	(24)	(17)
Unallocated Cost of Revenues	(16)	(19)	(14)	(66)	(50)
Gross Profit	\$ 1,075	\$ 1,001	\$ 1,089	\$ 4,209	\$ 4,220

Gross Margin by Segment

	<u>Q4'FY23</u>	<u>Q3'FY23</u>	<u>Q4'FY22</u>	<u>FY2023</u>	<u>FY2022</u>
Product	55.1%	46.5%	50.6%	50.4%	53.1%
Support	91.8%	92.9%	92.7%	92.5%	92.2%
Professional and Other Services	37.5%	35.9%	28.9%	33.9%	30.3%
Hybrid Cloud Segment Gross Margin	69.4%	66.6%	65.4%	67.1%	67.4%
Public Cloud Segment Gross Margin	65.6%	68.7%	68.3%	68.0%	70.2%

Product Revenues

	<u>Q4'FY23</u>	<u>Q3'FY23</u>	<u>Q4'FY22</u>	<u>FY2023</u>	<u>FY2022</u>
Total	\$ 744	\$ 682	\$ 894	\$ 3,049	\$ 3,284
Software*	\$ 437	\$ 390	\$ 530	\$ 1,798	\$ 1,926
Hardware*	\$ 307	\$ 292	\$ 364	\$ 1,251	\$ 1,358

Software and recurring support and public cloud revenue

	<u>Q4'FY23</u>	<u>Q3'FY23</u>	<u>Q4'FY22</u>	<u>FY2023</u>	<u>FY2022</u>
Product - Software	\$ 437	\$ 390	\$ 530	\$ 1,798	\$ 1,926
Support	598	616	590	2,419	2,344
Public Cloud	151	150	120	575	396
Software and recurring support and public cloud revenue*	\$ 1,186	\$ 1,156	\$ 1,240	\$ 4,792	\$ 4,666

Software and recurring support and public cloud revenue as a percentage of net revenues	75%	76%	74%	75%	74%
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* Our revenue recognition policy under GAAP defines a configured storage system, inclusive of the operating system software essential to its functionality, as a single performance obligation. We have provided a breakdown of our GAAP product revenues into the software and hardware components, which are considered non-GAAP measures, to display the significance of software included in total product revenues. Software and recurring support and public cloud revenue is a non-GAAP measure because it includes the software component of our product revenues, but not the hardware component.

Geographic Mix

	% of Q4 FY'23 Revenue	% of Q3 FY'23 Revenue	% of Q4 FY'22 Revenue	% of FY 2023 Revenue	% of FY 2022 Revenue
Americas	52%	54%	54%	53%	55%
<i>Americas Commercial</i>	42%	44%	45%	42%	45%
<i>U.S. Public Sector</i>	10%	10%	9%	11%	10%
EMEA	34%	32%	32%	33%	31%
Asia Pacific	14%	14%	14%	14%	14%

Pathways Mix

	% of Q4 FY'23 Revenue	% of Q3 FY'23 Revenue	% of Q4 FY'22 Revenue	% of FY 2023 Revenue	% of FY 2022 Revenue
Direct	22%	22%	24%	22%	23%
Indirect	78%	78%	76%	78%	77%

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

	Q4'FY23	Q3'FY23	Q4'FY22	FY2023	FY2022
Non-GAAP Income from Operations	\$ 414	\$ 372	\$ 382	\$ 1,539	\$ 1,496
% of Net Revenues	26.2%	24.4%	22.7%	24.2%	23.7%
Non-GAAP Income before Income Taxes	\$ 419	\$ 377	\$ 361	\$ 1,555	\$ 1,434
Non-GAAP Effective Tax Rate	20.3%	20.2%	10.2%	20.9%	15.7%

Non-GAAP Net Income

	Q4'FY23	Q3'FY23	Q4'FY22	FY2023	FY2022
Non-GAAP Net Income	\$ 334	\$ 301	\$ 324	\$ 1,230	\$ 1,209
Non-GAAP Weighted Average Common Shares Outstanding, Diluted	217	219	228	220	229
Non-GAAP Net Income per Share, Diluted	\$ 1.54	\$ 1.37	\$ 1.42	\$ 5.59	\$ 5.28

