NetApp Usage of Non-GAAP Financial Information

To supplement NetApp's condensed consolidated financial statement information presented in accordance with generally accepted accounting principles in the United States (GAAP), NetApp provides investors with certain non-GAAP measures, including, but not limited to, historical non-GAAP gross margins, non-GAAP operating margins, non-GAAP operating results, non-GAAP net income, non-GAAP effective tax rate, free cash flow, billings, and historical and projected non-GAAP earnings per diluted share. NetApp also presents the hardware and software components of our GAAP product revenues. Because 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, hardware and software components of our product revenues are considered non-GAAP measures. The hardware and software components of our product revenues are derived from an estimated fair value allocation of the transaction price of our contracts with customers, down to the level of the product hardware and software components. This allocation is primarily based on the contractual prices at which NetApp has historically billed customers for such respective components.

NetApp believes that the presentation of its non-GAAP measures, when shown in conjunction with the corresponding GAAP measures, provides useful information to investors and management regarding financial and business trends relating to its financial condition and results of operations. NetApp's management uses non-GAAP measures in making operating decisions because it believes that the measurements provide meaningful supplemental information regarding NetApp's ongoing operational performance.

NetApp believes that the presentation of non-GAAP gross margins, non-GAAP operating margin, non-GAAP effective tax rate, non-GAAP net income, and non-GAAP earnings per share data, provides investors with supplemental metrics that assist in understanding current results and future prospects, earnings and profitability that are complementary to GAAP metrics. Each of these Non-GAAP metrics is defined as the applicable GAAP metric adjusted to exclude the items defined in A through I below, as applicable, while our Non-GAAP effective tax rate and Non-GAAP net income also reflect a non-GAAP tax provision, as described in item J below, instead of our GAAP tax provision. Non-GAAP net income per share is computed as Non-GAAP net income divided by the diluted number of shares for the applicable period.

NetApp believes that the presentation of free cash flow, which it defines as the net cash provided by operating activities less cash used to acquire property and equipment, to be a liquidity measure that provides useful information to management and investors because it reflects cash that can be used to, among other things, invest in its business, make strategic acquisitions, repurchase common stock, and pay dividends on its common stock. As free cash flow is not a measure of liquidity calculated in accordance with GAAP, free cash flow should be considered in addition to, but not as a substitute for, the analysis provided in the statement of cash flows.

NetApp believes that the presentation of the software and hardware components of our product revenues is meaningful to investors and management as it illustrates the significance of the Company's software and provides improved visibility into the value created by our software innovation and R&D investment.

NetApp approximates billings by adding net revenues as reported on our Condensed Consolidated Statements of Operations for the period to the change in total deferred revenue and financed unearned services revenue as reported on our Condensed Consolidated Statements of Cash Flows for the same period. Billings is a performance measure that NetApp believes provides useful information to management and investors because it approximates the amounts under purchase orders received by us during a given period that have been billed.

Non-GAAP financial measures are used to: (1) measure company performance against historical results, (2) facilitate comparisons to our competitors' operating results and (3) allow greater transparency with respect to information used by management in financial and operational decision making.

NetApp excludes the following items from its non-GAAP measures when applicable:

A. *Amortization of intangible assets.* NetApp records amortization of intangible assets that were acquired in connection with its business combinations. The amortization of intangible assets varies depending on the level of acquisition activity. Management finds it useful to exclude these charges to assess the appropriate level of various operating expenses to assist in budgeting, planning and forecasting future periods and in measuring operational performance.

B. *Stock-based compensation expenses.* NetApp excludes stock-based compensation expenses from its non-GAAP measures primarily because the amount can fluctuate based on variables unrelated to the performance of the underlying business. While management views stock-based compensation as a key element of our employee retention and long-term incentives, we do not view it as an expense to be used in evaluating operational performance in any given period.

C. *Litigation settlements.* NetApp may periodically incur charges or benefits related to litigation settlements. NetApp excludes these charges and benefits, when significant, because it does not believe they are reflective of ongoing business and operating results.

D. *Acquisition-related expenses.* NetApp excludes acquisition-related expenses, including (a) due diligence, legal and other one-time integration charges and (b) write down of assets acquired that NetApp does not intend to use in its ongoing business, from its non-GAAP measures, primarily because they are not related to our ongoing business or cost base and, therefore, are less useful for future planning and forecasting.

E. *Restructuring charges.* These charges consist of restructuring charges that are incurred based on the particular facts and circumstances of restructuring decisions, including employment and contractual settlement terms, and other related charges, and can vary in size and frequency. We therefore exclude them in our assessment of operational performance.

F. *Asset impairments.* These are non-cash charges to write down assets when there is an indication that the asset has become impaired. Management finds it useful to exclude these non-cash charges due to the unpredictability of these events in its assessment of operational performance.

G. *Gains/losses on the sale or derecognition of assets.* These are gains/losses from the sale of our properties and other transactions in which we transfer control of assets to a third party. Management believes that these transactions do not reflect the results of our underlying, ongoing business and, therefore, are less useful for future planning and forecasting.

H. *Gains/losses on the sale of investments in equity securities*. These are gains/losses from the sale of our investment in certain equity securities. Typically, such investments are sold as a result of a change in control of the underlying businesses. Management believes that these transactions do not reflect the results of our underlying, ongoing business and, therefore, are less useful for future planning and forecasting.

