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

	July 31, 2026	April 24, 2026
ASSETS		
Current assets:		
Cash, cash equivalents and investments	$ 3,576	$ 3,584
Accounts receivable	966	1,286
Inventories	375	198
Other current assets	755	708
Total current assets	5,672	5,776
Property and equipment, net	663	592
Goodwill and purchased intangible assets, net	2,954	2,794
Other non-current assets	1,666	1,582
Total assets	$ 10,955	$ 10,744
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 566	$ 550
Accrued expenses	1,200	1,151
Current portion of long-term debt	550	—
Short-term deferred revenue	2,252	2,320
Total current liabilities	4,568	4,021
Long-term debt	1,938	2,487
Other long-term liabilities	360	360
Long-term deferred revenue	2,594	2,525
Total liabilities	9,460	9,393
Stockholders' equity	1,495	1,351
Total liabilities and stockholders' equity	$ 10,955	$ 10,744

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

	Three Months Ended	
	July 31, 2026	July 25, 2025
Revenues:		
Product	$ 987	$ 654
Services	1,038	905
Net revenues	2,025	1,559
Cost of revenues:		
Cost of product	450	302
Cost of services	156	159
Total cost of revenues	606	461
Gross profit	1,419	1,098
Operating expenses:		
Sales and marketing	507	461
Research and development	274	242
General and administrative	98	84
Restructuring charges	56	2
Total operating expenses	935	789
Income from operations	484	309
Other expense, net	—	(5)
Income before income taxes	484	304
Provision for income taxes	109	71
Net income	$ 375	$ 233
Net income per share:		
Basic	$ 1.91	$ 1.16
Diluted	$ 1.88	$ 1.15
Shares used in net income per share calculations:		
Basic	196	201
Diluted	200	203

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

	Three Months Ended	
	July 31, 2026	July 25, 2025
Cash flows from operating activities:		
Net income	$ 375	$ 233
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	33	51
Non-cash operating lease cost	11	11
Stock-based compensation	98	83
Deferred income taxes	(5)	9
Other items, net	(15)	46
Changes in assets and liabilities:		
Accounts receivable	317	466
Inventories	(176)	54
Accounts payable	19	(107)
Accrued expenses	(75)	(240)
Deferred revenue	32	(48)
Changes in other operating assets and liabilities, net	(111)	115
Net cash provided by operating activities	503	673
Cash flows from investing activities:		
Purchases of investments, net	(494)	(143)
Purchases of property and equipment	(102)	(53)
Acquisition of business, net of cash acquired	(78)	—
Other investing activities, net	—	15
Net cash used in investing activities	(674)	(181)
Cash flows from financing activities:		
Proceeds from issuance of common stock under employee stock award plans	57	54
Payments for taxes related to net share settlement of stock awards	(74)	(57)
Repurchase of common stock	(200)	(300)
Repayments and extinguishment of debt	—	(750)
Dividends paid	(102)	(104)
Net cash used in financing activities	(319)	(1,157)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(6)	7
Net change in cash, cash equivalents and restricted cash	(496)	(658)
Cash, cash equivalents and restricted cash:		
Beginning of period	2,075	2,749
End of period	$ 1,579	$ 2,091

NETAPP, INC.
RECONCILIATION OF GAAP TO NON-GAAP
INCOME STATEMENT INFORMATION
($ in millions)

	Q1 FY27	Q1 FY26
NET INCOME	$ 375	$ 233
Adjustments:		
Amortization of intangible assets	6	6
Stock-based compensation	98	83
Restructuring charges	56	2
Acquisition-related expense	1	—
Gains/losses on the sale or derecognition of assets	—	1
Income tax effects	(21)	(11)
NON-GAAP NET INCOME	$ 515	$ 314
COST OF REVENUES	$ 606	$ 461
Adjustments:		
Amortization of intangible assets	(3)	(3)
Stock-based compensation	(7)	(7)
NON-GAAP COST OF REVENUES	$ 596	$ 451
COST OF PRODUCT REVENUES	$ 450	$ 302
Adjustments:		
Stock-based compensation	(2)	(1)
NON-GAAP COST OF PRODUCT REVENUES	$ 448	$ 301
COST OF SERVICES REVENUES	$ 156	$ 159
Adjustments:		
Amortization of intangible assets	(3)	(3)
Stock-based compensation	(5)	(6)
NON-GAAP COST OF SERVICES REVENUES	$ 148	$ 150
GROSS PROFIT	$ 1,419	$ 1,098
Adjustments:		
Amortization of intangible assets	3	3
Stock-based compensation	7	7
NON-GAAP GROSS PROFIT	$ 1,429	$ 1,108

NETAPP, INC.
RECONCILIATION OF GAAP TO NON-GAAP
INCOME STATEMENT INFORMATION
($ in millions)