Select Balance Sheet Items

	Q4'FY23	Q3'FY23	Q4'FY22
Deferred Revenue and Financed Unearned Services Revenue	\$ 4,313	\$ 4,216	\$ 4,232
DSO (days)	57	49	67
DPO (days)	70	75	93
Inventory Turns	12	12	12

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

	Q4'FY23	Q3'FY23	Q4'FY22	FY2023	FY2022
Net Cash Provided by Operating Activities	\$ 235	\$ 377	\$ 411	\$ 1,107	\$ 1,211
Purchases of Property and Equipment	\$ 39	\$ 58	\$ 68	\$ 239	\$ 226
Free Cash Flow	\$ 196	\$ 319	\$ 343	\$ 868	\$ 985
<i>Free Cash Flow as % of Net Revenues</i>	12.4%	20.9%	20.4%	13.6%	15.6%

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 NON-GAAP TO GAAP
INCOME STATEMENT INFORMATION
(In millions, except net income per share amounts)

	<u>Q4'FY23</u>	<u>Q3'FY23</u>	<u>Q4'FY22</u>	<u>FY2023</u>	<u>FY2022</u>
NET INCOME	\$ 245	\$ 65	\$ 259	\$ 1,274	\$ 937
Adjustments:					
Amortization of intangible assets	17	17	14	68	46
Stock-based compensation	74	93	66	312	245
Litigation settlements	—	—	—	—	2
Restructuring charges	11	87	4	120	33
Acquisition-related expense	3	3	5	21	13
Gain on sale of equity investment	—	—	—	(32)	—
Income tax effects	11	(33)	(24)	(51)	(68)
Income tax (benefits) expenses from integration of acquired companies	(27)	—	—	(27)	1
Resolution of income tax matters	—	69	—	69	—
Income tax benefit from intra-entity intellectual property transfer	—	—	—	(524)	—
NON-GAAP NET INCOME	<u>\$ 334</u>	<u>\$ 301</u>	<u>\$ 324</u>	<u>\$ 1,230</u>	<u>\$ 1,209</u>
COST OF REVENUES	\$ 506	\$ 525	\$ 591	\$ 2,153	\$ 2,098
Adjustments:					
Amortization of intangible assets	(10)	(11)	(10)	(42)	(33)
Stock-based compensation	(6)	(8)	(4)	(24)	(17)
NON-GAAP COST OF REVENUES	<u>\$ 490</u>	<u>\$ 506</u>	<u>\$ 577</u>	<u>\$ 2,087</u>	<u>\$ 2,048</u>
COST OF PRODUCT REVENUES	\$ 335	\$ 367	\$ 446	\$ 1,517	\$ 1,554
Adjustments:					
Amortization of intangible assets	—	—	(3)	(1)	(9)
Stock-based compensation	(1)	(2)	(1)	(5)	(4)
NON-GAAP COST OF PRODUCT REVENUES	<u>\$ 334</u>	<u>\$ 365</u>	<u>\$ 442</u>	<u>\$ 1,511</u>	<u>\$ 1,541</u>
COST OF SERVICES REVENUES	\$ 171	\$ 158	\$ 145	\$ 636	\$ 544
Adjustments:					
Amortization of intangible assets	(10)	(11)	(7)	(41)	(24)
Stock-based compensation	(5)	(6)	(3)	(19)	(13)
NON-GAAP COST OF SERVICES REVENUES	<u>\$ 156</u>	<u>\$ 141</u>	<u>\$ 135</u>	<u>\$ 576</u>	<u>\$ 507</u>
GROSS PROFIT	\$ 1,075	\$ 1,001	\$ 1,089	\$ 4,209	\$ 4,220
Adjustments:					
Amortization of intangible assets	10	11	10	42	33
Stock-based compensation	6	8	4	24	17
NON-GAAP GROSS PROFIT	<u>\$ 1,091</u>	<u>\$ 1,020</u>	<u>\$ 1,103</u>	<u>\$ 4,275</u>	<u>\$ 4,270</u>