I. *Debt extinguishment costs*. NetApp excludes certain non-recurring expenses incurred as a result of the early extinguishment of debt. Management believes such non-recurring costs do not reflect the results of its underlying, ongoing business and, therefore, are less useful for future planning and forecasting.

J. *Income tax adjustments*. NetApp's non-GAAP tax provision is based upon a projected annual non-GAAP effective tax rate for the first three quarters of the fiscal year and an actual non-GAAP tax provision for the fourth quarter of the fiscal year. The non-GAAP tax provision also excludes, when applicable, (a) tax charges or benefits in the current period that relate to one or more prior fiscal periods that are a result of events such as changes in tax legislation, authoritative guidance, income tax audit settlements, statute lapses and/or court decisions, (b) tax charges or benefits that are attributable to unusual or non-recurring book and/or tax accounting method changes, (c) tax charges that are a result of a non-routine foreign cash repatriation, (d) tax charges or benefits that are a result of infrequent restructuring of the Company's tax structure, (e) tax charges or benefits that are a result of a change in valuation allowance, and (f) tax charges or benefits resulting from the integration of intellectual property from acquisitions. Management believes that the use of non-GAAP tax provisions provides a more meaningful measure of the Company's operational performance.

Non-GAAP measures are not in accordance with, or an alternative for, measures prepared in accordance with GAAP, and may be different from non-GAAP measures used by other companies. In addition, non-GAAP measures are not based on any comprehensive set of accounting rules or principles. NetApp believes that non-GAAP measures have limitations in that they do not reflect all of the amounts associated with the Company's results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate the Company's results of operations in conjunction with the corresponding GAAP measures. NetApp management compensates for these limitations by analyzing current and projected results on a GAAP basis as well as a non-GAAP basis. The presentation of non-GAAP financial information is not meant to be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with generally accepted accounting principles in the United States. The non-GAAP financial measures are meant to supplement, and be viewed in conjunction with, GAAP financial measures. A detailed reconciliation of our non-GAAP to GAAP results can be found herein.

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

	FY2022	Q1'FY23	Q2 FY'23	Q3'FY23	Q4'FY23	FY2023	Q1'FY24	Q2'FY24	Q3'FY24	Q4'FY24	FY2024
NET INCOME	$ 937	$ 214	$ 750	$ 65	$ 245	$ 1,274	$ 149	$ 233	$ 313	$ 291	$ 986
Adjustments:											
Amortization of intangible assets	46	17	17	17	17	68	15	14	14	14	57
Stock-based compensation	245	67	78	93	74	312	87	93	89	88	357
Litigation settlements	2	-	-	-	-	-	-	-	-	-	-
Restructuring charges	33	11	11	87	11	120	26	5	13	-	44
Acquisition-related expense	13	10	5	3	3	21	3	3	3	1	10
Gain on sale of equity investment	-	(32)	-	-	-	(32)	-	-	-	-	-
Litigation settlements	-	-	-	-	-	-	-	(5)	-	-	(5)
Income tax effects	(68)	(18)	(11)	(33)	11	(51)	(31)	(9)	(22)	(12)	(74)
Income tax (benefits) expenses from integration of acquired companies	1	-	-	-	(27)	(27)	-	-	-	-	-
Resolution of income tax matters	-	-	-	69	-	69	-	-	-	-	-
Income tax benefit from intra-entity intellectual property transfer	-	-	(524)	-	-	(524)	-	-	-	-	-
NON-GAAP NET INCOME	$ 1,209	$ 269	$ 326	$ 301	$ 334	$ 1,230	$ 249	$ 334	$ 410	$ 382	$ 1,375
COST OF REVENUES	2,098	546	576	525	506	2,153	436	452	455	492	1,835
Adjustments:											
Amortization of intangible assets	(33)	(11)	(10)	(11)	(10)	(42)	(9)	(8)	(9)	(8)	(34)
Stock-based compensation	(17)	(5)	(5)	(8)	(6)	(24)	(7)	(7)	(7)	(8)	(29)
NON-GAAP COST OF REVENUES	$ 2,048	$ 530	$ 561	$ 506	$ 490	$ 2,087	$ 420	$ 437	$ 439	$ 476	$ 1,772
COST OF PRODUCT REVENUES	$ 1,554	$ 397	$ 418	$ 367	$ 335	$ 1,517	$ 265	$ 276	$ 282	$ 314	$ 1,137
Adjustments:											
Amortization of intangible assets	(9)	(1)	-	-	-	(1)	-	-	-	-	-
Stock-based compensation	(4)	(1)	(1)	(2)	(1)	(5)	(1)	(1)	(2)	(2)	(6)
NON-GAAP COST OF PRODUCT REVENUES	$ 1,541	$ 395	$ 417	$ 365	$ 334	$ 1,511	$ 264	$ 275	$ 280	$ 312	$ 1,131
COST OF SERVICES REVENUES	$ 544	$ 149	$ 158	$ 158	$ 171	$ 636	$ 171	$ 176	$ 173	$ 178	$ 698
Adjustments:											
Amortization of intangible assets	(24)	(10)	(10)	(11)	(10)	(41)	(9)	(8)	(9)	(8)	(34)
Stock-based compensation	(13)	(4)	(4)	(6)	(5)	(19)	(6)	(6)	(5)	(6)	(23)
NON-GAAP COST OF SERVICES REVENUES	$ 507	$ 135	$ 144	$ 141	$ 156	$ 576	$ 156	$ 162	$ 159	$ 164	$ 641
GROSS PROFIT	$ 4,220	$ 1,046	$ 1,087	$ 1,001	$ 1,075	$ 4,209	$ 996	$ 1,110	$ 1,151	$ 1,176	$ 4,433
Adjustments:											
Amortization of intangible assets	33	11	10	11	10	42	9	8	9	8	34
Stock-based compensation	17	5	5	8	6	24	7	7	7	8	29
NON-GAAP GROSS PROFIT	$ 4,270	$ 1,062	$ 1,102	$ 1,020	$ 1,091	$ 4,275	$ 1,012	$ 1,125	$ 1,167	$ 1,192	$ 4,496
SALES AND MARKETING EXPENSES	$ 1,857	$ 458	$ 479	$ 450	$ 442	$ 1,829	$ 468	$ 461	$ 439	$ 460	$ 1,828
Adjustments:											
Amortization of intangible assets	(13)	(6)	(7)	(6)	(7)	(26)	(6)	(6)	(5)	(6)	(23)
Stock-based compensation	(115)	(28)	(35)	(40)	(32)	(135)	(36)	(37)	(36)	(34)	(143)
NON-GAAP SALES AND MARKETING EXPENSES	$ 1,729	$ 424	$ 437	$ 404	$ 403	$ 1,668	$ 426	$ 418	$ 398	$ 420	$ 1,662
RESEARCH AND DEVELOPMENT EXPENSES	$ 881	$ 240	$ 243	$ 230	$ 243	$ 956	$ 247	$ 262	$ 249	$ 271	$ 1,029
Adjustments:											
Stock-based compensation	(75)	(24)	(26)	(32)	(29)	(111)	(32)	(35)	(32)	(33)	(132)
NON-GAAP RESEARCH AND DEVELOPMENT EXPENSES	$ 806	$ 216	$ 217	$ 198	$ 214	$ 845	$ 215	$ 227	$ 217	$ 238	$ 897
GENERAL AND ADMINISTRATIVE EXPENSES	$ 279	$ 72	$ 67	$ 59	$ 67	$ 265	$ 74	$ 75	$ 81	$ 78	$ 308
Adjustments:											
Stock-based compensation	(38)	(10)	(12)	(13)	(7)	(42)	(12)	(14)	(14)	(13)	(53)
Litigation settlements	(2)	-	-	-	-	-	-	-	-	-	-
NON-GAAP GENERAL AND ADMINISTRATIVE EXPENSES	$ 239	$ 62	$ 55	$ 46	$ 60	$ 223	$ 62	$ 61	$ 67	$ 65	$ 255