	Q1 FY27	Q1 FY26
SALES AND MARKETING EXPENSES	$ 507	$ 461
Adjustments:		
Amortization of intangible assets	(3)	(3)
Stock-based compensation	(40)	(34)
NON-GAAP SALES AND MARKETING EXPENSES	$ 464	$ 424
RESEARCH AND DEVELOPMENT EXPENSES	$ 274	$ 242
Adjustments:		
Stock-based compensation	(35)	(25)
NON-GAAP RESEARCH AND DEVELOPMENT EXPENSES	$ 239	$ 217
GENERAL AND ADMINISTRATIVE EXPENSES	$ 98	$ 84
Adjustments:		
Stock-based compensation	(16)	(17)
Acquisition-related expense	(1)	—
Gains/losses on the sale or derecognition of assets	—	(1)
NON-GAAP GENERAL AND ADMINISTRATIVE EXPENSES	$ 81	$ 66
RESTRUCTURING CHARGES	$ 56	$ 2
Adjustments:		
Restructuring charges	(56)	(2)
NON-GAAP RESTRUCTURING CHARGES	$ —	$ —
OPERATING EXPENSES	$ 935	$ 789
Adjustments:		
Amortization of intangible assets	(3)	(3)
Stock-based compensation	(91)	(76)
Restructuring charges	(56)	(2)
Acquisition-related expense	(1)	—
Gains/losses on the sale or derecognition of assets	—	(1)
NON-GAAP OPERATING EXPENSES	$ 784	$ 707

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

	Q1 FY27		Q1 FY26	
INCOME FROM OPERATIONS	$	484	$	309
Adjustments:				
Amortization of intangible assets		6		6
Stock-based compensation		98		83
Restructuring charges		56		2
Acquisition-related expense		1		—
Gains/losses on the sale or derecognition of assets		—		1
NON-GAAP INCOME FROM OPERATIONS	$	645	$	401
INCOME BEFORE INCOME TAXES	$	484	$	304
Adjustments:				
Amortization of intangible assets		6		6
Stock-based compensation		98		83
Restructuring charges		56		2
Acquisition-related expense		1		—
Gains/losses on the sale or derecognition of assets		—		1
NON-GAAP INCOME BEFORE INCOME TAXES	$	645	$	396
PROVISION FOR INCOME TAXES	$	109	$	71
Adjustments:				
Income tax effects		21		11
NON-GAAP PROVISION FOR INCOME TAXES	$	130	$	82
NET INCOME PER SHARE	$	1.88	$	1.15
Adjustments:				
Amortization of intangible assets		0.03		0.03
Stock-based compensation		0.49		0.41
Restructuring charges		0.28		0.01
Acquisition-related expense		0.01		—
Income tax effects		(0.11)		(0.05)
NON-GAAP NET INCOME PER SHARE	$	2.58	$	1.55

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

	Q1 FY27		Q1 FY26	
Gross margin		70.1%		70.4%
Cost of revenues adjustments		0.5%		0.7%
Non-GAAP Gross margin		70.6%		71.1%
Cost of revenues	$	606	$	461
Cost of revenues adjustments:				
Amortization of intangible assets		(3)		(3)
Stock-based compensation		(7)		(7)
Non-GAAP Cost of revenues	$	596	$	451
Net revenues	$	2,025	$	1,559

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

	Q1 FY27	Q1 FY26
Product gross margin	54.4%	53.8%
Cost of product revenues adjustments	0.2%	0.2%
Non-GAAP Product gross margin	54.6%	54.0%
Cost of product revenues	$ 450	$ 302
Cost of product revenues adjustments:		
Stock-based compensation	(2)	(1)
Non-GAAP Cost of product revenues	$ 448	$ 301
Product revenues	$ 987	$ 654

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

	Q1 FY27	Q1 FY26
Services gross margin	85.0%	82.4%
Cost of services revenues adjustments	0.7%	1.0%
Non-GAAP Services gross margin	85.7%	83.4%
Cost of services revenues	$ 156	$ 159
Cost of services revenues adjustments:		
Amortization of intangible assets	(3)	(3)
Stock-based compensation	(5)	(6)
Non-GAAP Cost of services revenues	$ 148	$ 150
Services revenues	$ 1,038	$ 905

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

	Q1 FY27	Q1 FY26
Operating margin	23.9%	19.8%
Adjustments	8.0%	5.9%
Non-GAAP Operating margin	31.9%	25.7%
Income from operations	$ 484	$ 309
Income from operations adjustments:		
Amortization of intangible assets	6	6
Stock-based compensation	98	83
Restructuring charges	56	2
Acquisition-related expense	1	—
Gains/losses on the sale or derecognition of assets	—	1
Non-GAAP Income from operations	$ 645	$ 401
Net revenues	$ 2,025	$ 1,559

RECONCILIATION OF GAAP TO NON-GAAP
EFFECTIVE TAX RATE

	Q1 FY27	Q1 FY26
Effective tax rate	22.5%	23.4%
Adjustments:		
Income tax effects	(2.3)%	(2.7)%
Non-GAAP Effective tax rate	20.2%	20.7%

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

	Q1 FY27	Q1 FY26
Net cash provided by operating activities	$ 503	$ 673
Purchases of property and equipment	(102)	(53)
Free cash flow	$ 401	$ 620

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

	Q1 FY27	Q1 FY26
Net revenues	$ 2,025	$ 1,559
Change in deferred revenue*	32	(48)
Billings	$ 2,057	$ 1,511

