

NETAPP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(\$ in millions)
(Unaudited)

	<u>January 23, 2026</u>	<u>April 25, 2025</u>
ASSETS		
Current assets:		
Cash, cash equivalents and investments	\$ 3,008	\$ 3,846
Accounts receivable	1,314	1,246
Inventories	109	186
Other current assets	565	573
Total current assets	<u>4,996</u>	<u>5,851</u>
Property and equipment, net	576	563
Goodwill and purchased intangible assets, net	2,782	2,766
Other non-current assets	1,617	1,643
Total assets	<u>\$ 9,971</u>	<u>\$ 10,823</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 413	\$ 511
Accrued expenses	908	1,122
Current portion of long-term debt	—	750
Short-term deferred revenue and financed unearned services revenue	2,273	2,279
Total current liabilities	<u>3,594</u>	<u>4,662</u>
Long-term debt	2,486	2,485
Other long-term liabilities	375	379
Long-term deferred revenue and financed unearned services revenue	2,358	2,257
Total liabilities	<u>8,813</u>	<u>9,783</u>
Stockholders' equity	1,158	1,040
Total liabilities and stockholders' equity	<u>\$ 9,971</u>	<u>\$ 10,823</u>

NETAPP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(\$ in millions, except net income per share amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	January 23, 2026	January 24, 2025	January 23, 2026	January 24, 2025
Revenues:				
Product	\$ 786	\$ 758	\$ 2,228	\$ 2,195
Services	927	883	2,749	2,645
Net revenues	1,713	1,641	4,977	4,840
Cost of revenues:				
Cost of product	353	330	976	906
Cost of services	151	166	467	514
Total cost of revenues	504	496	1,443	1,420
Gross profit	1,209	1,145	3,534	3,420
Operating expenses:				
Sales and marketing	455	451	1,381	1,407
Research and development	237	247	730	756
General and administrative	86	74	259	226
Restructuring charges	(3)	9	22	38
Acquisition-related expense	—	2	—	4
Total operating expenses	775	783	2,392	2,431
Income from operations	434	362	1,142	989
Other (expense) income, net	(1)	8	(12)	40
Income before income taxes	433	370	1,130	1,029
Provision for income taxes	99	71	258	183
Net income	\$ 334	\$ 299	\$ 872	\$ 846
Net income per share:				
Basic	\$ 1.69	\$ 1.47	\$ 4.38	\$ 4.13
Diluted	\$ 1.67	\$ 1.44	\$ 4.32	\$ 4.03
Shares used in net income per share calculations:				
Basic	198	204	199	205
Diluted	200	208	202	210

NETAPP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(\$ in millions)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	January 23, 2026	January 24, 2025	January 23, 2026	January 24, 2025
Cash flows from operating activities:				
Net income	\$ 334	\$ 299	\$ 872	\$ 846
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	48	64	151	190
Non-cash operating lease cost	11	10	32	31
Stock-based compensation	97	103	282	291
Deferred income taxes	29	(41)	48	(110)
Other items, net	(17)	(60)	58	(25)
Changes in assets and liabilities, net of acquisitions of businesses:				
Accounts receivable	(324)	(34)	(63)	104
Inventories	17	50	77	(82)
Accounts payable	(25)	(113)	(98)	(77)
Accrued expenses	29	(10)	(248)	(94)
Deferred revenue and financed unearned services revenue	173	72	66	(92)
Long-term taxes payable	—	7	3	(84)
Changes in other operating assets and liabilities, net	(55)	38	(63)	(67)
Net cash provided by operating activities	<u>317</u>	<u>385</u>	<u>1,117</u>	<u>831</u>
Cash flows from investing activities:				
(Purchases) redemptions of investments, net	(437)	(7)	(282)	590
Purchases of property and equipment	(46)	(47)	(148)	(133)
Other investing activities, net	—	1	15	3
Net cash (used in) provided by investing activities	<u>(483)</u>	<u>(53)</u>	<u>(415)</u>	<u>460</u>
Cash flows from financing activities:				
Proceeds from issuance of common stock under employee stock award plans	49	53	103	108
Payments for taxes related to net share settlement of stock awards	(25)	(36)	(112)	(168)
Repurchase of common stock	(200)	(200)	(750)	(900)
Repayments and extinguishment of debt	—	—	(750)	(400)
Dividends paid	(103)	(106)	(310)	(319)
Net cash used in financing activities	<u>(279)</u>	<u>(289)</u>	<u>(1,819)</u>	<u>(1,679)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash				
	1	(12)	3	(3)
Net change in cash, cash equivalents and restricted cash	(444)	31	(1,114)	(391)
Cash, cash equivalents and restricted cash:				
Beginning of period	2,079	1,487	2,749	1,909
End of period	<u>\$ 1,635</u>	<u>\$ 1,518</u>	<u>\$ 1,635</u>	<u>\$ 1,518</u>