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

	<u>Q4'FY23</u>	<u>Q3'FY23</u>	<u>Q4'FY22</u>	<u>FY2023</u>	<u>FY2022</u>
SALES AND MARKETING EXPENSES	\$ 442	\$ 450	\$ 480	\$ 1,829	\$ 1,857
Adjustments:					
Amortization of intangible assets	(7)	(6)	(4)	(26)	(13)
Stock-based compensation	(32)	(40)	(30)	(135)	(115)
NON-GAAP SALES AND MARKETING EXPENSES	<u>\$ 403</u>	<u>\$ 404</u>	<u>\$ 446</u>	<u>\$ 1,668</u>	<u>\$ 1,729</u>
RESEARCH AND DEVELOPMENT EXPENSES	\$ 243	\$ 230	\$ 235	\$ 956	\$ 881
Adjustments:					
Stock-based compensation	(29)	(32)	(22)	(111)	(75)
NON-GAAP RESEARCH AND DEVELOPMENT EXPENSES	<u>\$ 214</u>	<u>\$ 198</u>	<u>\$ 213</u>	<u>\$ 845</u>	<u>\$ 806</u>
GENERAL AND ADMINISTRATIVE EXPENSES	\$ 67	\$ 59	\$ 72	\$ 265	\$ 279
Adjustments:					
Stock-based compensation	(7)	(13)	(10)	(42)	(38)
Litigation settlements	—	—	—	—	(2)
NON-GAAP GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 60</u>	<u>\$ 46</u>	<u>\$ 62</u>	<u>\$ 223</u>	<u>\$ 239</u>
RESTRUCTURING CHARGES	\$ 11	\$ 87	\$ 4	\$ 120	\$ 33
Adjustments:					
Restructuring charges	(11)	(87)	(4)	(120)	(33)
NON-GAAP RESTRUCTURING CHARGES	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
ACQUISITION-RELATED EXPENSE	\$ 3	\$ 3	\$ 5	\$ 21	\$ 13
Adjustments:					
Acquisition-related expense	(3)	(3)	(5)	(21)	(13)
NON-GAAP ACQUISITION-RELATED EXPENSE	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
OPERATING EXPENSES	\$ 766	\$ 829	\$ 796	\$ 3,191	\$ 3,063
Adjustments:					
Amortization of intangible assets	(7)	(6)	(4)	(26)	(13)
Stock-based compensation	(68)	(85)	(62)	(288)	(228)
Litigation settlements	—	—	—	—	(2)
Restructuring charges	(11)	(87)	(4)	(120)	(33)
Acquisition-related expense	(3)	(3)	(5)	(21)	(13)
NON-GAAP OPERATING EXPENSES	<u>\$ 677</u>	<u>\$ 648</u>	<u>\$ 721</u>	<u>\$ 2,736</u>	<u>\$ 2,774</u>