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

	FY2022	Q1'FY23	Q2 FY'23	Q3'FY23	Q4'FY23	FY2023	Q1'FY24	Q2'FY24	Q3'FY24	Q4'FY24	FY2024
RESTRUCTURING CHARGES	$ 33	$ 11	$ 11	$ 87	$ 11	$ 120	$ 26	$ 5	$ 13	$ -	$ 44
Adjustments:											
Restructuring charges	(33)	(11)	(11)	(87)	(11)	(120)	(26)	(5)	(13)	-	(44)
NON-GAAP RESTRUCTURING CHARGES	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
ACQUISITION-RELATED EXPENSE	$ 13	$ 10	$ 5	$ 3	$ 3	$ 21	$ 3	$ 3	$ 3	$ 1	$ 10
Adjustments:											
Acquisition-related expense	(13)	(10)	(5)	(3)	(3)	(21)	(3)	(3)	(3)	(1)	(10)
NON-GAAP ACQUISITION-RELATED EXPENSE	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
OPERATING EXPENSES	$ 3,063	$ 791	$ 805	$ 829	$ 766	$ 3,191	$ 818	$ 806	$ 785	$ 810	$ 3,219
Adjustments:											
Amortization of intangible assets	(13)	(6)	(7)	(6)	(7)	(26)	(6)	(6)	(5)	(6)	(23)
Stock-based compensation	(228)	(62)	(73)	(85)	(68)	(288)	(80)	(86)	(82)	(80)	(328)
Litigation settlements	(2)	-	-	-	-	-	-	-	-	-	-
Restructuring charges	(33)	(11)	(11)	(87)	(11)	(120)	(26)	(5)	(13)	-	(44)
Acquisition-related expense	(13)	(10)	(5)	(3)	(3)	(21)	(3)	(3)	(3)	(1)	(10)
NON-GAAP OPERATING EXPENSES	$ 2,774	$ 702	$ 709	$ 648	$ 677	$ 2,736	$ 703	$ 706	$ 682	$ 723	$ 2,814
INCOME FROM OPERATIONS	$ 1,157	$ 255	$ 282	$ 172	$ 309	$ 1,018	$ 178	$ 304	$ 366	$ 366	$ 1,214
Adjustments:											
Amortization of intangible assets	46	17	17	17	17	68	15	14	14	14	57
Stock-based compensation	245	67	78	93	74	312	87	93	89	88	357
Litigation settlements	2	-	-	-	-	-	-	-	-	-	-
Restructuring charges	33	11	11	87	11	120	26	5	13	-	44
Acquisition-related expense	13	10	5	3	3	21	3	3	3	1	10
NON-GAAP INCOME FROM OPERATIONS	$ 1,496	$ 360	$ 393	$ 372	$ 414	$ 1,539	$ 309	$ 419	$ 485	$ 469	$ 1,682
OTHER INCOME (EXPENSE), NET	$ (62)	$ 15	$ 23	$ 5	$ 5	$ 48	$ 8	$ 11	$ 16	$ 14	$ 49
Adjustments:											
Gain on sale of equity investment	-	(32)	-	-	-	(32)	-	-	-	-	-
Litigation settlements	-	-	-	-	-	-	-	(5)	-	-	(5)
NON-GAAP OTHER INCOME (EXPENSE), NET	$ (62)	$ (17)	$ 23	$ 5	$ 5	$ 16	$ 8	$ 6	$ 16	$ 14	$ 44
INCOME BEFORE INCOME TAXES	$ 1,095	$ 270	$ 305	$ 177	$ 314	$ 1,066	$ 186	$ 315	$ 382	$ 380	$ 1,263
Adjustments:											
Amortization of intangible assets	46	17	17	17	17	68	15	14	14	14	57
Stock-based compensation	245	67	78	93	74	312	87	93	89	88	357
Litigation settlements	2	-	-	-	-	-	-	-	-	-	-
Restructuring charges	33	11	11	87	11	120	26	5	13	-	44
Acquisition-related expense	13	10	5	3	3	21	3	3	3	1	10
Litigation settlements	-	-	-	-	-	-	-	(5)	-	-	(5)
Gain on sale of equity investment	-	(32)	-	-	-	(32)	-	-	-	-	-
NON-GAAP INCOME BEFORE INCOME TAXES	$ 1,434	$ 343	$ 416	$ 377	$ 419	$ 1,555	$ 317	$ 425	$ 501	$ 483	$ 1,726
PROVISION (BENEFIT) FOR INCOME TAXES	$ 158	$ 56	$ (445)	$ 112	$ 69	$ (208)	$ 37	$ 82	$ 69	$ 89	$ 277
Adjustments:										-	-
Income tax effects	68	18	11	33	(11)	51	31	9	22	12	74
Income tax benefits (expenses) from integration of acquired companies	(1)	-	-	-	27	27	-	-	-	-	-
Resolution of income tax matters	-	-	-	(69)	-	(69)	-	-	-	-	-
Income tax benefit from intra-entity intellectual property transfer	-	-	524	-	-	524	-	-	-	-	-
NON-GAAP PROVISION FOR INCOME TAXES	$ 225	$ 74	$ 90	$ 76	$ 85	$ 325	$ 68	$ 91	$ 91	$ 101	$ 351