* 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

	Q1 FY27	Q1 FY26
Product	$ 987	$ 654
Support	720	647
Professional and Other Services	112	97
Hybrid Cloud Segment Net Revenues	1,819	1,398
Public Cloud Segment Net Revenues	206	161
Net Revenues	$ 2,025	$ 1,559

Hybrid Cloud Segment Net Revenues by Storage Category

	Q1 FY27	Q1 FY26
All-flash revenues	$ 1,309	$ 893
Hybrid-flash and other revenues	510	505
Hybrid Cloud Segment Net Revenues	$ 1,819	$ 1,398

Gross Profit by Segment

	Q1 FY27	Q1 FY26
Product	$ 539	$ 353
Support	671	597
Professional and Other Services	41	29
Hybrid Cloud Segment Gross Profit	1,251	979
Public Cloud Segment Gross Profit	178	129
Total Segments Gross Profit	1,429	1,108
Amortization of Intangible Assets	(3)	(3)
Stock-based Compensation	(7)	(7)
Unallocated Cost of Revenues	(10)	(10)
Gross Profit	$ 1,419	$ 1,098

Gross Margin by Segment

	Q1 FY27	Q1 FY26
Product	54.6%	54.0%
Support	93.2%	92.3%
Professional and Other Services	36.6%	29.9%
Hybrid Cloud Segment Gross Margin	68.8%	70.0%
Public Cloud Segment Gross Margin	86.4%	80.1%

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

Net Revenues by Geographic Area

	Q1 FY27	Q1 FY26
Americas	**48%**	51%
Americas Commercial	**37%**	40%
*U.S. Public Sector**	**11%**	11%
EMEA	**33%**	32%
Asia Pacific	**19%**	17%

* U.S. Public Sector includes revenue from both the U.S. federal government and U.S. state governments, local municipalities and education institutions.

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

	Q1 FY27		Q1 FY26	
Non-GAAP Income from Operations	**$**	**645**	$	401
Operating Margin		**31.9%**		25.7%
Non-GAAP Income before Income Taxes	**$**	**645**	$	396
Non-GAAP Effective Tax Rate		**20.2%**		20.7%

Non-GAAP Net Income

	Q1 FY27		Q1 FY26	
Non-GAAP Net Income	**$**	**515**	$	314
Non-GAAP Weighted Average Common Shares Outstanding, Diluted		**200**		203
Non-GAAP Net Income per Share, Diluted	**$**	**2.58**	$	1.55

Select Balance Sheet Items

	Q1 FY27		Q1 FY26	
Deferred Revenue	**$**	**4,846**	$	4,526
DSO (days)		**47**		46
DPO (days)		**92**		80
Inventory Turns		**6**		14

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 FY27		Q1 FY26	
Net Cash Provided by Operating Activities	**$**	**503**	$	673
Purchases of Property and Equipment	**$**	**102**	$	53
Free Cash Flow	**$**	**401**	$	620
Free Cash Flow Margin		**19.8%**		39.8%

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
SECOND QUARTER FISCAL 2027

	Second Quarter Fiscal 2027
GAAP Guidance - Gross Margin	66.0% - 67.0%
Adjustments:	
Cost of revenues adjustments	1%
Non-GAAP Guidance - Gross Margin	67.0% - 68.0%

	Second Quarter Fiscal 2027
GAAP Guidance - Operating Margin	24.9% - 25.9%
Adjustments:	
Stock-based compensation expense	6%
Non-GAAP Guidance - Operating Margin	30.9% - 31.9%

Some items may not add or recalculate due to rounding.

	Second Quarter Fiscal 2027
GAAP Guidance - Net Income Per Share	$1.97 - $2.07
Adjustments of Specific Items to Net Income Per Share:	
Amortization of intangible assets	$0.03
Stock-based compensation expense	$0.58
Income tax effects	($0.04)
Total Adjustments	$0.57
Non-GAAP Guidance - Net Income Per Share	$2.54 - $2.64

Some items may not add or recalculate due to rounding.

NETAPP, INC.
RECONCILIATION OF GAAP GUIDANCE TO NON-GAAP
FISCAL 2027

	Fiscal 2027
GAAP Guidance - Gross Margin	67.1% - 68.1%
Adjustments:	
Cost of revenues adjustments	1%
Non-GAAP Guidance - Gross Margin	68.1% - 69.1%

	Fiscal 2027
GAAP Guidance - Operating Margin	24.3% - 25.3%
Adjustments:	
Stock-based compensation expense	5%
Restructuring charges	1%
Non-GAAP Guidance - Operating Margin	30.3% - 31.3%

Some items may not add or recalculate due to rounding.

	Fiscal 2027
GAAP Guidance - Net Income Per Share	$7.35 - $7.65
Adjustments of Specific Items to Net Income Per Share:	
Amortization of intangible assets	$0.12
Stock-based compensation expense	$2.19
Restructuring charges	$0.28
Acquisition-related expenses	$0.01
Income tax effects	($0.22)
Total Adjustments	$2.38
Non-GAAP Guidance - Net Income Per Share	$9.73 - $10.03

Some items may not add or recalculate due to rounding.

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