NEWS RELEASE

NetApp reports third quarter of fiscal year 2024 results

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Net revenues of $1.61 billion for the third quarter; 5% growth year-over-year

- Record All-flash array annualized revenue run rate[1] of $3.4 billion, an increase of 21% year-over-year
- Record Q3 GAAP consolidated gross margins of 72%; record non-GAAP consolidated gross margins[2] of 73%
- Q3 GAAP operating margins of 23%; record non-GAAP operating margins[2] of 30%
- Q3 GAAP net income per share[3] of $1.48; record non-GAAP net income per share[2] of $1.94

SAN JOSE, Calif.—February 29, 2024—NetApp (NASDAQ: NTAP), the intelligent data infrastructure company, today reported financial results for the third quarter of fiscal year 2024, which ended on January 26, 2024.

“In Q3, our focused execution and continued operational discipline delivered solid revenue growth and again yielded company all-time highs across key profitability metrics,” said George Kurian, chief executive officer. “Our modern approach to unified data storage, spanning all-flash and cloud environments, is clearly resonating with customers. I am confident in our ability to capitalize on this momentum, as we address new market opportunities, extend our leadership position in existing markets, and deliver increasing value for all our stakeholders.”

Third quarter of fiscal year 2024 financial results

- **Net revenues:** $1.61 billion, compared to $1.53 billion in the third quarter of fiscal year 2023; a year-over-year increase of 5%.
  - **Hybrid Cloud segment revenue:** $1.46 billion, compared to $1.38 billion in the third quarter of fiscal year 2023.
  - **Public Cloud segment revenue:** $151 million, compared to $150 million in the third quarter of fiscal year 2023.
- **Billings[2]:** $1.69 billion, compared to $1.57 billion in the third quarter of fiscal year 2023; a year-over-year increase of 7%.
- **NetApp Public Cloud annualized revenue run rate (ARR)[4]:** $608 million, compared to $605 million in the third quarter of fiscal year 2023; relatively flat year-over-year.
- **All-flash array ARR:** $3.4 billion, compared to $2.8 billion in the third quarter of fiscal year 2023; a year-over-year increase of 21%.

- **Net income:** GAAP net income of $313 million, compared to $65 million in the third quarter of fiscal year 2023; non-GAAP net income[2] of $410 million, compared to $301 million in the third quarter of fiscal year 2023.
- **Earnings per share:** GAAP net income per share of $1.48, compared to $0.30 in the third quarter of fiscal year 2023; non-GAAP net income per share of $1.94, compared to $1.37 in the third quarter of fiscal year 2023.
- **Cash, cash equivalents and investments:** $2.92 billion at the end of the third quarter of fiscal year 2024.
- **Cash provided by operations:** $484 million, compared to $377 million in the third quarter of fiscal year 2023.
- **Share repurchase and dividends:** Returned $203 million to stockholders through share repurchases and cash dividends.

Fourth quarter of fiscal year 2024 financial outlook

The Company provided the following financial guidance for the fourth quarter of fiscal year 2024:

Net revenues are expected to be in the range of:	$1.585 billion - $1.735 billion	
	GAAP	Non-GAAP
Earnings per share is expected to be in the range of:	$1.25 - $1.35	$1.73 - $1.83

Full fiscal year 2024 financial outlook

The Company provided an update to their financial guidance for the full fiscal year 2024:

Net revenues are expected to be in the range of:	$6.185 billion - $6.335 billion	
	GAAP	Non-GAAP
Consolidated gross margins are expected to be in the range of:	70 - 71%	71 - 72%
Operating margins are expected to be:	~19%	~27%

Net revenues are expected to be in the range of:	$6.185 billion - $6.335 billion	
Earnings per share is expected to be in the range of:	$4.52 - $4.62	$6.40 - $6.50

Dividend
The next cash dividend of $0.50 per share is to be paid on April 24, 2024, to stockholders of record as of the close of business on April 5, 2024.