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

	Q3 FY26	Q3 FY25
NET INCOME	\$ 334	\$ 299
Adjustments:		
Amortization of intangible assets	5	13
Stock-based compensation	97	103
Restructuring charges	(3)	9
Acquisition-related expense	—	2
Gains/losses on the sale or derecognition of assets	—	3
Income tax effects	(10)	(32)
NON-GAAP NET INCOME	<u>\$ 423</u>	<u>\$ 397</u>
COST OF REVENUES	\$ 504	\$ 496
Adjustments:		
Amortization of intangible assets	(2)	(8)
Stock-based compensation	(8)	(8)
NON-GAAP COST OF REVENUES	<u>\$ 494</u>	<u>\$ 480</u>
COST OF PRODUCT REVENUES	\$ 353	\$ 330
Adjustments:		
Stock-based compensation	(2)	(2)
NON-GAAP COST OF PRODUCT REVENUES	<u>\$ 351</u>	<u>\$ 328</u>
COST OF SERVICES REVENUES	\$ 151	\$ 166
Adjustments:		
Amortization of intangible assets	(2)	(8)
Stock-based compensation	(6)	(6)
NON-GAAP COST OF SERVICES REVENUES	<u>\$ 143</u>	<u>\$ 152</u>
GROSS PROFIT	\$ 1,209	\$ 1,145
Adjustments:		
Amortization of intangible assets	2	8
Stock-based compensation	8	8
NON-GAAP GROSS PROFIT	<u>\$ 1,219</u>	<u>\$ 1,161</u>

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

	Q3 FY26	Q3 FY25
SALES AND MARKETING EXPENSES	\$ 455	\$ 451
Adjustments:		
Amortization of intangible assets	(3)	(5)
Stock-based compensation	(38)	(44)
NON-GAAP SALES AND MARKETING EXPENSES	<u>\$ 414</u>	<u>\$ 402</u>
RESEARCH AND DEVELOPMENT EXPENSES	\$ 237	\$ 247
Adjustments:		
Stock-based compensation	(33)	(36)
NON-GAAP RESEARCH AND DEVELOPMENT EXPENSES	<u>\$ 204</u>	<u>\$ 211</u>
GENERAL AND ADMINISTRATIVE EXPENSES	\$ 86	\$ 74
Adjustments:		
Stock-based compensation	(18)	(15)
Gains/losses on the sale or derecognition of assets	—	(3)
NON-GAAP GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 68</u>	<u>\$ 56</u>
RESTRUCTURING CHARGES	\$ (3)	\$ 9
Adjustments:		
Restructuring charges	3	(9)
NON-GAAP RESTRUCTURING CHARGES	<u>\$ —</u>	<u>\$ —</u>
ACQUISITION-RELATED EXPENSE	\$ —	\$ 2
Adjustments:		
Acquisition-related expense	—	(2)
NON-GAAP ACQUISITION-RELATED EXPENSE	<u>\$ —</u>	<u>\$ —</u>
OPERATING EXPENSES	\$ 775	\$ 783
Adjustments:		
Amortization of intangible assets	(3)	(5)
Stock-based compensation	(89)	(95)
Restructuring charges	3	(9)
Acquisition-related expense	—	(2)
Gains/losses on the sale or derecognition of assets	—	(3)
NON-GAAP OPERATING EXPENSES	<u>\$ 686</u>	<u>\$ 669</u>

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

	<u>Q3 FY26</u>	<u>Q3 FY25</u>
INCOME FROM OPERATIONS	\$ 434	\$ 362
Adjustments:		
Amortization of intangible assets	5	13
Stock-based compensation	97	103
Restructuring charges	(3)	9
Acquisition-related expense	—	2
Gains/losses on the sale or derecognition of assets	—	3
NON-GAAP INCOME FROM OPERATIONS	<u>\$ 533</u>	<u>\$ 492</u>
INCOME BEFORE INCOME TAXES	\$ 433	\$ 370
Adjustments:		
Amortization of intangible assets	5	13
Stock-based compensation	97	103
Restructuring charges	(3)	9
Acquisition-related expense	—	2
Gains/losses on the sale or derecognition of assets	—	3
NON-GAAP INCOME BEFORE INCOME TAXES	<u>\$ 532</u>	<u>\$ 500</u>
PROVISION FOR INCOME TAXES	\$ 99	\$ 71
Adjustments:		
Income tax effects	10	32
NON-GAAP PROVISION FOR INCOME TAXES	<u>\$ 109</u>	<u>\$ 103</u>
NET INCOME PER SHARE	\$ 1.67	\$ 1.44
Adjustments:		
Amortization of intangible assets	0.03	0.06
Stock-based compensation	0.49	0.50
Restructuring charges	(0.02)	0.04
Acquisition-related expense	—	0.01
Gains/losses on the sale or derecognition of assets	—	0.01
Income tax effects	(0.05)	(0.15)
NON-GAAP NET INCOME PER SHARE	<u>\$ 2.12</u>	<u>\$ 1.91</u>