NET INCOME PER SHARE	$ 4.09	$ 0.96	$ 3.41	$ 0.30	$ 1.13	$ 5.79	$ 0.69	$ 1.10	$ 1.48	$ 1.37	$ 4.63
Adjustments:											
Amortization of intangible assets	0.20	0.08	0.08	0.08	0.08	0.31	0.07	0.07	0.07	0.07	0.27
Stock-based compensation	1.07	0.30	0.35	0.42	0.34	1.42	0.40	0.44	0.42	0.42	1.68
Litigation settlements	0.01	-	-	-	-	-	-	-	-	-	-
Restructuring charges	0.14	0.05	0.05	0.40	0.05	0.55	0.12	0.02	0.06	-	0.21
Acquisition-related expense	0.06	0.04	0.02	0.01	0.01	0.10	0.01	0.01	0.01	-	0.05
Gain on sale of equity investment	-	(0.14)	-	-	-	(0.15)	-	-	-	-	-
Litigation settlements	-	-	-	-	-	-	-	(0.02)	-	-	(0.02)
Income tax effects	(0.30)	(0.08)	(0.05)	(0.15)	0.05	(0.23)	(0.14)	(0.04)	(0.10)	(0.06)	(0.35)
Income tax (benefits) expenses from integration of acquired companies	0.00	-	-	-	(0.12)	(0.12)	-	-	-	-	-
Resolution of income tax matters	-	-	-	0.32	-	0.31	-	-	-	-	-
Income tax benefit from intra-entity intellectual property transfer	-	-	(2.38)	-	-	(2.38)	-	-	-	-	-
NON-GAAP NET INCOME PER SHARE	$ 5.28	$ 1.20	$ 1.48	$ 1.37	$ 1.54	$ 5.59	$ 1.15	$ 1.58	$ 1.94	$ 1.80	$ 6.46

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

	FY2022	Q1'FY23	Q2 FY'23	Q3'FY23	Q4'FY23	FY2023	Q1'FY24	Q2'FY24	Q3'FY24	Q4'FY24	FY2024
Gross margin-GAAP	66.8%	65.7%	65.4%	65.6%	68.0%	66.2%	69.6%	71.1%	71.7%	70.5%	70.7%
Cost of revenues adjustments	0.8%	1.0%	0.9%	1.2%	1.0%	1.0%	1.1%	1.0%	1.0%	1.0%	1.0%
Gross margin-Non-GAAP	67.6%	66.7%	66.3%	66.8%	69.0%	67.2%	70.7%	72.0%	72.7%	71.5%	71.7%
GAAP cost of revenues	$ 2,098	$ 546	$ 576	$ 525	$ 506	$ 2,153	$ 436	$ 452	$ 455	$ 492	$ 1,835
Cost of revenues adjustments:											
Amortization of intangible assets	(33)	(11)	(10)	(11)	(10)	(42)	(9)	(8)	(9)	(8)	(34)
Stock-based compensation	(17)	(5)	(5)	(8)	(6)	(24)	(7)	(7)	(7)	(8)	(29)
Non-GAAP cost of revenues	$ 2,048	$ 530	$ 561	$ 506	$ 490	$ 2,087	$ 420	$ 437	$ 439	$ 476	$ 1,772
Net revenues	$ 6,318	$ 1,592	$ 1,663	$ 1,526	$ 1,581	$ 6,362	$ 1,432	$ 1,562	$ 1,606	$ 1,668	$ 6,268