Third quarter of fiscal year 2024 business highlights

Leading product innovation

- At AWS re:Invent 2023, AWS announced **scale-out file systems of Amazon FSx for NetApp ONTAP** through its collaboration with NetApp, which offers **up to nine times higher storage performance** compared to existing file systems.
- NetApp introduced new features to **NetApp™ Astra™ Control** and **Astra Trident**, including support for on-premises **Kubernetes and OpenShift clusters**, ransomware protection through object storage retention policies, and **Red Hat OpenShift Service on AWS support**.
- NetApp launched a new **container rightsizing feature** in the **NetApp Cloud Insights** observability platform, which helps manage containerized workloads by **optimizing resource usage and reducing costs**.
- Spot by NetApp added **Cost Intelligence and Billing Engine** to its portfolio of FinOps offerings to enable customers to **better see and manage cloud costs**.
- Spot by NetApp announced **support for Spark Connect in Spot Ocean for Apache Spark**.

Customer and partner momentum

- NetApp announced the renewal of its **collaboration with Microsoft** with cloud storage solutions **Azure NetApp Files**, **Cloud Volumes ONTAP**, and **CloudOps solutions from Spot by NetApp**.
- NetApp announced **NetApp StorageGRID™ for VMware Sovereign Cloud**, which enables customers to more **cost-effectively store, secure, protect, and preserve unstructured data** while meeting global data privacy and residency regulations.
- NetApp announced a new **bundled virtualization solution** for small and medium businesses that uses **VMware vSphere 8** virtualization software, **Fujitsu PRIMERGY Servers**, and **NetApp all-flash storage systems** with **NetApp ONTAP™ integration to vSphere**.
- **Bharti Airtel Limited**, a leading telecom service provider in India, selected **NetApp Astra for Kubernetes Storage and Data Management on Red Hat OpenShift** as the platform for its containerized workloads.

Corporate news and events

- NetApp appointed **Anders Gustafsson** to the **Board of Directors**.
- NetApp celebrated the eighth iteration of the **NetApp Innovation Awards: Empowering Businesses Through**

Data, which spotlights trailblazers who have leveraged data to drive transformations and create ground-breaking solutions.

Executive leadership announcements

- NetApp appointed **Riccardo Di Blasio** as **Senior Vice President of North America Sales**.
- NetApp appointed **Ashish Dhawan** as **Senior Vice President of Global Cloud Sales**.

Awards and recognition

- NetApp was ranked on Newsweek's **2024 America's Most Responsible Companies** list ranking #146 out of 600 companies overall and #17 out of 54 companies in the Software & Telecommunications sector.
- NetApp was named "**2024 Company of the Year in Global Hybrid Cloud Storage Management Industry**" by Frost & Sullivan.
- **Google Cloud NetApp Volumes won CRN's 2023 Product of the Year Award** in the Storage-Defined category.
- NetApp **won first place** in the **SPECstorage Solutions 2020_SWBUILD benchmark**.
- NetApp was included in CEOWORLD Magazine's **Most Influential and Innovative Companies in 2024**.
- NetApp was listed as one of **America's Greatest Workplaces for Diversity in 2024** by Newsweek.
- NetApp placed among **CRN's 20 Coolest Cloud Storage Companies** of the 2024 Cloud 100.
- **NetApp Cloud Volumes ONTAP** was named **Editor's Choice for Best Big Data Product: Cloud Data Storage** in Datanami's 2023 Readers' & Editor's Choice Awards.
- **Spot by NetApp** was listed as a **Top Cloud Cost Management Tool** by Spiceworks.
- NetApp was named a **leader and outperformer in GigaOm's latest Primary Storage for Large Enterprises report**.
- NetApp was named a **leader of scale-out file storage systems** by GigaOm.