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

	<u>Q3 FY26</u>	<u>Q3 FY25</u>
Gross margin	70.6%	69.8%
Cost of revenues adjustments	0.6%	0.9%
Non-GAAP Gross margin	71.2%	70.7%
Cost of revenues	\$ 504	\$ 496
Cost of revenues adjustments:		
Amortization of intangible assets	(2)	(8)
Stock-based compensation	(8)	(8)
Non-GAAP Cost of revenues	<u>\$ 494</u>	<u>\$ 480</u>
Net revenues	\$ 1,713	\$ 1,641

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

	<u>Q3 FY26</u>	<u>Q3 FY25</u>
Product gross margin	55.1%	56.5%
Cost of product revenues adjustments	0.2%	0.2%
Non-GAAP Product gross margin	55.3%	56.7%
Cost of product revenues	\$ 353	\$ 330
Cost of product revenues adjustments:		
Stock-based compensation	(2)	(2)
Non-GAAP Cost of product revenues	\$ 351	\$ 328
Product revenues	\$ 786	\$ 758

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

	<u>Q3 FY26</u>	<u>Q3 FY25</u>
Services gross margin	83.7%	81.2%
Cost of services revenues adjustments	0.9%	1.6%
Non-GAAP Services gross margin	84.6%	82.8%
Cost of services revenues	\$ 151	\$ 166
Cost of services revenues adjustments:		
Amortization of intangible assets	(2)	(8)
Stock-based compensation	(6)	(6)
Non-GAAP Cost of services revenues	\$ 143	\$ 152
Services revenues	\$ 927	\$ 883

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

	<u>Q3 FY26</u>	<u>Q3 FY25</u>
Operating margin	25.3%	22.1%
Adjustments	5.8%	7.9%
Non-GAAP Operating margin	31.1%	30.0%
Income from operations	\$ 434	\$ 362
Income from operations adjustments:		
Amortization of intangible assets	5	13
Stock-based compensation	97	103
Restructuring charges	(3)	9
Acquisition-related expense	—	2
Gains/losses on the sale or derecognition of assets	—	3
Non-GAAP Income from operations	\$ 533	\$ 492
Net revenues	\$ 1,713	\$ 1,641

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

	<u>Q3 FY26</u>	<u>Q3 FY25</u>
Effective tax rate	22.9%	19.2%
Adjustments:		
Income tax effects	(2.4)%	1.4%
Non-GAAP Effective tax rate	20.5%	20.6%

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

	<u>Q3 FY26</u>	<u>Q3 FY25</u>
Net cash provided by operating activities	\$ 317	\$ 385
Purchases of property and equipment	(46)	(47)
Free cash flow	\$ 271	\$ 338

**RECONCILIATION OF NET REVENUES
TO BILLINGS (NON-GAAP)
(\$ in millions)**

	<u>Q3 FY26</u>	<u>Q3 FY25</u>
Net revenues	\$ 1,713	\$ 1,641
Change in deferred revenue and financed unearned services revenue*	173	72
Billings	\$ 1,886	\$ 1,713

* As reported on our Condensed Consolidated Statements of Cash Flows

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

Revenues by Segment

	<u>Q3 FY26</u>	<u>Q3 FY25</u>
Product	\$ 786	\$ 758
Support	654	621
Professional and Other Services	99	88
Hybrid Cloud Segment Net Revenues	1,539	1,467
Public Cloud Segment Net Revenues	174	174
Net Revenues	\$ 1,713	\$ 1,641

Gross Profit by Segment

	<u>Q3 FY26</u>	<u>Q3 FY25</u>
Product	\$ 435	\$ 430
Support	605	573
Professional and Other Services	31	25
Hybrid Cloud Segment Gross Profit	1,071	1,028
Public Cloud Segment Gross Profit	148	133
Total Segments Gross Profit	1,219	1,161
Amortization of Intangible Assets	(2)	(8)
Stock-based Compensation	(8)	(8)
Unallocated Cost of Revenues	(10)	(16)
Gross Profit	\$ 1,209	\$ 1,145