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

	FY2022	Q1'FY23	Q2 FY'23	Q3'FY23	Q4'FY23	FY2023	Q1'FY24	Q2'FY24	Q3'FY24	Q4'FY24	FY2024
Product gross margin-GAAP	52.7%	49.5%	50.1%	46.2%	55.0%	50.2%	55.1%	60.9%	62.2%	61.0%	60.1%
Cost of product revenues adjustments	0.4%	0.3%	0.1%	0.3%	0.1%	0.2%	0.2%	0.1%	0.3%	0.3%	0.3%
Product gross margin-Non-GAAP	53.1%	49.7%	50.2%	46.5%	55.1%	50.4%	55.3%	61.0%	62.5%	61.3%	60.3%
GAAP cost of product revenues	$ 1,554	$ 397	$ 418	$ 367	$ 335	$ 1,517	$ 265	$ 276	$ 282	$ 314	$ 1,137
Cost of product revenues adjustments:											
Amortization of intangible assets	(9)	(1)	-	-	-	(1)	-	-	-	-	-
Stock-based compensation	(4)	(1)	(1)	(2)	(1)	(5)	(1)	(1)	(2)	(2)	(6)
Non-GAAP cost of product revenues	$ 1,541	$ 395	$ 417	$ 365	$ 334	$ 1,511	$ 264	$ 275	$ 280	$ 312	$ 1,131
Product revenues	$ 3,284	$ 786	$ 837	$ 682	$ 744	$ 3,049	$ 590	$ 706	$ 747	$ 806	$ 2,849

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

	FY2022	Q1'FY23	Q2 FY'23	Q3'FY23	Q4'FY23	FY2023	Q1'FY24	Q2'FY24	Q3'FY24	Q4'FY24	FY2024
Services gross margin-GAAP	82.1%	81.5%	80.9%	81.3%	79.6%	80.8%	79.7%	79.4%	79.9%	79.4%	79.6%
Cost of services revenues adjustments	1.2%	1.7%	1.7%	2.0%	1.8%	1.8%	1.8%	1.6%	1.6%	1.6%	1.7%
Services gross margin-Non-GAAP	83.3%	83.3%	82.6%	83.3%	81.4%	82.6%	81.5%	81.1%	81.5%	81.0%	81.3%
GAAP cost of services revenues	$ 544	$ 149	$ 158	$ 158	$ 171	$ 636	$ 171	$ 176	$ 173	$ 178	$ 698
Cost of services revenues adjustments:											
Amortization of intangible assets	(24)	(10)	(10)	(11)	(10)	(41)	(9)	(8)	(9)	(8)	(34)
Stock-based compensation	(13)	(4)	(4)	(6)	(5)	(19)	(6)	(6)	(5)	(6)	(23)
Non-GAAP cost of services revenues	$ 507	$ 135	$ 144	$ 141	$ 156	$ 576	$ 156	$ 162	$ 159	$ 164	$ 641
Services revenues	$ 3,034	$ 806	$ 826	$ 844	$ 837	$ 3,313	$ 842	$ 856	$ 859	$ 862	$ 3,419

RECONCILIATION OF NON-GAAP TO GAAP
Operating Margin
($ in millions)

	FY2022	Q1'FY23	Q2 FY'23	Q3'FY23	Q4'FY23	FY2023	Q1'FY24	Q2'FY24	Q3'FY24	Q4'FY24	FY2024
Operating margin-GAAP	18.3%	16.0%	17.0%	11.3%	19.5%	16.0%	12.4%	19.5%	22.8%	21.9%	19.4%
Adjustments:	5.4%	6.6%	6.7%	13.1%	6.6%	8.2%	9.1%	7.4%	7.4%	6.2%	7.5%
Operating margin Non-GAAP	23.7%	22.6%	23.6%	24.4%	26.2%	24.2%	21.6%	26.8%	30.2%	28.1%	26.8%
GAAP income from operations	$ 1,157	$ 255	$ 282	$ 172	$ 309	$ 1,018	$ 178	$ 304	$ 366	$ 366	$ 1,214
Income from operations adjustments:											
Amortization of intangible assets	46	17	17	17	17	68	15	14	14	14	57
Stock-based compensation	245	67	78	93	74	312	87	93	89	88	357
Restructuring charges	33	11	11	87	11	120	26	5	13	-	44
Acquisition-related expense	13	10	5	3	3	21	3	3	3	1	10
Non-GAAP income from operations	$ 1,494	$ 360	$ 393	$ 372	$ 414	$ 1,539	$ 309	$ 419	$ 485	$ 469	$ 1,682
Net revenues	$ 6,318	$ 1,592	$ 1,663	$ 1,526	$ 1,581	$ 6,362	$ 1,432	$ 1,562	$ 1,606	$ 1,668	$ 6,268