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

	<u>Q4'FY23</u>	<u>Q3'FY23</u>	<u>Q4'FY22</u>	<u>FY2023</u>	<u>FY2022</u>
INCOME FROM OPERATIONS	\$ 309	\$ 172	\$ 293	\$ 1,018	\$ 1,157
Adjustments:					
Amortization of intangible assets	17	17	14	68	46
Stock-based compensation	74	93	66	312	245
Litigation settlements	—	—	—	—	2
Restructuring charges	11	87	4	120	33
Acquisition-related expense	3	3	5	21	13
NON-GAAP INCOME FROM OPERATIONS	<u>\$ 414</u>	<u>\$ 372</u>	<u>\$ 382</u>	<u>\$ 1,539</u>	<u>\$ 1,496</u>
OTHER INCOME (EXPENSE), NET	\$ 5	\$ 5	\$ (21)	\$ 48	\$ (62)
Adjustments:					
Gain on sale of equity investment	—	—	—	(32)	—
NON-GAAP OTHER INCOME (EXPENSE), NET	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ (21)</u>	<u>\$ 16</u>	<u>\$ (62)</u>
INCOME BEFORE INCOME TAXES	\$ 314	\$ 177	\$ 272	\$ 1,066	\$ 1,095
Adjustments:					
Amortization of intangible assets	17	17	14	68	46
Stock-based compensation	74	93	66	312	245
Litigation settlements	—	—	—	—	2
Restructuring charges	11	87	4	120	33
Acquisition-related expense	3	3	5	21	13
Gain on sale of equity investment	—	—	—	(32)	—
NON-GAAP INCOME BEFORE INCOME TAXES	<u>\$ 419</u>	<u>\$ 377</u>	<u>\$ 361</u>	<u>\$ 1,555</u>	<u>\$ 1,434</u>
PROVISION (BENEFIT) FOR INCOME TAXES	\$ 69	\$ 112	\$ 13	\$ (208)	\$ 158
Adjustments:					
Income tax effects	(11)	33	24	51	68
Income tax benefits (expenses) from integration of acquired companies	27	—	—	27	(1)
Resolution of income tax matters	—	(69)	—	(69)	—
Income tax benefit from intra-entity intellectual property transfer	—	—	—	524	—
NON-GAAP PROVISION FOR INCOME TAXES	<u>\$ 85</u>	<u>\$ 76</u>	<u>\$ 37</u>	<u>\$ 325</u>	<u>\$ 225</u>
NET INCOME PER SHARE	\$ 1.13	\$ 0.30	\$ 1.14	\$ 5.79	\$ 4.09
Adjustments:					
Amortization of intangible assets	0.08	0.08	0.06	0.31	0.20
Stock-based compensation	0.34	0.42	0.29	1.42	1.07
Litigation settlements	—	—	—	—	0.01
Restructuring charges	0.05	0.40	0.02	0.55	0.14
Acquisition-related expense	0.01	0.01	0.02	0.10	0.06
Gain on sale of equity investment	—	—	—	(0.15)	—
Income tax effects	0.05	(0.15)	(0.11)	(0.23)	(0.30)
Income tax (benefits) expenses from integration of acquired companies	(0.12)	—	—	(0.12)	—
Resolution of income tax matters	—	0.32	—	0.31	—
Income tax benefit from intra-entity intellectual property transfer	—	—	—	(2.38)	—
NON-GAAP NET INCOME PER SHARE	<u>\$ 1.54</u>	<u>\$ 1.37</u>	<u>\$ 1.42</u>	<u>\$ 5.59</u>	<u>\$ 5.28</u>

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

	<u>Q4'FY23</u>	<u>Q3'FY23</u>	<u>Q4'FY22</u>	<u>FY2023</u>	<u>FY2022</u>
Gross margin-GAAP	68.0%	65.6%	64.8%	66.2%	66.8%
Cost of revenues adjustments	1.0%	1.2%	0.8%	1.0%	0.8%
Gross margin-Non-GAAP	69.0%	66.8%	65.7%	67.2%	67.6%
GAAP cost of revenues	\$ 506	\$ 525	\$ 591	\$ 2,153	\$ 2,098
Cost of revenues adjustments:					
Amortization of intangible assets	(10)	(11)	(10)	(42)	(33)
Stock-based compensation	(6)	(8)	(4)	(24)	(17)
Non-GAAP cost of revenues	<u>\$ 490</u>	<u>\$ 506</u>	<u>\$ 577</u>	<u>\$ 2,087</u>	<u>\$ 2,048</u>
Net revenues	\$ 1,581	\$ 1,526	\$ 1,680	\$ 6,362	\$ 6,318

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

	<u>Q4'FY23</u>	<u>Q3'FY23</u>	<u>Q4'FY22</u>	<u>FY2023</u>	<u>FY2022</u>
Product gross margin-GAAP	55.0%	46.2%	50.1%	50.2%	52.7%
Cost of product revenues adjustments	0.1%	0.3%	0.4%	0.2%	0.4%
Product gross margin-Non-GAAP	55.1%	46.5%	50.6%	50.4%	53.1%
GAAP cost of product revenues	\$ 335	\$ 367	\$ 446	\$ 1,517	\$ 1,554
Cost of product revenues adjustments:					
Amortization of intangible assets	—	—	(3)	(1)	(9)
Stock-based compensation	(1)	(2)	(1)	(5)	(4)
Non-GAAP cost of product revenues	<u>\$ 334</u>	<u>\$ 365</u>	<u>\$ 442</u>	<u>\$ 1,511</u>	<u>\$ 1,541</u>
Product revenues	\$ 744	\$ 682	\$ 894	\$ 3,049	\$ 3,284