Webcast and conference call information
NetApp will host a conference call to discuss these results today at 2:00 p.m. Pacific Time. To access the live webcast of this event, go to the NetApp Investor Relations website at **investors.netapp.com**. In addition, this press release, historical supplemental data tables, and other information related to the call will be posted on the Investor Relations website. An audio replay will be available on the website after 4:00 p.m. Pacific Time today.

"Safe Harbor" statement under U.S. Private Securities Litigation Reform Act of 1995
This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, all of the statements made in the Fourth Quarter of Fiscal Year 2024 Financial Outlook section and the Full Fiscal Year 2024 Financial Outlook section, and statements about our business, economic and market outlook, financial guidance, our overall future prospects, our modern approach to unified data storage, such approach's resonance with customers, and our ability to address new market opportunities, extend our leadership position in existing markets, and deliver increasing value for our stakeholders. Actual results may differ materially from these statements for a variety of reasons, including, without limitation, our ability to keep pace with the rapid industry, technological and market trends and changes in the markets in which we operate; our ability to execute our evolved cloud strategy and introduce and gain market acceptance for our products and services; our ability to maintain our customer, partner, supplier and contract manufacturer relationships on favorable terms and conditions; global political, macroeconomic and market conditions, including inflation, rising interest rates, monetary policy shifts, recession risks, and foreign

exchange volatility and the resulting impact on demand for our products; the impact of new or ongoing geopolitical conflicts and sanctions; adoption or changes to laws, regulations standards or policies affecting our operations, products, services, or the storage industry; material cybersecurity and other security breaches; the impact of supply chain disruptions on our business operations, financial performance and results of operations; changes in U.S. government spending; changes in overall technology spending by our customers; revenue seasonality; changes in laws or regulations, including those relating to privacy, data protection and information security; the timing of orders and their fulfilment; and our ability to manage our gross profit margins, including managing component costs. These and other equally important factors are described in reports and documents we file from time to time with the Securities and Exchange Commission, including the factors described under the sections titled "Risk Factors" in our most recently submitted annual report on Form 10-K and quarterly report on Form 10-Q. We disclaim any obligation to update information contained in this press release whether as a result of new information, future events, or otherwise.

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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.

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

Constant currency

In periods in which the impacts of foreign currency exchange rate changes are significant, NetApp presents certain constant currency growth rates or quantifies the impact of foreign currency exchange rate changes on year-over-year fluctuations, including for net revenues, billings, and earnings. This constant currency information assumes the same foreign currency exchange rates that were in effect for the comparable prior-year period were used in translation of the current period results.

About NetApp

NetApp is the intelligent data infrastructure company combining unified data storage, integrated data services,

and CloudOps solutions to turn a world of disruption into opportunity for every customer. NetApp creates silo-free infrastructure, then harnesses observability and AI, to enable the best data management. As the only enterprise-grade storage service natively embedded in the world's biggest clouds, our data storage delivers seamless flexibility and our data services create a data advantage through superior cyber-resilience, governance, and applications agility. Our CloudOps solutions provide continuous optimization of performance and efficiency through observability and AI. No matter the data type, workload, or environment, transform your data infrastructure to realize your business possibilities with NetApp.

Learn more at **www.netapp.com** or follow us on **X**, **LinkedIn**, **Facebook**, and **Instagram**.

Footnotes

[1]All-flash array annualized net revenue run rate is determined by products and services revenue for the current quarter, multiplied by 4.

[2]Refer to NetApp usage of non-GAAP Financial Information section below for explanations of consolidated non-GAAP gross margins, non-GAAP operating margins, non-GAAP net income, non-GAAP net income per share, free cash flow, and billings.

[3]GAAP net income per share and non-GAAP net income per share are calculated using the diluted number of shares.

[4]Public Cloud annualized revenue run rate (ARR) is calculated as the annualized value of all Public Cloud customer commitments with the assumption that any commitment expiring during the next 12 months will be renewed with its existing terms.