RECONCILIATION OF NON-GAAP TO GAAP
EFFECTIVE TAX RATE

	FY2022	Q1'FY23	Q2 FY'23	Q3'FY23	Q4'FY23	FY2023	Q1'FY24	Q2'FY24	Q3'FY24	Q4'FY24	FY2024
GAAP effective tax rate	14.4%	20.7%	(145.9%)	63.3%	22.0%	(19.5%)	19.9%	26.0%	18.1%	23.4%	21.9%
Adjustments:											
Income tax effects	1.4%	0.8%	41.6%	(4.1%)	(10.3%)	(4.8%)	1.6%	(4.6%)	0.1%	(2.5%)	(1.6%)
Income tax benefits (expenses) from integration of acquired companies	(0.1%)	- %	- %	- %	8.6%	2.5%	- %	- %	- %	- %	- %
Resolution of income tax matters	- %	- %	- %	(39.0%)	- %	(6.5%)	- %	- %	- %	- %	- %
Income tax benefit from intra-entity intellectual property transfer	- %	- %	126%	- %	- %	49.2%	- %	- %	- %	- %	- %
Non-GAAP effective tax rate	15.7%	21.6%	21.6%	20.2%	20.3%	20.9%	21.5%	21.4%	18.2%	20.9%	20.3%

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

	FY2022	Q1'FY23	Q2 FY'23	Q3'FY23	Q4'FY23	FY2023	Q1'FY24	Q2'FY24	Q3'FY24	Q4'FY24	FY2024
Net cash provided by operating activities	$ 1,211	$ 281	$ 214	$ 377	$ 235	$ 1,107	$ 453	$ 135	$ 484	$ 613	$ 1,685
Purchases of property and equipment	(226)	(65)	(77)	(58)	(39)	(239)	(35)	(38)	(36)	(46)	(155)
Free cash flow	$ 985	$ 216	$ 137	$ 319	$ 196	$ 868	$ 418	$ 97	$ 448	$ 567	$ 1,530

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

	FY2022	Q1'FY23	Q2 FY'23	Q3'FY23	Q4'FY23	FY2023	Q1'FY24	Q2'FY24	Q3'FY24	Q4'FY24	FY2024
Net revenues	$ 6,318	$ 1,592	$ 1,663	$ 1,526	$ 1,581	$ 6,362	$ 1,432	$ 1,562	$ 1,606	$ 1,668	$ 6,268
Change in deferred revenue and financed unearned services revenue*	384	(32)	(61)	46	93	46	(133)	(108)	81	146	(14)
Billings	$ 6,702	$ 1,560	$ 1,602	$ 1,572	$ 1,674	$ 6,408	$ 1,299	$ 1,454	$ 1,687	$ 1,814	$ 6,254

* As reported on our Condensed Consolidated Statements of Cash Flows

Some items may not add or recalculate due to rounding

RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS
TO NET CASH (NON-GAAP)
(In millions)

	Q1 FY'24	Q2'FY24	Q3'FY24	Q4'FY24
Cash, cash equivalents and investments	$ 2,975	$ 2,620	$ 2,917	$ 3,252
Current portion of long-term debt	-	(400)	(400)	(400)
Long-term debt	(2,390)	(1,991)	(1,991)	(1,992)
Net Cash	$ 585	$ 229	$ 526	$ 860

Net cash is a non-GAAP measure and is defined as cash, cash equivalents and investments less long-term debt.

DOLLAR-BASED NET REVENUE RETENTION RATE (NON-GAAP) DEFINITION

Dollar-based net revenue retention rate (DBNRR) for Public Cloud is a Non-GAAP metric calculated by dividing the approximate total revenue from our Public Cloud customer base at the end of a period ("Cloud Current Period revenue") by the approximate revenue of the same group of customers at the beginning of that 12-month period. Cloud Current Period revenue includes existing customer renewals and expansion, is net of existing customer contraction and churn, and excludes new customers. Amounts used in the calculation of DBNRR differ from revenues recognized in accordance with US GAAP as they are derived from contract values prior to the reallocation of total contract value across all performance obligations based on relative standalone selling price, as required by ASC 606.

TOTAL CONTRACT VALUE DEFINITION

Total Contract Value (TCV) Sales for our Keystone offering is a performance measure defined as the total non-cancellable contract value that customers committed to during the fiscal period.

NETAPP, INC.
SUPPLEMENTAL DATA
(In millions except net income per share, percentages, DSO, DPO and Inventory Turns)
RECONCILIATION OF SEGMENTS GROSS PROFIT TO TOTAL GROSS PROFIT*