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

	<u>Q4'FY23</u>	<u>Q3'FY23</u>	<u>Q4'FY22</u>	<u>FY2023</u>	<u>FY2022</u>
Services gross margin-GAAP	79.6%	81.3%	81.6%	80.8%	82.1%
Cost of services revenues adjustments	1.8%	2.0%	1.3%	1.8%	1.2%
Services gross margin-Non-GAAP	81.4%	83.3%	82.8%	82.6%	83.3%
GAAP cost of services revenues	\$ 171	\$ 158	\$ 145	\$ 636	\$ 544
Cost of services revenues adjustments:					
Amortization of intangible assets	(10)	(11)	(7)	(41)	(24)
Stock-based compensation	(5)	(6)	(3)	(19)	(13)
Non-GAAP cost of services revenues	<u>\$ 156</u>	<u>\$ 141</u>	<u>\$ 135</u>	<u>\$ 576</u>	<u>\$ 507</u>
Services revenues	\$ 837	\$ 844	\$ 786	\$ 3,313	\$ 3,034

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

	<u>Q4'FY23</u>	<u>Q3'FY23</u>	<u>Q4'FY22</u>	<u>FY2023</u>	<u>FY2022</u>
GAAP effective tax rate	22.0%	63.3%	4.8%	(19.5)%	14.4%
Adjustments:					
Income tax effects	(10.3)%	(4.1)%	5.5%	(4.8)%	1.4%
Income tax benefits (expenses) from integration of acquired companies	8.6%	—%	—%	2.5%	(0.1)%
Resolution of income tax matters	—%	(39.0)%	—%	(6.5)%	—%
Income tax benefit from intra-entity intellectual property transfer	—%	—%	—%	49.2%	—%
Non-GAAP effective tax rate	20.3%	20.2%	10.2%	20.9%	15.7%

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

	<u>Q4'FY23</u>	<u>Q3'FY23</u>	<u>Q4'FY22</u>	<u>FY2023</u>	<u>FY2022</u>
Net cash provided by operating activities	\$ 235	\$ 377	\$ 411	\$ 1,107	\$ 1,211
Purchases of property and equipment	(39)	(58)	(68)	(239)	(226)
Free cash flow	\$ 196	\$ 319	\$ 343	\$ 868	\$ 985

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

	<u>Q4'FY23</u>	<u>Q3'FY23</u>	<u>Q4'FY22</u>	<u>FY2023</u>	<u>FY2022</u>
Net revenues	\$ 1,581	\$ 1,526	\$ 1,680	\$ 6,362	\$ 6,318
Change in deferred revenue and financed unearned services revenue*	93	46	338	46	384
Billings	\$ 1,674	\$ 1,572	\$ 2,018	\$ 6,408	\$ 6,702

* As reported on our Condensed Consolidated Statements of Cash Flows

NETAPP, INC.
RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP
EXPRESSED AS EARNINGS PER SHARE
FIRST QUARTER FISCAL 2024

	First Quarter Fiscal 2024
Non-GAAP Guidance - Net Income Per Share	\$1.00-\$1.10
Adjustments of Specific Items to Net Income Per Share for the First Quarter Fiscal 2024:	
Amortization of intangible assets	(\$0.07)
Stock-based compensation expense	(\$0.39)
Income tax effects	\$0.08
Total Adjustments	(\$0.38)
GAAP Guidance - Net Income Per Share	\$0.62-\$0.72

Some items may not add or recalculate due to rounding.

NETAPP, INC.
RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP
Fiscal 2024

	Fiscal 2024
Gross Margin - Non-GAAP Guidance	~70%
Adjustment:	
Cost of revenues adjustments	(1)%
Gross Margin - GAAP Guidance	~69%
Fiscal 2024	
Operating Margin - Non-GAAP Guidance	~25%
Adjustments:	
Amortization of intangible assets	(1)%
Stock-based compensation expense	(6)%
Operating Margin - GAAP Guidance	~18%

Some items may not add or recalculate due to rounding.

NETAPP, INC.
RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP
EXPRESSED AS EARNINGS PER SHARE
Fiscal 2024

	Fiscal 2024
Non-GAAP Guidance - Net Income Per Share	\$5.65-\$5.85
Adjustments of Specific Items to Net Income	
Per Share for Fiscal 2024:	
Amortization of intangible assets	(\$0.27)
Stock-based compensation expense	(\$1.70)
Income tax effects	\$0.30
Total Adjustments	(\$1.67)
GAAP Guidance - Net Income Per Share	\$3.98-\$4.18

Some items may not add or recalculate due to rounding.

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