Gross Margin by Segment

	<u>Q3 FY26</u>	<u>Q3 FY25</u>
Product	55.3%	56.7%
Support	92.5%	92.3%
Professional and Other Services	31.3%	28.4%
Hybrid Cloud Segment Gross Margin	69.6%	70.1%
Public Cloud Segment Gross Margin	85.1%	76.4%

Geographic Mix

	<u>% of Q3 FY26 Revenue</u>	<u>% of Q3 FY25 Revenue</u>
Americas	52%	51%
<i>Americas Commercial</i>	42%	41%
<i>U.S. Public Sector*</i>	10%	10%
EMEA	34%	34%
Asia Pacific	14%	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

	<u>% of Q3 FY26 Revenue</u>	<u>% of Q3 FY25 Revenue</u>
Direct	24%	21%
Indirect	76%	79%

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

	Q3 FY26	Q3 FY25
Non-GAAP Income from Operations	\$ 533	\$ 492
Operating Margin	31.1%	30.0%
Non-GAAP Income before Income Taxes	\$ 532	\$ 500
Non-GAAP Effective Tax Rate	20.5%	20.6%

Non-GAAP Net Income

	Q3 FY26	Q3 FY25
Non-GAAP Net Income	\$ 423	\$ 397
Non-GAAP Weighted Average Common Shares Outstanding, Diluted	200	208
Non-GAAP Net Income per Share, Diluted	\$ 2.12	\$ 1.91

Select Balance Sheet Items

	Q3 FY26	Q3 FY25
Deferred Revenue and Financed Unearned Services Revenue	\$ 4,631	\$ 4,122
DSO (days)	70	50
DPO (days)	75	80
Inventory Turns	18	7

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

	Q3 FY26	Q3 FY25
Net Cash Provided by Operating Activities	\$ 317	\$ 385
Purchases of Property and Equipment	\$ 46	\$ 47
Free Cash Flow	\$ 271	\$ 338
Free Cash Flow Margin	15.8%	20.6%

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

Free cash flow margin is defined as free cash flow as a percentage of net revenues.

Some items may not add or recalculate due to rounding.

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

	Fourth Quarter Fiscal 2026
GAAP Guidance - Gross Margin	68.5% - 69.5%
Adjustments:	
Cost of revenues adjustments	1%
Non-GAAP Guidance - Gross Margin	69.5% - 70.5%
	Fourth Quarter Fiscal 2026
GAAP Guidance - Operating Margin	25.5% - 26.5%
Adjustments:	
Stock-based compensation expense	5%
Non-GAAP Guidance - Operating Margin	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 NET INCOME PER SHARE
FOURTH QUARTER FISCAL 2026

	Fourth Quarter Fiscal 2026
GAAP Guidance - Net Income Per Share	\$1.76 - \$1.86
Adjustments of Specific Items to Net Income	
Per Share for the Fourth Quarter Fiscal 2026:	
Amortization of intangible assets	\$0.02
Stock-based compensation expense	\$0.48
Income tax effects	(\$0.05)
Total Adjustments	\$0.45
Non-GAAP Guidance - Net Income Per Share	\$2.21 - \$2.31

Some items may not add or recalculate due to rounding.

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

	Fiscal 2026
GAAP Guidance - Gross Margin	69.7% - 70.7%
Adjustments:	
Cost of revenues adjustments	1%
Non-GAAP Guidance - Gross Margin	70.7% - 71.7%

	Fiscal 2026
GAAP Guidance - Operating Margin	23.3% - 24.3%
Adjustments:	
Stock-based compensation expense	6%
Non-GAAP Guidance - Operating Margin	29.3% - 30.3%

Some items may not add or recalculate due to rounding.

NETAPP, INC.
RECONCILIATION OF GAAP GUIDANCE TO NON-GAAP
EXPRESSED AS NET INCOME PER SHARE
FISCAL 2026

	Fiscal 2026
GAAP Guidance - Net Income Per Share	\$6.07 - \$6.17
Adjustments of Specific Items to Net Income	
Per Share for Fiscal 2026:	
Amortization of intangible assets	\$0.10
Stock-based compensation expense	\$1.88
Restructuring charges	\$0.11
Income tax effects	(\$0.24)
Total Adjustments	\$1.85
Non-GAAP Guidance - Net Income Per Share	\$7.92 - \$8.02

Some items may not add or recalculate due to rounding.

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