	FY2022	Q1'FY23	Q2'FY23	Q3'FY23	Q4'FY23	FY2023	Q1'FY24	Q2'FY24	Q3'FY24	Q4'FY24	FY2024
Revenues by Segment											
Product	$ 3,284	$ 786	$ 837	$ 682	$ 744	$ 3,049	$ 590	$ 706	$ 747	$ 806	$ 2,849
Support	2,344	598	607	616	598	2,419	611	623	631	623	2,488
Professional and Other Services	294	76	77	78	88	319	77	79	77	87	320
Hybrid Cloud Segment Net Revenues	**5,922**	**1,460**	**1,521**	**1,376**	**1,430**	**5,787**	**1,278**	**1,408**	**1,455**	**1,516**	**5,657**
Public Cloud Segment Net Revenues	**396**	**132**	**142**	**150**	**151**	**575**	**154**	**154**	**151**	**152**	**611**
Net Revenues	**$ 6,318**	**$ 1,592**	**$ 1,663**	**$ 1,526**	**$ 1,581**	**$ 6,362**	**$ 1,432**	**$ 1,562**	**$ 1,606**	**$ 1,668**	**$ 6,268**
Gross Profit by Segment											
Product	$ 1,743	$ 391	$ 420	$ 317	$ 410	$ 1,538	$ 326	$ 431	$ 467	$ 494	$ 1,718
Support	2,160	555	562	572	549	2,238	564	573	582	574	2,293
Professional and Other Services	89	24	23	28	33	108	19	19	19	20	77
Hybrid Cloud Segment Gross Profit	**3,992**	**970**	**1,005**	**917**	**992**	**3,884**	**909**	**1,023**	**1,068**	**1,088**	**4,088**
Public Cloud Segment Gross Profit	**278**	**92**	**97**	**103**	**99**	**391**	**103**	**102**	**99**	**104**	**408**
Total Segments Gross Profit	**4,270**	**1,062**	**1,102**	**1,020**	**1,091**	**4,275**	**1,012**	**1,125**	**1,167**	**1,192**	**4,496**
Amortization of Intangible Assets	(33)	(11)	(10)	(11)	(10)	(42)	(9)	(8)	(9)	(8)	(34)
Stock-based Compensation	(17)	(5)	(5)	(8)	(6)	(24)	(7)	(7)	(7)	(8)	(29)
Unallocated Cost of Revenues	**(50)**	**(16)**	**(15)**	**(19)**	**(16)**	**(66)**	**(16)**	**(15)**	**(16)**	**(16)**	**(63)**
Gross Profit	**$ 4,220**	**$ 1,046**	**$ 1,087**	**$ 1,001**	**$ 1,075**	**$ 4,209**	**$ 996**	**$ 1,110**	**$ 1,151**	**$ 1,176**	**$ 4,433**
Gross Margin by Segment											
Product	53.1%	49.7%	50.2%	46.5%	55.1%	50.4%	55.3%	61.0%	62.5%	61.3%	60.3%
Support	92.2%	92.8%	92.6%	92.9%	91.8%	92.5%	92.3%	92.0%	92.2%	92.1%	92.2%
Professional and Other Services	30.3%	31.6%	29.9%	35.9%	37.5%	33.9%	24.7%	24.1%	24.7%	23.0%	24.1%
Hybrid Cloud Segment Gross Margin	**67.4%**	**66.4%**	**66.1%**	**66.6%**	**69.4%**	**67.1%**	**71.1%**	**72.7%**	**73.4%**	**71.8%**	**72.3%**
Public Cloud Segment Gross Margin	**70.2%**	**69.7%**	**68.3%**	**68.7%**	**65.6%**	**68.0%**	**66.9%**	**66.2%**	**65.6%**	**68.4%**	**66.8%**

*Effective July 30, 2021, our Chief Operating Decision Maker, who is our Chief Executive Officer, realigned internal reporting for the purposes of evaluating performance and allocating resources. This resulted in the creation of two reportable segments for financial reporting purposes: Public Cloud and Hybrid Cloud.

	FY2022	Q1'FY23	Q2'FY23	Q3'FY23	Q4'FY23	FY2023	Q1'FY24	Q2'FY24	Q3 FY'24	Q4 FY'24	FY2024
Software and recurring Support and public cloud revenue											
Product - Software	$1,926	$476	$495	$390	$437	$1,798	$342	$398	$412	$446	$1,598
Support	$2,344	$598	$607	$616	$598	$2,419	$611	$623	$631	$623	$2,488
Public Cloud	$396	$132	$142	$150	$151	$575	$154	$154	$151	$152	$611
Software and recurring Support and public cloud revenue*	**$4,666**	**$1,206**	**$1,244**	**$1,156**	**$1,186**	**$4,792**	**$1,107**	**$1,175**	**$1,194**	**$1,221**	**$4,697**
Software and recurring support and public cloud revenue as a percentage of r	74%	76%	75%	76%	75%	75%	77%	75%	74%	73%	75%

**Software and recurring Support and cloud revenue is a non-GAAP measure because it includes the software component of our product revenues, but not the hardware component.*

Geographic Mix**

	% FY 2022 Revenue	% of Q1 FY 2023 Revenue	% of Q2 FY 2023 Revenue	% of Q3 FY 2023 Revenue	% of Q4 FY 2023 Revenue	% of FY 2023 Revenue	% of Q1 FY 2024 Revenue	% of Q2 FY 2024 Revenue	% of Q3 FY 2024 Revenue	% of Q4 FY 2024 Revenue	% of FY 2024 Revenue
Americas	53%	52%	51%	52%	49%	51%	53%	50%	50%	51%	51%
Americas Commercial	43%	41%	37%	42%	39%	40%	41%	37%	41%	41%	40%
U.S. Public Sector	10%	11%	14%	10%	10%	11%	12%	13%	9%	10%	11%
EMEA	32%	32%	34%	33%	36%	34%	31%	34%	35%	34%	34%
Asia Pacific	15%	16%	15%	15%	15%	15%	16%	16%	15%	15%	15%

** Effective Q1 FY'24, management began reviewing revenues by geographic region based on the location to which products and services are delivered, rather than based on the location from which the customer relationship is managed. For comparability, prior period disclosures have been revised to reflect the updated methodology.

Pathways Mix

	% FY 2022 Revenue	% of Q1 FY 2023 Revenue	% of Q2 FY 2023 Revenue	% of Q3 FY 2023 Revenue	% of Q4 FY 2023 Revenue	% of FY 2023 Revenue	% of Q1 FY 2024 Revenue	% of Q2 FY 2024 Revenue	% of Q3 FY 2024 Revenue	% of Q4 FY 2024 Revenue	% of FY 2024 Revenue
Direct	23%	21%	23%	22%	22%	22%	24%	23%	26%	24%	24%
Indirect	77%	79%	77%	78%	78%	78%	76%	77%	74%	76%	76%

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

	FY2022	Q1'FY23	Q2'FY23	Q3'FY23	Q4'FY23	FY2023	Q1'FY24	Q2'FY24	Q3 FY'24	Q4 FY'24	FY2024
Non-GAAP Income from Operations	$1,496	$360	$393	$372	$414	$1,539	$309	$419	$485	$469	$1,682
% of Net Revenues	23.7%	22.6%	23.6%	24.4%	26.2%	24.2%	21.6%	26.8%	30.2%	28.1%	26.8%
Non-GAAP Income Before Income Taxes	$1,434	$343	$416	$377	$419	$1,555	$317	$425	$501	$483	$1,726
Non-GAAP Effective Tax Rate	15.7%	21.6%	21.6%	20.2%	20.3%	20.9%	21.5%	21.4%	18.2%	20.9%	20.3%

Non-GAAP Net Income

	FY2022	Q1'FY23	Q2'FY23	Q3'FY23	Q4'FY23	FY2023	Q1'FY24	Q2'FY24	Q3 FY'24	Q4 FY'24	FY2024
Non-GAAP Net Income	$1,209	$269	$326	$301	$334	$1,230	$249	$334	$410	$382	$1,375
Non-GAAP Weighted Average Common Shares Outstanding, Diluted	229	224	220	219	217	220	216	211	211	212	213
Non-GAAP Net Income per Share, Diluted	$5.28	$1.20	$1.48	$1.37	$1.54	$5.59	$1.15	$1.58	$1.94	$1.80	$6.46

Select Balance Sheet Items

	Q1 FY'23	Q2 FY'23	Q3 FY'23	Q4'FY23	Q1'FY24	Q2'FY24	Q3 FY'24	Q4 FY'24
Deferred Revenue and Financed Unearned Services Revenue	$4,170	$4,051	$4,216	$4,313	$4,182	$4,002	$4,127	$4,234
DSO (days)	49	50	49	57	41	46	45	55
DPO (days)	86	92	75	70	72	83	79	96
Inventory Turns	9	9	12	12	13	15	14	11

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

	FY2022	Q1'FY23	Q2'FY23	Q3'FY23	Q4'FY23	FY2023	Q1'FY24	Q2 FY'24	Q3 FY'24	Q4 FY'24	FY2024
Net Cash Provided by Operating Activities	$1,211	$281	$214	$377	$235	$1,107	$453	$135	$484	$613	$1,685
Purchases of Property and Equipment	$226	$65	$77	$58	$39	$239	$35	$38	$36	$46	$155
Free Cash Flow	$985	$216	$137	$319	$196	$868	$418	$97	$448	$567	$1,530
Free Cash Flow as % of Net Revenues	15.6%	13.6%	8.2%	20.9%	12.4%	13.6%	29.2%	6.2%	27.9%	34.0%	24.4%

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 GUIDANCE TO GAAP
FIRST QUARTER FISCAL 2025
(Unaudited)

	First Quarter Fiscal 2025
Gross Margin - Non-GAAP Guidance	~72%
Adjustment:	
Cost of revenues adjustments	(1)%
Gross Margin - GAAP Guidance	~71%

	First Quarter Fiscal 2025
Operating Margin - Non-GAAP Guidance	~25%
Adjustments:	
Amortization of intangible assets	(1)%
Stock-based compensation expense	(6)%
Operating Margin - GAAP Guidance	~18%

NETAPP, INC.
RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP
FIRST QUARTER FISCAL 2025
(Unaudited)

	First Quarter Fiscal 2025
Net Income Per Share - Non-GAAP Guidance	$1.40 - $1.50
Adjustments:	
Amortization of intangible assets	($0.07)
Stock-based compensation expense	($0.42)
Income tax effects	$0.07
Net Income Per Share - GAAP Guidance	$0.98 - $1.08

NETAPP, INC.
RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP
FISCAL 2025
(Unaudited)

	Fiscal 2025
Gross Margin - Non-GAAP Guidance	71% - 72%
Adjustment:	
Cost of revenues adjustments	(1)%
Gross Margin - GAAP Guidance	70% - 71%

	Fiscal 2025
Operating Margin - Non-GAAP Guidance	27% - 28%
Adjustments:	
Amortization of intangible assets	(1)%
Stock-based compensation expense	(6)%
Operating Margin - GAAP Guidance	20% - 21%

NETAPP, INC.
RECONCILIATION OF NON-GAAP GUIDANCE TO GAAP
FISCAL 2025
(Unaudited)

	Fiscal 2025
Net Income Per Share - Non-GAAP Guidance	$6.80 - $7.00
Adjustments:	
Amortization of intangible assets	($0.26)
Stock-based compensation expense	($1.87)
Income tax effects	$0.29
Net Income Per Share - GAAP Guidance	$4.96 - $5.16

	Fiscal 2025
Effective Tax Rate - Non-GAAP Guidance	21% - 22%
Adjustment:	
Income tax effects	3%
Effective Tax Rate - GAAP Guidance	24% - 25%